

OCT Changes in Payment Model for Pharmacy Services Provided to Long-Term Care Home Residents

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Effective 1 January 2020, the Government of Ontario announced significant changes to the way that pharmacies are paid for services provided to long-term care (LTC) home residents, as set out in the *Policy for Pharmacy Payments under Long-Term Care Home Capitation Funding Model, 2020*.

Most notably, the Ministry of Health has changed the payment model from the standard fee-for-service model to a fee-per-bed capitation model.

As such, the primary pharmacy service provider (i.e. the pharmacy under a contract with an LTC home to provide pharmacy services to the residents of the LTC home) will now be paid a set monthly fee based on the number of licensed beds at the LTC home. This amount is \$125 per month for 2020/21 and will decrease annually over the next three years, eventually reaching \$100 per month in 2023/24.

This fee-per-bed captures all dispensing and professional pharmacy services provided to an LTC home resident. In order to receive the fee, pharmacists are expected to continue to provide medication management services, including medication reviews (i.e. quarterly and annual Meds Checks), medication assessments and smoking cessation counselling.

Pharmacies are also no longer permitted to charge a \$2 co-payment to LTC home residents, nor are they permitted to charge a dispensing fee on Ontario Drug Benefit (ODB) eligible products. Secondary pharmacy service providers (i.e. community pharmacies that do not have a contract with an LTC home) may still, however, submit a claim to receive a dispensing fee.

Pharmacies will continue, however, to be reimbursed for the ODB allowable drug cost, the applicable mark-up and compounding fee, if applicable.

In order to receive monthly fee-per-bed payments, primary pharmacy providers must notify the Ministry of Health of the name(s) of the LTC homes with whom they have entered into pharmacy service contracts. This is to be done by completing and submitting an Attestation Form provided by the Ministry of Health.

Needless to say, the above changes will result in a significant decrease in revenue for pharmacies that provide services to LTC homes. These changes will also need to be taken into account in the drafting of pharmacy services contracts between LTC homes and pharmacies.

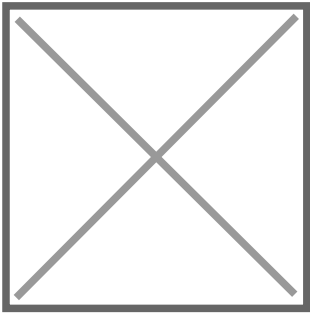
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Lad Kucis is a partner at Gardiner Roberts LLP, which is a business law firm located in Toronto, Ontario. Lad is recognized by the Law Society of Ontario as a certified specialist in health law and assists health sector clients, including long-term care homes and pharmacists, with a wide range of compliance and regulatory issues.

(This blog is provided for educational purposes only, and does not necessarily reflect the views of Gardiner Roberts LLP).

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