



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
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**Government of Ontario
2024 Budget Consultations**

Neighbourhood Pharmacy Association of Canada

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Ministry of Finance, Budget Secretariat**

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) represents leading pharmacy organizations across the country, including chain, banner, long-term care, grocery chains, specialty pharmacies, and mass merchandisers with pharmacies. In Ontario, we advance the delivery of care through close to 4,700 pharmacies and their teams, that serve as integral community health hubs in urban, suburban, rural, remote and First Nations neighbourhoods.

As the Canadian association representing pharmacy operators, we act in Ontario and across the country, to support policy makers with the development of innovative solutions that allow pharmacies support primary care while advocating for fair and sustainable funding for community pharmacies. **We are pleased to provide the following three recommendations to illustrate how investing in the pharmacy sector can deliver direct benefits to not only millions of Ontarians but also to the broader provincial healthcare system:**

1. Leverage Pharmacy Partners to Expand Access to Publicly-Funded Vaccines and Other Pharmacy-Led Primary Care Services in the Community

We applaud the considerable progress the Government has made in 2023 to integrate community pharmacies into healthcare strategies to ensure that that Ontarians get the right care in the right place at the right time. This ‘pharmacies as community health hubs’ approach has been facilitated by thoughtful expansions in the scopes of practice of pharmacy professionals, remuneration frameworks to ensure services are sustainable, and other policy changes that allow the adoption of new technology to deliver care and medications.

2023 saw the successful expansion of the minor ailments program, with 92% of all the province’s pharmacies participating in the program; resulting in well over 585,000 assessments and more than half a million prescriptions.¹ With more than 2.3 million Ontarians without a family physician, these efforts have very likely prevented a proportional number of visits to the emergency room.² The Government’s satisfaction with these pharmacy-led primary care services is borne out by its expansion of the program from 13 conditions to 19, and ongoing work to add several new conditions in 2024. Similarly, the Government demonstrated its confidence in pharmacy-provided primary care services with expansions to pharmacist and pharmacy technician scope of practice to administer a greater number of vaccines to larger numbers of patients and age ranges. The Government also conferred pharmacists with the ability to prescribe antiviral treatments for influenza and COVID-19, further cementing the important role of pharmacies in public health efforts to prevent disease.

Pharmacies can offer more to support the health of Ontarians. With the growing number of Ontarians lacking access to a family doctor, expanded pharmacy services can provide convenient access to primary care and reduce pressures on the healthcare system. Pharmacies can also help close the health equity gap for marginalized populations unable to access primary care as 95% of Ontarians live within five kilometers of a pharmacy – making pharmacies one of the most accessible “doorways” for Ontarians into the broader health system.

We urge the Government to build on the successful and valuable public health and primary care services implemented so far. One opportunity is to expand pharmacy involvement in the administration and delivery of ALL publicly funded routinely recommended vaccines. The province is poised to both build on the existing due diligence begun by the Vaccine Policy Branch in early 2023 to assess the expansion of multiple routine ‘vaccine bundles’ into the pharmacy channel, as well as its commendable global leadership in rolling out the first publicly funded vaccination program RSV (Respiratory Syncytial Virus); including using pharmacy professionals to administer this vaccine to eligible patients.

Increased pharmacy involvement in the administration of routine immunizations can address the existing patient challenge of uptake by creating more convenient access to vaccines and reducing vaccine hesitancy through increased opportunities for patient education at a local pharmacy. The province’s publicly funded vaccine space is fragmented. Pharmacies are only able to administer a selection of publicly funded vaccines and are outside of the distribution channel for the many of the vaccines they are authorized to administer, which creates confusion and multiple healthcare system touchpoints for patients. Even vaccines that do not require a prescription can cause challenges for Ontarians who often find themselves out of pocket when their private insurance provider refuses to cover ‘unprescribed’ vaccines. Authorizing pharmacy professionals to administer and prescribe all publicly funded vaccines will uncomplicate the immunization process for patients, help prevent disease outbreaks and add capacity to the health system.

Providing fair and reasonable remuneration to pharmacies for the administration of publicly funded vaccines is critical to the successful uptake of expanded routine immunization services in pharmacies. Ontario’s pharmacies currently have the lowest immunization fee across the country. Ensuring that pharmacies can sustainably deliver this service will support maximal participation by pharmacies and increase timely and convenient access to routine immunizations in communities across the province.

Pharmacy is ready to continue its role as a valuable partner to the Government in filling gaps in community-based care; pharmacy can and should be a key channel in connecting patients to care in their communities. Expanded minor ailments assessment and prescribing services, and access to all routinely recommended, publicly funded vaccines through pharmacies are two key public health services that should be continued to further be enabled in community pharmacies. **We urge the Government to continue to invest in expanded pharmacy-provided public health and primary care services in Ontario.**

2. Provide Pharmacies with the Stable Funding They Need to Deliver Exceptional Healthcare to Ontarians

A strong pharmacy sector can mitigate some of the pressures faced by the primary healthcare system, but we need a strong partnership with the Government to achieve this reality. The Government’s expansion of pharmacy professional’s scope of practice to deliver more services demonstrates its confidence in the value that community pharmacies bring to Ontario’s healthcare system. But this support is juxtaposed against the ongoing erosion of the underlying funding mechanisms that support overall pharmacy operations.

Since 2019, the Ministry of Health (MOH) has annually “clawed back” millions of dollars of funding from Ontario’s pharmacies through a time-limited reconciliation adjustment process. The stated intent was “to provide a short-term solution” to budget issues while working with the sector to identify longer-term solutions for ongoing savings. The pharmacy sector is supportive of the Ministry’s stated commitment to now end reconciliation payments and has been engaging in ongoing discussions with officials with the Ministry of Health and Ontario Drug Benefit program to find alternative savings measures. While we are supportive of several of the measures proposed by the Ministry of Health as effective and reasonable program changes to reduce costs, **the reduction of markup on medication claims of more than \$1000 is untenable to our member pharmacies.** (See Appendix 1 for a summary of proposed program changes).

We recognize the challenge in finding an appropriate balance between providing affordable medications to Ontarians and responsible healthcare spending while also protecting Ontarians’ current and sustainable access to medications and care through their pharmacies. But the proposed markup reductions will place pharmacies in an impossible position. The sector is already operating on razor thin margins to deliver care to patients due to ongoing pharmaceutical price compression and increased operating costs and cannot support any further funding reductions (See Appendix 2 for a summary). As pharmacies cannot pass costs on to their patients, they may instead be forced to reduce pharmacy hours or even close locations. This will greatly hinder pharmacy’s ability to deliver impactful, safe, accessible, and cost-effective care to Ontarians.

The pharmacy sector is proud to be the Government’s healthcare partner in the community by providing the new and expanded primary care and public health services realized in 2023. Taken as a whole, however, the funding for these new pharmacy services does not offset the losses pharmacies have and will continue to incur as a result of Government cost-cutting measures and other pharmaceutical price compression policies. These continued funding erosions are in stark contrast to the leadership and success that this Government has achieved in creatively addressing capacity challenges in the health system while staying true to principles. **We urge the Government to provide pharmacies with the stable funding they need to deliver exceptional healthcare to Ontarians instead of imposing cuts to underlying funding mechanisms.**

3. Invest in New Funding Models That Support the Delivery of More Valuable and More Complex Care.

We share the Government’s commitment to seek ways of reducing healthcare spending while continuing to provide Ontarians with care. **One opportunity lies in exploring new ways of evolving the pharmacy funding model to reflect the value and complexity of the pharmacy services provided, beginning with services provided to patients taking ‘specialty’ or complex medications.** These patients (e.g., those with cancer, or chronic gastrointestinal diseases such as Crohns or colitis) require extensive care and monitoring to ensure their medications are used safely and effectively and are adhered to properly.

Ontario pharmacies provide a significant amount of specialized care and management to patients taking complex medications, offloading such care from a public hospital or institutional setting. We have recently estimated that Canadian pharmacies directly invest and offset an

estimated \$1 billion, at minimum, in economic value to provide services associated with complex medications, which are not otherwise covered by the public healthcare system.³

The Ontario Government has a unique opportunity to demonstrate innovative healthcare leadership by continuing the dialogue we have begun with the Ministry of Health and seeking alternative methods of funding pharmacy-provided care that carefully consider the complexity and value of the care provided. On November 23, 2023, we sought to initiate this process by submitting a proposal to the Ministry of Health in an effort to explore and evaluate alternative funding mechanisms and models for complex medications. **We urge the Government to invest in additional models of funding for pharmacy services that are commensurate with the value and complexity of care they provide.**

Conclusion

On behalf of our member pharmacies, we want to thank the Government of Ontario for the investments you have made in accelerating Ontarians' access to care through community-based pharmacy services. Your leadership and partnership in the successful increase of minor ailments and immunization services, along with expanded abilities to prescribe necessary antiviral treatments at community pharmacies is a shining example of providing care to thousands of patients close to home, without putting additional pressures on physicians' offices and hospitals.

But there is much more to be done to enhance and evolve the models of funding that support the delivery of all pharmacy services to patients. We look forward to further partnership with the Government and stakeholders to expand the role of community pharmacy and increase the delivery of timely and accessible care to Ontarians.

References

1. Ontario Ministry of Health, Minor Ailments Dashboard (November 30, 2023)
2. Ontario Community Health Profiles Partnership. [Primary Care Data Reports for Ontario Health Teams \(OHTs\)](#) (September 2022)
3. Neighbourhood Pharmacy Association of Canada. [Executive Summary: Value of Specialty Pharmacy Services to the Healthcare System](#) (August 2023)

APPENDICES:

Appendix 1: Ontario Drug Benefit (ODB) program changes proposed by the Ontario Ministry of Health (MOH) to the pharmacy sector, to replace reconciliation payments (as of November 23, 2023)

Proposed Activity	Estimated ODB savings & financial impact to pharmacies
Increasing markup to 9% on medication claims under \$100; decreasing markup to 5% on medication claims over \$1,000	\$15 million (MOH estimates); ~\$33M will be removed from funding associated with claims over \$1,000, ~\$24M will be added in funding associated with claims under \$100 (pharmacy sector estimates)
Discontinuing the provision of VAS to pharmacies for COVID-19 vaccinations	\$2-5 million (MOH estimates), with equivalent net new cost to pharmacies
Elimination of Naloxone injection training fee to pharmacies	\$10-15 million (MOH estimates)
Requiring LTCs to order their ANDP products through HNS system	<\$5 million (MOH estimates)
Modernizing PCR-Testing services fees	<\$5 million (MOH estimates)
Total	\$37-45M removed from pharmacy funding

Appendix 2: Impacts of federal and jurisdictional price compression and cost-savings policies that impact available funding to Ontario's pharmacies:

Impact to pharmacy markup	Estimated ODB Savings & Impact to pharmacies		
	FY 23/24	FY24/25	FY25/26
pCPA generic price reduction 2018	\$23M	\$23M	\$23M
Biosimilar transition policy*	\$8M	\$23M	\$26M
PMPRB reform (TBC)**	\$0M	\$0M	\$18M
Totals	\$31M	\$46M	\$67M

*Note that close to \$18M (FY24/25) and \$22M (FY25/26) of the total Biosimilar transition savings were achieved on claims >\$1,000

**Assuming Jan 1, 2025, Implementation based on current guidelines and a single reporting period