



**Neighbourhood  
Pharmacy**  
Association of Canada

Association canadienne  
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## **Government of Ontario**

### **Consultation on Changing Mark-ups Paid to Dispensers under the Ontario Drug Benefit Program (Ontario Drug Benefit Act, Reg. 201/96, Proposal Number 24- HLTC005)**

**Neighbourhood Pharmacy Association of Canada**

**March 8, 2024**

**Submitted to  
Ministry of Health, Health Programs and Delivery**

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) represents leading pharmacy organizations across the country, including chain, banner, 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.

On behalf of our member pharmacies across Ontario, we are providing feedback on the proposed amendments to regulations under **the Ontario Drug Benefit Act, Reg. Reg. 201/96**. If approved, these amendments will terminate the pharmacy reconciliation adjustment payments and instead implement a new multi-tiered markup payment framework.

**We offer the following key comments:**

1. We remain opposed to policy changes to the fundamental pharmacy funding mechanism that reduce the available funding upon which pharmacies depend, ultimately jeopardizing all Ontarians' access to medications and care.
2. Ongoing investment into the pharmacy sector to expand access to pharmacy led primary care and public health services is cost effective way of meeting healthcare goals.
3. Developing additional pharmacy funding models that reflect the value and complexity of pharmacy services will help ensure Ontario's pharmacies can continue to provide appropriate care and medications to the most vulnerable patients.

**We remain opposed to policy changes to the fundamental pharmacy funding mechanism that reduce the available funding upon which pharmacies depend, ultimately jeopardizing Ontarians' access to medications and care.**

The pharmacy sector applauds the Ministry's stated regulatory change to end reconciliation payments as of March 31, 2024. However, we remain opposed to any regulatory changes to pharmacy's fundamental funding mechanism that reduce the funding they depend on to provide Ontarians with services and care. Specifically, the reduction of markup on all medication claims of more than \$2000 is untenable to our member pharmacies.

Ontario's pharmacies depend almost entirely on the funding generated through dispensing fees and markups tied to list prices to support the vast majority of the clinical and patient care services they provide. Pharmacies use this funding to pay their staff (including pharmacists, technicians, assistants and all support positions), acquire and maintain their inventories and operate their facilities (e.g., cover rent, utilities, etc.).

Ontario's pharmacies are already operating under significant financial pressures as a result of Ontario Drug Benefit Program (ODBP) policies and changes. The ODBP dispensing fee is currently one of the lowest of all jurisdictions across Canada and has not increased in recent years to reflect the cost-of-living increases. At the same time, the ODBP is already on track to save between \$22 to \$30 million in 2024 as a result of newly implemented savings programs, cutting available pharmacy funding by an equal amount.<sup>1</sup> Broader health policies curtailing drug pricing could remove another \$31 million from pharmacy funding this year, with additional proportional savings to the ODBP.<sup>2</sup> The recent benefit status change of Ozempic to limited use, a formulary change, will undoubtedly also realize significant savings for the ODBP in 2024.

On top of funding losses, pharmacies are also absorbing increased operating costs, which cannot be passed on to patients. The proposed regulatory change to markup percentages will cut pharmacy funding by an additional \$18 million from a sector whose margins are already stretched.<sup>3</sup> In prior pharmacy sustainability engagements with the Ontario Government, the pharmacy sector has proposed alternative healthcare savings that do not result in pharmacy funding losses (e.g., additional formulary optimization), but there has been no dialogue or discussion on many of the options. **Continued pharmacy sector savings initiatives under the current landscape are punitive to a sector that has become critical to the delivery of healthcare across Ontario.**

### **Ongoing investment to expand access to pharmacy led primary care and public health services is a cost-effective way of meeting healthcare goals**

We applaud the considerable progress the Ontario Government has made in 2023 to integrate community pharmacies into healthcare 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. Building on the successful and valuable primary care and public health services implemented so far will ensure that more Ontarians get the right care in the right place at the right time while also contributing to savings goals. We propose:

- **Increasing pharmacists' assessment and prescribing activities.** The Ontario minor ailments program was successfully expanded in 2023. Ninety two percent of all the province's pharmacies participated in the program, resulting in well over 585,000 assessments and more than half a million prescriptions<sup>4</sup> With more than 2.3 million Ontarians lacking a family physician, these efforts have very likely prevented a proportional number of visits to the emergency room.<sup>5</sup> 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 we encourage the ongoing work to add several new conditions in 2024.

*Example of potential financial impact:* Pharmacist prescribing for upper respiratory tract infections has the potential to save over \$38 million per year.<sup>6</sup>

- **Enabling pharmacies to provide all publicly funded routine immunizations.** 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 province is also poised to 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. With appropriate scope authority changes to ensure all pharmacy team members are authorized to administer all publicly funded vaccines, and appropriate remuneration for the service, pharmacies can increase vaccine uptake and help Ontarians catch up on missed routine immunizations.

*Example of potential financial impact:* Shifting some of the burden of vaccine administration off primary care and public health could potentially save \$23 million annually.<sup>7</sup>

- **Authorizing pharmacists to make therapeutic substitutions.** Ontario is one of the few provinces who have not authorized pharmacists to independently substitute one medication for another. This authority equips pharmacies with the ability to provide alternative solutions for patients right at the pharmacy counter, reducing the number of touchpoints needed with the health system, of particular importance as drug shortages continue to be a widespread issue. It would also enable pharmacies to independently switch patients from expensive biologics to lower cost biosimilars without requiring a prescription, which would increase the rate at which patients are transitioned to biosimilars. This authority would be particularly useful to increase the rate of biosimilar insulin transitions in Ontario, where more than 12,000 patients have yet to switch from their higher-cost biologic, even though the switch deadline was at the end of 2023.<sup>8</sup>

*Example of potential financial impact:* Enabling pharmacists to therapeutically substitute one PPI for another lower cost option could save \$12 million annually.<sup>9</sup>

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 momentum of the expansion of pharmacy services and further invest in measures to increase pharmacies’ ability to connect patients to care close to home while attaining alternate savings.**

**Developing additional pharmacy funding models that reflect the value and complexity of pharmacy services will help ensure Ontario’s pharmacies can continue to provide appropriate care and medications to the most vulnerable patients.**

Pharmacy funding directly correlated with the list price of a medication is always at risk from inflationary pressures and price compression policies. Developing additional models of stable pharmacy funding that reflect the value and complexity of the service provided, beginning with complex specialty medications, is one opportunity to ensure more sustainable care for patients.

Vulnerable patients taking ‘specialty’ medications (e.g., those with cancer, or chronic gastrointestinal diseases such as Crohns or colitis) require extensive care and monitoring to ensure medication safety, efficacy and proper adherence. All Ontario pharmacies dispense high-cost specialty medications. We acknowledge that the market growth in high-cost and complex medications is likely to accelerate, but this also means the associated pharmacy infrastructure and resources necessary to support patients taking these medications is also growing, particularly as more and more complex care is absorbed by community pharmacies. The proposed markup reduction that targets high-cost medications specifically will place additional pressures on pharmacies’ ability to fully deliver the important care associated with these medications.

Ontario pharmacies provide a significant amount of specialized care 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.<sup>10</sup>

The Ontario Government has a unique opportunity to demonstrate innovative healthcare leadership by exploring additional methods of providing stable pharmacy funding to support the care of patients taking complex medications. **We urge the Government to invest in evaluating additional models of funding for pharmacy services that are commensurate with the value and complexity of care they provide.**

## References and endnotes:

1. Estimates provided by the Ontario Ministry of Health of ODBP savings in 2024 arising from discontinuation of Vaccine Ancillary Supplies (\$2-\$5 million), Ontario Naloxone Program for Pharmacies (\$10-15 million), LTC access of ANDP products (up to \$5 million), and PCR Testing program (up to \$5 million).
2. Neighbourhood Pharmacy Association of Canada estimates of combined ODBP 2023/2024 savings resulting from Ontario Biosimilars Transition policy (\$8 million) and 2018 pCPA Generic Pricing Framework (\$23 million).
3. Estimates provided by the Ontario Ministry of Health of ODBP savings in 2024 resulting from the proposed multi-tiered markup.
4. Ontario Ministry of Health, Minor Ailments Dashboard (November 30, 2023)
5. Ontario Community Health Profiles Partnership. [Primary Care Data Reports for Ontario Health Teams \(OHTs\)](#) (September 2022)
6. Kim, J. et al. Economic evaluation of pharmacists prescribing for minor ailments in Ontario, Canada: a cost-minimization analysis. *Int J Pharm Pract* 2023 June; 29(3): 228-234.
7. McKesson Canada. Proprietary Analysis. March 2024.
8. Ontario Ministry of Health. Biosimilar Monitoring Table Dashboard. February 28, 2024
9. McKesson Canada. Proprietary Analysis. Submission to Pharmacy Reconciliation Adjustment Extension (Ontario Drug Benefit Act, Reg. 23-HLTC027) March 2023
10. Neighbourhood Pharmacy Association of Canada. Executive Summary: The Value of Specialty Pharmacy Services to the Healthcare System. August 2023