



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
de quartier**

1205-3230 Yonge Street
Toronto, ON M4N 3P6
T: 416.226.9100
F: 416.226.9185
info@neighbourhoodpharmacies.ca
neighbourhoodpharmacies.ca

February 3, 2025

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario
M7A 1Z1
via email: mofconsultations@ontario.ca

Re: 2025 Ontario Budget Consultations

Dear Minister Bethlenfalvy

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) represents leading pharmacy organizations across the country, including chain, banner, grocery chains, specialty pharmacies, mass merchandisers and independent pharmacies. In Ontario, we advance the delivery of care through close to 5,000 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 to deliver public health and primary care while advocating for fair and sustainable funding for community pharmacies. We collaborate with our national and jurisdictional pharmacy colleagues on areas of alignment.

Our recommendations and feedback on behalf of our member pharmacies are focused on ensuring that Ontario's pharmacies can continue to be critical partners in delivering convenient and accessible care. We offer recommendations in two specific areas:

1. Expanding services and associated funding for pharmacies to address health system needs

We work closely with the Ontario Pharmacists Association's (OPA), the provincial pharmacy professional association, and fully support their recommendations regarding the 2025 Budget, including:

- Expanding remuneration for dispensing, compounding, and professional services to reflect inflation and operational costs.
- Enabling and funding additional pharmacy services including diagnostic and prescribing services, therapeutic substitutions, and chronic disease management.

We encourage the Ministry to review the submission of the OPA for specific details regarding these recommendations.

2. Establishing a framework for the regulation of Preferred Pharmacy Networks (PPNs)

We applaud the Ministry for its recent review of Preferred Pharmacy Networks (PPNs) and congratulate your efforts to better understand the role of PPNs in Ontario's pharmacy benefits sector, learn about the advantages and disadvantages of different types of PPNs, and assess if any Government action is required. We were pleased to provide [a detailed submission](#) to the Ministry as part of that process and wish to reiterate our position and recommendations:

- Our association supports informed patient choice while also respecting and promoting the ability of pharmacies to innovate and deliver care that meets the diverse needs of the patients they serve.
- We firmly believe that elements of PPN design and agreements can have negative impacts on patients, the competitive pharmacy landscape and the ongoing sustainability of the pharmacy sector.
- Government intervention is necessary to develop an appropriate framework that governs PPN parameters and activities; that prioritizes patients, respects competition and ensures all stakeholders can operate sustainably.

Root causes of PPNs

It is our view that the challenging financial landscape in which healthcare stakeholders operate has catalyzed the rise of PPNs. To fully explore the interrelated impacts of PPN design on patient choice, fair competition, and ongoing sustainability of the pharmacy sector it is important to first understand the current reimbursement landscape within which Ontario pharmacies operate. Ontario's pharmacies depend almost entirely on the funding they receive from both public and private payers in the form of dispensing fees and markups. This funding must cover patient care services, as well as all operations. 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.).

This foundational funding model is precarious, and vulnerable to numerous economic pressures and medication price reduction policies. To continue to serve their patients, pharmacies of all models are absorbing more losses. As a result, their margins are growing exceptionally thin, and for some this threatens their ability to offer services, retain staff, or even remain open. At the same time, other players in the healthcare landscape, such as benefits providers, are also implementing strategies to manage their costs. In PPN agreements pharmacies contract with benefits providers to offer lower-cost services. Pharmacies have been put in position of accepting reductions to their reimbursement to be able to continue to compete – which commoditizes the value of the very real clinical services pharmacy professionals provide and diminishes the worth of their medication therapy management skills and expertise, resulting in a “race to the bottom.” This can ultimately prevent patients from accessing care that is convenient, close to home and delivered by the pharmacy professionals with whom they may already have trusted relationships, and who are well versed in their unique needs. **Any future Government intervention regarding the operation of PPNs must be cognizant of these factors and not worsen the pressures placed on pharmacies that constrain their ability to provide patient care to Ontarians every day.**

Stakeholders who influence PPN design

The Ministry is aware that the Ontario College of Pharmacists, which regulates pharmacies and pharmacy professionals, is exploring mechanisms to regulate pharmacy participation in PPNs under the umbrella of safeguarding patient choice regarding pharmacy care. We support their objective, but we have some concerns with this approach. There are many stakeholders in the medication access pathway who can have some level of influence on the design of PPN arrangements that ultimately determine where patients will receive their care - including manufacturers, pharmaceutical distributors, patient support programs, pharmacy benefit managers, insurers and other payer-related entities. **Imposing additional regulation on pharmacies and pharmacy professionals without parallel consideration of the other stakeholders involved in PPN agreements is not the right solution. It neither addresses the root causes of the problems nor does it target the stakeholders with the greatest influence on PPN design.**

Conclusion

PPN design that limits patient choice, risks limiting competition, devalues pharmacy services and threatens the ongoing economic sustainability of the province's pharmacy sector cannot be left unchecked. To do so will have unintended and entirely avoidable consequences for access to care. It is critical, therefore, that the Ministry continue to build on the good work it has already started in this area and ensure that all involved stakeholders are considered in the next steps of any dialogue around the regulation of PPNs.

Through the diversity of our pharmacy membership across the province, we can provide a holistic view that integrates the perspectives of many of the pharmacy models the Ministry identified in its initial PPN consultation framework. We welcome more conversation with the Ministry on this issue and would be pleased to provide more recommendations on a consultative process to determine an appropriate regulatory or legislative framework around this issue. This is necessary not only to protect patient choice, but to also to ensure the sustainability of pharmacies, the community health hubs Ontarians access most.

Sincerely,



Sandra Hanna, RPh.
Chief Executive Officer

and



Shelita Dattani, Pharm.D., RPh
Senior Vice President, Pharmacy Affairs and Strategic Engagement