

## Chapter 1

Ministry of Health

### Section 1.09

# Ontario Public Drug Programs

Follow-Up on VFM Section 3.09, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	1	1			
Recommendation 2	2	2				
Recommendation 3	3	2	1			
Recommendation 4	1	1				
Recommendation 5	4		4			
Recommendation 6	1		1			
Recommendation 7	2			2		
Recommendation 8	2		2			
Recommendation 9	1		1			
Recommendation 10	2		2			
<b>Total</b>	<b>20</b>	<b>6</b>	<b>12</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>%</b>	<b>100</b>	<b>30</b>	<b>60</b>	<b>10</b>	<b>0</b>	<b>0</b>

## Overall Conclusion

As of June 28, 2019, the Ministry of Health (Ministry, previously known as the Ministry of Health and Long-Term Care) had fully implemented 30% of actions we recommended in **Section 3.09** of our *2017 Annual Report*. The Ministry had also made progress in implementing an additional 60% of the recommendations.

The Ministry had fully implemented recommendations such as collaborating with other jurisdictions through the pan-Canadian Pharmaceutical Alliance to negotiate a better Tiered Pricing Framework for generic drugs, as well as streamlining the Exceptional Access Program processes to consistently meet its targeted response times for all requests. For example, since our last audit in 2018, the pan-Canadian Pharmaceutical Alliance (pCPA) negotiated additional savings for generic drugs with the Canadian Generic Pharmaceutical Association

(Association). The pCPA brings provinces (including Ontario), territories, and federal drug plans together to negotiate prices for publicly covered drugs. The Association represents companies that produce generic prescription drugs. The pCPA and the Association undertook a five-year pricing initiative on April 1, 2018. According to a report analyzing the initiative by the Patented Medicine Prices Review Board, as of December 2018, Canadian generic prices were 5% below the mean of seven comparator countries.

The Ministry had also made progress in implementing other recommendations, such as finalizing a formal policy to govern the rebate process and recover payments from all pharmacies for claims paid inappropriately for deceased persons and for claims that pharmacies tried to cancel after submitting them (because, for example, they were submitted by mistake or the patient never picked up the prescription) but were unable to.

However, the Ministry has made little progress on another 10% of the recommendations, including assessing whether it could use other methods to access the required physicians' forms before reimbursing claims. Instead, the Ministry continues to rely on resource-intensive, manual inspections after the fact to verify that the forms are on pharmacists' premises.

The status of actions taken on each of our recommendations is described in this report.

## Background

In 2018/19, more than 5.2 million Ontarians received drug coverage through the Ontario Public Drug Programs (Programs), up from about four million in 2016/17. The Ministry of Health (Ministry, formerly the Ministry of Health and Long-Term Care) is responsible for administering the Programs, which cover most of the cost of over 4,400 drug products listed on the Ontario Drug Benefit Formulary (Formulary), over 1,000 drugs through

the Exceptional Access Program (non-Formulary), certain disease-specific programs, as well as various professional pharmacy services received by eligible Ontarians.

In 2018/19, the Programs' expenditures totalled \$7.1 billion (\$5.9 billion in 2016/17) before rebates (also called "contractual payments") from drug manufacturers; the expenditures of the Ontario Drug Benefit Program alone amounted to \$6.4 billion (\$5.4 billion in 2016/17) when co-payments and deductibles were included. According to the most recent data available, brand-name drugs accounted for about two-thirds of the total expenditures under the Ontario Drug Benefit Program, and generic drugs accounted for the remaining one-third. One of the Ministry's key responsibilities is to negotiate with drug manufacturers to achieve the best price possible for drugs covered by the Programs.

For brand-name drugs, over the decade prior to our audit in 2017, the Ministry took initiatives to negotiate contracts with drug manufacturers that often resulted in receiving rebates from the manufacturers. However, we noted the following:

- The Ministry received \$1.1 billion in rebates from drug manufacturers in 2016/17. However, the Ministry was not able to determine how the confidential discounted prices of the brand-name drugs compared to prices paid by other countries because pricing information is confidential globally.
- The Ministry took over six months on average to invoice drug manufacturers after the date when rebates could be recovered, which equated to about \$2.2 million in interest income lost in 2016/17. Further, the Ministry made some errors in calculating the rebates—in one case, this led to a failure to invoice over \$10 million. The Ministry recovered the amount when the drug manufacturer informed it of the error.

For generic drugs, we noted:

- Generic drug prices in Ontario dropped significantly in the 10 years prior to our audit, but the Province still paid more than foreign

countries. For example, our analysis showed that, in 2015/16, Ontario paid roughly \$100 million (or about 70%) more for the same drugs as New Zealand.

- We compared a sample of common generic drugs used in both community and hospital settings and found that the Ministry paid \$271 million (or 85%) more than some Ontario hospitals in 2016/17. Opportunities exist for more discounts on generic drugs.

Among other findings:

- We found that, in general, the Ministry paid for eligible recipients' drug costs in a timely manner when their prescribed drugs were listed on the Formulary. However, delays were common with people who required approval through the Exceptional Access Program on a case-by-case basis. For example, in 2016/17, the overall time for the two most requested biologic drugs (over 7,800 total requests) was approximately seven to eight weeks.
- In 2016/17, out of the more than 4,260 pharmacies, the Ministry inspected 286 pharmacies and recovered \$9.1 million in inappropriate claims. However, our audit identified many other inappropriate claims, leading to about \$3.9 million of inappropriate payments not inspected and/or recovered by the Ministry. Also, the Ministry did not refer several potentially fraudulent billings to the Ontario Provincial Police in a timely manner.
- The Ministry spent \$157 million through the Ontario Drug Benefit Program on opioids for about 720,000 recipients in 2016/17. Despite numerous initiatives taken by the Ministry to deal with the recent opioid crisis, it did not know whether individuals overdosed or died from using prescribed or illicit opioids. Having this information would let the government know where to devote resources.

We made 10 recommendations, consisting of 20 action items, to address our audit findings.

We received commitment from the Ministry that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2019, and June 28, 2019. We obtained written representation from the Ministry of Health (Ministry) that effective October 31, 2019, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Rebates on Brand-Name Drugs Have Increased but Price Comparisons Are Difficult

#### Recommendation 1

*To help ensure timeliness and accuracy of the rebates received from drug manufacturers, we recommend that the Ministry of Health and Long-Term Care:*

- *establish and monitor adherence to formal policies and procedures governing the rebate process;*
- Status: In the process of being implemented by the end of 2019.**

#### Details

In our 2017 audit, we found that while the amount of rebates on brand-name drugs (also called “contractual payments”) continues to grow, room for improvement existed in the administrative process to ensure the timely and accurate processing of rebates due from drug manufacturers. On average, it took the Ministry over six months from when rebates were due to invoice drug manufacturers. Further, we noted that the Ministry’s process of manually calculating rebates for over 90 drug manufacturers and over 1,400 unique drug products is prone to error. When we asked the Ministry for its formal policies and procedures surrounding the rebate process, it informed us that it was in the process of making improvements and formally documenting its processes.

Since our 2017 audit, the Ministry has automated the rebate process so that the rebates due from drug manufacturers are calculated electronically. The automation includes standardizing the process for volume and non-volume discount rebates, eliminating the copying and pasting of data tables for invoicing, and tracking rebate amounts on a quarterly basis. As of the end of June 2019, the automation process had been implemented for all manufacturers' volume discount rebates, which accounted for 90% of total rebate dollars.

Although the Ministry has drafted a procedural manual of the automation process, the manual had not been finalized at the time of our follow-up. The manual explains the automation process and how to conduct data quality checks; however, it does not incorporate formal policies such as when and how to monitor the rebate process to ensure timeliness and accuracy of the rebates received from drug manufacturers. The Ministry also expects to establish a formal policy governing the rebate process by the end of 2019.

- *review rebate processing data to identify and address areas of delay to ensure greater efficiency, including better allocation of staff resources.*

**Status: Fully implemented.**

#### Details

Our 2017 audit reported that while the amount of confidential rebates received from drug manufacturers has grown substantially over the last 10 years, the resources allocated to handle the administration of these rebates have remained comparatively small. In 2017, the Ministry explained that some delays were due to manufacturers disputing amounts and/or requesting data from the Ministry to recalculate the rebate independently.

Since our 2017 audit, the Ministry has made two key changes to address the delay in rebate processing:

- It allocated additional staff to support data processing, to update and maintain system coding, and to review data. As well, it now

requires managerial oversight of the rebate reconciliation prior to director approval.

- At the end of June 2019, it completed the system automation for all drug manufacturers' volume discount rebates (as previously discussed).

## Generic Drug Prices Have Dropped Significantly but Ontario Still Pays More Than Other Public Payers

### Recommendation 2

*To help Ontario obtain lower prices for generic drugs from drug manufacturers, we recommend that the Ministry of Health and Long-Term Care:*

- *conduct a cost/benefit analysis to determine whether best practices (such as tendering) used in other jurisdictions and in some Ontario hospitals could be more advantageous in some circumstances than retaining the Tiered Pricing Framework;*

**Status: Fully implemented.**

#### Details

Our 2017 audit found that the Ministry has made significant progress in reducing the prices of generic drugs in the last 10 years; however, there was further room for price reductions. Prices of generic drugs continue to be higher in Ontario and nationally than in seven other reference countries (France, Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States). This was especially true for generic drugs that entered through the pan-Canadian Tiered Pricing Framework. As of March 2015, the median foreign prices for these drugs were still 28% below Canadian prices, despite the impact of a weaker Canadian dollar.

Our audit also observed that a contributing factor to the difference between the Ontario Public Drug Program, like all Canadian public drug programs, and some other countries was the lack of a competitive tendering process for generic drugs in Ontario.

Since our last audit, in 2018, the pan-Canadian Pharmaceutical Alliance (pCPA) negotiated additional savings for generic drugs with the Canadian Generic Pharmaceutical Association (Association). The pCPA brings provinces (including Ontario), territories, and federal drug plans together to negotiate prices for publicly covered drugs. The Association represents companies that produce generic prescription drugs. The pCPA and the Association undertook a five-year pricing initiative on April 1, 2018, that will not be renegotiated until after March 31, 2023. The initiative covers 68 of the most commonly prescribed generic drugs. At the time of our follow-up, the Ministry estimated that, for 2018/19, approximately \$200 million in additional savings for the Ministry of Health and the Ministry of Children, Community and Social Services would be achieved. According to a report analyzing the initiative by the Patented Medicine Prices Review Board, as of December 2018, Canadian generic prices were 5% below the mean of seven comparator countries (France, Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States).

The Ministry indicated that Ontario, as only one of 12 provincial and territorial members of the Alliance that committed to this pricing arrangement until at least 2023, cannot unilaterally end it to pursue other pricing options on its own.

- *collaborate with other jurisdictions through the pan-Canadian Pharmaceutical Alliance to explore ways to negotiate a better Tiered Pricing Framework for generic drugs.*

**Status: Fully implemented.**

#### Details

As mentioned above, the pCPA and the Association undertook a five-year initiative on April 1, 2018, that resulted in additional savings. In particular, the prices of 68 generic drugs in Canada have been reduced by a further 25%–40%. For example, the price of 20 mg of citalopram, a drug used for the treatment of depression, decreased from

\$0.2397 to \$0.1332. Also, the price of five mg of amlodipine, marketed by the brand company as Norvasc, is \$1.4884. In comparison, the generic price of five mg of amlodipine is \$0.1343. (Amlodipine is used to treat high blood pressure.) The price reductions resulted in overall discounts of up to 90% off the price of the brand-name equivalents.

## Access to Most Drugs Is Timely but Delays Are Incurred for Exceptional Access Cases

### Recommendation 3

*To help ensure that patients receive timely access to drugs that are considered for coverage under the Exceptional Access Program, we recommend that the Ministry of Health and Long-Term Care:*

- *streamline the existing processes to consistently meet its targeted response times for all requests for drugs covered through the Exceptional Access Program; and*
- *complete the implementation of the new Special Authorization Digital Information Exchange system;*

**Status: Fully implemented.**

#### Details

In our 2017 audit, we noted that some delays are incurred when patients require prescribed drugs that are not on the Formulary but are available following case-by-case review through the Ministry's Exceptional Access Program (Program). Between 2010/11 and 2015/16, the Ministry consistently failed to meet its targeted times for processing incoming physicians' requests for their patients. For example, in 2015/16, the Ministry was able to respond within its targeted time frames, on average, only 48% of the time, not 85% as targeted.

Our 2017 audit noted that, in 2015, the Ministry proposed a new Special Authorization Digital Information Exchange system (system) and received approval to proceed with the implementation in the following year with a planned completion

date in October 2018. The system was expected to transform the ways in which physicians and nurse practitioners interact with the Exceptional Access Program and to streamline the back-office processing of requests. Its purpose is to modernize a process that is still largely manual.

Since our 2017 audit, the Ministry has taken actions to streamline the Program process as follows:

- The Ministry has collaborated with manufacturers and other stakeholders to develop drug-specific request forms for new products. These forms enhance efficiency by collecting all the information needed to assess a request, therefore eliminating requests for missing information and improving efficiency for the prescribers and the Ministry.
- The Ministry, since November 2017, has enhanced its website to allow the public to search whether a prescribed drug is covered through the Formulary or the Program. Moreover, the Ministry updates the website approximately five to eight times per year, when new drugs are added to the Program or criteria are changed.
- Between February 2017 and February 2019, the Ministry transitioned approximately 100 drug products out of the Program onto the Formulary. This reduced the number of requests prescribers must submit for Program products by approximately 4,000 per year.

For the period between April 1, 2019, and mid-June 2019, the Ministry improved its turnaround time for the Program as compared to the results we reported in 2017. For example, the average turnaround time for Biologics decreased from 23 days in 2015/16 to eight days, which is within the Ministry's 10-day target. The Ministry also met the targeted turnaround time for other priority queues: "Stat-rush" (now called "Priority 1") in three days, "Rush" (now called "Priority 2") in four days, and "Non-rush" (now called "Chronic") in 27 days.

At the time of our 2017 audit, the Ministry expected to implement the new information

exchange system in October 2018. However, in March 2018, the project was reviewed and its development was subsequently transitioned from an outside vendor to the Ministry.

In December 2018, the Ministry released a new prototype of the system to selected prescribers and obtained feedback from them on design and content. In April 2019, the Ministry started to pilot the system and made it available to 240 prescribers. Within one month (i.e., in May 2019), the number of prescribers who could access the system increased to 11,500. As of the end of June 2019, the Ministry had implemented the system and made it available to all 36,000 nurse practitioners and physicians in Ontario.

- *use the new system to collect the necessary data to inform the policies and administration of the programs, such as whether it should fund certain drugs through the Exceptional Access Program, with other specific criteria or as a general benefit through the Formulary.*

**Status:** In the process of being implemented by the end of 2019.

#### Details

Our 2017 audit report noted the new system was expected to also allow the Ministry to aggregate more clinical data, such as what drug each patient is using and for which specific indication, which condition each patient has, which specific criteria are met, which unmet criteria resulted in a rejection of the request, and which drugs required an external review.

When the system was first piloted in April 2019, the system also began to collect necessary clinical data that could be used to adjudicate requests through the Exceptional Access Program. The Ministry could also use the data collected to help inform policies and administration of the program. The Ministry expects to begin using the collected data by the end of 2019.

## Few Inspections and Lags in Reporting Potential Fraud Have Resulted in No Action Taken in Suspicious Cases

### Recommendation 4

To help ensure that appropriate and timely action is taken regarding possible fraudulent claims, we recommend that the Ministry of Health and Long-Term Care work with the Ontario Provincial Police to establish and follow a formal protocol identifying criteria and targets for exchanging information in a timely manner.

**Status: Fully implemented.**

### Details

In our 2017 audit, we found that no formal protocol had been established between the Ministry and the Ontario Provincial Police (OPP) regarding what should be communicated between them, and when, if suspicious claims have been identified as a result of pharmacy inspections. This has resulted in the OPP not investigating some cases because information was not forwarded in a timely manner.

Since late 2017, the Payment Accountability and Fraud Control Unit (Ministry Unit) (under the Ministry Health Services Branch), has been responsible for the co-ordination of all information and data flow between the Ministry and the OPP's Health Fraud Investigation Unit (OPP Unit). The Ministry Unit staff were trained on fraud processes and how to track and exchange information securely.

In October 2017, the Ministry and the OPP renewed a formal service-level agreement (agreement) for the investigation of potential OHIP fraud against the Ministry to help ensure timely and efficient exchanges of information with the OPP Unit. As well, the Ministry Unit uses a centralized tracking sheet to document all potential fraud case information, including updates provided by the OPP Unit under the agreement. The OPP Unit also updates the Ministry Unit through:

- twice-a-year formal case-update meetings with the Ministry Unit and relevant program area management and staff;
- quarterly reports on the status of investigations, charges and/or outcomes;

- a formal letter to the Ministry Unit and relevant manager and program area staff when the status of a case changes (e.g., when charges are laid) and another formal letter when a case is concluded; and
- ad hoc updates when requested by the Ministry Unit, to address internal Ministry needs.

### Recommendation 5

To help ensure that only valid and appropriate claims are paid to pharmacies, we recommend that the Ministry of Health and Long-Term Care (Ministry):

- recover payments from all pharmacies for claims paid inappropriately for deceased persons and unsuccessful reversals;

**Status: In the process of being implemented by March 2020.**

### Details

In our 2017 audit, we reported that claims are sometimes paid for patients who have died. The Ministry is able to routinely recover these claims from pharmacies that it has inspected, because the date of death is captured in the Health Network System. But if there is no inspection, there is often no recovery. In 2015/16, recoveries related to claims paid for deceased patients totalled only \$42,365, even though the Ministry had paid about \$951,900 for their prescriptions after their death. This resulted in about \$910,000 not recovered by the Ministry.

During our audit, we also noted that claims are paid for prescriptions that pharmacies may subsequently try to reverse online. Recoveries related to claims for unsuccessful reversals in 2015/16 were about \$900,000 for 130 pharmacies, which was 19% of total recoveries that year. The amount the Ministry paid for claims where reversal attempts were unsuccessful was nearly \$3.1 million. This resulted in about another \$2.1 million not recovered by the Ministry.

Since our 2017 audit, the Ministry has added two new assessment staff to enhance its capacity

to review pharmacy billing data. These staff have developed a claims assessment plan that, when fully executed, will identify for recovery those claims that are in the top areas for overpayments.

At the time of our follow-up, the Ministry was in the process of developing an assessment and recovery process for invalid claims that could be sufficiently substantiated for recovery without an on-site inspection. The Ministry is preparing a formal proposal about the new assessment and claim recovery process to seek approval for resourcing requirements. The Ministry anticipates this new assessment process, if approved, will be launched by December 2019, with recoveries commencing in March 2020.

- *allow pharmacies a longer time frame to reverse invalid claims, in line with the industry standard;*

**Status: In the process of being implemented by December 2020.**

#### Details

Our 2017 audit noted that the industry standard for pharmacies to reverse a claim billed to a private insurance company is 90 days, not the seven days online reversal set by the Ministry. If the Ministry provided pharmacies with a longer time frame to reverse their claims online, it would increase recoveries.

During our follow-up, the Ministry indicated that it was proposing IT changes to increase the time frame for claim reversals from seven days to 90 days. However, implementing these changes requires a regulation amendment; no such amendment had been approved as of June 2019. If approval is obtained, the Ministry anticipated that implementing the changes would take six to nine months.

- *investigate why some physicians prescribed limited-use drugs to patients who did not meet the Ministry's limited-use criteria and review*

*whether the Ministry's existing criteria are up to date;*

**Status: In the process of being implemented by the end of 2019.**

#### Details

In our 2017 audit, we noted that claims are paid for ineligible recipients relating to a category of drugs called limited-use drugs. The drugs in this category are funded only for specific uses, and patients must meet set criteria to be eligible for them. We obtained claims data for the calendar year 2016 and analyzed a sample for limited-use drugs with age- and gender-based criteria; we found that approximately \$922,000 was spent on claims where the criteria were not met. However, the Ministry did not know why physicians prescribed these drugs and/or whether its criteria for limited use for these drugs are outdated. The Ministry also did not know why pharmacists were not verifying patients' age and gender prior to claiming these drugs. Physicians may prescribe drugs for uses outside of the limited-use criteria using their professional judgment. However, the limited-use criteria are required for the drugs to be covered under the Ontario Drug Benefit program.

During our follow-up, the Ministry indicated that it could not investigate why some physicians prescribed limited-use drugs to patients who did not meet the criteria because the regulatory colleges are responsible for overseeing the professional practice of health-care providers. Physicians, nurse practitioners and pharmacists are regulated health-care professions in Ontario and are required to adhere to the professional standards and ethics of their respective regulatory colleges such as the College of Physicians and Surgeons of Ontario.

At the time of our follow-up, the Ministry was in the process of reviewing the limited-use criteria with respect to gender and age requirements. Part of the review was to consider the extent to which prescribers and pharmacists were adhering to the criteria, and whether

education and other means should be used to improve their adherence to the criteria.

The Ministry updated the Formulary listing of approximately 200 drug products between February 2017 and February 2019, making changes to over 100 limited-use products. The update included an appropriateness review in 2018 of all limited-use drugs with age-related criteria, resulting in revisions to 28 drug products. The Ministry was continuing to review, for all of the remaining limited-use drug products, whether the age and/or gender criteria were up to date and was planning to complete this review by the end of 2019.

- *implement system controls to prevent claims that do not adhere to limited-use criteria, such as gender- and age-based criteria, so that these claims would be rejected or adjudicated at the point of dispensing and therefore would not have to be subject to inspection.*

**Status: In the process of being implemented by the end of 2019.**

#### Details

Since our 2017 audit, the Ministry has implemented system controls for two drug or product categories as follows:

- 1) Fentanyl Transdermal Patch—Effective October 1, 2017, the Ministry implemented system rules that allow claims to be processed only if they meet the limited-use criteria. The system rules link to the patients' dispensing histories (from both the Health Network System and the Narcotics Monitoring System) in the previous 180 days in order to prevent misuse or abuse of these patches.
- 2) Valved holding chambers—Effective September 30, 2018, the Ministry imposed additional system rules to enforce the age and quantity restrictions for valved holding chamber claims. These claims will only be approved for patients aged 12 years and under, and only once per 365 days.

As the Ministry's review of all limited-use drug products with age and/or gender-based criteria is

completed, an assessment of whether IT controls are appropriate will also be completed. In addition, the Ministry is evaluating the cost/benefit of implementing system controls to ensure compliance with limited-use criteria and will complete this assessment by end of 2019. The Ministry indicated that where the cost/benefit analysis proves to be supportive of system controls being placed, they will be considered and prioritized as part of system enhancement activities.

## Ministry Could More Effectively Manage Its Oversight of Pharmacy Claims and Payments

### Recommendation 6

*To help ensure better use of inspectors' resources and that high-risk pharmacies with potentially inappropriate billings are inspected, we recommend that the Ministry of Health and Long-Term Care use detailed annual inspection plans, identify high-risk areas and/or pharmacies, and allocate its inspection resources more robustly based on risk.*

**Status: In the process of being implemented by December 2020.**

#### Details

Our 2017 audit reported that although the Ministry has prepared plans for pharmacy inspection, we found that the plans provided only general guidelines with a broad direction for inspectors to follow. The plans did not use analytics run on a provincial basis to highlight high-risk entities. We expected the Ministry to have detailed plans that identify specific risk areas where inspector resources would be focused; however, no such documented plans existed. We also expected to see inspection reports that detailed common themes and areas where pharmacies were making billing mistakes and where pharmacies would benefit from communication from the Ministry on how to bill appropriately. Again, no such analysis existed.

At the time of this follow-up, the Ministry's Health Data Science Branch was working with a

publicly funded research institute to develop screening algorithms to identify potential anomalies that could be high-risk, warranting greater inspection scrutiny. The Ministry was also working to document a risk-based annual inspection-planning process. The Ministry expected the inspection plan would formally document guidelines and methodology for the purposes of identifying high-risk pharmacies with potentially inappropriate billings.

The Ministry expected to complete the algorithms that would support its risk-based inspection-planning process by December 2020. The risk-based inspection-planning process is to be implemented in the 2020/21 fiscal year. It is to include a process to review the results of completed pharmacy inspections to document best practices and lessons learned that could be incorporated in subsequent inspection-planning cycles.

### Recommendation 7

*To improve the use of inspectors' resources with the focus on enforcing that only valid claims are paid, we recommend that the Ministry of Health and Long-Term Care:*

- assess whether the required forms relating to prescriptions could be accessed differently; and
- reimburse claims only when the required forms are submitted.

**Status:** Little or no progress.

#### Details

During our 2017 audit, we noted that Ministry inspectors may recover amounts paid to pharmacies if the pharmacy does not retain specific required documentation and forms. However, the only way for an inspector to verify missing forms is to conduct a physical inspection at the pharmacy. The inspectors spend much of their efforts on verifying that these forms exist on the pharmacists' premises. If the prescribing physicians completed and stored the forms relating to their prescriptions electronically with linkage to the inspectors, this resource-intensive manual process could be avoided.

The existing Online Transaction Processing component of the Health Network System, through which pharmacies submit claims for payment, does not have the capability of collecting or storing forms. The Ministry continues to rely on inspections to verify that these forms are on the pharmacists' premises, rather than reimburse claims only when the required forms are submitted. The Ministry indicated that it would consider changes to the Health Network System, including the functionality to implement this recommendation along with other digital opportunities, as it completed the required analyses to manage the Health Network System procurement.

### Recommendation 8

*To help ensure that patients who need MedsCheck services are receiving them and that MedsCheck achieves its intended purposes, such as promoting healthier patient outcomes, quality of life and disease self-management, we recommend that the Ministry of Health and Long-Term Care:*

- develop performance measures and explore an approach to collect, monitor and analyze data to evaluate the program and assess whether or not MedsCheck services are helping to improve patient health outcomes;

**Status:** In the process of being implemented by the end of 2019.

#### Details

MedsChecks are consultations provided by a pharmacist to a patient who is taking three or more chronic medications (or meets certain other criteria), to review the patient's medication profile and identify and resolve drug-related problems. Our 2017 audit found that the Ministry set clear objectives for the MedsCheck program, such as promoting healthier patient outcomes, quality of life and disease self-management, and improving patient knowledge, understanding of and adherence to drug therapy. However, it did not identify what information it would need to evaluate whether

it was meeting these objectives. As a result, the Ministry could not provide enough evidence as to the program's ability to meet its intended goal and objectives in a cost-effective manner. The Ministry also did not establish any performance indicators to measure the success of the program.

Since our last audit, the government announced, in April 2019, a budget that included proposals to modernize pharmacy reimbursement policies and establish a “smarter, more efficient and fiscally responsible system to deliver publicly-funded health benefits.” One of the proposals included modernizing the eligibility criteria of the MedsCheck Program. The government received feedback on all of the proposals and continues to work with key stakeholders to identify opportunities to achieve the stated goals. This work includes developing performance measures for MedsCheck.

Meanwhile, a Ministry-funded research organization was working on evaluating the MedsCheck Program, including surveys of patient experience. A final report on the evaluation is expected to be completed in the fall of 2019. The Ministry expects to develop performance measures as part of the redesign of the MedsCheck Program by December 2019.

- *work together with pharmacies and the Ontario Pharmacists Association to streamline the administrative process to submit MedsCheck claims.*

**Status:** In the process of being implemented by the end of 2019.

#### Details

In October 2016, the Ministry enhanced the MedsCheck program to improve the quality and consistency of the process. The new process required pharmacies to use standardized forms and provide more documentation when conducting MedsCheck services as a way to measure the program's success. While this enhancement is a positive step, it had the unintended consequence

of reducing the number of overall MedsChecks performed by pharmacies.

At the time of our 2017 audit, the Ministry was consulting with the Ontario Pharmacists Association about when pharmacies would acquire the software required to fill out MedsCheck forms electronically. We understood that most pharmacies were expected to acquire the required software, but an estimated time was not available.

During this follow-up, we noted that the Ministry has met with representatives from various stakeholder groups. The Ministry, as part of the redesign of the MedsCheck Program mentioned above, will consider opportunities for streamlining and program efficiencies by the end of 2019.

## Ministry Pays Ontario Pharmacies Serving Long-Term-Care Homes Significantly More in Dispensing Fees Than Other Provinces

### Recommendation 9

*To help ensure that the dispensing fees paid for recipients at long-term-care homes are reasonable, we recommend that the Ministry of Health and Long-Term Care conduct further analysis to determine the reasons for high dispensing fees for residents in certain homes and decide whether a change of dispensing policy, such as implementing limitations on frequency of dispensing fees, is required.*

**Status:** In the process of being implemented by the end of 2019.

#### Details

Our 2017 audit found that, in 2015/16, the Ministry paid pharmacies an average \$1,818 dispensing fee per claim submitted for residents of long-term-care homes. This is more than four times higher than the average dispensing fee of \$422 for all other recipients over the age of 65. During the same year, there were approximately 50 pharmacies whose dispensing fees for recipients in long-term-care homes were greater than the average of \$1,818 per recipient. Of these, 15 were greater than \$2,500 per long-term-care home recipient, five were

almost \$3,000 per recipient, and one was \$3,200 per recipient. The Ministry has not investigated the reasons why these pharmacies were dispensing higher-than-average amounts.

Our 2017 audit also noted that pharmacies in British Columbia receive a monthly capitation fee (that is, a per person flat fee) of \$43.75 for each occupied bed they service in a long-term-care home. If Ontario adopted this model, total dispensing fees paid to pharmacies serving long-term-care homes would be about \$41 million (\$43.75 x 12 months x 78,000 occupied long-term-care home beds), about \$149 million less than what was actually paid in 2015/16.

Since our last audit, the Ministry has reviewed the impact of the October 2015 policy changes to long-term-care-home dispensing fees by comparing the trends between 2007/08 and 2017/18. The review examined expenditures per recipient and compared utilization trends between long-term-care homes and seniors living in the community. However, the review did not examine the reasons for high dispensing fees in certain long-term-care homes as opposed to others.

The Ministry indicated that one of the 2019 government budget proposals included changing the payment model for drug products supplied to long-term-care-home residents by pharmacy service providers. Instead of a fee-for-service model, these pharmacy service providers would receive a fee-per-bed for all pharmacy services provided to a long-term-care home based on the number of beds in the home.

## Opioid-Related Overdoses and Deaths Continue to Rise

### Recommendation 10

*To help reduce the risk of inappropriate prescribing, dispensing and patient use of opioids, we recommend that the Ministry of Health and Long-Term Care:*

- *work with Ontario hospitals and the Office of the Chief Coroner for Ontario to link reported*

*overdoses and deaths to the Ministry's Narcotics Monitoring System in order to identify whether those patients who suffered from overdoses or died obtained their opioids from legal or illicit sources;*

**Status: In the process of being implemented by the end of 2019.**

### Details

In our 2017 audit, we found that although the number of opioid-related overdoses and deaths is on the rise, the Ministry does not know the reasons for these overdoses and deaths, and also does not know whether the patients obtained the opioids from a pharmacist, with a legitimate prescription, or illegally on the street. The opioid overdoses and deaths reported by Ontario hospitals and/or the Office of the Chief Coroner for Ontario have not been linked to the Ministry's Narcotics Monitoring System (System) to identify whether the patients had previously been prescribed or dispensed legal opioids or if they had taken illicit opioids. Having this knowledge would let the Ministry, and other areas of government such as law enforcement on drug trafficking, know where to devote resources.

Since our last audit, in summer 2018, the Ministry completed the linkage of coroner data for the 2015, 2016 and 2017 calendar years with Emergency Department (ED) visits from the National Ambulatory Care Reporting System. Initial findings were shared internally within the Ministry and with the Coroner's Office, and further revisions were made in January 2019.

Linkage of ED visits for opioid overdose with the System, as well as the linkage of coroner data with the System, were completed in March 2019. Data analysis and validation is in progress with report completion targeted for August 2019.

At the time of our follow-up, the Ministry was still working with the Coroner Office to identify whether those patients who suffered overdoses had obtained their opioids from legal or illicit sources. The Ministry indicated that, in some cases, it may be impossible to determine the source of drugs in

an overdose, particularly if legal and illicit drugs were mixed together.

The Ministry expects to report on the results of its data analysis by the end of 2019.

- *consolidate, monitor and analyze data from its key initiatives to determine whether they are successful in reducing the number of individuals suffering from opioid addiction and overdoses, and the number of opioid-related deaths, and report publicly on how the initiatives are achieving their intended purposes.*

**Status:** In the process of being implemented by the end of 2019.

#### Details

Our 2017 audit noted that the Ministry has taken several actions to respond to the growing concern over inappropriate opioid use and its health consequences, but the results are still unclear as overdoses and deaths continue to rise.

Since our last audit, the Ministry began developing an internal performance-monitoring framework for its response to the opioid crisis. The framework will provide the Ministry with enhanced and more timely information about the impacts of its key initiatives to address the opioid crisis in four areas: appropriate prescribing and pain management, harm reduction, treatment, and surveillance and reporting. At the time of our follow-up, the Ministry was in the process of finalizing its first performance report, to be completed by the end of 2019. The Ministry was planning to share the reports periodically with relevant partners within the Ministry, but no decision had been made on whether to distribute the first performance measurement report to the public.