Legislative Update

Alberta Government Announces Changes to the Model for Pharmacy Reimbursement

April 17, 2014

A new agreement between the Alberta Pharmacists’ Association, Alberta Blue Cross and the Alberta government expands the list of services available through pharmacists.

Financial highlights of the new policy include:

- four years of predictable funding,
- transparency of prescription pricing,
- changes to dispensing fees, and
- an updated pharmacy services framework that compensates pharmacists for the services they provide to Albertans.

In order to ensure better coordination between pharmacies and government when new public programs are introduced, the Alberta Pharmacists’ Association will act as the common voice for pharmacists with Alberta Health.

New Fee and Markup Structure for Prescription Drugs

Effective April 1, 2014, the previously in place three-tiered fee structure will be replaced with one based on a consolidated dispensing fee that will apply from April 1, 2014 to March 31, 2018. All injectables, oral contraceptives and insulin products now follow this dispensing fee model. Additionally:

- The Actual Acquisition Cost will be replaced with the Manufacturer’s List Price (MLP) or Base Price.
- **MLP** – the price per unit of issue for a drug, a drug product or a product which is published in the Alberta Drug Benefit List (ADBL). The MLP will be established by Alberta Health through the Alberta Price Confirmation policy at which manufacturers agree to provide the drug to the Alberta marketplace.
- **Base Price** – the price per unit of issue for a drug, a drug product or a product where price is established by Alberta Blue Cross and listed in the Alberta Blue Cross Drug Price List. This applies for all drugs not listed on the ADBL.
- Two new allowable upcharges, referred to as Allowable Upcharge #1 & Allowable Upcharge #2 are introduced.
- Prescription charge exceptions for injectables, oral contraceptives and insulin products are removed.
- Dispensing Fee – the dispensing fee will remain at $12.30 from April 1, 2014 to March 31, 2018.
Prior to April 1, 2014, pricing followed a three-tiered structure:

<table>
<thead>
<tr>
<th>Actual Acquisition Drug Cost</th>
<th>Dispensing Fee</th>
<th>Additional Inventory Allowance (AIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $74.99</td>
<td>$10.22</td>
<td>$1.71</td>
</tr>
<tr>
<td>$75 to $149.99</td>
<td>$15.53</td>
<td>$2.00</td>
</tr>
<tr>
<td>$150 and more</td>
<td>$20.94</td>
<td>$5.03</td>
</tr>
</tbody>
</table>

Effective April 1, 2014, the above structure will be replaced by the following which is based on maintaining the dispensing fee at $12.30 through to March 31, 2018:

<table>
<thead>
<tr>
<th>Base Price</th>
<th>April 1, 2014 to March 31, 2015</th>
<th>April 1, 2015 to March 31, 2016</th>
<th>April 1, 2016 to March 31, 2017</th>
<th>April 1, 2017 to March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dispensing Fee</td>
<td>$12.30</td>
<td>$12.30</td>
<td>$12.30</td>
<td>$12.30</td>
</tr>
<tr>
<td>Allowable Upcharge #1</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Allowable Upcharge #2</td>
<td>5.5% ($100 max)</td>
<td>6% ($100 max)</td>
<td>6.5% ($100 max)</td>
<td>7% ($100 max)</td>
</tr>
</tbody>
</table>

The level dispensing fee structure could result in savings over the previous structure for higher cost drugs.

**Expanded Services Provided by Pharmacists**

In addition to the financial changes noted above, pharmacists can provide the following services to Albertans with valid Alberta Health Care Insurance Plan coverage. The cost of these services is borne by the provincial plan.

1. Care plan assessment – known either as a Comprehensive Annual Care Plan or a Standard Medication Management Assessment,
2. Administration of injections,
3. Assessment and modifying prescriptions based upon individual patient needs,
4. Prescription renewals,
5. Assessment of prescriptions for emergency needs,
6. Assessment for initiating medication therapy,
7. Medication assessments to ensure safe and appropriate use, such as refusal to fill a prescription or a trial prescription,
8. Tobacco cessation services,
9. Standard Medication Management Assessment for diabetics, and
10. Administration of publicly funded vaccines, such as seasonal influenza.

**Cost Impact**

At this time, the potential impact of these changes is yet unknown. A number of insurance providers are assessing the potential impact based upon historical prescription drug claim data.
Further Information
For further information on these changes, please refer to the following Alberta Health websites:
http://www.health.alberta.ca/services/pharmacy-fee-reimbursement.html (English Only)
http://www.health.alberta.ca/services/pharmacy-services.html (English Only)

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