

## **AGREEMENT**

### **BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NOVA SCOTIA**  
**As represented by the Department of Health and Wellness**  
**(Hereinafter referred to as "Department")**

**and**

**THE PHARMACY ASSOCIATION OF NOVA SCOTIA**  
**(hereinafter referred to as "PANS")**

EFFECTIVE JULY 1, 2011 to June 30, 2014

### **1.0 Definitions**

In this agreement,

- (a) "Agreement" means this agreement.
- (b) "AAC" means actual acquisition cost which is the net cost to the provider after deducting all rebates, allowances, free products, etc. No mark-up or buying profit is to be included in the calculation of AAC. The net cost to the provider is defined as the drug ingredient (or supply) cost based on date of purchase and inventory flow, even though the current price available may be lower or higher when the product is dispensed. Incentives for prompt payment (payment within 15 days up to a maximum of 2%) will not be included in the calculation of AAC.
- (c) "Department" means the Nova Scotia Department of Health and Wellness.
- (d) "MAC" means the maximum allowable drug cost established by the Minister under the Insured Prescription Drug Plan for an interchangeable drug category. The MAC price is the maximum amount the Pharmacare Programs reimburse providers for one unit of the drug until July 31, 2011.
- (e) "MLP" means the manufacturer's list price, which is the published price at which a drug or device is sold to a provider or wholesaler and it does not include any mark-up for distribution.
- (f) "MRP" means the maximum reimbursable price, which is the maximum drug cost established by the Minister under the Insured Prescription Drug Plan that is reimbursed to a provider or a beneficiary for a category of interchangeable products.
- (g) "PANS" means the Pharmacy Association of Nova Scotia.
- (h) "Pharmacare Allowance" means, for the period July 1, 2011 through July 31, 2011, the discount established under the Insured Prescription Drug Plan of up to 15% from the MAC of the top 20 interchangeable, multi-source, generic categories billed to the Program. The products to which the Pharmacare allowance apply are updated twice a year with the Pharmacare Reimbursement list and are based on MAC times Program utilization for the previous six months.

- (i) “Pharmacare Dispensing Fee” is the LESSER of the usual and customary dispensing fee the provider charges to cash customers and the applicable maximum Pharmacare dispensing fee as described in 6.0 of this Agreement.
- (j) “PRP” means Pharmacare reimbursement price. A PRP is assigned by the Minister to each of the following:
  - \$ Certain groups of drugs that are similar in therapeutic effect;
  - \$ Specific services for which coverage is established;
  - \$ Certain unit dose and special delivery formats that are also available in less expensive bulk formats; and
  - \$ Certain different supplies that are used for the same function.

The PRP is the maximum amount the Program reimburses providers or beneficiaries for one unit of a drug, supply or service.

- (k) “Pharmacy” means a pharmacy as defined in the *Pharmacy Act* and licensed with the Nova Scotia College of Pharmacists.
- (l) “Program” means any program established under the Insured Prescription Drug Plan.
- (m) “Special MAC” has the same meaning as PRP.
- (n) “Provider” means:
  - (a) A pharmacy licensed under the *Pharmacy Act* that has confirmed agreement with the tariff between the Minister and the Pharmacy Association of Nova Scotia and has been designated as a provider, or in a class of providers, and
  - (b) A supplier of drugs, devices or services that is not licensed as a pharmacy under the *Pharmacy Act* but is designated as a provider or in a class of providers.
- (o) “Usual and Customary Dispensing Fee” means the dispensing fee the provider charges customers who pay cash for their prescriptions.

## 2.0 Days Supply

### 2.1 Maximum Days Supply

- (a) Providers shall fill claims to a maximum of 100 days supply, if prescribed.
- (b) The Program will not pay multiple fees where a quantity less than the quantity prescribed is dispensed.

Exception for Seniors’ Pharmacare Program beneficiaries:

Seniors’ Pharmacare Program beneficiaries traveling outside the province for more than 100 days will be allowed to obtain two prescriptions for the same medication before leaving Nova Scotia. Neither prescription shall exceed a 90 days supply (maximum 180 days supply for two prescriptions). The usual dispensing fee and copayment are to be applied to each of the prescriptions.

### 2.2 Minimum Days Supply

All refills must be a minimum of 28 days supply, except

- (a) Refills for intermittent treatment of a chronic disorder

- (b) Part refills of methadone
- (c) Others as determined by the Program

### **3.0 Uninsured Services**

Any service for which a tariff level has not been established in 6.0 of this Agreement, is an uninsured service under this agreement.

### **4.0 Submission of Claims**

- 4.1** Providers must electronically submit claims to the Program.
- 4.2** A claim submitted to the Program for payment of insured drugs, supplies and services shall be honoured by the Program, only if it is received by the Program within 90 days of the date upon which the insured drugs, supplies and services were supplied.
- 4.3** The Program shall pay the line charges for the electronic submission of Program claims.

### **5.0 Collection of Costs from Beneficiaries**

Providers shall collect all required copayments and deductibles for insured drugs, supplies, or services for the Program, including any cost that exceeds the PRP or Special MAC. Providers shall not collect any other amount for insured drugs, supplies or services, including any cost that exceeds the MRP or MAC.

### **6.0 Tariff Levels**

- 6.1.** Prescriptions for drugs and supplies which are Pharmacare benefits will be reimbursed to providers as follows:

For the period July 1, 2011 to July 31, 2011:

- (a) Ostomy supplies – AAC or where applicable, MAC or Special MAC plus 10.0% (to a maximum of \$50 per prescription), plus a maximum Pharmacare dispensing fee of \$10.73.
- (b) Injectables (except insulin) - AAC or where applicable, MAC, or Special MAC plus 10.0% (to a maximum of \$50 per prescription), plus a maximum Pharmacare dispensing fee of \$10.73.
- (c) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), plus a maximum Pharmacare dispensing fee of \$16.10.
- (d) All other prescriptions for drugs or supplies- AAC or where applicable, MAC, MAC less the Pharmacare Allowance, or Special MAC, plus 2.0% (to a maximum of \$50 per prescription), plus a maximum Pharmacare dispensing fee of \$10.73.

For the period August 1, 2011 to August 31, 2011:

- (e) Ostomy supplies – AAC plus 10.0% (to a maximum of \$50 per prescription), plus a maximum Pharmicare dispensing fee of \$10.73.
- (f) Injectables (except insulin) - AAC or where applicable, MRP or PRP, plus 10.0% (to a maximum of \$50 per prescription), plus a maximum Pharmicare dispensing fee of \$10.73.
- (g) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), and a maximum Pharmicare dispensing fee of \$16.10.
- (h) All other prescriptions for drugs or supplies – AAC plus 2.0 % (to a maximum of \$50 per prescription) or MRP or PRP plus 6.0% (to a maximum of \$50 per prescription), plus a maximum Pharmicare dispensing fee of \$10.73.

For the period September 1, 2011 to December 31, 2011:

- (i) Ostomy supplies – AAC plus 10.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.10 and a maximum Pharmicare dispensing fee of \$10.73.
- (j) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.10 and a maximum Pharmicare dispensing fee of \$16.10.
- (k) All other prescriptions for drugs or supplies – MLP plus 10.5% (to a maximum of \$250 per prescription) including methadone, or MRP or PRP plus 6.0% (to a maximum of \$250 per prescription), plus a transition fee of \$0.10 and a maximum Pharmicare dispensing fee of \$10.73.

For the period January 1, 2012 to March 31, 2012:

- (l) Ostomy supplies – AAC plus 10.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.25 and a maximum Pharmicare dispensing fee of \$10.73.
- (m) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.25 and a maximum Pharmicare dispensing fee of \$16.10.
- (n) All other prescriptions for drugs or supplies – MLP plus 10.5% (to a maximum of \$250 per prescription) including methadone, or MRP or PRP plus 6.0% (to a maximum of \$250 per prescription), plus a transition fee of \$0.25 and a maximum Pharmicare dispensing fee of \$10.73.

For the period April 1, 2012 to March 31, 2013:

- (o) Ostomy supplies – AAC plus 10.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.75 and a maximum Pharmacare dispensing fee of \$10.90.
- (p) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), plus a transition fee of \$0.75 and a maximum Pharmacare dispensing fee of \$16.35
- (q) All other prescriptions for drugs or supplies – MLP plus 10.5% (to a maximum of \$250 per prescription) including methadone, or MRP or PRP plus 6.0% (to a maximum of \$250 per prescription) plus a transition fee of \$0.75 and a maximum Pharmacare dispensing fee of \$10.90.

For the period April 1, 2013 to June 30, 2014:

- (r) Ostomy supplies – AAC plus 10.0% (to a maximum of \$50 per prescription), plus a transition fee of \$1.05 and a maximum Pharmacare dispensing fee of \$11.05.
- (s) Compounded extemporaneous products (except methadone and injectables) – AAC plus 2.0% (to a maximum of \$50 per prescription), plus a transition fee of \$1.05 and a maximum Pharmacare dispensing fee of \$16.58.
- (t) All other prescriptions for drugs or supplies – MLP plus 10.5% (to a maximum of \$250 per prescription) including methadone, or MRP or PRP plus 6.0% (to a maximum of \$250 per prescription), plus a transition fee of \$1.05 and a maximum Pharmacare dispensing fee of \$11.05.

## **6.2 Restocking Fee:**

Pursuant to the guidelines set out in the 'Return of Medication' Policy of the Nova Scotia College of Pharmacists, subsection 7.1 "Return of Prescription Medication From Homes For Special Care / Nursing Homes", the Program will pay a restocking fee of 20% when medications are returned to inventory by a provider.

## **6.3 Other services as approved by the Program or Department and subject to criteria as identified by Pharmaceutical Service Policy:**

6.3.1. Advanced Medication Review: maximum special services fee of \$150

Basic Medication Review: maximum special services fee of \$52.50

Prescription Adaptation: maximum special services fee of \$14.00

Therapeutic Substitution: maximum special services fee of \$26.25

6.3.2. Such other services as may be agreed to by the Parties during the term of this Agreement.

6.3.3. The Parties agree that no loyalty points or similar program may be offered by a pharmacy on any of the services listed under this Section.

#### **6.4 Transition Funding**

In recognition of the impact on Pharmacies from the introduction of the *Fair Drug Pricing Act* an amount of \$3,500,000 has been allocated to be available April 1, 2014 for Tariff adjustment and/or the introduction of other services as may be agreed between the parties.

#### **6.5 Total Reimbursement (Effective January 1, 2012)**

Total reimbursement to the pharmacy by the Department for the provision of a given product, service or both shall not exceed the amount contracted for or accepted as payment by the pharmacy from any other payor or combination of payors for the same product and service, including individuals receiving the products/service and third parties to whom claims are submitted on their behalf.

#### **7.0 Audit**

Providers agree to permit the Department or its authorized agents, access to all provider records deemed necessary by the Department to verify pricing and billings under this Agreement.

#### **8.0 Term and Termination**

**8.1** This Agreement is in effect from July 01 2011 to June 30, 2014. The predecessor Agreement, which expired on June 30, 2011, is applicable until the effective date of this Agreement.

**8.2** The parties may agree to extend the agreement beyond the June 30, 2014 date subject, however, to the understanding that any extension may be terminated with 30 days notice by either party.

**8.3** This Agreement may be terminated by either party sending a written notice of termination by registered mail addressed to the other party at that party's last known mailing address, in which case the Agreement will expire on the 90<sup>th</sup> day following the date of mailing.

**8.4** Upon expiry of this Agreement on June 30, 2014, if the Parties have not extended the term of this Agreement in accordance with clause 8.2 or served notice of termination pursuant to clause 8.3, the provisions of this Agreement shall remain in effect until such time as the Parties agree upon a new Agreement, or the Agreement is terminated through 30 days notice by either party.

**8.5** In the event that:

(a) The provider has its license or certificate of accreditation revoked or suspended, the provider's rights under this Agreement, and the Pharmicare provider number are terminated without notice.

(b) There is a change in provider ownership, the provider will notify the Department 30 days in advance of the change in ownership, and the provider's rights under this Agreement, and Pharmicare provider number, will automatically terminate on the date of transfer of ownership. (The Department will retain this information in confidence.)

- (c) The provider is found to contravene or default on the obligations under this agreement, the provider's rights under this Agreement and Pharmacare provider number will automatically terminate.

Upon termination, the rights of the provider hereunder automatically cease and terminate and the Department agrees to pay the provider all claims then properly due and owing pursuant to this Agreement, provided that such claims are submitted within 90 days of the date of the termination. Notwithstanding the termination of this Agreement, the Department may continue to exercise its audit rights pursuant to Section 7 of this Agreement.

**9.0 Other**

- The Department agrees to deduct \$0.03 per prescription from all claims and remit the amount to the PANS not less frequently than monthly.
- The Department agrees to increase the per prescription rebate to PANS at a level not to exceed \$0.10 per prescription, if requested in writing by PANS.

**Amendment**

- This Agreement may be amended with the written consent of both parties.
- This Agreement is subject to approval by Governor in Council.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Honourable Maureen MacDonald  
Minister of Health and Wellness

\_\_\_\_\_  
Date

Accepted on behalf of The Pharmacy Association of Nova Scotia subject to ratification by the Associations' Executive.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Rose Dipchand  
President  
Pharmacy Association of Nova Scotia

\_\_\_\_\_  
Date