

## MEMORANDUM OF UNDERSTANDING

BETWEEN:

HER MAJESTY THE QUEEN  
in Right of the Province of New Brunswick  
as represented by Minister of Health  
(Hereinafter referred to as "Department")

- and -

THE NEW BRUNSWICK PHARMACISTS' ASSOCIATION  
(Hereinafter referred to as "NBPA")

### BACKGROUND

The Department provides eligible residents with health services including prescription drugs, the details of which are set out in the *Prescription Drug Program Act*, SNB 1975, c P-15.01, as amended from time to time and related regulations (the "Act and Regulations"), and other products and pharmacy services through its public programs;

The NBPA is an advocacy group for the interests for New Brunswick pharmacies and pharmacists who dispense prescription drugs, other products and pharmacy services in accordance with legislation, regulation and policies related to public programs;

The NBPA desires a memorandum of understanding (MOU) with the Department to provide their collective understanding of the Act and Regulations and policies in providing prescription drugs, other products and pharmacy services to eligible residents under the Department's programs;

The Department and the NBPA (the "Parties") agree that the terms and conditions of the MOU are as follows:

#### 1.0 Definitions

For the purposes of this MOU

***Actual Acquisition Cost*** is as defined in the Act and Regulations.

***Council of the Federation*** means an organization which comprises Canada's 13 provincial and territorial premiers.

***Dispensing Fee*** is as defined in the Act and Regulations and as set out in Appendix A.

***Entitled Services*** is as defined in the Act and Regulations and as set out in Appendix A.

***Maximum Allowable Price (MAP)*** is as defined in the Act and Regulations.

***Manufacturers' List Price (MLP)*** is as defined in the Act and Regulations.

**Other Professional Services Fee** means the fee paid to pharmacy for providing a service as set out in Appendix A.

**Participating Provider** is as defined in the Act and Regulations.

**Cost Base** is the costing methodology (MAP, MLP or AAC) for reimbursement of specific categories of products as specified in Appendix A.

**Interchangeable Pharmaceutical Product** is as defined in the Act and Regulations.

**NBPDP** means the New Brunswick Prescription Drug Program.

**Single Source Product** is as defined in the Act and Regulations.

## **2.0 Communication and Consultation**

The Department and the NBPA agree to communicate the provisions and benefits of this MOU to pharmacies, other interested parties and the public.

The Department will consult NBPA on any significant policy changes that affect pharmacy operations or practices, including those related to pharmacy audits.

## **3.0 Notification of Drug Program Changes**

### **Program and Policies**

At least 10 days' notice will be given on program and policy changes, unless this is not possible due to extenuating circumstances, for example, patient access, public health and safety issues.

### **NBPDP Benefits**

Changes to drug benefits will be announced and are posted on the NBPDP webpage. Benefit changes will be effective on the notification date unless otherwise indicated.

### **Maximum Allowable Prices (MAPs)**

- New interchangeable product categories - These products will be reimbursed at the MAP effective 21 calendar days after the date of the notification.
- Drug pricing policy changes to existing interchangeable product categories – These products will be reimbursed at the new MAP effective 21 calendar days after the date of the notification.
- Drug pricing policy changes agreed to by the Council of the Federation for existing interchangeable product categories – These products will be reimbursed at the new MAP effective the same date as the majority of other Provincial/Territorial drug plans and at least 21 calendar days after the notification date.

#### **4.0 Remuneration to Participating Providers**

Remuneration to Participating Providers for Entitled Services will be in accordance with the Act and Regulations and as set out in Appendix A.

During the term of this MOU, the parties agree to work within the Pharmacy Affairs Working Group with a view to exploring the possibility of recognizing new services, such as those related to minor ailments, to be provided by pharmacies and corresponding payment schedules upon the enactment of the new *Pharmacy Act* and Regulations.

#### **5.0 Drug Pricing Policy**

The parties agree that this MOU will be re-opened for discussion in the event the Department makes significant changes to drug pricing policies during the term of this MOU that have a significant negative financial impact on pharmacies.

#### **6.0 Pharmacy Reinvestment**

The Department will provide 30 percent of the estimated savings to a maximum of \$2 million (the "Pharmacy Reinvestment") if changes are made to drug prices of certain drugs determined by the Council of the Federation or the NBPDP generic (interchangeable) drug pricing policy.

The Parties agree to meet to consider how the Pharmacy Reinvestment funds will be allocated. In the meantime, a transition fee may be established. Any transition fee paid will reduce the Pharmacy Reinvestment funds.

#### **7.0 Lesser of Clause**

Total reimbursement to the pharmacy by the Department for the provision of a given product, service or both shall not exceed the total amount of the dispensing fee, mark-up and drug cost contracted for or accepted as payment by the pharmacy from any other payer or combination of payers for the same product and service, including individuals receiving the product/service and third parties to whom claims are submitted on their behalf. This clause is to take effect six months after the effective date of this MOU.

#### **8.0 Beneficiary Charges**

A participating provider shall charge beneficiaries in accordance with Subsection 15(1) of the Regulations. Further, the Department expects full compliance with all provisions of the Act and Regulations by participating providers.

Both parties agree to work together to align policies and definitions of the New Brunswick Prescription Drug Program to the New Brunswick Drug Plan. No action shall be taken by the NBPA to enforce this clause for six months after the effective date of this MOU.

**9.0 Term and Termination**

9.1 This MOU is in effect from April 1, 2014 to March 31, 2015.

9.2 This MOU may be terminated by either party sending a written notice by registered mail 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.

**10.0 Dispute Resolution**

The parties agree to work together collaboratively to resolve any issues that may arise during the term of the MOU.

**11.0 Remittance to New Brunswick Pharmacists' Association**

Subject to the Department receiving a signed authorization form from a Participating Provider, the Department agrees to withhold a contribution of \$0.035 for each paid claim by NBPDP to a Participating Provider. The total contributions will be remitted to the NBPA monthly.

**12.0 Amendment**

This MOU may be amended with the written consent of both parties.

**13.0 Proviso**

All changes to programs, policies, and reimbursement rates of participating pharmacies are subject to the Act and Regulations, and government policy as amended from time to time. Where there is a conflict between this MOU and the Act and Regulations, and government and policy, the Act and Regulations and government policy, shall prevail.

**14.0 Signatures**




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Honourable Hugh J. Flemming, Q.C.  
Minister of Health

*29 April 2014*

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Date



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Alistair Bursey  
President  
New Brunswick Pharmacists' Association

*29 April 2014*

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Date

## Appendix A

### Schedule

Subject to amendments and modifications by all applicable New Brunswick Statutes, Regulations and Policies

#### 1. The following rates apply to the New Brunswick Prescription Drug Program and the New Brunswick Drug Plan.

##### **Cost Base**

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<i>Interchangeable Drugs</i>	Up to Maximum Allowable Price (MAP)
<i>Single Source Drugs</i>	Up to the Manufacturer List Price (MLP) or Maximum Allowable Price (MAP)
<i>Methadone</i>	Up to Maximum Allowable Price (MAP)
<i>Compounds</i>	Up to Actual Acquisition Cost (AAC)

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##### **Mark-up**

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<i>Interchangeable Drugs</i>	Up to 8%
<i>Single Source Drugs</i>	Up to 8%

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##### **Dispensing Fee**

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<i>Interchangeable Drugs</i>	Up to \$11.00
<i>Single Source Drugs</i>	Up to \$11.00
<i>Methadone</i>	Up to \$ 9.50
<i>Compounds</i>	Up to \$16.50

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#### 2. Other Professional Services

##### **NBPDP**

NB PharmaCheck™

NBPDP Seniors (Plan A) and Social Development clients (Plan F) - \$52.50 for one medication review annually

Refusal to Fill

\$11.00 fee (criteria to be determined in consultation with the Pharmacy Affairs Working Group)

##### **Public Health**

Immunization

Pharmacist administered seasonal influenza vaccine (Plan I) - \$12.00