MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN:

HEALTH CANADA, represented by the Minister of Health (referred to as "Health Canada")

VETERANS AFFAIRS CANADA, represented by the Minister for Veterans Affairs (referred to as "VAC")

ROYAL CANADIAN MOUNTED POLICE, represented by the Minister of Public Safety and Emergency Preparedness Canada (referred to as "RCMP")

DEPARTMENT OF NATIONAL DEFENCE, represented by the Minister of National Defence (referred to as "DND")

(All of the above collectively referred to as the "Departments")

AND

PHARMACISTS' ASSOCIATION OF SASKATCHEWAN (referred to as "PAS") incorporated under The Non-profit Corporations Act,1995 of the Province of Saskatchewan as a voluntary member-based professional organisation.

WHEREAS the PAS advocates on behalf of the pharmacy profession in Saskatchewan, and most pharmacists in Saskatchewan are members of the PAS;

AND WHEREAS the PAS desires to assist its members and the Departments in developing a model for delivery and dispensing rates for certain prescription drugs;

AND WHEREAS the Departments wish to enter into an MOU with PAS to provide guidance by which pharmacist members of the PAS may provide Drug Products, Medical Supplies and Pharmaceutical Services to Beneficiaries of the Departments;

AND WHEREAS PAS Members provide Drug Products, Medical Supplies and Pharmaceutical Services to Beneficiaries of the Departments;

AND WHEREAS the Departments and PAS recognize that individual pharmacies must sign Provider Agreements to govern the relationship between the Departments and pharmacies and that this MOU serves as a guide only and is not legally binding between the Departments and PAS;

NOW THEREFORE the Departments and PAS agree as follows:

1. **The following appendices and any amendments relating thereto form part of this MOU:**

   a. Appendix "A" "Definitions";

   b. Appendix "B" "Administration";

   c. Appendix "C" "Benefits/Price Schedule"; and

   d. Appendix "D "Departmental Beneficiaries - Eligibility for Benefits".

2. **Duration**

a. This MOU shall commence on December 15, 2011 and terminate on March 31, 2013.

b. This MOU may be renewed by the agreement of the parties.

c. The parties agree that this MOU may be terminated by the Departments or the PAS on ninety (90) days written notice except in instances of unprofessional conduct by the Departments or PAS, which may result in immediate termination.

3. **Principles of this MOU**

3.1 Following the execution of a Provider Agreement between the Departments or any one of them and a PAS Member, Beneficiaries will present themselves to a PAS Member with the required identification or Identification Card and a Prescription or its authorized refill.

3.2 Where a PAS Member provides a Drug Product, Medical Supply or Pharmaceutical Service to a Beneficiary, the PAS Member may submit a claim for the Drug Product, Medical Supply or Pharmaceutical Service to the Claims Processor applicable to the Beneficiary:

1) for Health Canada:

Express Scripts Canada;

(2) for VAC:

Medavie Blue Cross or their regional affiliate as appropriate;

(3) for RCMP:

Medavie Blue Cross or their regional affiliate as appropriate; and

(4) for DND:

Medavie Blue Cross or their regional affiliate as appropriate.

3.3 Such claims will be processed according to Appendix B.

3.4 Such claims will be submitted by PAS Members in accordance with the amounts set out in Appendix C and reimbursed to PAS Member pharmacy owners up to the maximums set out therein.

3.5 Each Department will independently determine the Drug Products, Medical Supplies and Pharmaceutical Services for which that Department will assume financial responsibility. The relevant list of Drug Products, Medical Supplies, and Pharmaceutical Services for which each Department will assume financial responsibility is set out in each Department's Benefit List as restricted by Appendix D. Such Benefit Lists may be amended at anytime by the responsible Department with appropriate notice to all affected clients and their pharmacies.

4. **Responsibilities of the Participants**

PAS agrees to use its reasonable best effort to:

a. inform PAS Members of the terms and conditions of this MOU;

b. encourage PAS Members to adhere to the pricing outlined in Appendix C;

c. encourage PAS Members to provide a receipt to the relevant Department where direct payment is requested by that Department because of a question of individual eligibility with respect to a Beneficiary; and

d. encourage PAS Members to submit accounts for Beneficiaries to the relevant Claims Processor:

e. inform PAS Members to keep proper accounts and records of all expenditures and commitments made pursuant to executed Provider Agreements as anticipated by this MOU;

f. encourage PAS Members to not dispose of any accounts or records with respect to expenditures and commitments made pursuant to this MOU or any executed Provider Agreement without the relevant Department's consent within twelve (12) months of the termination of this MOU or as per the relevant Provider Agreement, whichever is longer; and

g. ensure that PAS Members are registered with the appropriate Departments' Claims Processors as "providers" and that PAS Members comply with the relevant " Provider Agreements", program policies and procedures.

5. **The Departments:**

a. will, when appropriate, inform PAS and pharmacy providers of significant policy changes with respect to each Department's Drug Benefit List and other relevant benefits;

b. will, where appropriate, advise PAS of complaints received relating to the supply of Drug Products, Medical Supplies and Pharmaceutical Services by PAS Members;

6. **Confidentiality**

a. PAS and PAS Members will treat all patient information, clinical records, and related claims, as confidential. PAS and PAS Members may only disclose such information as permitted by law or court order.

b. PAS acknowledges that the Departments are government institutions subject to the *Access to Information Act,* RSC 1985, c A-1 and *Privacy Act,* RSC 1985, c P-21. Information relating to PAS or PAS Members will not be disclosed except in accordance with those Acts.

7. **Audit**

a. PAS acknowledges that, as conditions precedent for a PAS Member pharmacy owner to receive any payment for a Drug Product, Medical Supply or Pharmaceutical Service, that PAS Member pharmacy owner must at all times be qualified to provide pharmaceutical services under the laws of the Province of Saskatchewan, will keep proper accounts and records of all expenditures and commitments made pursuant to this MOU, will make available to the Departments or their legally appointed representatives their accounts for audits and will provide such documents and information as the Departments may request by telephone or in writing, assuming appropriate and reasonable notice has been given.

b. The Departments, or their legally appointed representatives, may examine and copy all data and documentation relating to any claim previously paid or waiting for payment. They also reserve the right to contact Beneficiaries to verify if they have received the claimed Drug Products,

Medical Supplies or Pharmaceutical Services and that such Drug Products, Medical Supplies or Pharmaceutical Services are in accordance with the claims received by the Departments.

c. The audit process should focus on the following:
   (1) ensuring accurate monitoring of appropriate drug costs, mark-up and dispensing fees;
   (2) ensuring that the Beneficiaries received the appropriate quantity of medication;
   (3) ensuring that the Beneficiaries received the service for which they were billed;
   (4) ensuring that there is a prescription order for the provided services .

   The audit process is not intended to focus on how pharmacy is practised at the audit site. If this type of concern arises then the auditor may file his or her concerns with the Saskatchewan College of Pharmacists for review based on Saskatchewan College of Pharmacists (SCP) regulations and bylaws.

8. **Notices and Addresses**

Where any notice, request, direction, or other communication is required to be given or made by Departments or PAS, it shall be in writing and shall be deemed sufficiently given if sent by registered mail, or by e-mail or facsimile, or by delivery in person, to the relevant address identified in clause 9.

Such notices, requests, directions or other communications shall be deemed to have been received ten (10) business days after mailing if sent by registered mail, and the following business day if sent by email, facsimile or delivery in person.

9. **Representatives**

The Participants' representatives for all matters pertaining to this MOU will be:

a. Health Canada:

Regional Director
Health Canada
First Nations and Inuit Health
Saskatchewan Region
18th Floor, 1920 Broad Street
Regina, Saskatchewan
S4P 3V2

b. VAC:

Director General, Service Delivery Branch
Veterans Affairs Canada
161 Grafton Street
Charlottetown, PEI
C1A 8M9

c. RCMP:

OIC Employee Services
Northwest Region
>D= Division Headquarters Building
Winnipeg, Manitoba
R3C 3K2

d. DND:

Head Pharmacy Policy and Standards
Directorate of Medical Policy
Canadian Forces Health Services Group Headquarters
1745 Alta Vista Dr Rm 207
Ottawa, ON
K1A 0K2

e. PAS:

Pharmacists' Association of Saskatchewan
202 – 2629 29th Avenue
Regina, Saskatchewan
S4S 2N9
Attention: Executive Director

Special Provisions

10. This MOU shall be amended in writing only by mutual consent of the Departments and PAS.

11. This MOU is not legally binding between the Departments and PAS. The Departments and PAS acknowledge that individual Provider Agreements must be entered into to create legally binding relationships between the Departments and individual pharmacies, and that this MOU serves as a guide only regarding terms to be included in Provider Agreements for PAS Members.

12. Beneficiaries of other federal departments will be entitled to rely on the terms of this MOU, with such modifications as may be required, including limiting PAS Member claims to the rates agreed at Appendix C. Entitlement to the foregoing does not preclude the right of these individuals or other federal departments access to, or from negotiating with, other preferred providers.

THIS MOU has been signed on behalf of PAS and on behalf of the Departments by their duly authorized officers.

FOR THE PHARMACISTS' ASSOCIATION OF SASKATCHEWAN:

_____	_____	_____
Signature	Print Name	Date

FOR HEALTH CANADA:

_____	_____	_____
Signature	Print Name	Date

FOR VETERANS AFFAIRS CANADA:

_____	_____	_____
Signature	Print Name	Date

FOR THE ROYAL CANADIAN MOUNTED POLICE:

_____	_____	_____
Signature	Print Name	Date

FOR THE DEPARTMENT OF NATIONAL DEFENCE

_____	_____	_____
Signature	Print Name	Date

APPENDIX "A"

DEFINITIONS

ACTUAL ACQUISITION COST (AAC)

Means the lesser of the following rates or costs (other than discounts or rebates for prompt payment of invoices, to a maximum of 2%):

(i) the actual invoice cost for acquisition of a drug by the proprietor;
or
(ii) the rate established by DPEBB as the maximum cost for a drug;
or
(iii) for Health Canada Beneficiaries, those prices listed in the Claims Processor's price files, which are based on the DPEBB formulary and/or obtained through Mckesson's Regina price files.

BENEFICIARY

For Health Canada, means a person who is eligible for benefits pursuant to the policies of the NIHB Program and is also a registered Indian as recognised by Aboriginal Affairs and Northern Affairs Canada or a recognised Inuit.

For VAC, means a person who is eligible to receive treatment benefits as defined under the Veterans Health Care Regulations.

For the RCMP, means a "regular member", a "special constable member" and a "special constable of the RCMP" as defined by the RCMP regulations.

For DND, means a serving member of the Canadian Forces and a reserve member receiving care from the Canadian Forces.

CLAIMS PROCESSOR

A third party hired by a Department to process claims submitted for benefits offered by the Department.

DISPENSING FEE

A dollar amount as determined by Appendix C.

DRUG BENEFIT LIST

For each Department, a list of Drug Products for which Beneficiaries may be eligible that are published on the relevant Departmental website. Such lists are restricted by Appendix D.

DRUG PRODUCT

Medication in any form.

EXTEMPORANEOUS PREPARATIONS

Extemporaneous preparations are Drug Products requiring preparation or compounding in a pharmacy according to the orders of a Prescriber and which must not duplicate the formulation of a commercially manufactured Drug Product. Accordingly, they do not include:

- Drug Products that are reconstituted or preparations that are simple dilutions of liquids;

- preparations that duplicate benefits in the relevant Drug Benefit List, unless the listed benefit is not available to the market; or
- preparations containing active ingredients which have been reviewed by the Departments and not recommended for coverage.

GENERIC EQUIVALENT

Means a Drug Product of the same amount containing the same active ingredients and in the same dosage form as that directed by the Prescription.

IDENTIFICATION CARD

For VAC, RCMP or DND, a card issued by to Beneficiaries in order to receive Drug Products, Medical Supplies and Pharmaceutical Services.

MARK-UP

The costs related to the maintenance of the inventory of the product as determined by Appendix C.

MEDICAL SUPPLIES

Includes consumable supplies, such as dressings, and non-consumable equipment, such as walking assisting devices (for example, canes), that are related to personal health care and that have been prescribed by a Prescriber.

PAS MEMBERS

Members of the Pharmacists' Association of Saskatchewan. Members include, but are not limited to, pharmacy owners and Pharmacists.

OVER THE COUNTER PRESCRIBED MEDICATION (OTC)

A Drug Product that is available to the general public without a Prescription.

PHARMACEUTICAL SERVICES

Professional services performed by a Pharmacist in accordance with the Pharmacy Act.

PHARMACIST

A person who is licenced to practice as a pharmacist in the Province of Saskatchewan.

PRESCRIBER

A physician, dentist or other practitioner authorized to prescribe Drug Products, Medical Supplies or Pharmaceutical Services in the Province of Saskatchewan. Departments reserve the right to recognize and determine the benefit coverage for specific Prescribers.

PRESCRIPTION

An order, direction or other authorization given by a Prescriber to dispense a stated amount of Drug Product, mixture of Drug Product, Medical Supply or Pharmaceutical Service to a Beneficiary.

PROVIDER AGREEMENT

Sets forth the relationship between the eligible pharmacy provider and the relevant Department or Claims Processor for the purpose of providing drugs or medical supplies or services to beneficiaries of each Department in accordance

with the rules of the relevant benefit program.

TRIAL PRESCRIPTION PROGRAM

The provision of an initial short-term supply of a long-term Drug Product, Medical Supply or Pharmaceutical Service prior to dispensing the full amount as set out in a Prescription. Such a program is designed to minimise waste due to patient intolerance to that Drug Product, Medical Supply or Pharmaceutical Service and to reduce the incidence of drug-related problems through increased patient monitoring and follow-up.

USUAL OR CUSTOMARY FEE

The lowest fee or price (normal, advertised or otherwise) provided on the day of the transaction by the pharmacy to any customer.

APPENDIX "B"

ADMINISTRATION

1. **Submission of Accounts**

The Claims Processor is responsible for payment pursuant to a third party payer pay plan agreement negotiated with the Departments

Those PAS Members that are not online shall submit claims to the relevant Claims Processor at least once per month detailing Drug Products, Medical Supplies and Pharmaceutical Services provided to Beneficiaries in the format and manner agreed upon by the Departments and their respective Claims Processor. It should be noted that not all claims are eligible for manual submission.

2. **Amount of Accounts**

a. All Drug Products, Medical Supplies and Pharmaceutical Services will be deemed to have been provided on the service date.

b. By submitting a claim, the PAS Member agrees and certifies that such claim is true and accurate, and that no part of any such claim has been paid to the PAS Member other than as clearly indicated.

c. In the event that a PAS Member submits a claim for which payment is not eligible, the Claims Processor shall promptly advise the PAS Member and provide an explanation of why payment was denied.

d. In the event that a Claims Processor makes an overpayment to a PAS Member, the PAS Member agrees to promptly notify the Claims Processor of the amount owed and to reimburse the amount to the relevant Claims Processor or relevant Department as per the relevant Provider Agreement or Departmental policy.

3. **Instances of Unprofessional Conduct by PAS Members**

In instances of unprofessional conduct (defined by the SCP) by a PAS Member or where a PAS Member fails to comply with a contractual agreement in effect between it and any Department, the Departments may refuse to reimburse that PAS Member for the provision of Drug Products, Medical Supplies or Pharmaceutical Services.

4. **Pharmacy "Provider Agreement"**

PAS Members are responsible for ensuring that the relevant documentation has been filed with the appropriate Claims Processor, including but not limited to "Provider Agreements", in order for claims to be paid. No payment will be made for Drug Products, Medical Supplies and Pharmaceutical Services without an authorized billing number from the Claims Processor.

APPENDIX "C"

BENEFITS/PRICE SCHEDULE

1. **General**

The following is a schedule which sets out the prices that PAS Members may claim (and, accordingly, on the basis of which PAS pharmacy owners will be reimbursed) with respect to the following categories of Drug Products, Medical Supplies and Pharmaceutical Services:

a. Prescription Drugs;
b. OTC;
c. Extemporaneous preparations;
e. Medical Supplies; and
f. Alternative Reimbursement.

Note that the Departments will not reimburse PAS Members for any portion of the Dispensing Fee that will be subsequently offered to a Beneficiary as a bonus, discount and/or gratuity to promote any area of the PAS Member's business activities.

2. **Prescription Drug Charge** (SCP Schedule 1, SCP Schedule II products and diabetic supplies)

PAS Members may claim the total of: (a) Cost of the Drug Product, if applicable; (b) the Mark-Up, if applicable; and (c) the Dispensing Fee, if applicable.

a. Cost of Drug Product

(1) Where there is a Generic Equivalent to the dispensed Drug Product, the maximum price paid will be the lowest cost alternative provided in the "Interchangeable Drug Index"; or

(2) Where there is no Generic Equivalent, then the maximum price paid is the AAC of the dispensed Drug Product.

The Generic Equivalent must be provided, unless the Prescriber otherwise directs:

- in his own handwriting, where the Prescription is presented in written form; or
- verbally, where the Prescription is made verbally. In this case, the Pharmacist must document such a requirement on the Prescription copy.

For Health Canada Beneficiaries, in all cases, prior authorisation is required in order to provide the brand name product.

b. Mark-Up

The maximum mark-up is 10.5%, capped at $20.00.

c. Dispensing Fee

From December 15, 2011 to March 31, 2012, the Usual or Customary Fee up to a maximum of **$9.85.**

From April 1, 2012 to March 31, 2013, the Usual or Customary Fee up to a maximum of **$10.25.**

3. **Prescribed Over the Counter** (SCP Schedule III and IV)

PAS Members may claim the total of: (a) Cost of the Drug Product, if applicable; and (b) the Dispensing Fee, if applicable.

a. Cost of Drug Product

AAC.

b. Dispensing Fee

From December 15, 2011 to March 31, 2012, a maximum fee of **$4.92.**

From April 1, 2012 to March 31, 2013, a maximum fee of **$5.12.**

3. **Extemporaneous Preparations**

PAS Members may claim AAC plus a maximum of 1.5 times the Dispensing Fee as outlined in Appendix C, clause 2(c) above.

4. **Medical Supplies**

PAS members may claim AAC plus a Mark-Up of 50%.

Health Canada is in the process of developing national price schedules on Medical Supplies and Equipment. Implementation of these schedules would supersede the above price schedule.

5. **Alternative Reimbursements**

a. Trial Prescription Program

(1) For trial quantity, PAS Members may claim the total of: (a) Cost of the Drug Product, if applicable; (b) the Mark-Up, if applicable; and (c) the Dispensing Fee, if applicable, up to the maximums outlined in Appendix C, clause 2(c) above.

(2) For balance portion, PAS Members may claim the total of: (a) Cost of the Drug Product, if applicable; (b) the Mark-Up, if applicable; and (c) the Dispensing Fee, if applicable, up to the maximums outlined in Appendix C, clause 2(c) above.

Note that only those Drug Products included in the Provincial Trial Prescription program will be accepted, unless prior approval has been obtained from the applicable Department.

b. Refusal to Dispense

Should a Pharmacist, exercising his or her professional judgment, determine that it would be inappropriate to provide a Drug Product, Medical Supply or Pharmaceutical Service pursuant to a Prescription, PAS Members may claim the Dispensing Fee outlined in Appendix C, paragraph 2(c).

c. Reimbursement of Methadone for Opioid Dependency -

PAS Members may claim the total of: (a) Cost of the Drug Product, if applicable; and (b) the Dispensing Fee, if applicable.

Cost of Product

(1) The AAC of methadone in powder form. The amount claimed must reflect the number of milligrams dispensed as opposed to the

volume.

Dispensing Fee

(2) ((1.5 times the Dispensing Fee as outlined in Appendix C, paragraph 2(c) above)/7 days + $3.80) per dose.

d. Pharmaceutical Services

For DND, PAS Members may claim the cost of the service in accordance with the Government of Saskatchewan Drug Plan. Prior authorization is required from DND.

APPENDIX D

DEPARTMENTAL BENEFICIARIES – ELIGIBILE BENEFITS

1. **Health Canada**

   a. Beneficiaries are eligible to receive prescribed Drug Products and Medical Supplies which are included in the Health Canada benefit list.

   b. Exceptions will be reviewed on a case by case basis through the Health Canada NIHB Drug Exception Centre. The PAS Member shall call 1-800-580-0950 to commence the review process.

3. **Veterans Affairs Canada**

   a. Group A Beneficiaries (Disability Pensioners) are restricted to prescribed Drug Products and Medical Supplies for the treatment of their pension condition.

   b. Group B Beneficiaries are eligible to receive prescribed Drug Products and Medical Supplies which are included in the VAC benefit list when those benefits are not available to them as residents of Saskatchewan through provincial programs.

   c. Dependents or the spouse of a veteran are not eligible for benefits under the pharmacy program.

   d. Exceptions will be handled on a case by case basis by contacting the Special authorization unit at 1-888-822-2884.

4. **Royal Canadian Mounted Police**

   a. RCMP will pay for only those Drug Products which are included in their benefit list.

   b. Dependents or the spouse of an officer are not eligible for benefits under the pharmacy program.

   c. Exceptions will be handled on a case by case basis through “F” Division Occupational Health and Safety, phone 306-780-5857.

5. **Department of National Defence**

   a. DND will pay for those Drug Products, Medical Supplies and Pharmaceutical Services included in its Spectrum of Care.