
Niagara Region

REPORT TO: Co-Chairs and Members of
Public Health and Social Services Committee

SUBJECT: **Pharmaceutical Services – Long-Term Care Homes:
Renewal of Current Agreement**

RECOMMENDATION

That this Committee recommend to Regional Council that:

1. the Region extend the current agreement with Medical Pharmacy Limited for pharmaceutical services to the residents of the Region's eight (8) long-term care homes, on a professional fee basis, which is 100 percent paid to the Pharmacy by the Province's Ontario Drug Benefit Program.
2. staff review the agreement annually and subsequently recommend to Council to:
 - a) consider the renewal of the agreement for an additional year, or,
 - b) reissue a Request for Proposal for the provision of required pharmaceutical services.

EXECUTIVE SUMMARY

- Following a Request for Proposal process Seniors Services contracts its pharmaceutical services in lieu of operating its own pharmacy or engaging staff pharmacists.
- The Province's Ontario Drug Benefit Program pays 100 per cent of the cost of professional fees to the Pharmacy.
- Medical Pharmacy was approved in 2001 and the agreement has been extended up to May 2008.
- Based on exceptionally satisfactory service and several financial and operational advantages, staff recommend the agreement with Medical Pharmacy be extended and subsequently reviewed annually.

FINANCIAL IMPLICATIONS

There are no costs for pharmacy services to the Region, as 100 percent of costs are paid to the pharmacy by the Ontario Drug Benefit Program.

PURPOSE

This report summarizes the background of the current contract with Medical Pharmacy, and the reasons for the recommended contract extension, with provision for subsequent annual review.

BACKGROUND

Purchase of Pharmaceutical Services

Seniors Services has purchased pharmaceutical services from pharmaceutical companies or pharmacies for many years in lieu of operating its own pharmacy or engaging staff pharmacists. This contracting method of providing prescription medications to the 957 residents in the Region's eight long-term care homes and 26 supportive housing tenants has proven very cost effective. Based on the average number of prescriptions, and the current professional fee paid to the pharmacy by the Ontario Drug Benefit Program, the estimated cost of the pharmaceutical services contract for prescription medication is approximately \$430,000 annually.

Ontario Long-Term Care Pharmaceutical System

The provincial government's Ontario Drug Benefit Program covers the entire cost of professional fees for dispensing medications covered by Ontario Drug Benefit Program to residents of long term care homes, and related pharmaceutical costs, under the provisions of the Ontario Drug Benefit Act.

Selection of Medical Pharmacy

Medical Pharmacy was selected in 2001 to provide pharmaceutical services to the residents of the Region's long-term care homes (COM 20, 2001, February 19, 2001). Leading to the recommendation to Council, staff had undertaken a Request for Proposal process, evaluated all proposals according to the selection criteria, and determined that Medical Pharmacy met or exceeded all criteria.

REPORT

The original agreement with Medical Pharmacy in 2001 covered a three year period with the option to renew for an additional two years. Council approved exercising the renewal of the agreement for two years (COM 01-2004, January 12, 2004). The agreement was further renewed for 2006 and 2007, as authorized, by Corporate Services up to May 1, 2008.

The professional service fee is 100 percent paid to the Pharmacy by the Province's Ontario Drug Benefit Program. The Directors of Resident Care of the Region's long-term care homes have expressed their overall satisfaction with the present vendor and recommend the extension of this agreement.

In addition to the satisfaction with the current vendor, there are several financial and operational advantages to extending the agreement including:

- the avoidance of expending several thousands of dollars to re-orient registered nursing staff (i.e., approximately 370 individuals) to the systems of a new pharmacy.
- The interruption of continuity in current computerized pharmacy systems, including the electronic pen utilized by registered nurses and physicians, and the contemplated electronic medication administration records.

Medical Pharmacy has continuously met or exceeded all criteria upon which their original selection and award was based. In addition, they have opened and maintained a pharmacy in St. Catharines to provide better local service since they were awarded the contract with the Region's long-term care homes. Following seven years of satisfactory performance, it is recommended that the existing agreement be extended and subsequently reviewed at yearly intervals with corresponding reports to Council.

Submitted by:

Approved by:

Brian Hutchings
Commissioner, Community Services

Mike Trojan
Chief Administrative Officer

This report was prepared by Dominic Ventresca, Director, Seniors Services in consultation with Andrea Maleszyk, Purchasing Manager