

Executive Officer Notice: Amendments to Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020

Effective date: April 1, 2026

Overview

On January 1, 2020, the Ministry of Health implemented changes to the payment model for pharmacy services for residents of long-term care (LTC) homes, including moving from a fee-for-service model to a fee-per-bed capitation model for primary pharmacy service providers, with the expectation that LTC home residents would continue to receive pharmacy services including dispensing services and medication reviews (or medication reconciliations) by their pharmacy service provider.

The purpose of this Executive Officer (EO) Notice is to announce changes to the annual fees-per-bed / the fee reduction schedule under the fee-per-bed capitation model. In addition, the method of determining the number of licensed LTC homes beds used in calculating the monthly capitation payment is being updated.

Background

As a precondition to obtaining billing privileges under the *Ontario Drug Benefit Act* (ODBA), all pharmacy operators are required to enter into a Health Network System (HNS) Subscription Agreement with the Executive Officer. Under section 3.2 of the HNS Subscription Agreement, pharmacy operators are required to comply with all Applicable Law, Ontario College of Pharmacists Rules, and Ministry Policies.

The Executive Officer of the Ontario Public Drug Programs of the Ministry of Health (the “Ministry”) established a Policy, effective January 1, 2020, regarding payments made to pharmacies for supplying listed drug products or listed substances and providing professional services to residents of LTC homes (the “Policy”). The Policy is set out in the [EO Notice on the Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020](#) posted on the Ministry’s website on December 16, 2019 (the “December 2019 EO Notice”) and [published in the Ontario Drug Programs Reference Manual](#) (the “Manual”).

Except for the changes described in this EO Notice effective April 1, 2026, the Policy remains in effect and all other conditions set out in the [Manual](#), the December 2019 [EO Notice](#) the [EO Notice](#) dated September 21, 2021 (effective September 27, 2021), and [accompanying documents](#) posted on the Ministry of Health’s website on December 16, 2019 and September 21, 2021 continue to apply. Please refer to these documents for additional information.

Overview of Changes

Number of Licensed LTC Home Beds:

Historically, the monthly capitation payments have been based on the number of beds in the LTC home on the last day of the previous month that are licensed by the Ministry of Long-Term Care (MLTC).

Effective April 1, 2026, the monthly capitation payments will be based on the number of licensed LTC home beds **excluding** unoccupied third and above beds in ward rooms to reflect the number of LTC home residents residing in each home requiring professional pharmacy services. The change aligns with the objective of the LTC capitation funding model, which is to pay primary pharmacy service providers an annual fee-per-bed for all medication and professional pharmacy services based on the number of licensed LTC home beds serviced. Note that this change only affects LTC homes with ward rooms, where third and above beds in ward rooms have been unoccupied to help prevent the spread of respiratory illnesses.

The monthly capitation payment will be based on the updated formula as follows:

# of licensed LTC home beds, excluding unoccupied third and above beds in ward rooms, on the last day of the previous month	x	Annual bed fee / 12 months (i.e., \$125)	=	\$ amount paid to the pharmacy service provider for the LTC home for the current month; paid on the date of the second bi-weekly HNS payment for the current month.
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Annual Fees-Per-Bed / Fee Reduction Schedule:

In accordance with the Policy, under the LTC Home Capitation funding model, primary pharmacy service providers are paid an annual fee-per-bed (on a monthly schedule) for all medication dispensing and professional pharmacy services based on the number of licensed LTC home beds serviced. The Policy provided for an initial annual fee-per-bed of \$1,500 and

a schedule for reductions until the annual fee-per-bed reached \$1,200. The schedule for reductions to the annual fee-per-bed in the Policy was put on hold, as follows:

- April 1, 2021 (see [EO Notice](#) and accompanying materials posted on the EO Communications [website](#) on January 15, 2021);
- April 1, 2022 (see [EO Notice](#) and accompanying materials posted on February 18, 2022); and
- April 1, 2023 (see [EO Notice](#) posted March 31, 2023)
- April 1, 2024 (see [EO Notice](#) posted March 28, 2024)
- April 1, 2025 (see [EO Notice](#) posted April 9, 2025)

The annual fee-per-bed pharmacy capitation rate of \$1,500 is being maintained for 2026-27 and ongoing to support the ongoing delivery of high-quality pharmacy services to long-term care residents in Ontario. Previously scheduled reductions to the fee-per-bed rate will not be implemented.

Capitation payment dates will follow the HNS payment schedule. The monthly capitation payment will be reflected on the second HNS payment date of the month (i.e., the end of the month).

All other requirements under the Policy (as amended) remain the same.

Additional Information:

For the complete Executive Officer Notices regarding Amendments to Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020: please access the Executive Officer Communications website at:

<https://www.ontario.ca/page/ontario-public-drug-programs-executive-officer-communications>

For the Ontario Drug Programs Reference Manual, please access the Ministry website at:

<https://www.ontario.ca/files/moh-odp-reference-manual-en.pdf>

For pharmacies: Please call ODB Pharmacy Help Desk at: 1-800-668-6641

For questions related to LTC home capitation payments or licensed beds, please email ODBLTCcap@ontario.ca

For all other Health Care Providers and the Public:

Please call ServiceOntario, Infoline at 1-866-532-3161 TTY 1-800-387-5559. In Toronto, TTY 416-327-4282