



**STAFF REPORT  
ACTION REQUIRED**

**Request for Proposal 0513-07-0118  
Pharmacy Services for Homes for the Aged**

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| <b>Date:</b>             | August 24, 2007  |
| <b>To:</b>               | Government Management Committee  |
| <b>From:</b>             | General Manager, Homes for the Aged<br>Director, Purchasing & Materials Management |
| <b>Wards:</b>            | All Wards  |
| <b>Reference Number:</b> | P:\2007\Internal Services\pmmd\gm07031pmmd (AFS #4646)                             |

**SUMMARY**

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The purpose of this report is to advise on the evaluation results of the Request for Proposal (RFP) issued for the provision of full pharmacy services and the requisition of all equipment and supplies ordered by attending physicians for ten (10) Homes for the Aged locations, in accordance with divisional requirements to administer services as part of the High Intensity Needs Program and to request authority to award a contract to the recommended bidder.

**RECOMMENDATIONS**

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**The General Manager of the Homes for the Aged Division and the Director of Purchasing and Materials Management recommend that:**

1. authority be granted to the Homes for the Aged (HFA) to enter into a legal agreement with Medical Pharmacies Group Inc., being the highest scoring proponent, to provide full pharmacy services including payment of individual resident prescriptions by the Ministry of Health and Long-Term Care (MOHLTC) through the MOHLTC High Intensity Needs Program to HFA and to provide an annual lease revenue to the HFA of \$124,950.00, for a three (3) year period starting from the date of award to November 1, 2010 with an option to renew for one (1) additional two (2) year period, at the sole discretion of the General Manager of HFA.

2. should the option to renew be exercised, then the General Manager of HFA will instruct the Director, Purchasing and Materials Management to process the necessary contract renewal under the same terms and conditions to exercise the option to renew for one (1) addition two (2) year period with the annual lease revenue to the City of \$124,950.

## **FINANCIAL IMPACT**

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Pharmacy services are provided at no net cost to the City. The Homes for the Aged has an obligation under provincial policy to ensure a program is in place for the provision of pharmacy services to residents. The pharmacy service provider is responsible to invoice the Ministry of Health and Long-Term Care (MOHLTC) and/or residents directly for all prescriptions dispensed.

The MOHLTC's High Intensity Needs Fund (HINF) provides funding to prevent unnecessary admission to hospitals and to enable the discharge of patients from hospitals to Long-Term Care (LTC) Homes.

All services, equipment and supplies ordered by attending physicians for individual residents under the MOHLTC High Intensity Needs Program are processed through the Division's operating budget. All expenditures are 100 percent funded on a cost recovery basis by the MOHLTC through the HINF. The annual gross expenditure for pharmaceutical products purchased through the High Intensity Needs program is estimated at \$400,000.00 net of GST.

Funding is available in the Homes for the Aged 2007 Operating Budget in account D3\*170 in various accounts such as 2823 and 2820 in the estimated amount of \$66,667.00 net of GST for the required portion of the contract from the date of award to December 31, 2007. The balance of the funds in the estimated amount of \$1,133,333 net of GST will be included in the Homes for the Aged Operating Budget submissions for 2008 through 2010. Should the City choose to exercise its options to renew for one (1) additional (2) year period, the annual budget required in each of 2010/2011 and 2011/2012 will be included as part of the Homes for the Aged Annual Operating Budget submissions for those years.

The recommended proponent, Medical Pharmacies Group Inc, has agreed as an essential component of the pharmacy service, to lease space located at Castleview-Wychwood Towers at 351 Christie Street at a fixed annual lease revenue of \$124,950.00. The total potential lease revenue in this report is \$624,750.00 and will be allocated to account number D3B661 8630 (Other Rental Revenue). The present five (5) year legal agreement for Pharmacy Services has an annual lease revenue of \$84,000.00. The annual lease revenue increase is 48.75%.

| YEAR          | LEASE REVENUE  |                      |                  | HINF PROGRAM<br>100% MOHLTC FUNDED |                  |                     |
|---------------|----------------|----------------------|------------------|------------------------------------|------------------|---------------------|
|               | ACCOUNT NUMBER | ACCOUNT NAME         | AMOUNT           | ACCOUNT NUMBER                     | ACCOUNT NAME     | AMOUNT (NET OF GST) |
| 2007          | D3B661 8630    | Other Rental Revenue | \$20,825         | D3*170                             | Various accounts | \$66,667            |
| 2008          | D3B661 8630    | Other Rental Revenue | \$124,950        | D3*170                             | Various accounts | \$400,000           |
| 2009          | D3B661 8630    | Other Rental Revenue | \$124,950        | D3*170                             | Various accounts | \$400,000           |
| 2010          | D3B661 8630    | Other Rental Revenue | \$124,950        | D3*170                             | Various accounts | \$400,000           |
| 2011          | D3B661 8630    | Other Rental Revenue | \$124,950        | D3*170                             | Various accounts | \$400,000           |
| 2012          | D3B661 8630    | Other Rental Revenue | \$104,125        | D3*170                             | Various accounts | \$333,333           |
| <b>TOTALS</b> |                |                      | <b>\$624,750</b> |                                    |                  | <b>\$2,000,000</b>  |

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## ISSUE BACKGROUND

Homes for the Aged Division provides permanent and short-stay residency including accommodation, meals, nursing/personal care, medical, pharmaceutical, diagnostic and rehabilitative services and a range of social and recreational activities for individuals who require long-term care and who cannot continue to live independently in the community. The City operates the ten (10) Homes for the Aged facilities.

The Division consists of a Head Office and ten (10) HFA locations. Most functions pertaining to resident care are decentralized to each Home. However, the pharmacy service is currently provided under a full service agreement including the provision of leasing space by a contracted pharmacy located in Castlevew-Wychwood Towers. Head Office staffs, through the Pharmacy and Therapeutics Standing Service Committee, set standards, policies and procedures, co-ordinate quality monitoring and improvement and risk management activities and provide administrative co-ordination to the contracted pharmacy service.

The Homes operate under the Homes for the Aged and Rest Homes Act and the legislative and policy direction provided by the Ministry of Health and Long-Term Care including the requirement to make arrangements for a pharmacy program to meet residents' needs.

Consistent with Federal legislation, each resident has a Health Card allowing him or her free access to medical treatment including drugs listed in the Ontario Drug Benefit Formulary. Consequently, all medications and treatments dispensed by the pharmacy are GST exempt.

## **COMMENTS**

Sixteen (16) firms from the City's bidders list were notified and invited to submit proposals. The Request for Proposal was also advertised on the City's internet website. This resulted in a total of five (5) submissions being received and opened on June 15, 2007 from the following proponents: Medical Pharmacies Group Inc., Medico Pharmacy, MediSystem Pharmacy, Pulse Rx Inc. and Summit Pharmacy Inc.

Medico Pharmacy failed to satisfy the mandatory requirements of the RFP and was declared informal. The remaining four (4) proposals submitted were reviewed by an evaluation committee comprised of staff from the Homes for the Aged Division and Purchasing Materials and Management. The proposals were evaluated in accordance with the evaluation criteria included in the RFP.

On completion of the above noted process, the proposal from Medical Pharmacies Group Inc. was the only proposal meeting the technical requirements of the RFP. The evaluation committee concluded that the proposal submitted by Medical Pharmacies Group Inc. satisfies the overall proposal requirements and demonstrates an appropriate level of effort for the proposed services. The recommended firm is the incumbent vendor and has been providing satisfactory pharmacy services for the HFA since April, 1996.

The Fair Wage office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

Proponent's scores by criteria and a staff analysis of the evaluation results can be provided in an in-camera presentation if requested by Committee Members.

## **CONTACT**

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## **SIGNATURE**

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