

Examples of contravention of the *Public Tender Act* include:

- Of the 20 purchases sampled that were greater than \$10,000, 6 with a total contract value of \$382,000 were not tendered and the House of Assembly was not informed of the exceptions.
- Of the 14 purchases sampled that were \$10,000 or less, 4 purchases did not have either 3 quotes or documentation of a fair and reasonable price.
- Contract extensions were not always properly approved, tenders were not kept in a locked box until opened, and tenders were not stamped to document date and time of receipt.

2.11 Newfoundland and Labrador Prescription Drug Program

The Newfoundland and Labrador Prescription Drug Program (NLPDP) is operated by the Department of Health and Community Services and provides assistance in the purchase of pharmaceuticals and some related medical supplies to residents of the Province who qualify for benefit coverage. Drugs are dispensed mainly through the network of community pharmacies located throughout the Province. Assistance in the purchase of pharmaceuticals and some related medical supplies is provided to three main groups of residents: income support recipients, senior citizens and special needs patients.

In the last 9 years, the cost of the NLPDP has increased by 92%, or \$48.7 million, from \$53.2 million in 1997 to \$101.9 million in 2005. During the same time, the number of clients decreased from 112,206 to 93,284 (a 17% decrease); however, the number of prescriptions increased from 2,131,526 to 2,677,369 (a 26% increase).

While new drug therapies, higher per capita drug usage and the Province's aging population are significant factors in the dramatic increase in drug costs, we are concerned that poor management practices are not ensuring that program costs are minimized. For example:

- Unlike other provinces there is no on-line, real-time claims system to provide necessary management information on a more timely basis.
- As a result of not having an on-line, real-time system, the Province is unable to take advantage of lower prices related to “deeming” drugs within therapeutic classes as having equal health benefits, thereby setting the price for that class at a lower or median level. Of the 19 drugs we sampled, the Province paid \$754,000 more for 2 drugs than it would have had it deemed the drugs in this class as having equal health benefits and a set class price. Another Atlantic Province was able to take advantage of such lower prices because they had the required systems in place.
- Unlike other provinces, the Department does not have a program to educate doctors on new drugs and does not provide information to each physician on their pattern of prescribing drugs relative to their peers.
- Because of the lack of cooperation from pharmacies regarding the provision of client information, the Department's ability to audit a sufficient number of pharmacies is severely diminished. There are 275 pharmacies in the Province; however, only 6 audits have been undertaken since 2002 and only 1 (no problems identified) had been finalized. Audits are an important way of checking for potential problems such as over billing.
- While there are some system controls in place which are intended to ensure the accuracy of amounts paid for drugs, we found errors in amounts paid for 2 of 19 drugs that we sampled.

The NLPDP has a budget of approximately \$100 million, which is larger than many Government departments. Yet the Program is the only one in Canada without specific legislation to guide its operations. We would expect such a framework to specify such things as the responsibilities and accountabilities of Government, pharmacies and doctors, as well as provide enforcement provisions. The presence of legislation would also provide information for the Members of the House of Assembly on the effectiveness of this Program.

Prescription drug abuse in the Province is documented at least as far back as 1988. There are two components to the drug abuse problem, i.e. client abuse and indiscriminate prescribing by physicians. The following outlines what was done to try and deal with prescription drug abuse.

The Client

The Department has a system in place to address “double doctoring”. The main focus of the system is to restrict the use of a drug card to a single pharmacy. Our review identified that the Department currently only selects the top 20 clients determined by the number of different physicians visited and who also went to multiple pharmacies. The extent of the review may not be adequate since only 20 of the approximately 1,800 clients were selected. When we questioned as to why only 20 were selected, we were informed by one NLPDP official that the decision was based upon professional judgment and past experience, and determined as being adequate to detect abusers. However, we were informed by another NLPDP official that “...*the process is sometimes placed on a lower priority level as a result of workload issues*”. We also noted a comment in the final report of a Treasury Board/Pharmaceutical Services Joint NLPDP Review completed in 2004 that stated “*efforts were decreased during the operation of the Prescription Monitoring Program and have not yet returned to previous levels due to human resource constraints.*”

We also found that cards are not always restricted by the Department of Human Resources, Labour and Employment (HRLE) on a timely basis. In 6 of the 20 samples we reviewed, it took between 49 and 90 days to have the card restricted.

The Physician

No substantive measures were introduced to deal with suspected indiscriminate prescribing by a relatively small number of general practitioners until the health and safety concerns related to OxyContin became public.

Our review indicated a number of issues regarding the utilization of prescription drugs under the Program. For example:

- 11 general practitioners were on the list of the top 10 prescribers of narcotics and other controlled drugs during the period 1 April 2002 to 31 March 2005. These physicians were writing from 25 to 50 times as many prescriptions for these drugs as most of their peers and accounted for approximately \$560,000 (15%) of the approximately \$3.7 million spent each year related to narcotics and other controlled drugs.
- The Department was not proactive in dealing with the small number of general practitioners suspected of indiscriminate prescribing.

Although officials indicated that information on possible indiscriminate prescribing was provided to the Newfoundland Medical Board (now called the College of Physicians and Surgeons), the Board in the final OxyContin Task Force Report indicated that, due to the Board's interpretation of its legislation, "*...it is limited in its ability to fulfill its mandate of public protection*".

It was not until the public outcry related to OxyContin abuse that Government amended the *Medical Act* to provide the Board with more comprehensive powers and requirements to deal with issues identified regarding such things as indiscriminate prescribing by doctors.

Lack of controls over drug cards provides the potential for drug abuse. This is particularly the case for the manual drug cards that are prepared in the various HRLE district offices when a client services officer issues cards after hours, or in emergency situations.

There are inconsistent criteria applied by HRLE and Integrated Health Authority (IHA) staff in issuing drug cards because of inconsistent policies for determining eligible client expenditures. We found one instance where a client was refused a drug card at a HRLE office but was approved for a card for the same time period at an IHA office.

2.12 Personal Care Homes

The *Health and Community Services Act* (the *Act*) provides that the Department of Health and Community Services has overall responsibility for governing personal care homes in the Province. The *Personal Care Home Regulations* (the *Regulations*) under the *Act* contain requirements relating to licensing, monitoring and inspecting these homes.

Licensed personal care homes are privately owned and operated facilities which provide residential accommodation to 5 or more adults who require care and assistance. Residents of these homes do not require daily services of professional staff such as physicians or nurses. They may, however, require assistance with their daily living activities such as bathing, dressing, or eating. As of November 2004 there were 93 personal care homes licensed in the Province with a total of 2,676 available beds, 2,139 of which were occupied.

Under the *Regulations*, applicants for licensing as a personal care home must have their premises inspected by an official of a Government Service Centre operated by the Department of