

P5 Message – Adjustment of Maximum No Pay SNF/BF Ratio

After reviewing the current market requirements for SNF, the P5 Boards have agreed to decrease the maximum SNF/BF ratio eligible for payment from 2.30 to 2.25, effective August 1, 2022. The SNF/BF market ratio will remain unchanged at 2.0.

Background:

On January 1, 2020, the P5 provinces adjusted the maximum no pay SNF/BF ratio to 2.30. As a result, currently there is no payment for solids non-fat (SNF) when the ratio exceeds 2.30.

The component payment policy in effect since 2021 establishes two price levels, depending on the SNF/BF ratio. As a reminder, SNF below the 2.00 SNF/BF ratio is paid at a different price than SNF with a SNF/BF ratio between 2.00 and 2.30. The latter is paid according to the price paid for the monthly class 4a SNF price.

The changes that have been made to the component payment policy since 2020 aims to better reflect the market requirements and to ensure greater fairness between producers, when considering the structural surplus of SNF in the market.