
NEWS RELEASE

For Immediate Release
2010HSERV0038-000802
July 9, 2010

Ministry of Health Services

PATIENTS TO BENEFIT FROM LOWER GENERIC DRUG PRICES

VANCOUVER – The price of generic drugs in British Columbia will drop to 35 per cent of the brand price, resulting in up to \$380 million a year in total savings, following an agreement by the Province with the B.C. Pharmacy Association and the Canadian Association of Chain Drug Stores (CACDS).

“We are lowering generic drug prices and making improvements to our drug system to benefit all British Columbians,” said Health Services Minister Kevin Falcon. “Quite simply, we were paying too much for some of the most popular drugs for high blood pressure, heartburn, depression, epilepsy and cholesterol. Change was needed if we want to keep drug costs sustainable and redirect the money to cover new drugs and provide better services.”

At present, generic drug prices in B.C. average roughly 65 per cent of the brand-name cost. The agreement, which will be phased in over three years, will see PharmaCare reduce the price it pays to pharmacies for generic drugs to 35 per cent.

For example, by April 2012, the agreement will result in an estimated \$7 million in annual savings to PharmaCare for costs related to the sale of the generic brand of Lipitor, the top-selling drug in the world used to treat high cholesterol. It is also expected to result in an estimated \$9 million in annual savings for employer/union drug plans and individuals paying out-of-pocket.

The reduced generic prices will only apply to products covered by PharmaCare. However, these savings will apply to all British Columbians regardless if they are covered by PharmaCare, an employer/union-paid drug plan, or paying for drugs out-of-pocket.

In addition to the estimated up to \$170 million a year in savings for the health system, it is estimated that employer/union-sponsored drug plans and individuals can expect annualized savings of up to \$210 million. This represents estimated savings of up to \$380 million a year in total.

“We are pleased to have negotiated an agreement between the pharmacy profession and the B.C. government that provides fair and reasonable remuneration for pharmacy services,” said Marnie Mitchell, CEO for the B.C. Pharmacy Association. “B.C. has taken a collaborative approach to ensure that transition is manageable for industry and does not undermine the sustainability of community pharmacies. We look forward to working with government on clinical services across the province, to continue to make better use of pharmacists’ skills as medication experts within the health-care system.”

Effective July 28, the maximum dispensing fee reimbursed by PharmaCare to pharmacies will increase by 50 cents to \$9.10. Fees will go up an additional 50 cents on Oct. 15, 2010 to \$9.60, on July 4, 2011 to \$10 and on April 2, 2012 to \$10.50. These increases recognize the impact of reduced generic drug prices on pharmacy revenues and will preserve the ongoing viability of the community pharmacy sector in B.C.

“The B.C. government has shown real leadership and collaboration on a challenging issue,” said Nadine Saby, president and CEO of CACDS. “The solutions arrived at and the co-operative nature of our discussions show that this Province understands the growing importance and opportunities available through community pharmacy care, and that the government wanted to build a system that would better serve British Columbians over the long term.”

By year three of the agreement, \$35 million will be reinvested into new clinical pharmacy services. These services will be defined over the course of the deal and include more complex services like medication management by pharmacists.

“The status quo was not acceptable – this agreement is a balanced approach that protects consumers and ensures the continued viability of rural pharmacies,” added Falcon. “We recognize the important services these pharmacies provide to their communities and we will be working on a program to further ensure their interests are protected.”

The agreement ensures that patients will continue to have access to the wide array of pharmacy services they depend on, and pharmacies will have stable funding while transitioning over the next three years.

Over the past six months, the ministry has received more than 30 letters of support for lower generic drug prices to be applied to employer-sponsored drug plans from a range of public and private sector stakeholders. Stakeholders who wrote in included school districts, Public Education Benefits Trust, United Way Lower Mainland, Teamsters Union Local No. 155, Municipal Pension Retiree’s Association and Pacific Blue Cross.

“We are very pleased with the government's announcement that they are reducing prices for generic drugs across the board and moving towards equitable and consistent pricing for all British Columbians,” said Kenneth G. Martin, president and CEO of Pacific Blue Cross.

The Province spends over \$900 million a year through Pharmacare with generic drugs accounting for an ever-increasing proportion of that amount, totalling \$286 million in 2008-09.

This agreement meets recommendations made by the Pharmaceutical Task Force on pharmacy compensation and reducing the cost of generic drugs in B.C.

A PowerPoint providing background on PharmaCare and generic drug pricing is available at: <http://www.mediaroom.gov.bc.ca/DisplayEventDetails.aspx?eventId=498>.

Two backgrounders follow.

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BACKGROUND 1

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IN COMPARISON: B.C. AGREEMENT VS. OTHER PROVINCES

British Columbia	Ontario	Alberta
35-per cent price ceiling	25-per cent price ceiling	45-per cent price ceiling (new) 56-per cent price ceiling (existing)
No rebate restrictions	Rebates eliminated	No rebate restrictions
Negotiated Agreement	Legislated Agreement	Negotiated Agreement
\$10.50 maximum dispensing fee	\$8.40 maximum dispensing fee	\$11.93 maximum dispensing fee
Uniform pricing for public and private payers	Uniform pricing for public and private payers	Uniform pricing for public and private payers
Rural pharmacy compensation	Rural pharmacy compensation	Rural pharmacy compensation

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BACKGROUND 2

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TOP FIVE GENERICS (PHARMACARE SPEND)

Generic Drug	Total drug cost (2009)	PharmaCare paid	PharmaCare pays at 35 per cent	Annual Savings by April 2012
Ramipril (high blood pressure)	\$49.1 million	\$18.6 million	\$9.7 million	\$8.9 million
Rabeprazole (heartburn)	\$34.3 million	\$13.9 million	\$6.9 million	\$7.1 million
Venlafaxine (depression)	\$29.6 million	\$12.6 million	\$6.6 million	\$6.0 million
Gabapentin (seizures)	\$26.3 million	\$16.7 million	\$9.0 million	\$7.7 million
Simvastatin (cardiovascular)	\$24.7 million	\$11.4 million	\$7.0 million	\$4.4 million

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