

For Immediate Release

BILLIONS IN SAVINGS FORECAST FOR ONTARIO DRUG PLAN

Right Time to Modernize Drug System, Say Community Pharmacies

Toronto, August 11, 2009 – An analysis prepared for the Canadian Association of Chain Drug Stores (CACDS), using data from pharmaceutical industry analysts IMS Health and other industry sources, forecasts billions of dollars of savings to Ontario’s public drug plan over the next five years, due to patents expiring on key brand name medicines. With cost pressures easing significantly, the time is right to reform Ontario’s prescription drug system, according to CACDS.

The data show that with a large number of high volume drugs coming off patent between 2009 and 2014, the Ontario Drug Benefit (ODB) plan will reap an unprecedented windfall of savings, as patients covered by the government program are switched to less expensive generic versions of their medications. Under Ontario regulations, generics are reimbursed at no more than 50 per cent of the brand price, both brand and generic.

“Across Canada in the next five years, both government-funded and private third-party drug plans, as well as consumers who pay cash for their medicines, will save up to \$11 billion,” said Nadine Saby, President and CEO of CACDS. “The single biggest beneficiary, because of the size of its program, will be the Ontario government, which will save more than \$2 billion over that period on these drugs. We have never before seen this scale of reduction in drug costs.”

Driving the fall in costs is the coming expiry of patents on major brand name pharmaceuticals, including heart medicines Lipitor Norvasc, Crestor, Plavix and Diovan; pain relief medications Celebrex and Oxycontin, and Alzheimer’s drugs Exelon and Aricept.

“Historic” Opportunity to Improve Pharmacy Funding Model

“Within the context of falling drug system costs, there has never been a better time to modernize Ontario’s pharmacy funding model,” said Nadine Saby. “The Ontario government has launched a consultation process and signaled its willingness to work with pharmacy to reform the system in a way that maintains and builds on the high quality of pharmacy care that Ontarians now receive. We are working together with other pharmacy organizations in Ontario to provide the government with proposed new solutions that work for patients and the province’s health care system.”

“We agree with the government that it’s the right time to invest in reforming the system, to compensate pharmacists for the full cost of core dispensing services, and to cover many of the pharmacy care services that are not funded under the current model,” said Russell Cohen, Chair of CACDS. “Today, pharmacies provide a wide range of services that are not funded adequately or at all by the public health system. These include home infusions of intravenous drugs, services to long-term care facilities and providing disease state management programs for patients with diabetes, heart disease, asthma and other chronic conditions. Such extended pharmacy services are seeing rapidly increasing demand as the population ages, and pharmacists’ knowledge and skills are increasingly being employed in these areas. Now, with drug costs falling, we can work together to fund these important health services properly. It’s an historic opportunity.”

It is well established that in the absence of professional allowances, a key part of overall pharmacy funding, pharmacies actually lose money on most ODB prescriptions that are filled, both brand and generic. Now, Ontario finds itself with an unprecedented level of flexibility in shaping its drugs system for the future, as a result of a number of favourable developments. In addition to the large number of brand name drug patents expiring, the government has created additional cost savings by negotiating rebates with brand name drug companies, in exchange for adding them to the ODB formulary.

As reported the Canadian Medical Association Journal on August 4, 2009 and in the National Post on August 7, 2009, Ontario’s public drug program has achieved what it acknowledges are hundreds of millions of dollars in discounts by negotiating such deals with the pharmaceutical manufacturers. Moreover, pharmaceutical industry analysts have pointed to a sharp decline in the number of new medicines anticipated to be introduced by brand name companies over the next several years. This indicates that the savings to the Ontario drug plan will be stable and sustainable over the next decade.

CACDS is the national voice of community pharmacy in Canada. The members of CACDS are traditional chain and banner drug stores, grocery chains and mass merchandisers with pharmacies. Together, CACDS members operate 6,000 pharmacies that dispense 78 per cent of the nation’s prescriptions each year. CACDS members employ hundreds of thousands of Canadians, and are the base from which 80 per cent of the community pharmacists in Canada practice.

For more information, please contact:

Tamara Macgregor, Hill & Knowlton, (416) 413-4645 tamara.macgregor@hillandknowlton.ca
Celeste Brown, Hill & Knowlton, (416) 413-4651 celeste.brown@hillandknowlton.ca
Sara Feldman, Canadian Association of Chain Drug Stores (CACDS), (647) 837-1403
sfeldman@cacds.com