



Provinces and Territories Seek Significant Cost Savings for Canadians on Generic Drugs

January 18, 2013 – Premiers are moving forward on achieving better value for generic drugs. It is the first step toward a more strategic, comprehensive, and coordinated approach to pharmaceutical management in Canada.

Provinces and territories are working together through a coordinated approach to price setting for six widely-used generic drugs, which represent approximately 20 per cent of the publicly funded spending on generic drugs in Canada. This joint approach will leverage combined purchasing power to obtain the lowest generic prices achieved to date in Canada, and consistent with the price for these drugs on the international market.

It is expected that when fully implemented, this initiative could produce savings of up to \$100 million for provincial and territorial drug plans.

The announcement is in response to the direction Premiers provided to the Health Care Innovation Working Group at the July 2012 meeting of the Council of the Federation, to move forward with an initiative to achieve better prices for generic drugs. This initiative builds on work that is underway to obtain better value on brand name pharmaceuticals. The Working Group is composed of provincial and territorial Ministers of Health and led by Saskatchewan Premier Brad Wall and Prince Edward Island Premier Robert Ghiz.

Participating provinces and territories have agreed to establish a price point for six of the most common generic drugs at 18 per cent of the equivalent brand name drug. Currently, individual provinces and territories pay between 25 and 40 per cent of brand name prices. The new prices are to be in effect by April 1, 2013.

“Drug plan costs are increasing for all Canadians,” Wall said. “In recent years the generic drug industry has worked with provincial and territorial drug plans to lower generic drug prices in Canada and with today’s announcement, we will realize savings that will ensure more dollars for provincial health care systems across Canada.”

“We understand the importance of realizing better value for the important drugs people rely on.” Ghiz said. “This is just a starting point – we are committed to continuing to work together on a long-term strategy to further improve value for Canadians.”

The six generic drugs to be priced at 18 per cent of brand are:

- Atorvastatin – used to treat high cholesterol
- Ramipril – used to treat blood pressure and other cardiovascular conditions
- Venlafaxine – used to treat depression and other mental health conditions
- Amlodipine – used to treat high blood pressure and angina
- Omeprazole – used to treat a variety of gastrointestinal conditions
- Rabeprazole – used to treat a variety of gastrointestinal conditions

Provincial and territorial drug plan officials met with representatives of drug companies, pharmacies, insurance companies, members of the public and other stakeholders to hear their views. Written submissions were also considered.

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“We heard that a diverse and stable drug supply are key priorities for provinces and territories, as well as generic drug manufacturers. We are optimistic that the generic drug manufacturers will view price setting as a reasonable and fair approach to obtaining lower generic drug prices for Canadians,” Wall said.

“I am pleased our officials had the opportunity to meet with interested parties, to better inform our decision. We appreciated the diverse views, and ultimately made our decision based on what we felt would achieve the best value for Canadians in a timely manner,” Ghiz said. “We look forward to further discussions with industry and interested parties as we move ahead to explore a broader long-term approach.”

Québec is not participating in the generic drug price setting initiative at this time.

- 30 -

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