

Savings from reductions in generic drug prices

The pan-Canadian Pharmaceutical Alliance (pCPA) and the Canada Generic Pharmaceutical Association have reached an agreement that, effective April 1, 2018, will decrease the prices of approximately 70 commonly-prescribed, generic drugs by 25 to 40 per cent. These savings will benefit your drug plan!

To give you some idea of the reach of this change, in 2017, generic drugs accounted for slightly more than 60 per cent of all of Alberta Blue Cross's claims on our private book of business. The following chart shows how the latest round of generic price reductions compares to previous pricing.

Molecules	Generic pricing before April 1	Generic pricing After April 1
six drugs (199 DINs)	15% of brand name price	10% of brand name price
twelve drugs (409 DINs)	18% of brand name price	10% of brand name price
one drug (17 DINs)	25% of brand name price	10% of brand name price
fourty eight drugs (762 DINs)	25% of brand name price	18% of brand name price

How will this affect my plan?

Some of the widely used generic drugs that will have their prices lowered include drugs for high cholesterol, high blood pressure, depression and other commonly claimed drugs. And because generic drugs account for such a high percentage of claims, this will bring savings for benefit plans.

We are pleased to confirm that we have completed an analysis of the potential impact of the price reductions for employer group plans. We expect that these reductions will provide savings of approximately 4 per cent of drug spend.

It is important to remember that these anticipated savings can be variable as plans are influenced by a number of factors including plan design, demographics and use.