

Expanding Access To Affordable Drugs

McGuinty Government Reforming Ontario's Drug System

NEWS

April 7, 2010
2010/nr-015

Ontario plans to further reform the prescription drug system to provide better access to lower-cost generic drugs for patients, while continuing to increase annual funding to the drug system as a whole.

These proposed changes include:

- Lowering the cost of generic drugs by at least 50%, to 25% of the cost of the original brand name drug for Ontario's public drug system, private employer drug plans, and people who pay for drugs out-of-pocket, saving taxpayers millions
- Eliminating abuse of the system by ending so-called 'professional allowances' - payments generic drug companies make to pharmacy owners intended to fund patient services, but are instead being used by many pharmacies as rebates to fund fringe benefits, bonuses, overhead costs and boost profits
- Ensuring pharmacists are fairly compensated for helping patients by increasing dispensing fees and paying for additional services provided to patients
- Supporting access to pharmacy services in rural communities and under-served areas with new dedicated funding

In 2009, generic drug manufacturers reported paying pharmacy owners more than \$750 million in professional allowances, with pharmacy owners themselves revealing that 70% were used for rebates instead of patient care.

In addition, during the past year, at least 100 pharmacy owners failed to provide any documentation related to the payments they've collected and 650 pharmacy owners provided incomplete reports. Some pharmacies have also been involved in a re-sale scheme in order to receive professional allowances multiple times for the same product – a practice that has resulted in the government taking legal action against them.

Today's announcement builds on steps taken in 2006 when the government introduced changes that lowered generic drug prices to 50% of the price of the original brand name drug, and helped fund access to 150 new prescription drug products.

QUOTES

"These reforms would enable us to maintain annual funding increases to Ontario's prescription drug system, offer patients wider access to lower-cost medicines, eliminate financial abuse within the system and provide new and dedicated funding for pharmacists."

- Deb Matthews, Minister of Health and Long-Term Care

"Today's announcement is welcome news. It means we'll be able to give our plan members, the education employees of Ontario, access to more drugs and better health services. We're going to use any money we gain from improved generic pricing to maintain or enhance our drug plan and increase our investment in health promotion."

- Vic Medland, President of Group Insurance Services, Ontario Teachers Insurance Plan

"Lowering the cost of all prescription drugs is a major priority for our members, regardless of whether they are covered by the Ontario government, private drug plans or paid out of their own pockets. They and all Ontarians will benefit from the direct savings in drug costs and redirection of the public savings from these measures towards more patient services and support of pharmacies in rural and under-serviced regions. We welcome the improvement to affordability and potential for more access to new drugs and will encourage similar measures in the rest of the provinces."

- Susan Eng, Vice President, Advocacy of the Canadian Association of Retired Persons

"We are very pleased with the government's announcement that they are reducing prices for generic drugs across the board, and moving towards equality for all Ontarians."

- Frank Swedlove, President of the Canadian Life and Health Insurance Association

"The Canadian Cancer Society applauds the Ontario government on the changes announced today that will enable greater access to funded drugs in Ontario. The Canadian Cancer Society strongly believes all Ontarians should have access to the cancer drugs they need without financial burden. The Society will be monitoring to ensure that the money saved through these initiatives will result in greater access to cancer drugs."

- Rick Perciante, Acting Chief Executive Officer, Canadian Cancer Society, Ontario Division

"Finally, a government that is willing to take on the drug companies and big pharmacies. This is a gutsy move that is going to reduce the cost of drugs, save jobs and produce better health outcomes."

- Sid Ryan, President Ontario Federation of Labour

QUICK FACTS

- Ontario's support for pharmacies has increased by \$318 million, or nearly 50 per cent, since 2003.
- Ontario pays approximately 25% - 75% more for generic drugs than many other countries, such as the United States and the United Kingdom.
- There are more than 140 new pharmacies in Ontario since reforms to the province's drug system began in 2006. As of February 2010, there are 3,306 pharmacies in Ontario.
- Approximately half of generic drug companies are located in Ontario.
- 2.8 million people receive coverage from Ontario's publicly funded drug system.

LEARN MORE

Find out more about the government's drug system reform plans.

Ivan Langrish, Minister's Office, 416-326-3986
Andrew Morrison, Ministry of Health and Long-Term Care,
416-314-6197

ontario.ca/health-news
Disponible en français