

April 2012

## Generic Drugs in Ontario

The Ontario government continues to lower the cost of generic drugs. Effective April 1, 2012, generic drugs will be priced at 25% of the cost of the brand name drug. The following chart demonstrates the effect of previous generic drug pricing versus pricing as of April 1<sup>st</sup>, 2012.

	Brand Drug	Generic Drug Cost(prior to provincial changes)	Generic Drug Cost Apr 1, 2012
Ingredient Cost	\$100	\$70	\$25
Pharmacy Markup(10%)	\$10	\$7	\$2.50
Avg Dispensing Fee	\$11	\$11	\$11
Total Cost	\$121	\$88	\$38.50
Pharmacy Rebate(from generic drug firm)	\$0	\$35	\$0
Pharmacy Revenue	\$21	\$53	\$13.50

The rebate paid to pharmacies was never published and the result of removing this is a very significant reduction in the revenue received by pharmacies.

While the change in generic drug cost is positive for plan sponsors and employees who pay a portion of the cost, you should be aware that pharmacies are taking action. In many cases where they previously dispensed a 90 day supply of maintenance drugs, they are now dispensing a 30 day supply. Most claimants will not question their pharmacist and if the claimant pays no portion, or only 10% or 20% of the claim amount, they will in all likelihood not challenge the pharmacist.

According to the College of Pharmacists, claimants can demand a 90 day supply for maintenance drugs, so they should be encouraged to challenge their pharmacist.