



GroupLine

News and updates for our Great-West
Group Benefits Plan Sponsors

Alberta Pharmaceutical Strategy – Phase 2

10-01

Phase 2 of Alberta's Pharmaceutical Strategy is focused on reducing the price of generic drugs for all Albertans – including public, private and uninsured consumers. The strategy strives to balance the benefits of consumer price reductions with efforts to bring added revenue to pharmacies in the form of new services and transitional allowances.

Provided that all aspects of the strategy are implemented as expected, Alberta plan sponsors and plan members will notice changes to generic drug pricing with this phase of the strategy. (Some of these changes were previously communicated in GroupLine 09-22.):

- Effective Oct. 20, 2009, new generic drugs (generic drugs added to the Alberta Drug Benefit List after Oct. 1, 2009) are priced at 45 per cent of the price of brand-name drugs for all Albertans, including those covered through both the public and private sectors. This is down from up to 75 per cent, according to the Alberta government.
- Effective April 1, 2010, existing generic drugs (generic drugs included on the Alberta Drug Benefit List as of Oct. 1, 2009) will be priced at 56 per cent of the price of brand-name drugs for all Albertans, including those covered through both the public and private sectors. This is down from up to 75 per cent, according to the Alberta government.

Transitional funding for pharmacies

The Alberta government is expected to provide funding to help pharmacies make the transition to a new payment model. Transitional allowances will be given for all prescriptions (generic and brand-name) of less than \$75. These allowances will begin April 1, 2010 and will be provided for three years, as follows:

- \$3 per prescription from April 1, 2010, to March 31, 2011
- \$2 per prescription from April 1, 2011 to March 31, 2012
- \$1 per prescription from April 1, 2012 to March 31, 2013

The allowances will not continue after March 31, 2013.

The Alberta government is encouraging the private sector to pay these allowances as well. Great-West Life generally supports the Alberta initiative, since it is the first province to extend generic pricing protection to private industry. Moreover:

- The fees must be paid – either through the benefit plan or by balance-billing to plan members.
- A net cost saving to plan sponsors is expected, even after payment of transitional allowances.

Great-West is reviewing its contracts and is participating in discussions through the Canadian Life and Health Insurance Association to determine whether there are any issues with coverage of the allowances.

New pharmacy payment model

A one-year pilot study involving a new payment model for pharmacies is almost complete. This new model will permit pharmacies to charge for additional services provided by their pharmacists. These services include patient consultations, medication reviews and immunizations. Such services are not currently covered under group insurance contracts, so plan sponsors will not see any cost increase in association with this change.

Little is known about the new charges at this time. The target date for implementation of the new charges is July 1, 2010.

Looking ahead

Great-West is studying the impact of these changes and is reviewing strategies for passing these prescription drug savings along to plan sponsors. Watch for further updates.

For more information

For more information about Phase 2 of the Alberta Pharmaceutical Strategy, visit: <http://www.health.alberta.ca/initiatives/pharmaceutical-strategy-2.html>. Also see GroupLines 09-15 (Phase 1) and 09-22 (Phase 2).

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Did you know?

- As much as \$800 million could be saved nationally, each year, if changes were made to the way public and private plans pay for generic drugs, according to the Competition Bureau's drug report, *Benefiting from Generic Drug Competition in Canada: The Way Forward*.
- The Alberta Pharmaceutical Strategy was created by the Alberta government with the goal of making drug coverage more affordable, accessible, effective and efficient.