



GroupLine

News and updates
for advisors and
plan sponsors



Quebec to lower generic drug prices

The Quebec government has announced a plan to gradually decrease generic drug prices to 25 per cent of the equivalent brand-name drug price over the next two years. The government announced details of the plan on Nov. 5, 2010, following discussions with the pharmaceutical industry.

Quebec has a “best price policy,” which requires that the province have the lowest drug prices in Canada. Since Ontario recently announced a phased-in plan that will see generic drug prices ultimately move to 25 per cent of the equivalent brand-name price, Quebec is now matching this level of pricing.

Generic drugs in Quebec (both existing and new) will immediately be priced at 37.5 per cent of brand-name, down from about 60 per cent of brand-name. Generic drug prices will be further reduced in two stages, as follows:

- April 2011 - 30 per cent of brand-name
- April 2012 - 25 per cent of brand-name

Handling of non-formulary drugs has not yet been determined.

The announcement did not specify how pharmacy rebates and dispensing fees might change.

New pricing applies to employee benefit plans

The Quebec government has indicated the new lower pricing will apply to private insurance, including employee benefit plans.

Looking ahead

These changes should have a positive impact on drug claim costs for Quebec plan sponsors and plan sponsors with Quebec plan members. Great-West will continue to gather information on this initiative to determine its effect on benefit plans and will provide an update as soon as possible.

For more information

Please contact your Great-West group representative with any questions related to this announcement.

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