

Great-West Life
your Benefits Solutions People

GroupLine

News and updates
for advisors and
plan sponsors



Alberta Pharmaceutical Strategy delays drug claim savings

This GroupLine provides an update to information in GroupLines 10-01 and 10-07.

Phase 2 of the Alberta Pharmaceutical Strategy was introduced to reduce the cost of generic drugs for all Albertans, while partially offsetting associated losses to pharmacies with new measures.

Under the new agreement with pharmacy, existing generic drug prices were reduced to 56 per cent of the comparable brand-name drug price, down from about 75 per cent. To ease transition towards lower generic pricing, pharmacies are given a transitional allowance to be paid on prescriptions costing less than \$75. The transitional allowances are applied 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 end after March 31, 2013.

While the strategy was expected to result in overall cost savings, these will not materialize for the next two years.

Why generic drug claim savings are delayed

While some generic drug prices have decreased as a result of the pharmaceutical strategy, more than 50 per cent of generic drugs on the Alberta drug formulary have not changed in price. Roughly five per cent of generics on the Alberta formulary have increased in price.

Allowing exceptions to the new pricing policy and granting of a \$3-per-prescription transitional allowance to pharmacies (on prescriptions costing less than \$75) has resulted in delayed reduction in drug claim costs for plan sponsors.

Seniors' Drug Plan/pharmacy services

As indicated in GroupLine 10-07, changes to Alberta's Seniors Drug Program are on hold. No new information is available on these expected changes, nor has there been an update on new pharmacy services announced in association with the Alberta Pharmaceutical Strategy.

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Looking ahead

Great-West will provide further updates on the Alberta Pharmaceutical Strategy, as necessary, and continues to support the efforts of Alberta and other provinces to reduce the cost of generic drugs for all consumers.

For more information

Please contact your Great-West group representative for more information.

For details on provincial drug reform, see GroupLines 10-01 (Alberta), 10-07 (Alberta), 10-08 (Ontario) and 10-20 (British Columbia).

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