

Information Update

June 2010

Legislative Update – Alberta

Advisors: The following information will be sent to your clients in Alberta.

Pharmaceutical Strategy

As part of its Pharmaceutical Strategy, the Alberta government has announced a number of changes that will impact group benefit plans with plan members in Alberta.

The changes include:

1. Reducing generic drug prices
2. New transitional allowances for pharmacists

1. Reducing generic drug prices

Effective April 1, 2010, the cost of generic drugs included on Alberta's Drug Benefit List as of October 1, 2009 will be reduced from 75% to 56% of the price of brand name drugs for all Albertans.

New generic drugs added to the Alberta Drug Benefit list will be priced at 45% of the brand name drugs. Generic drugs not included on the Alberta Drug formulary will not be affected by the price reductions.

The impact

The overall impact of the reduction in the cost of generic drugs will be offset by the transitional allowances charged by pharmacies. As the allowance is decreased and ultimately phased out, there will be more cost savings.

2. Transitional allowances

Effective July 1, 2010, pharmacies will be allowed to charge a transitional allowance for each prescription costing less than \$75.

- \$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 transitional allowance will be charged as part of the drug cost and is not limited to generic drugs.

The impact

The transitional allowance will be considered an eligible expense under drug plans offered by The Co-operators.

Lipitor® off patent

The Canadian product patent for Lipitor, a drug used to treat high cholesterol, has expired. A generic version (atorvastatin calcium) is now available in Canada.

The impact

The lower cost the generic version should have a positive impact on plans with high Lipitor usage.