



# Info Note

May 2010

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## Alberta Pharmaceutical Strategy

On December 8, 2008, the province of Alberta unveiled a new strategy to make drug coverage more affordable, accessible and efficient.

### Phase 1

The first phase of the strategy included:

- A new seniors' drug plan
- Revised premiums for non-group drug benefit coverage (optional government-sponsored drug plan offered for those under 65)
- A consolidated government-sponsored drug plan
- A drug insurance program for people with rare diseases, which came into effect in April 2009

### Phase 2

The highlights of Phase 2 of this strategy were announced on October 20, 2009. Phase 2 aims to:

- Reduce prescription drug costs incurred by Albertans, employers and the government
- Improve prescription drug use
- Provide better care to Albertans and improve their health

### Cutting generic drug costs

In Alberta, the price of a generic drug generally corresponds to 75% of an equivalent name-brand drug. Since October 20, 2009, the price for new generic drugs on the province's Drug Benefit List has been 45% of comparable name brands. Also, starting on **April 1, 2010**, the price for existing generic drugs on the provincial formulary was reduced to 56% of the brand price. These two measures apply to both the public and the private sectors.

### Expanding the role of pharmacists

The government of Alberta would also like pharmacists to play a greater role in managing prescription drug use, and is encouraging them to provide more counselling to patients and other healthcare professionals.

*(see reverse side)*

### Introduction of a new 3-year payment model

Alberta Health and Wellness has developed a plan aimed at facilitating the expansion of pharmaceutical professional practice. The plan calls for a transitional allowance to help pharmacies shift to the new model over the next three years. For prescriptions under \$75, the following allowance will be paid:

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

**DFS has agreed to pay pharmacists the traditional allowance in order to harmonize its practices with those of the province of Alberta.**

### Impact on group insurance plans

We believe that the cost increase resulting from the introduction of the transitional allowance should be made up for by the lowered cost of generic drugs. The impact of these two changes on group insurance plans should therefore be negligible.

### Drug insurance plan for people age 65 and older – possible change

On March 31, 2010, the government of Alberta announced that the new plan for seniors would be postponed. This means that the existing plan provisions will continue to apply until further notice.

### **Client communications**

We'll be sending a similar InfoNote to all group plan administrators responsible for contracts in Alberta, as well as all policyholders.

If you have any questions, please feel free to contact your account executive or service representative.

### **Sales, Group and Business Insurance**