

Drug Review

Recently Introduced Products

Volume V, Issue 10

Drug Name	Indication	Potential Plan Impact
Baraclude tablet and oral solution	Treatment of chronic hepatitis B	\$\$
Denavir 1% topical cream	Treatment of recurrent herpes labialis (cold sores) in adults	\$
Alvesco Inhaler	Prophylactic management of steroid-responsive bronchial asthma	\$

\$ Little increase estimated in drug plan expenditure
\$\$ Drug plan expenditure estimated to be somewhat increased
\$\$\$ Potential for large increase in drug plan expenditure

Transparent Drug System for Patients Act (“Bill 102”) – An Important Update

This Drug Review will provide an update on the *Transparent Drug System for Patients Act* or Bill 102 and address the concerns in the market place regarding its impact on private plan sponsors and patients.

Effective October 1, 2006, the Ontario Government increased the allowable dispensing fee paid for ODB prescriptions to \$7.00 for all pharmacies. In addition, the Ontario Government has mandated that the drug benefit price of generic products listed in the Ontario Drug Benefit (“ODB”) Formulary may not be priced at more than 50% of the comparator (typically the brand) product. This has resulted in mandated price changes to approximately 1500 products. These changes apply to all generic products already listed in the ODB Formulary, as well as any new generic listings.

As a result of the 50% generic pricing rule, effective October 23, 2006, an updated ODB Formulary reflecting changes in prices for generic products AND some brand-name products will be implemented. Pharmacies have until November 1, 2006 to deplete any stock purchased at a higher cost than the 50% price rule and receive reimbursement for the higher acquisition costs. ClaimSecure will implement the mandated ODB price changes effective November 1, 2006.

Based on our initial review, these changes to the ODB Formulary are not expected to have a materially adverse impact on the cost of ClaimSecure’s drug benefit plans. The revised ODB pricing was only published on October 18, and based on the large number of products impacted, we will continue to evaluate the potential impact on the drug benefit plans that we administer.

Ontario pharmacies have the right to increase their dispensing fees and their mark-ups to non ODB patients and plans without being subject to ODB’s legislation. Therefore, it is possible that pharmacies may consider charging a higher price to private plan members than to ODB members. We have contacted several large pharmacy chains to express our concern in this regard. To date, these pharmacy chains have indicated that it is not their intention to change their current reimbursement structure for private plan members. However, in view of the rapid implementation schedule mandated by the Government for this program, pharmacy chains are still evaluating their final position in this regard.

ClaimSecure will continue to dialogue with the pharmacy chains and industry associations, to monitor this rapidly changing situation, and to ensure that our clients’ interests are represented. Future updates will be provided as they become available.

If you require additional information about Bill 102, please contact ClaimSecure’s Clinical Services Department at (905) 949-2322 or 1-888-479-7587.

