



Update on Alberta Pharmaceutical Strategies

There are three (3) Material Changes for 2010 as follows:

(1) New Lower Generic Pricing

Effective April 1, 2010, the Alberta Government has reduced the ingredient cost amount paid to pharmacies for dispensing existing generics on the Alberta provincial formulary from 75% to 56% of published brand price. Alberta Health and Wellness will allow a 60-day run-off period for pharmacies to dispense formulary drugs purchased before April 1 at 75% of brand. All new generics will be available at 45% of the published brand price.

(2) Transition Allowance

Effective April 1, 2010, the Province will reimburse pharmacies a \$3 per prescription transition allowance for each prescription with an acquisition cost less than \$75.00 (excluding dispensing fee). The new transition allowance fee will be reduced annually on the anniversary date of the program and will be eliminated as of March 31, 2013.

Pharmacies may start to bill the transition allowance to private plans and cash-paying customers at the same time. The transitional allowance was introduced to support pharmacies as they shift their focus from dispensing prescription drugs to providing more professional services. The allowance will be as follows:

\$3 per prescription from April 1, 2010 until March 31, 2011

\$2 per prescription from April 1, 2011 until March 31, 2012

\$1 per prescription from April 1, 2012 until March 31, 2013

After March 31, 2013, the transitional allowance will be eliminated

(3) Seniors Drug Program

On March 31, 2010, the Alberta Government announced that the proposed change to the Seniors Drug program scheduled to take effect July 1, 2010 has been delayed in order to address necessary legislative and regulatory changes and align with other government programs for seniors. The existing Seniors' Drug Program will remain unchanged. Seniors will continue to pay a co-payment of 30% of each prescription's cost to a maximum of \$25 per prescription

What Does This Mean For Plan Sponsors?

Effective June 1, 2010, ClaimSecure will enforce the new Alberta pricing structure. The date of this change is aligned with the government stated 60-day run-off period and will enable Alberta pharmacies to reduce generic inventory for drugs purchased prior to April 1, 2010. Since pharmacies should bill the actual acquisition cost (the amount they paid for the drug), they will be expected to bill 56% of the brand drug once their existing stock is exhausted.

In addition, to conform to the industry standards and to ensure that the plan members are not negatively impacted at the point of sale, ClaimSecure will reimburse Alberta pharmacies the transition allowance effective April 1, 2010. Although the financial impact will vary based on your individual group's historical claims experience, the overall financial impact of this transitional allowance on your program in year one is forecasted to be largely offset by the reduced cost in the generic pricing. ClaimSecure forecasts that the average Plan Sponsor in Alberta will save 0.2% and 1.8% in year two and year three of this program. Thereafter, when the transitional allowance is eliminated, the generic pricing will provide an estimated annual savings of 3%.

For more information about this change, please contact your ClaimSecure Client Service Representative at 1-888-479-7587 or visit the Alberta Government website at:

<http://www.health.alberta.ca/documents/Pharma-Strategy-2-Overview.pdf>

<http://alberta.ca/acn/201003/28075B5A29B5B-B5DD-45C6-8A78E6F375B75C43.html>

