



July 22, 2010

B.C. PharmaCare Prescription Drug Reforms

On July 9, 2010, an agreement was reached between the government of British Columbia, the B.C. Pharmacy Association and the Canadian Association of Chain Drug Stores (CACDS). The terms of the agreement follow Ontario's lead on drug reforms. As such, there will be a significant reduction in the price of generic drugs, with reinvestment of savings into value-added health services provided by pharmacists.

Under the New Pharmacy Agreement, the following changes will take effect between July 28, 2010 and March 31, 2013:

Dispensing Fees & Mark-ups

Starting July 28, 2010, B.C. PharmaCare will be increasing the maximum dispensing fee per prescription and maximum drug mark-ups on B.C. PharmaCare-eligible brand and generic drugs. The changes are scheduled as follows:

	Status Quo	July 2010	October 2010	July 2011	April 2012
Maximum dispensing fee payment	\$8.60	\$9.10	\$9.60	\$10.00	\$10.50
Maximum drug mark-up	7.0%	7.0%	8.0%	8.0%	8.0%

Generic Drug Pricing

Over a three year period, B.C. PharmaCare will reduce the price it pays to pharmacies for generic drugs to 35% of the brand-name cost. The price reductions are scheduled as follows:

	Status Quo	October 2010	July 2011	April 2012
Existing Generics	65% (Average)	50%	40%	35%
New Generics*	50% - 70%	42%	40%	35%

*generics launched since November 2008





The reduced pricing will only apply to B.C. PharmaCare-eligible generic drugs. All B.C. residents will benefit from these savings regardless of whether they are covered by B.C. PharmaCare, an Employer-sponsored Plan, or paying Out-of-Pocket.

Professional Allowances

Professional allowances paid to pharmacies by generic manufacturers for stocking their products will remain unrestricted.

Investment in Enhanced Cognitive Services & Rural Incentive Program

The B.C. government has committed to re-investing \$35 Million into new pharmacy cognitive services. Such services will include medication management and chronic disease management by pharmacists. Enhanced pharmacy programs and services will be further defined over the next three years.

B.C. PharmaCare will provide increased support to pharmacies in rural British Columbia. To be eligible, pharmacies must be outside a 30 kilometer radius of another pharmacy and dispense fewer than 1,700 B.C. PharmaCare prescription claims per month.

What Does This Mean For Plan Sponsors?

For B.C. PharmaCare-eligible drugs, ClaimSecure pays, on behalf of our Plan Sponsors, the cost of prescription drug claims up to the member's annual family out-of-pocket maximum. Beyond the family out-of-pocket maximum, B.C. PharmaCare provides full coverage of PharmaCare-eligible drugs.

The reduced pricing of PharmaCare-eligible generic drugs will have a positive impact on private payers. According to an analysis done by the B.C. government, private payers may expect cost savings of up to 1-2% of total drug expenditure, with generics representing approximately 25% of total drug expenditure. Part of the savings will be offset by pharmacy dispensing fee increases. We will keep you apprised of any potential changes to the private plan reimbursement.

For more information about these changes, please contact your ClaimSecure Client Service Associate at 1-888-479-7587 or visit the following link: <http://www.health.gov.bc.ca/pharmacare/newsletter/10-007news.pdf>

