



**GENERIC DRUGS
SAME QUALITY
BETTER PRICE**



CANADIAN GENERIC PHARMACEUTICAL ASSOCIATION

ONTARIO GOVERNMENT'S DRUG REFORMS

In the Province of Ontario the prices for generic drugs have been reduced by more than 60% since 2007. In the latest round of drug reforms, more than 90% of all generic prescription medicines that are covered by the government's drug plan were reduced even further. Private sector payers have also benefitted from these price reductions. It is estimated that **these reforms will save** Ontario taxpayers, employers, unions and patients **more than \$750-million** in the first year alone.

ONTARIO DRUG REFORMS

On June 7, 2010, the Government of Ontario published final regulatory amendments to reform aspects of the province's drug systems. The key aspects of the Ontario government's changes are as follows:

PROFESSIONAL ALLOWANCES PAID TO PHARMACISTS ELIMINATED

- Effective July 1, 2010, professional allowances have been eliminated for publicly funded prescriptions.
- Professional allowances will be phased out in the private payer market by the end of 2012.

ORDINARY COMMERCIAL TERMS

Discounts that wholesalers receive based on prompt payment, distribution and volume purchases are limited to 10% of "the total value of any benefits." As well, the person who receives the benefit must report these payments to the Government of Ontario upon request.

NEW RETAIL PRICING

Reimbursement prices for many generic pharmaceutical products are reduced as follows:

Ontario Drug Benefit Plan:

- 25% of brand-name price for most generic drugs, effective July 1, 2010.

Private payer market:

- 50% of brand-name price, effective July 1, 2010;
- 35% of brand-name price, effective April 2011;
- 25% of brand-name price, effective April 2012.
- Non-solid drug products can be priced up to 35% of the price of the equivalent brand-name product.

PRICE EXCEPTIONS

- In recognition of the significant costs and risks associated with bringing new cost-saving generic pharmaceutical products to market, the Government of Ontario has introduced an incentive period for generic medicines that are brought to market early due to litigation and risk taking by the generic pharmaceutical manufacturers. During a 90-day period from the listing of the first generic, the price for these products will be 50% of the original brand-name product.
- An exception to the "25% of brand-name price policy" will be made for generic products that cannot be manufactured at the 25% price level.

PRIVATE LABEL

- The Government of Ontario has banned private label prescription drug products by pharmacies and wholesalers.