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For immediate release

## **Spending on Prescription Drugs Slows as Use of Generics Increases: New CIHI Report**

**Toronto, May 15, 2008** – A new report on prescription drug spending in Canada released today by the Canadian Institute for Health Information (CIHI) shows spending on prescription drugs in Canada has slowed as the use of generic medicines has increased, Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA) said today.

According to today's report from CIHI, the annual growth rate for prescribed drug spending was 7.5 per cent in 2007, lower than it was between 1997 and 2006, when the average annual growth rate was 10.5 per cent.

Canadian prescription drug sales data for 2007 released in March by IMS Health, the world's leading source for prescription drug sales information, showed that sales of generic drugs increased by 21 per cent in 2007. Generic drugs now fill 49 per cent of all prescriptions in Canada yet account for only 21 per cent of the \$19 billion Canadians spend annually on prescription medicines.

"Data in today's CIHI report shows that using lower-cost generic equivalents can have a real impact on prescription drug bills," said Jim Keon, President of CGPA, who noted generic drugs fill 67 per cent of all prescriptions in the United States.

According to IMS Health, the average cost of a brand-name prescription was \$64.19 in 2007 while the average cost of a generic prescription was only \$26.07.

Keon said a number of provinces have taken steps to better control their prescription drug costs by increasing their use of generic medicines, but these efforts are being undermined by the federal government. Recently proposed changes to Canada's drug patent rules would override a Supreme Court of Canada ruling and reopen "evergreening" loopholes that allow brand-name companies to abuse the patent system and unfairly delay generic competition.

"Today's report shows that, despite a slowdown, spending on drugs continues to rise at a higher rate than overall health spending and at a faster rate than inflation," said Keon. "The proposed changes to Canada's drug patent rules will force provincial governments, employers that sponsor drug plans for their workers, and consumers to pay monopoly drug prices for longer than they should."

### **About the Canadian Generic Pharmaceutical Association**

The Canadian Generic Pharmaceutical Association (CGPA) represents Canada's generic drug industry – a dynamic group of companies that specialize in the production of high quality, affordable generic drugs and fine chemicals and in conducting the clinical trials required for government approval of generic drugs. The industry plays an important role in controlling health-care costs in Canada. Generic drugs are dispensed to fill 49 per cent of all prescriptions but account for only 21 per cent of the \$19-billion Canadians spend annually on prescription medicines.

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### **For more information, please contact:**

Jeff Connell

Director of Public Affairs

Canadian Generic Pharmaceutical Association (CGPA)

Tel: (416) 223-2333

Email: [jeff@canadiangenerics.ca](mailto:jeff@canadiangenerics.ca)