NOTES

BY KATHIE LYNAS

BC to chart new path for generic drug prices after cancelling 2010 agreement with pharmacy

The Government of British Columbia has terminated its 2010 generic-pricing agreement with pharmacy groups and is now in the process of legislating lower prices.

The province signed the 3-year Pharmacy Services Agreement with the British Columbia Pharmacy Association (BCPhA) and the Canadian Association of Chain Drug Stores (CACDS) in July 2010; at the time, it was heralded as an example of what could be accomplished through negotiation — in contrast to the imposition of generic pricing that had occurred in Ontario.

The deal called for generic prices to be lowered to 35% of brand-name prices by April of this year and for reinvestments in clinical services to be raised to \$35 million at the same time.

Health Minister Michael de Jong, however, cancelled the agreement in early March, citing a failure to realize plans to save \$329 million in Pharmacare spending on generic drugs. The problem, said de Jong, was that manufacturers were making more use of pricing rule exceptions than had been anticipated, leading to an anticipated shortfall in

“For us, it’s about an orderly transition — being at the table and working with government”

— Geraldine Vance, CEO of the BCPhA

savings of \$91 million.

The provincial government planned to introduce legislation by mid-May to lower generic prices to 25% of brand-name levels. De Jong had also indicated his government might follow Ontario’s lead and ban professional allowances.

In the short term, the termination of the agreement leaves BC pharmacists without a dispensing fee increase that had been planned for April 1. “The agreement had provided a transition and a balance, through dispensing fee increases and mark-ups, to help retain economic stability

for community pharmacy,” says Geraldine Vance, CEO of the BCPhA. “And there was going to be \$35 million re-invested in clinical services and now that figure is \$10 million.”

Uncertainty remains for the longer term with regards to compensation. The main priority for pharmacists, says Ms. Vance, is to ensure that they play a meaningful role in the development of regulations supporting the legislation.

“For us, it’s about an orderly transition — being at the table and working with government so that we can

ensure that we don’t inadvertently end up with an unstable situation for community pharmacy,” says the association CEO. The government has given every indication that pharmacists will be involved in the regulatory consultations, she adds.

As for professional allowances — as a matter of principle, pharmacy doesn’t support the government “getting involved in marketplace agreements,” Ms. Vance says. If the government does ban the rebates, she says, pharmacy will concentrate on negotiating a “reasonable transition period.” ■