

Pharmacare: A Program for Today and Tomorrow

- Pharmacare pays 100% of the cost of eligible drugs after the patient reaches a deductible based on his/her family income. For example, a patient with a family income of \$20,000 will have 100% of all eligible drugs paid for after he/she buys the first \$696 of their medication. If that patient requires an expensive cancer drug such as Gleevec at an average annual cost of \$24,566 per patient, Pharmacare would pay for \$23,870 of the bill.
- Pressures on Pharmacare have increased significantly in recent years:

	1998/99	2003/04
Pharmacare Budget	\$62 million	\$172 million
Eligible Families	56,300	87,000

Improved Use of Generic Drugs

- Generic drugs are cheaper than brand name drugs but usually have the same or similar active ingredients.
- For example, the anti-inflammatory drug Naproxen can be purchased in generic form at a cost of 23 cents per capsule. Its brand name competitor costs \$1.02 per capsule.
- Pharmacare will accelerate the approval of cheaper generic drugs for Pharmacare coverage by streamlining the formulary listing process after generic drugs are approved for use in Canada.
- Manitoba Health will harness its bulk buying power by developing a competition process to ensure Pharmacare pays the lowest price possible for generic drugs. Saskatchewan already has such a system in place.

Maximum Allowable Cost

- A Maximum Allowable Cost policy has already been adopted in Nova Scotia and Saskatchewan, and is under consideration in Alberta. British Columbia also has a similar policy that offers patients less choice.
- Such a policy was recommended in a November 2003 study by the Manitoba Centre for Health Policy: *Controlling Prescription Drug Costs in Manitoba* (available at www.umanitoba.ca/centres/mchp). It was also recommended by Saskatchewan's Fyke Commission.
- An independent, peer-reviewed study published in the Canadian Medical Association Journal on a similar policy in B.C. found that the policy saved \$6.7 million annually for just one class of drugs.
- Determination of which medication classes will be subject to Maximum Allowable Cost will be based on medical merit on the advice of the Manitoba Drug Standards and Therapeutics Committee, an independent committee of doctors and pharmacists.

- In Nova Scotia, Proton Pump Inhibitors (PPIs) make up one drug class which has been subject to Maximum Allowable Cost. The following table illustrates the tremendous price variation among PPIs on the Manitoba formulary, all of which have been proven effective in the treatment of gastrointestinal conditions such as stomach ulcers, gastroesophogal reflux disease and dyspepsia:

Proton Pump Inhibitor	Avg. RX Cost / Month *	Avg. Rx Cost / Year *
LOSEC	\$90.19	\$1,082.28
PANTOLOC	\$77.93	\$935.15
PREVACID	\$81.51	\$978.12
APO-OMEPRAZOLE**	\$55.44	\$665.27
PARIET	\$54.54	\$654.48

Note:

Rx cost = drug cost +
dispensing fee

An average of 31 days supply was used for this
calculation.

** *This recently available generic product will soon be added to the Manitoba formulary.*

- The above table also illustrates the potential savings from increased use of generic products. APO-Omeprazole is a generic product similar to Losec but costs 39% less.