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# Benefits CANADA

## Drug reform: Where are we now?

Mike Sullivan | August 26, 2011



It's hard to believe the wave of drug reforms swept past only a year ago. Judging from early insights, it doesn't appear the landscape has been altered to any meaningful degree for plan sponsors. In recent weeks, Cubic Health researched more than 19,900,000 prescription drug claims across Canada from April 1, 2009, to March 31, 2011, and found the following:

- Generic penetration rate (GPR)—defined as the number of prescriptions filled for a generic drug—modestly increased year over year (YOY): from 44.6% to 46.1% in the year ended March 31, 2011. Considering that all the fuss around drug pricing reform focused only on reducing

generic drug costs, it's interesting to note that we haven't seen dramatic increases in generic drug use. GPR hit a high of 47.1% in January and March of 2011.

- The average ingredient cost of a generic prescription from Year 1 (April 2009 to March 2010) to Year 2 (April 2010 to March 2011) increased from \$32.29 to \$32.58 (a 0.9% increase), while the average ingredient cost of single-source brand drug claims increased 2%, from \$114.02 to \$116.28. Given these profound differences in average ingredient cost between generic and single-source brand claims, it's not surprising the proportion of total drug plan spending on generics is only 27%.

There were also some interesting trends within key drug classes:

- GPR within the selective serotonin reuptake inhibitor (SSRI) antidepressant class decreased from 75% in Year 1 to 71.4% in Year 2.
- GPR within the serotonin norepinephrine reuptake inhibitor (SNRI) antidepressant class decreased YOY from 71% to 66%.
- Between April 2009 and April 2010, Crestor's market share (by number of claims) within the statin class of cholesterol-lowering medications (a class that also includes Lipitor and its generic equivalents) increased by 9.1%. Crestor's market share increased by an additional 10.6% from April 2010 to March 2011.
- Despite the fact that most of the major molecules in the proton pump inhibitors (PPI) class of stomach hyperacidity drugs (such as Losec, Pariet, Prevacid and Pantoloc) have lost their patent protection and are now generic, brand name

Nexium has retained a remarkably steady market share (again, by number of claims) in the class: 24.5% in 2009, 24.4% in 2010 and 23.4% in 2011.

It would appear that changes in pricing legislation have not necessarily transferred into material cost savings to date for private plan sponsors, which is not a surprise. Without appropriate changes to plan design, nothing meaningful will take place as far as achieving responsible cost containment without adversely impacting plan members.

*Mike Sullivan is president of Cubic Health Inc., a Toronto-based drug plan management company.*

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