

# **The Alberta Pharmaceutical Strategy Phase II: Lowering Pharmaceutical Expenditures**

**September 2010**

## Introduction

The *Alberta Disabilities Forum* (ADF) is a group of 43 not-for-profit provincial organizations of and for people with disabilities who have come together to share information and ideas with the objective of speaking with a united voice on issues of importance to Albertans with disabilities.

On October 20, 2009, the Government of Alberta announced Phase II of the Pharmaceutical Strategy which deals with generic drugs and the role of pharmacists in Alberta. It was announced that “prices for new generic drugs will be reduced from 75 per cent of a brand name drug price to 45 per cent”<sup>1</sup>. In addition, the government announced that it will provide more expedient access to brand name drugs and involve pharmacists in the patient-care system.

According to various reports, the Government of Alberta has been considering several mechanisms for lowering drug expenditures and enhancing the pharmaceutical system by

- a) bulk purchasing,
- b) reference based pricing/therapeutic substitution, and
- c) a pharmacy professional reimbursement model.

The ADF welcomes Alberta Health and Wellness’ continuation with Phase II of the pharmaceutical strategy; however, the members caution that these mechanisms for lowering pharmaceutical expenditures have positive and negative elements, and the health and well being of Albertans should never be compromised when making policy and regulation decisions.

## Processes for Lowering Pharmaceutical Expenditures

### ***Bulk Purchasing***

One process for lowering pharmaceutical expenditures is through bulk purchasing. ADF members are in support of bulk buying as long as it does not deny health care providers the ability to prescribe a medication that is deemed the best option for the patient. It is important that Alberta’s Pharmaceutical Strategy recognize that what works for one may not work for another, and that health outcomes remain paramount in decision-making. There are many protective barriers that the Government of Alberta needs to implement to ensure

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<sup>1</sup>Alberta Health and Wellness. Pharmaceutical Strategy – Phase 2  
<http://www.health.alberta.ca/initiatives/pharmaceutical-strategy-2.html>

choice and access of medications to patients when lowering expenditures by bulk purchasing of pharmaceuticals.

ADF members caution the government that when bulk purchasing pharmaceuticals at competitive prices, there can potentially be a reduction in the availability of effective medications because cost will influence decision-making rather than patient outcomes and the quality and type of medication.

There must be a guarantee that the medications purchased in bulk are produced and labelled according to the standards set up by Health Canada. Generic drug companies state that medications are measured according to the rigorous standards of Health Canada; however, the Government of Alberta needs to ensure that the purchased medications are not only safe, but have the same molecular effectiveness as the brand name.

ADF members encourage the Government of Alberta to implement a competitive tendering method. A competitive market will allow for purchasing of a wider range of medications deemed necessary for the health and well being of Albertans with disabilities. There must be assurances that no pharmaceutical company will be considered more favourable than another. Currently, there are court cases regarding fair, competitive tendering methods which can lead to high administrative costs passed on to the consumer.

ADF applauds the decision for Alberta to join with other provinces in creating a system that will be cost effective and decrease administrative costs – savings that could potentially be passed on to the consumer.

Many Albertans with disabilities or chronic illnesses are wholly dependent on specific medications to function. In some cases, a similar or alternative medication (generic or from a different manufacturer) will not produce the same patient outcomes. In order to accept responsibility for their own health, patients must have access to medications that work for them. This needs to be recognized and accommodated.

### ***Reference Based Pricing/Therapeutic Substitution***

Reference Based Pricing is a process where medications that are chemically-deemed therapeutically equivalent are grouped together, and the cost of the lowest-priced product in the group is used as the reimbursement level for all medications in the group. This purchasing method educates patients that there are less expensive medications with the same effects and that the lower-cost medication should be their choice. Patients are then required to change their

medications to the reference medication to be eligible for coverage or pay the price difference. Patients must pay the full price if they want another medication.

In addition, patients who are starting a new medication must start with the reference medication, even if it is not the one prescribed by the physician. The medication is considered chemically different, but within the same therapeutic class of medications.

The Government of Alberta must use caution when using this purchasing method because not all medications can be grouped according to their molecular efficacy.

Referenced based pricing will allow individuals with higher incomes to purchase brand name pharmaceuticals while lower-income Albertans will not be able to afford the price difference. When price is considered over effectiveness of the medication, Albertans with disabilities will have to make the tough decision between what works for them, and what they can afford.

The purpose of a universal health care system is to treat citizens equally so that each can access health care services without being marginalized through multiple tiers of health care services based on ability to pay rather than on need. An important aspect of Canadian society is that we have equal access to basic health services, and we do not wish to see a class system of have- and have-nots when it comes to the health and wellness of our citizens. Albertans should not be placed in a situation that jeopardizes their health because of an inability to cover costs for health care services.

Further, reference-based pricing methods require the set up of various decision-making committees which will lead to higher administrative costs. These committees will make decisions about which medications will be grouped and which price will be chosen for the medication.

The Government of Alberta needs to ensure that the health and well-being of Albertans with disabilities will be protected, and that life-sustaining therapies will be chosen for effectiveness and not cost. The government should not devise a system that divides higher and lower income Albertans on the ability to purchase medications.

### ***Pharmacy Professional Practice and Reimbursement Model***

ADF supports the initiative of greater involvement of pharmacists in educating and protecting the health of Albertans. However, we have a concern about the level of authority this model may provide. For example, will a pharmacist be able

to refuse a drug prescribed by a doctor? In implementing this model, patient choice should be protected and pharmacists should have a defined operating scope.

Purchasing at a pharmacy is a convenient way for Albertans with disabilities to access medications and receive guidance as they will not have to make appointments and wait at a doctor's office.

Pharmacists will need to be thoroughly trained, have comprehensive information about medication people take, have access to lab results, and be reimbursed for this enhanced service. There must be limits on what a pharmacist can and cannot do, and this must be well defined and documented. In addition, people need to be educated about what the pharmacist can and cannot do as they might think of the pharmacists as doctors.

### ***Community Capacity-Building***

We are disappointed that the Alberta Pharmaceutical Strategy did not call for more involvement of health and wellness orientated community organizations, like those represented by ADF, to help health professionals share information and provide education to clients, members, and families.

ADF members encourage the Government of Alberta to eliminate the under-utilization of community resources that place an unnecessary burden upon the health system. Government and the health care system do not have to do it all. There may be areas where community-based and funded resources can significantly augment government and health services or perhaps replace them altogether.

### ***Education about Medication Usage***

The cost of under use, misuse, and overuse of prescription medication in Canada is estimated to be two to nine billion dollars. Health professionals cannot attack this problem alone. Community groups must be involved if this waste and risk to health is to be substantially decreased.

## **Alberta Disabilities Forum Recommendations**

The Alberta Pharmaceutical Strategy provides an opportunity to remove health barriers for thousands of Albertans. In addition to being client-centred, ADF believes the following recommendations should form part of the Strategy.

1. ADF members believe that we need to create a system that is based on improved coordination, cooperation, and integration among patients, pharmacists, and doctors to respond to the needs of Albertans.
2. ADF members believe that the Government of Alberta needs to involve pharmacists and doctors in the decision- making processes when purchasing pharmaceuticals and ensure that Albertans' health will not be compromised by purchasing medications that do not follow rigorous standards.
3. ADF Members believe that the government must improve education and counsel to persons with disabilities and chronic illnesses about medication usage. Utilize community groups and member organizations like ADF to communicate information and provide advice.
4. ADF members believe strongly that to ensure the best possible outcomes for people with disabilities, they must be involved in the development of policies, supports, and services that affect our lives.

There is considerable evidence to validate additional government investment in support of those who need medication therapy. Studies have found it increases life expectancy, improves quality of life, and provides opportunities for people to be more productive at work or in the community. It is more cost-effective than hospitalization and has the potential to be sustainable within Alberta's healthcare system.

The ideas brought forth in this document are presented by 43 provincial disability organizations that represent thousands of persons with disabilities in Alberta. We work toward "A United Voice" to make Alberta a leader in health care services for people with disabilities. We appreciate your willingness to consider our expertise as we work toward a sustainable health care system in this province.