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CHALLENGES FACING ONTARIO'S DRUG SYSTEM AND HOW WE ARE RESPONDING TO THEM

CHALLENGE

Access to innovative breakthrough drugs

- Breakthrough drugs that could make a real difference for patients are not reviewed by the province until after Health Canada has approved the product for sale in Canada. This sequential approach wastes time and limits patients' access.
- There are inconsistencies in drug funding within the health care system.
- There are opportunities to partner with manufacturers to help collect more evidence and to support recommendations for listing drugs as a benefit.

Ontario tax-payers are not getting value for money

- Generic manufacturers pay rebates ("promotional allowances") to pharmacies in return for stocking their drug products.

Analysts estimate that at least 40% of a product's list price is returned to pharmacies as some type of rebate. This rebate scheme affects the final cost of generic drugs.

OUR RESPONSE

Better access to innovative breakthrough drugs

- Overlapping our review with Health Canada's would permit rapid funding decisions for breakthrough drugs for life-threatening conditions
- We propose to introduce a Conditional Listing category that allows patients to access new drugs on a conditional basis while further information is collected to support a permanent listing.
- We would align all of Ontario's publicly-funded drug programs so that consistent rules apply.

Ontario tax-payers would get value for money

- We would outlaw the hidden rebates paid to pharmacies.

CHALLENGE

Ontario taxpayers are not getting value for money (cont'd)

- Although the Ontario government spends \$3.4 billion a year on drugs it does not use this purchasing power to negotiate better deals.
- Manufacturers are raising prices in the market despite agreement to a set price under the public drug program. The additional costs are passed on to pharmacies and to public and private payers. Current enforcement mechanisms are inadequate and the only real recourse is to remove the product from the benefit list which impacts patients.

The public has no voice in the system, and the decision-making process and structure are not transparent

- The current structure of the government's drug review group – the Drug Quality and Therapeutics Committee does not include public membership or input.
- There is no opportunity for patients and the public to provide meaningful input at all levels government.
- The drug review process and the reasons for decisions are not well-communicated to the public, health care providers or drug companies.

OUR RESPONSE

Ontario taxpayers would get value for money (cont'd)

- We would negotiate more competitive prices for brand name drugs
- We would pay less for generic drugs by changing the pricing structure
- Our changes would allow greater interchangeability of brand and generic drugs
- We would take steps to enforce drug pricing compliance from manufacturers which will protect pharmacists from unauthorized price increases
- We would work to develop chronic disease partnerships with brand name drug companies

The public would have a voice in the system and the decision-making process and structure would be transparent

- Our plan would give patients an active role in drug listing decisions by appointing two patient representatives to the renamed Committee to Evaluate Drugs (formerly Drug Quality and Therapeutics Committee).
- We would establish formal governance principles to improve transparency and accountability.
- We would appoint an Executive Officer to manage the publicly-funded drug system, including making listing decisions, publicly communicating listing decisions and working more closely with stakeholders.
- We would create a Citizens' Council to give the public an opportunity to guide public drug policy.
- We would establish a Pharmacy Council to help develop policy and reimbursement models for pharmacists.
- We would generate more transparency by publicly reporting on the status of drug reviews as well as the work of the Committee and Councils.

CHALLENGE

Health care providers need more support and recognition

- Administrative processes like the Individual Clinical Review (Section 8) program waste the time of health care providers – time that could much better be spent with patients.
- Pharmacists have expert drug knowledge, yet they are not adequately acknowledged for the role they play in delivering front-line health care.

The sustainability of the drug system is at stake

- Drug spending is growing by almost 10% a year -- about three times the rate of Ontario's tax revenues. We need to manage that growth and ensure that the money we spend on drugs is delivering the health outcomes Ontarians need.
- Ontario's private sector employers compete globally. Our low health care costs are a major competitive advantage, one that is under threat by rising drug benefit costs. These employers also insure about 60% of Ontarians.
- Almost 16% of Ontarians pay cash for their own drugs and face pressure from rising prices.

OUR RESPONSE

Health care providers would get more support and recognition

- Doctors would be relieved from much of the burden of paperwork imposed on them by Section 8.
- Doctors would have better access to best prescribing guidelines through a shared care network.
- Pharmacists would be trained and compensated for providing patient counseling and medication management reviews, and would integrate in primary care models.
- The pharmacy reimbursement structure would more accurately reflect actual costs of dispensing and distribution.

The sustainability of the drug system is at stake

- Spending on drugs will continue to climb – however, in order to ensure that we are able to fund these drugs, the drug system must be made more efficient and transparent and we must achieve better pricing
- Our changes are designed to make our public health care system, medicare, more efficient and sustainable. Employer drug plans will realize substantial savings through generic drug substitution permitted by off-formulary interchangeability.
- Ontarians who pay for their own drugs would benefit from off-formulary interchangeability permitting them to fill prescriptions with less expensive generic drugs.

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