

**STUDY 4**

**A COMPARISON OF PRESCRIPTION  
DRUG PRICES IN SIX PROVINCIAL  
DRUG PLANS  
1993-1997**

**Federal/Provincial/Territorial  
Task Force on Pharmaceutical Prices  
April, 1999**

Approved by the Conference of F/P/T Deputy Ministers of Health  
June 17 -18, 1999, Charlottetown, P.E.I.



## EXECUTIVE SUMMARY

- This study compares price levels of identical baskets of prescription drug products across six provincial drug plans (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia) for the period 1993 to 1997.
- Two issues were examined: First does the price of an identical "basket of drug products" vary among provincial drug plans? And, second, has the price of the basket been converging or diverging between provinces?
- In 1993 there was, on average, an 8.8% difference between the highest price province, Ontario, and the lowest price province, British Columbia. By 1997, the difference in prices between the six provinces was reduced and the highest priced province, Nova Scotia, was only 5% higher, on average, than the lowest price province, Manitoba.
- While it is difficult to say which provincial drug plan policies of the six provinces had the most impact in containing prices, the price freeze policy implemented in Ontario appears to have allowed prices in that province to come in line with prices in the other five provinces.
- It is also possible that policies implemented in provinces not included in this study may have contributed to this trend towards converging prices. For instance, Quebec's lowest price policy may have caused some price convergence.
- Had all of the provinces in the study paid the lowest prices available for the identical product sold in each province in 1997 there would have been a total savings of \$60 million. This represents about three percent of the \$2.2 billion spent on drugs in the six provinces in that year.



# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>i</b>
<b>1.0 INTRODUCTION</b> .....	<b>1</b>
<b>2.0 METHODOLOGY</b> .....	<b>3</b>
2.1 Provincial Drug Plan Data .....	3
2.2 Health Canada Data .....	3
2.3 Analysis .....	3
<b>3.0 FINDINGS</b> .....	<b>5</b>
3.1 Median Price Difference .....	5
3.2 Cost of Purchasing the Common Basket .....	6
3.3 Cost of Buying Each Provincial Drug Plans Reimbursement Levels in All Six Provinces .....	7
3.4 The Frequency of Prices in Each Province Being the Highest and the Lowest .....	8
<b>4.0 CONCLUSIONS</b> .....	<b>11</b>
<b>APPENDIX 1 - ASSUMPTIONS MADE REGARDING WHOLESALE AND RETAIL MARK-UPS</b> .....	<b>13</b>
<b>APPENDIX 2 - RETAIL PRICES</b> .....	<b>15</b>



# A COMPARISON OF PRESCRIPTION DRUG PRICES IN SIX PROVINCIAL DRUG PLANS, 1993 to 1997

## 1.0 INTRODUCTION

In March, 1997, the Federal Provincial Territorial (F/P/T) Task Force on Pharmaceutical Prices prepared an overview paper which provided a description of the pharmaceutical sector in Canada, a summary of existing information on drug prices and spending, as well as mechanisms used by private and public payers for regulating and/or influencing pharmaceutical prices. From this research, it was concluded that more detailed analyses of such prices and expenditures were needed. It was noted, that further research should be undertaken not only at an aggregate level, but also according to key criteria including, for example whether a product is available from one or several competing sources; and whether or not a medicine is patented.

The Task Force has since examined price and expenditure trends, price levels, and cost drivers as they relate to prescription drugs reimbursed under six provincial drug plans.<sup>1</sup> The first of these analyses measured how prices and spending have changed between 1990 and 1997. Subsequent studies have assessed prices of non-breakthrough patented drugs; single source non-patented drugs; and multiple source non-patented (generic) drugs; an inter-provincial price comparison study was also undertaken. Finally, the Task Force has developed and applied a "cost-driver" analysis that has accurately measured the role of changes in existing drug prices, changes in utilization, and the impact of newly introduced medicines to changes in total drug spending.

The contribution of this Paper has been to compare price levels of identical baskets of prescription drug products across six provincial drug plans for the period 1993 to 1997.

This analysis was undertaken to address the fact that there existed significant differences in price trends of prescription drug products across provinces, in particular for non-patented drugs. These findings suggested that the provinces, through administering their provincial plan policies, may have affected prices of non-patented prescription drugs differently. These policies included:

- mandatory generic drug substitution;
- lowest cost alternative policies;
- controls on introductory reimbursement prices for generic medicines;

---

<sup>1</sup> The Task Force has representatives from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Health Canada and the Patented Medicine Prices Review Board. It was established to examine one of six pharmaceutical issues identified at the April 1996 meeting of federal/provincial/territorial Ministers of Health. The other issues included utilization, marketing, wastage, consumer education and research and development. The work is overseen by the Pharmaceutical Issues Committee (PIC) of the Advisory Committee on Health Services (ACHS), which reports to the Conference of Deputy Ministers of Health.

- limits on new products listed for reimbursement;
- policies to reimburse some expensive drugs only by special authorization;
- price freezes;
- co-payments and co-insurance premiums;
- prescribing guidelines;
- reference based pricing; and,
- Best Available Pricing policy (i.e., Quebec's Lowest Price Policy)



## 2.0 METHODOLOGY

### 2.1 Provincial Drug Plan Data

To conduct the analysis the following information from each provincial drug plan was obtained:

- total drug cost;
- total number of units;
- product's Drug Identification Number (DIN);
- additional cost incurred by beneficiaries including co-payments/premiums and co-insurance (where applicable); and,
- description of provincial drug plan policies.

Average transaction prices for each drug product (DIN) were calculated by adding total drug costs including any additional costs (i.e., co-payments and co-insurance premiums where applicable) and dividing by the total number of units in each year for each province.

Price level comparisons were based on both manufacturers' ex-factory gate prices (by "backing out" dispensing fees and wholesale/retail markups) and retail prices. In the main body of the report ex-factory gate prices were used. In Appendix 2 retail prices were used. Manufacturers' ex-factory prices were estimated from assumptions regarding wholesale and retail mark-ups provided by each provincial drug plan. Retail prices include wholesale and retail mark-ups (where applicable) and exclude dispensing fees. Appendix 1 describes the prices used in this report.

The basket of drugs used in this analysis were common to all provinces for all years. These drug products consistently accounted for over 40% of provincial drug plan expenditures. The number of drug products were limited by the fact that data from Nova Scotia included their top 500 selling drugs (see Appendix 1).

### 2.2 Health Canada Data

Health Canada maintains a database of all the drug products that are approved for sale in Canada. The Drug Product Database (DPD) contains information on the manufacturer, DIN, the active ingredients and their concentrations, dosage form, route of administration, and the drug's Anatomic Therapeutic Chemical (ATC) classification.

To ensure that the data pertains only to drug products as defined by the *Food and Drug Act*, only DINs which could be found on the DPD were included in the study.

### 2.3 Analysis

To conduct the price level comparisons, four measures were constructed:

- the median price difference;
- the cost of purchasing a common basket in each province;
- the cost of purchasing each provincial plan's reimbursement level of drugs; and,
- the frequency of prices in each province being the highest and the lowest.

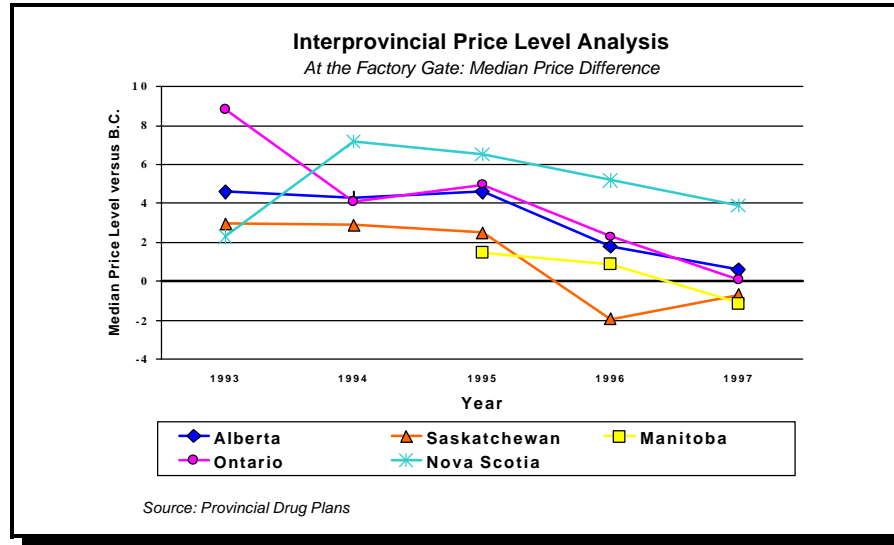


## 3.0 FINDINGS

### 3.1 Median Price Difference

The median price difference methodology compares price levels across the six provincial drug plans, using prices in British Columbia as the benchmark.<sup>2</sup> This method of calculating price differences shows an equal number of prices that are below the median price difference as there are above the median price difference.

Figure 1



As seen in Figure 1, in 1993, Ontario's prices at the ex-factory gate level were significantly out of line with the other provinces for the same drug products.<sup>3</sup> The analysis showed that half of the drugs in Ontario were sold at prices that were at least 8.8% higher than in British Columbia (represented by 0). While half the prices in Saskatchewan were 3.0% higher or more, in Alberta half the prices were at least 4.6% higher, and in Nova Scotia half the prices were at least 2.3% higher than British Columbia.

In 1995, the first year for which information was available in Manitoba, their price level was higher than British Columbia's by 1.5%. Ontario's median price difference fell to 5% higher than British Columbia's; Saskatchewan's median price difference remained virtually unchanged relative to British Columbia's, while Nova Scotia experienced an increase in price levels relative to British Columbia.

<sup>2</sup> The selection of British Columbia was arbitrary and does not affect the estimates of relative price levels since the drugs chosen for the study are common to all six drug plans.

<sup>3</sup> Appendix 2 shows a similar result for retail prices.

By 1997, Ontario's prices were in line with prices in British Columbia, Alberta and Saskatchewan. Thus, Ontario experienced the largest change in price levels over this time period. In Manitoba and Nova Scotia, the median price difference was 1.1% and 3.9%, respectively.

In 1993, the difference between the highest priced province (Ontario) and the lowest price province (British Columbia) was 8.8%. By 1997, the difference between the highest price province (Nova Scotia) and the lowest priced province (Manitoba) was 5%.

### 3.2 Cost of Purchasing the Common Basket

A second measure to compare price levels across the provinces is to estimate the total cost of purchasing one pill from an identical basket of drug products in each province for a given year. The costs of doing so are shown in Table 1. The number of drugs in each basket by year are also shown in Table 1.<sup>4</sup> The final column in Table 1 ("Lowest Price") shows the cost of purchasing the basket of medicines at the lowest price found in at least one of the six provincial drug plans.

**Table 1**

Cost of Purchasing Identical Basket of Drug Products								
Year	# of Drugs	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Nova Scotia	Lowest <sup>5</sup>
1993	184	\$128.07	\$136.7	\$133.72	N/A	\$141.9	\$131.05	\$125.25
1997	207	\$145.63	\$150.9	\$149.40	N/A	\$149.3	\$155.85	\$131.56
1999	210	\$155.63	\$161.2	\$164.51	\$158.66	\$168.9	\$164.65	\$150.23
1999	229	\$167.39	\$169.7	\$174.16	\$165.11	\$173.7	\$174.03	\$155.26
1999	221	\$159.56	\$162.1	\$163.29	\$156.70	\$163.4	\$164.04	\$147.43

The results show that in 1993, the same 184 drug products cost \$141.90 in Ontario, 11% more than their cost in British Columbia of \$128.07. Similarly, the cost of this same basket varied by less than 7% in Alberta, Saskatchewan and Nova Scotia. It is interesting to note that the cost of buying the basket in the lowest price province, British Columbia, was only 2.2% higher than the cost of always paying the lowest price.

<sup>4</sup> It is important to note that the baskets are not comparable from one year to the next and therefore no inference should be made regarding rising drug costs.

<sup>5</sup> Composite of an ideal province which always obtains the lowest price for all its drug products in the basket for that year.

By 1997 the difference in the cost of the highest and least expensive province decreased to \$7.34 or only 4.7% of the lowest priced province (Manitoba). Furthermore, Ontario's prices were in line with the other provinces. The cost of buying the basket in the lowest price province was 6.3% higher than the cost of always paying the least.

### 3.3 Cost of Buying Each Provincial Drug Plans Reimbursement Levels in All Six Provinces

While comparing the cost of purchasing one pill of an identical basket of drug products may be informative, this measure does not take into account variances in consumption of drugs in a basket of products. Therefore, it is preferable to pursue this analysis using a weighted average. It should be noted that consumption patterns vary among provinces due to the size of the population covered (i.e., a province like Ontario has a much larger population base covered by its program than a smaller province like Nova Scotia). For this reason, Tables 2 and 3, should only be read horizontally. The method used for the weighted average has been to estimate the cost of buying the same number of pills that each province reimbursed, using the prices that prevailed in each of the other provinces. This information is shown below in Tables 2 and 3 for the years 1993 and 1997.

Table 2 shows that in 1993, prices of drug products in Ontario were generally higher than the other provinces. For example, Ontario would have spent \$265.8 or 9.26% less if they purchased their drugs at British Columbia Pharmacare prices.

**Table 2**

Cost of Buying Each Plan's Reimbursement Levels in Each of the Five Provinces, 1993 <sup>6</sup> (\$ millions)								
	British Columbia	Alberta	Saskatchewan	Ontario	Nova Scotia	Actual Cost	Lowest Price <sup>7</sup>	Potential Saving
British Columbia Pharmacare	\$69.5	\$73.3	\$72.1	\$74.9	\$70.4	\$69.5	\$67.6	\$1.9
Alberta Blue Cross Plans	\$42.9	\$45.7	\$44.6	\$46.5	\$43.5	\$45.7	\$42.0	\$3.7
Saskatchewan Prescription Drug Plan	\$27.3	\$29.7	\$28.8	\$30.9	\$27.4	\$28.8	\$26.3	\$2.5
Ontario Drug Benefit Program	\$265.8	\$278.7	\$273.0	\$290.4	\$267.3	\$290.4	\$256.7	\$33.7
Nova Scotia	\$21.7	\$25.2	\$24.9	\$26.5	\$21.7	\$21.7	\$20.9	\$0.8

<sup>6</sup> No data was available for Manitoba in 1993.

<sup>7</sup> Composite of an ideal province which always obtains the lowest price for all its drug products in the basket for that year.

<b>Total — actual and lowest prices for all five provinces</b>	<b>\$456.1</b>	<b>\$413.5<sup>8</sup></b>	<b>\$42.6</b>
--	----------------	----------------------------	---------------

By 1997, prices in Ontario fell relative to all other provinces. The cost of purchasing the identical basket of drugs in Ontario was 3.6% higher than the least expensive provincial plan, and was 2.6% lower than the most expensive provincial plan. In other words, there was little difference in the cost of purchasing the same drugs in another province.

**Table 3**

<b>Cost of Buying Each Plan's Reimbursement Levels in Each of The Six Provinces in 1997 (\$ millions)</b>									
	<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Ontario</b>	<b>Nova Scotia</b>	<b>Total Spending of Six Provincial Plans</b>	<b>Lowest Price<sup>9</sup></b>	<b>Potential Savings</b>
British Columbia Pharmacare	\$103.6	\$105.1	\$102.7	\$99.6	\$103.4	\$107.0	\$103.6	\$99.6	\$4.0
Alberta Blue Cross Plans	\$104.0	\$105.7	\$103.1	\$98.1	\$104.5	\$106.0	\$105.7	\$99.3	\$6.4
Saskatchewan Prescription Drug Plan	\$34.9	\$35.3	\$33.8	\$33.0	\$34.9	\$35.8	\$33.8	\$32.6	\$0.8
Manitoba Health	\$46.7	\$47.3	\$45.9	\$44.9	\$46.8	\$48.0	\$44.9	\$44.5	\$0.5
Ontario Drug Benefit Program	\$446.4	\$452.3	\$439.0	\$431.4	\$446.7	\$458.1	\$446.7	\$424.5	\$22.2
Nova Scotia	\$14.4	\$14.6	\$14.0	\$14.0	\$14.4	\$14.8	\$14.8	\$13.6	\$0.8
<b>Total —lowest prices for six provinces</b>							<b>\$749.5</b>	<b>\$714.1<sup>10</sup></b>	<b>\$34.6</b>

<sup>8</sup> Based on the lowest prices in the six provinces.

<sup>9</sup> Composite of an ideal province which always obtains the lowest price for all its drug products in the basket for that year.

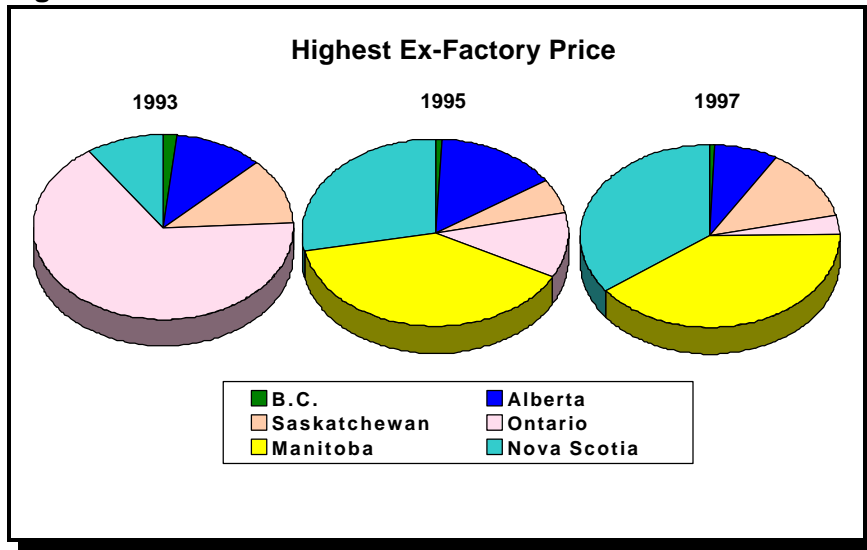
<sup>10</sup> Based on the lowest prices in the six provinces.

### **3.4 The Frequency of Prices in Each Province Being the Highest and the Lowest**

The fourth method, which compares provincial price levels, records the number of cases when prices in each province are the highest and the lowest. Figures 2 and 3 report on this method for 1993, 1995 and 1997.

In 1993, prices in Ontario were higher than in British Columbia, Alberta, Saskatchewan and Nova Scotia, in 66.1% of all cases. Prices in British Columbia were the highest in 1.6% of all cases, in Alberta and Saskatchewan 11.3%, and in Nova Scotia 9.7% of all cases.

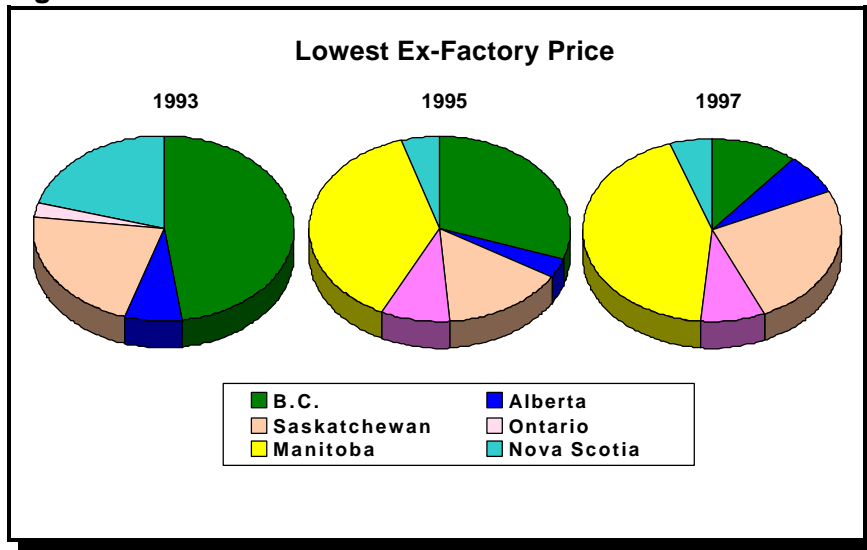
**Figure 2**



In 1995, Ontario's situation had changed dramatically and its prices were the highest in only 10.9% of all cases. Prices in Nova Scotia were the highest in 28.0%, Manitoba 39.3%, Saskatchewan was the highest in 6.2% of all cases, Alberta in 14.7% and British Columbia in 0.9%.

By 1997, British Columbia's prices were highest in 0.5% of all cases, Alberta 8.1%, Saskatchewan 12.9%, Manitoba 40.0%, and Ontario in 3.3% of all cases, and 35.2% in Nova Scotia. It is interesting to note that while Manitoba's prices were highest in 40% of the cases, they were lowest in 38% of the cases (see Figure 3).

**Figure 3**







## 4.0 CONCLUSIONS

The findings from this study show that prices of prescription drug products in the six provincial drug plans have converged between 1993 and 1997. While it is difficult to say which policies<sup>11</sup> over the last few years had the most impact in containing prices, the price freeze policy implemented in Ontario appears to have allowed prices in that province to come in line with prices in other provinces. Many of the policies implemented in some or all of the provinces including: reference based pricing, mandatory generic substitution, lowest cost alternatives and controls on introductory prices for generic drugs require further analysis to gain a better understanding of their impact. It is possible that policies implemented in provinces not included in the current analysis may have contributed to this trend towards converging prices. For instance, Quebec's lowest price policy may have caused some price convergence.

In 1993, the range in median price differences between the highest and lowest price provincial drug plans (Ontario and British Columbia) was 8.8%. By 1997, this range had declined to 5% in that year. Had all of the provinces in the study paid the lowest prices available for the identical product sold in each province in 1997 there would have been a total savings of \$60 million. This represents about three percent of the \$2.2 billion spent on drugs in the six provinces in that year.

---

<sup>11</sup> For more details on provincial Task Force members drug plan policies, refer to the F/P/T Study: Price and Expenditure Trend Analysis of Prescription Drugs in Six Provincial Drug Plans 1990-1997 - Study 1.



# APPENDIX 1

## ASSUMPTIONS MADE REGARDING WHOLESALE AND RETAIL MARK-UPS

Wholesale and retail mark-ups were estimated by consulting with the provincial drug plan managers, as well as published material from the Canadian Wholesale Drug Association (CWDA).<sup>12</sup> In many cases, the estimated mark-ups were based on the regulated maximum in each province. This suggests that mark-ups may be overstated as wholesalers and retailers often mark-up the product's price by less than the maximum allowed by each provincial drug plan.

### BRITISH COLUMBIA

British Columbia Pharmacare reimburses pharmacies based on the actual acquisition cost of the drug (the price paid by the pharmacy to the wholesaler or manufacturer) subject to the following provisions. Prior to 1996, Pharmacare paid up to 12% over the manufacturers' best available list price for wholesale-sourced drugs. After 1996, reimbursement was further limited to the actual acquisition cost of the lower cost alternative, provided a low cost alternative existed within a therapeutic drug class. The prices used in the study are derived using costs submitted by beneficiaries and not the costs approved and reimbursed by British Columbia Pharmacare. British Columbia Pharmacare data included an average wholesale mark-up of 12% for the period 1990 to April 30, 1995 inclusively, on May 1, 1995 the mark-up was reduced to 9%, and reduced to 7% in 1997. These mark-ups were controlled for by dividing all prices by the appropriate factor.

British Columbia Pharmacare data was available for the period 1990 to 1997.

### ALBERTA

In Alberta, the prices used in the study came from the Alberta Drug Benefit List (ADBL) for the period 1993 to 1997. The prices in the ADBL exclude any retail mark-up that might be charged by pharmacists. In the years 1993 to 1995 the ADBL included a 7.5% mark-up for wholesalers. ADBL prices in 1996 and 1997 do not include wholesale or retail mark-ups and therefore are already at the ex-factory gate level. To arrive at an estimate of ex-factory prices in Alberta prior to 1996 the 7.5% wholesale mark-up was controlled for by dividing all prices by 1.075.

The ADBL data was available for the period 1993 to 1997.

---

<sup>12</sup> See the CWDA's Federal and Provincial Drug Benefit Programs.

## **SASKATCHEWAN**

The Saskatchewan Prescription Drug Plan allows pharmacists a profit mark-up based upon the value of the prescription in addition to the wholesale mark-up. The pharmacists mark-up is identified in a field separate from the actual acquisition cost, which included the ingredient cost plus the wholesale mark-up, up to 11.5%. In 1997, this mark-up was reduced to 8.5% and to 6% for all drug products purchased through a 'standing-offer contract'.

In Saskatchewan, manufacturers' ex-factory prices were calculated based on the pharmacist's average acquisition price less the maximum wholesale mark-up. Pharmacists mark-ups are excluded from the calculation of ex-factory prices.

The Saskatchewan Prescription Drug Plan data was available for the period 1990 to 1997.

## **MANITOBA**

Manitoba Pharmacare allows for a mark-up of 15% over the manufacturer's cost for all non-interchangeable prescription drug products purchased through a wholesaler. Interchangeable drug products may be sold at a price no higher than the least cost item, however, Pharmacare allows a 10% mark-up over the direct price. Pharmacists should charge no more than the actual acquisition cost for drug products which are purchased directly from the manufacturer.<sup>13</sup>

Manitoba Pharmacare data was available for the period 1995 to 1997.

## **ONTARIO**

The Ontario Drug Benefit Plan allows for a combined wholesale and retail mark-up of up to 10% of the manufacturer's price. To arrive at an estimate of ex-factory prices in Ontario the 10% combined wholesale and retail mark-up was controlled for by dividing all prices by 1.10.

ODB data was available for the period 1991 to 1997.

## **NOVA SCOTIA**

Due to data limitations, prices in Nova Scotia are those of the top 500 selling drug products in each year. In each year these top selling drugs represented between 80% and 90% of Nova Scotia's public drug expenditures. To encourage pharmacists to dispense generic drugs the Department of Health allows pharmacists to charge approximately 4% above acquisition costs for generic drugs for which a Maximum Allowable Cost (MAC) has been decided; otherwise pharmacist may only charge actual acquisition costs.

The Nova Scotia Department of Health data was available for the period 1993 to 1997.

---

<sup>13</sup> Altimed, Apotex, Glaxo, Laboratoire Nadeau, Merk, Novopharm, Rougier and Upjohn distribute their products directly to pharmacists in Manitoba.

# APPENDIX 2

## RETAIL PRICES

In this appendix, each of the four measures of interprovincial price differences, presented in the study, have been recalculated using retail prices. Retail prices include wholesale and retail mark-ups, as well as any co-payment or co-insurance premiums as submitted by the respective drug plans. Prices in Nova Scotia were only available at the ex-factory gate and are not included in the analysis.

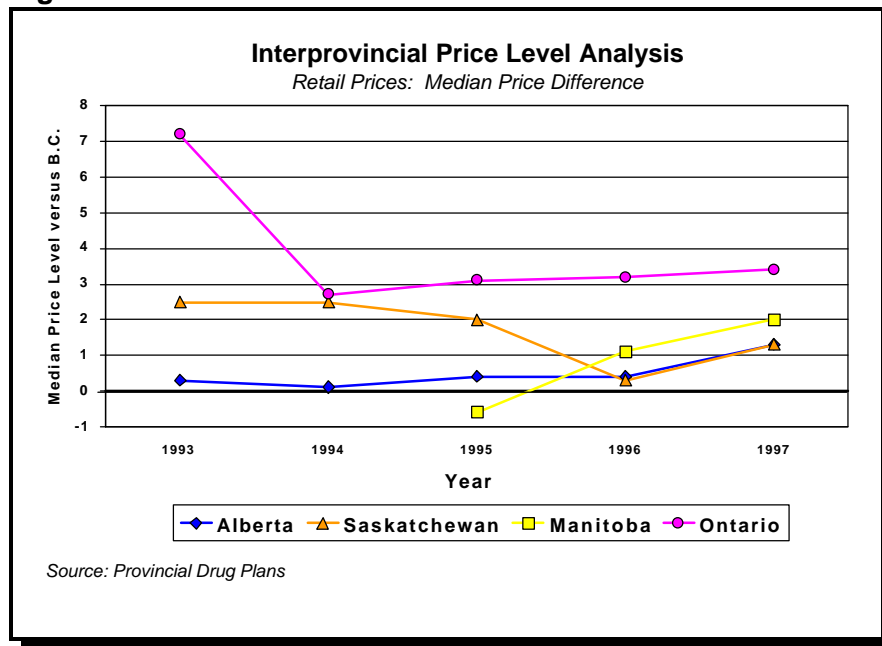
To maintain consistency and comparability with the findings at the ex-factory price level, the analysis includes the same basket of drug products.

### MEDIAN PRICE DIFFERENCE

Figure 1 shows the median price differences using retail prices. The results, were similar to the ex-factory analysis, showing that Ontario's prices were significantly out of line with the other provinces in 1993.

In 1995, the first year for which Manitoba data was available, price levels were beginning to converge (i.e. Ontario) with only a 3.7% difference between provinces.

Figure 1



By 1997, price levels in the five provinces differed by only 3.4%.

## COST OF PURCHASING THE COMMON BASKET

A second measure to compare price levels across the provinces is to estimate the total cost of purchasing one pill from an identical basket of drug products in each province. As shown in Table 1, in 1993, Ontario's cost of purchasing the identical basket was \$11.52 or 8% of the British Columbia cost, the lowest cost province. If one could have always paid the lowest price for every drug this basket of drug would have cost \$139.99.

By 1997, the difference in the cost of the most and least expensive basket<sup>14</sup> had decreased to \$6.24 or only 3.6% of the lowest priced province (Manitoba). Furthermore, Ontario's prices were shown to come in line with the other provinces.

**Table 1**

Cost of Purchasing One of Each Pill							
Year	# of Drug Products	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Lowest <sup>15</sup>
1993	184	\$144.58	\$148.10	\$150.12	N/A	\$156.10	\$139.99
1994	207	\$163.20	\$162.36	\$166.67	N/A	\$164.62	\$156.10
1995	210	\$174.31	\$173.39	\$183.42	\$174.23	\$182.25	\$167.99
1996	229	\$182.45	\$182.47	\$194.19	\$182.45	\$189.88	\$176.37
1997	221	\$158.90	\$161.46	\$160.93	\$159.79	\$163.36	\$167.06

## COST OF BUYING EACH PLAN'S REIMBURSEMENT LEVELS IN ALL PROVINCES

Table 2 shows that in 1993, prices in British Columbia tended to be lower than in Ontario, Alberta and Saskatchewan. It would have cost more to buy the pills British Columbia Pharmacare reimbursed in every other province than it did in British Columbia. If retail prices available to British Columbia Pharmacare had always been the lowest price across all provinces in this study, it would have saved only \$2.3 million on \$77.9 million or 3.0%.

By 1997, the cost of purchasing the drugs that British Columbia Pharmacare reimbursed would have been lower in Manitoba, but still higher in Alberta, Saskatchewan and Ontario than it was in British Columbia. If British Columbia had available the lowest retail price for each of the drugs in the basket its provincial drug plan would have saved 3.7%, Alberta 5.4%, Saskatchewan 4%, Ontario 6.9%, and Manitoba only 4.2%

<sup>14</sup> It is important to note that the baskets are not comparable from one year to the next and therefore no inference should be made regarding rising drug costs.

<sup>15</sup> Composite of an ideal province which always obtains the lowest price for all its drug products in the basket for that year.

**Table 2**

<b>Cost of Buying Each Plan's Reimbursement Levels in Each of the 4 Provinces, 1993<sup>16</sup> (\$ millions)</b>					
	<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Ontario</b>	<b>Lowest Price<sup>17</sup></b>
British Columbia Pharmacare	\$77.9	\$78.6	\$80.2	\$82.2	\$75.5
Alberta Blue Cross Plans	\$48.2	\$49.1	\$49.7	\$51.1	\$47.1
Saskatchewan Prescription Drug Plan	\$31.9	\$31.9	\$32.1	\$34.0	\$30.6
Ontario Drug Benefit Program	\$300.0	\$299.6	\$304.3	\$319.5	\$287.8

**Table 3**

<b>Cost of Buying Each Plan's Reimbursement Levels in Each of the 5 Provinces, 1997 (\$ millions)</b>						
	<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Ontario</b>	<b>Lowest Price</b>
British Columbia Pharmacare	\$110.8	\$113.0	\$111.5	\$110.9	\$113.7	\$106.8
Alberta Blue Cross Plans	\$111.3	\$113.6	\$111.9	\$110.2	\$114.1	\$107.5
Saskatchewan Prescription Drug Plan	\$37.4	\$38.0	\$36.7	\$37.0	\$38.4	\$35.2
Manitoba Health	\$49.9	\$50.9	\$49.8	\$49.8	\$51.5	\$47.8
Ontario Drug Benefit Program	\$477.7	\$486.3	\$476.3	\$476.8	\$491.4	\$457.7

<sup>16</sup> No data was available for Manitoba in 1993.

<sup>17</sup> Composite of an ideal province which always obtains the lowest price for all its drug products in the basket for that year.



## THE FREQUENCY OF PRICES IN EACH PROVINCE BEING THE HIGHEST AND THE LOWEST

A second method which compares provincial price levels records the number of cases when prices in each province are the highest and lowest. Figure 2 and 3 reports on this method for 1993, 1995 and 1997.

Figure 2

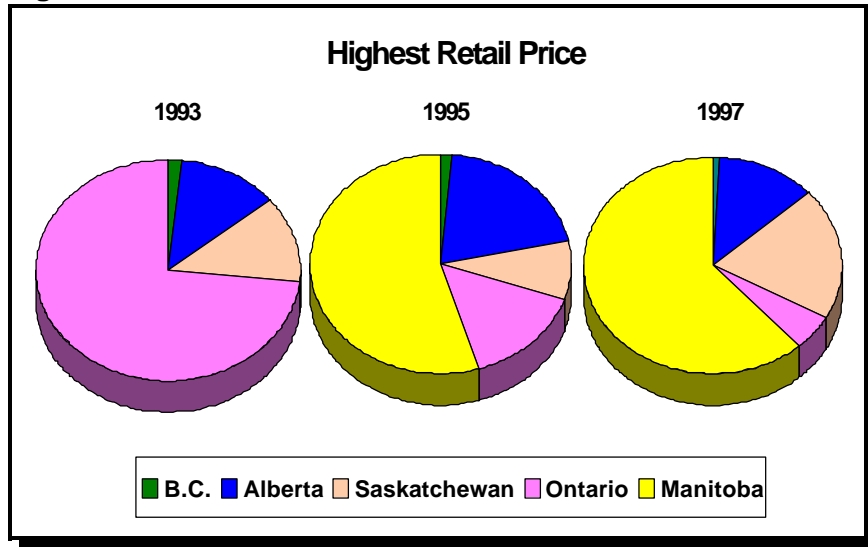
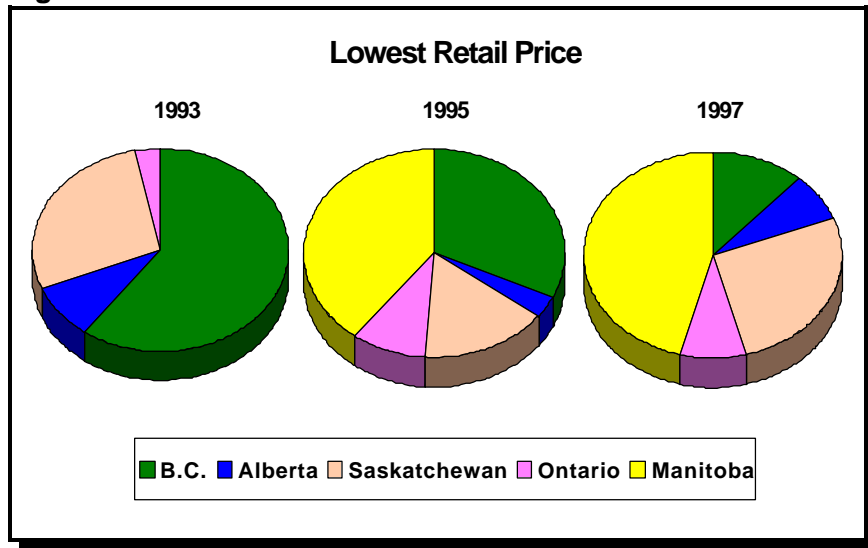


Figure 3



In 1993, retail prices in Ontario were higher than in British Columbia, Alberta, and Saskatchewan in 73.2% of all cases, while prices in British Columbia were the highest in 1.7% of all cases, and 12.5% in Alberta and Saskatchewan

In 1995, Ontario's retail prices were the highest in 15.3% of all cases. Retail prices were the highest in Manitoba in 54.6% of all cases, in Alberta in 20.4% of all cases, and highest in British Columbia in 1.3% of all cases.

By 1997, British Columbia's prices were highest in 0.7% of all cases, Alberta 12.5%, Saskatchewan 19.9%, Manitoba 61.8%, and Ontario in 5.1% of all cases.

This analysis reflects very closely what happened at the ex-factory level as seen in the body of the report.

