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Ontario Government Delists Popular, Generic Antibiotic Drugs After Prices Increase

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Employer plans impacted by increasing drug costs and changes to the Ontario Drug Benefit (ODB) formulary

Over 30 generic antibiotics increased in price by up to 90% in Ontario this January. In light of these increases, the Ontario Ministry of Health and Long-Term Care announced that the ODB plan no longer pays for certain commonly prescribed generic drugs in five classes of antibiotics.

Only one generic drug in each affected antibiotic class now remains listed as a "general benefit" and is covered by ODB. For example, for the antibiotic Amoxicillin 250mg, only the Novopharm generic drug remains an eligible benefit. The same antibiotic manufactured by Apotex, NuPharm and PharmaScience has been delisted from the ODB formulary.

This shuts all generic suppliers, but one per antibiotic, out of the ODB market for these drugs. The government is apparently hoping that excluded manufacturers will seek to become relisted by lowering the price of their drugs.

The impact due to plan members age 65 and over

Claimants in Ontario at age 65 and over no longer have coverage through the ODB for the delisted antibiotics. The result will be increased costs for private plans that cover employees age 65 and over whenever pharmacists dispense a delisted drug.

Each employer will be in a different situation depending on its plan obligations, its insurer and the specific handling of these claims under the drug plan. For example, Green Shield and ClaimSecure have announced that they will not allow claims for the delisted drugs to go to private plans as first payor. No public statements have been made by other carriers to date, but it's understood that other insurers and administrators are allowing claims for the delisted drugs to be passed to private plans.

There is some good news. The expected cost impact of pharmacists submitting claims for these antibiotics to private plans, instead of the ODB plan, should be very small for most plan sponsors. Very few claimants age 65 and over use these antibiotics, so Mercer estimates the cost impact will be less than half of 1% of drug plan costs.

The impact of the price increase

As for the overall price increase for these generics, Mercer estimates a minor cost increases of less than 1% of active drug plan costs. Our studies show that the drug cost, before the price increase, was very low, i.e. \$5 per prescription (not including dispensing fee). Even if the drug cost doubles to \$10, we expect the cost implications to be minor.

Advice for employers

There are significant, potential long-term implications if the government delists additional drugs from the ODB formulary. The cost to private plans of delisted drugs could become substantial.

Contact your insurer or plan advisor to determine if these claims are being passed on to your plan. If they are, determine the cost of these claims and what obligation you have to provide coverage for these drugs. Many plans will be obligated to provide coverage for any prescription drug not listed on the ODB formulary.

Plan sponsors could also write a letter to the Ministry of Health to inform them of your concern about the delisting of generic ODB drugs and the cost shift to private plans. Emails can be sent to the Minister of Health at: ccu.moh@ontario.ca

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