

August 15, 2011

Department of Health
Government of New Brunswick

Re: Government consultation - Fair Drug Prices for New Brunswick Fair Drug Pricing

The current environment of accusing Pharmacies from doing something unethical by accepting rebates is not helping the debate of how to move forward if rebates are taken away. Rebates are the standard business practice for all kinds of Retail Businesses. If those rebates were not available, it would be very difficult (and in some small markets – impossible) for Pharmacies to survive. Research on the part of various provincial Pharmacy Organizations across Canada has shown that the actual cost to dispense a prescription is \$12.50 to \$14.00. This is a lot more than the current NBPDP compensation. Generic Rebates have subsidized NBPDP prescriptions for many years. They have allowed stores to receive funds from other provinces, funds that have been a source for corporate taxation and have been re-invested in communities around the Province of New Brunswick. For example, I have used the profit from my store to finance the construction of much needed Senior Apartments in St Stephen.

If this Province disallows rebates without restructuring compensations models, many small stores will be unable to continue. You will see layoffs with high paid Pharmacists going first and a reduction in corporate tax revenue. Meanwhile rising costs of brand name medications and biologicals will wipe out any savings this Province will experience in just a few years.

With all this in mind, I do not believe that the current model is sustainable. Generic Rebates are driving generic medication prices too high. According to the Federal Competition Bureau's report, *Benefiting from Generic Drug Competition in Canada, The Way Forward*, Canada pays some of the highest prices for Generic Medications for a Developed Country. What that report does not say is that Insurers, including Provincial Governments have been taking these rebates into consideration for years when devising compensation models for Pharmacy. How else can you explain dispensing fees that do not cover the actual cost of dispensing? Let both the Government and Pharmacy representatives be forthright and offer constructive ideas to solve this issue. All of us want a plan that will not jeopardize the rural Pharmacies, maintain employment, and continue to deliver much needed Pharmaceutical Care to our citizens.

In response to your request for ideas for Fair Drug Prices I would like to make the following suggestions:

1. Allow Community Pharmacy to compete for contracted Pharmacy Services for hospitals in smaller communities;
2. Allow Nurse Practitioners to bill services outside the current compensation model for that profession so that they can team up with Community Pharmacy in delivering primary care for those citizens without a Family Doctor
3. Initiate a One Week Trial Prescription Program for certain classes of medications with a call-back to ensure patients are still taking their medication
4. An extra fee for therapeutic substitution.

Thank you for allowing me this opportunity to express my views on this subject. I hope that this Government actually listens to input before making any decisions regarding a prescription pricing strategy. We hear about the fallout from Ontario's model: how Independent Pharmacy in Ontario is disappearing; how patients are denied medications because stores would lose money dispensing them, how new Graduates were laid off and all other Pharmacists had to take a \$10 per hour pay cut to stay working. Surely, we can work together to find a better, more constructive way to reduce the Governments' medication costs on generic medications while improving Health Care for the citizens of New Brunswick.

Sincerely,
Valeri MacDonald BSc Pharm
Owner
St Stephen Guardian Pharmacy