

Reducing Provincial Drug Plan Costs Through the New West Partnership

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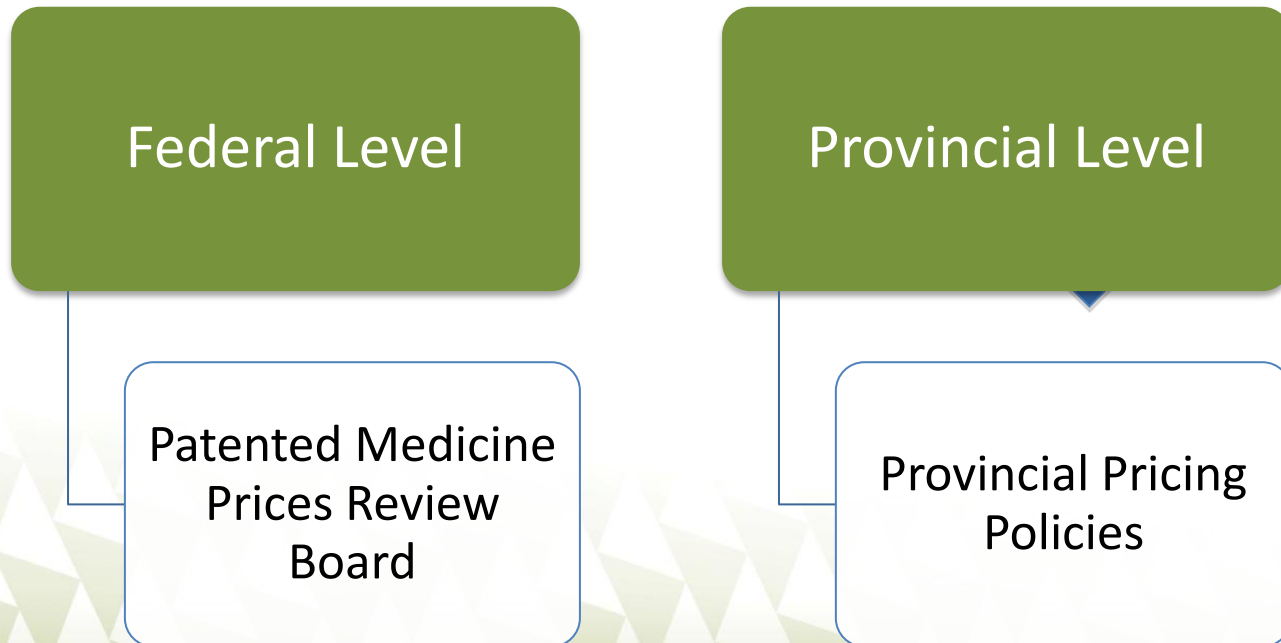
Outline

- Introduction
- Cost Control Policies
- Current Provincial Drug Plan Trends
- Estimating Cost Savings
- Implementing Pooled-Purchasing in Western Canada

Introduction

- Western Canadian purchasing pool could save approximately \$471 million
- Inter-provincial pooled purchasing is currently overlooked
 - Some provinces control costs unilaterally
 - Fear of losing control over formulary and drug plan management
- Can be implemented through the New West Partnership

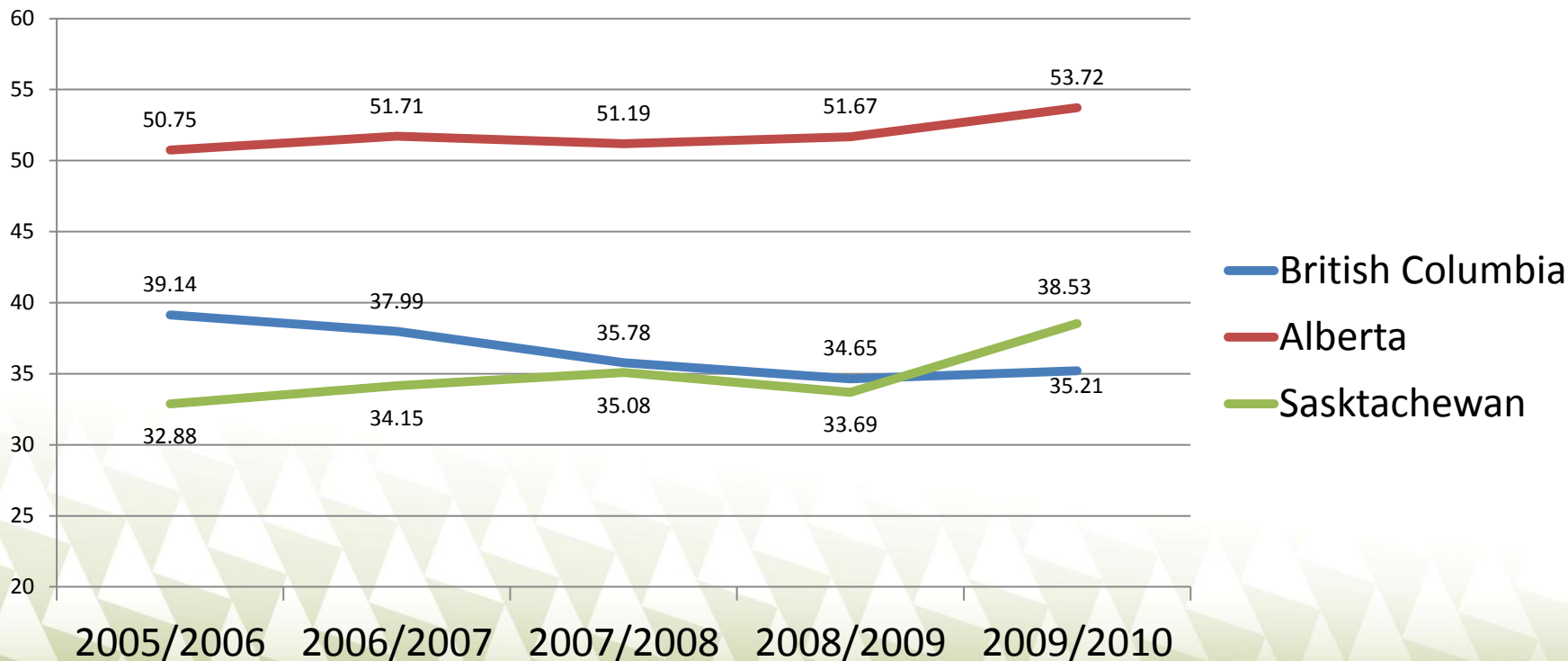
Cost Control Policies in Canada



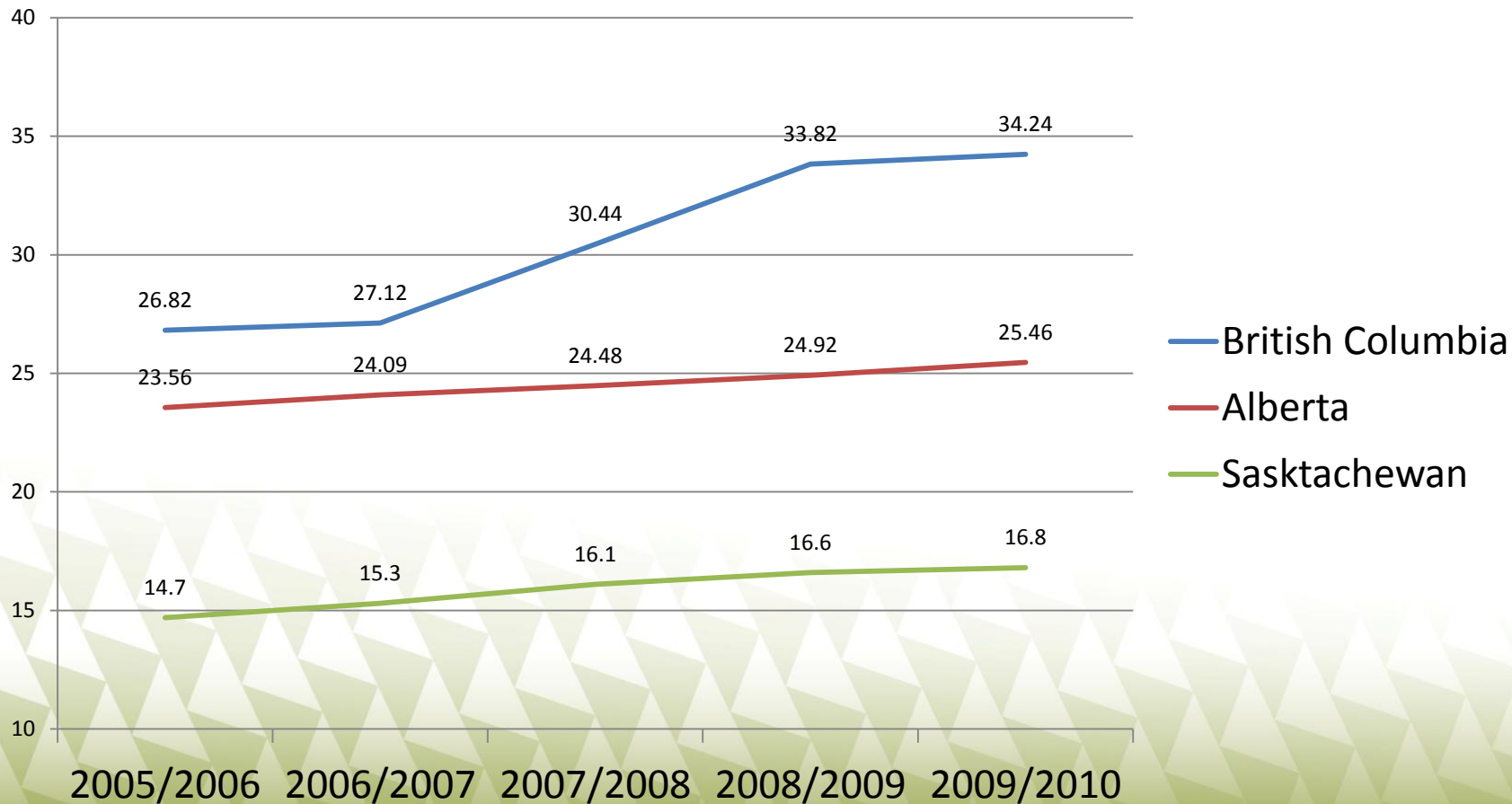
Where do we look for cost savings?



Average Wholesale Drug Cost/Prescription 2005-2010



Average Number of Prescriptions/ Beneficiary



The Pooled Purchasing Model

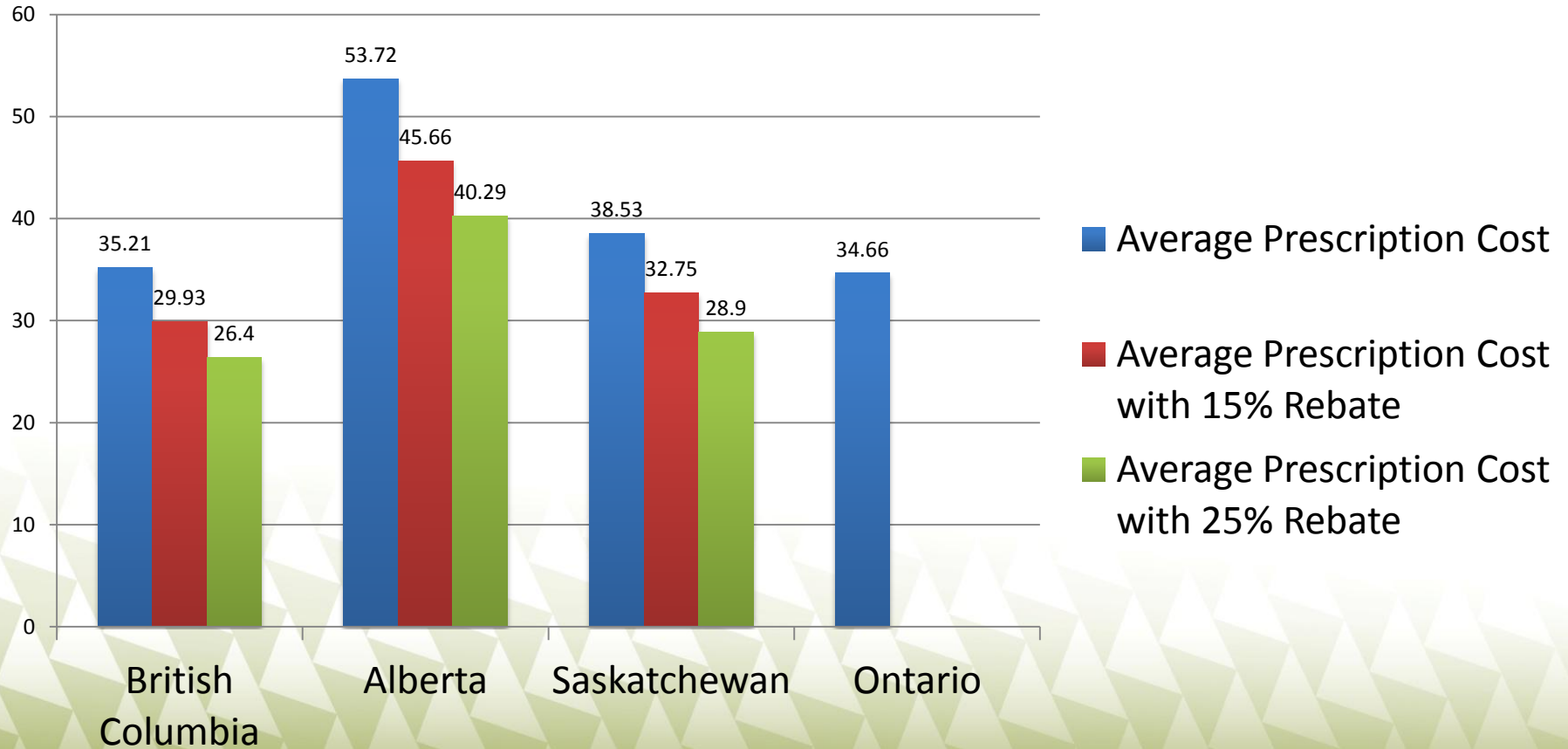
- Multiple jurisdictions combine drug purchases
- High degree of formulary harmonization not required
- Economies of scale allow for larger volume discounts
- Drug plan autonomy can be maintained

Sovereign States Drug Consortium (SSDC)

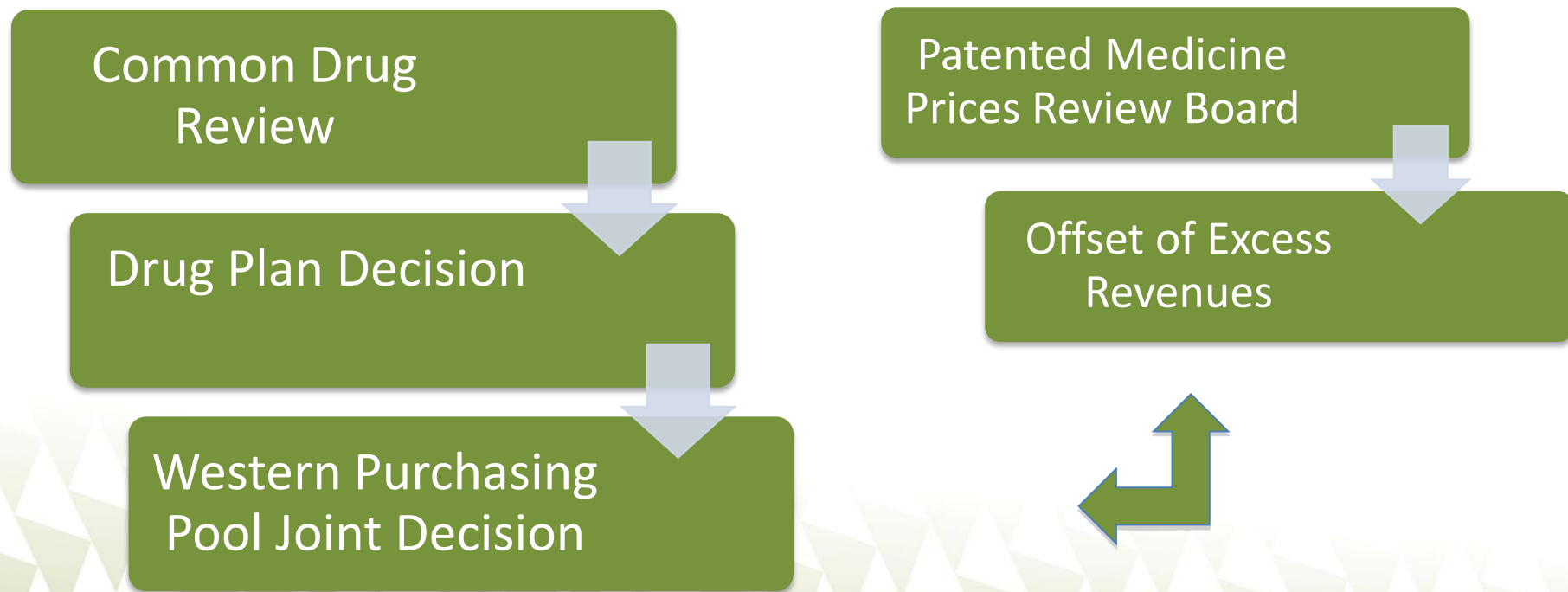
- Members: Iowa, Maine, Mississippi, Oregon, Utah, Vermont, West Virginia, Wyoming
- Founded 2006
- Jointly managed by state governments
- Rebate rate range
 - Low end: Maine at 15%
 - High end: Iowa at 25%

Estimating Cost Savings

Average Drug Cost/Prescription in Dollars for Select Jurisdictions (2010)



Implementing Pooled-Purchasing in Western Canada



Conclusion

- Pooled Purchasing maximizes volume rebates
 - Saves \$471 million
- Standardizes negotiations with manufacturers
- Conforms to existing regulatory bodies
- Improves transparency

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