

Presentation to Nova Scotia Law Amendments committee regarding Bill 17 on May 9, 2011 at 6pm.

As presented by Charles Beaver, pharmacist and owner of Beaverbank Pharmacy Ltd. in Beaver Bank and Bayside Pharmacy (2009) Ltd. in Bass River.

1) As stated in May 6, 2011 letter from PANS if Bill 17 passes with no changes the average pharmacy will lose \$150,000 in year one and \$220,000 each year that follows. Generic purchase rebates have long funded basic services (the average prescription is filled at a loss of \$4-5), and over and above services (examples subsidizing medical clinics, needle returns, 2 home visits and calling a grandmother yesterday for methadone clients). By knowing our patients we improve health outcomes and help save the healthcare system money. Examples: Diabetic child 6 years old, mother calls concerned this morning: Should she go to emergency or not? If she went needlessly the system loses \$600, if she should and doesn't the child could have died.


2) To the average pharmacy with no debt to repay Bill 17 means a loss of most of your current return on investment. To my two pharmacies I will no longer have enough profit to service my debt payments, will default by the end of 2011, pharmacy services will be lost in two rural communities and I will be personally bankrupt losing everything including the house my two children call home.

3) What does loss of pharmacy mean in a rural community? These are vibrant, welcoming communities that people choose to live in. Closure forces Methadone clients to the urban centres, makes independent living in areas like Bass River harder for seniors and families. I went into business in rural communities believing that bringing services to rural areas is sustainable both ecologically and economically. Loss of services in Bass River and many rural communities will have a negative impact financially on patients and on carbon emissions due to travel.

4) I know that each one of you has made personal sacrifice to serve the public and your intentions are good. Tariff negotiations are proceeding and are not likely to conclude by July 1, 2011 but even if they did pharmacies will need a year to understand how to implement new services for payment. I believe that the intention of Bill 17 is good. I also believe that I (pharmacy) need you (the government, society at large) AND that you (the government, society) need me (pharmacy) : the ONLY way we will find solutions that are positive and sustainable for all will be to collaborate.

I am available at any time: cbeaver@bellaliant.net

With thanks for the good intentions of your efforts,


(Charles Beaver)

from Charles Bevan



PHARMACY ASSOCIATION OF NOVA SCOTIA

The Honourable Maureen MacDonald
Minister of Health and Wellness
PO Box 488
Halifax, NS B3J2R8

By fax: 902-424-0559

May 6, 2011

Dear Minister MacDonald,

It has come to the attention of the Pharmacy Association of Nova Scotia that some MLAs have been advised that pharmacists and pharmacy owners should not be concerned about Bill 17 (Fair Drug Pricing Act) because it is "no big deal." Because any such statement is grossly incorrect and misleading, we felt it important to re-iterate our strong concerns to the timing of Bill 17 and provide additional financial information for the review and consideration of 51 sitting MLAs.

Attached is a table that estimates what the passage of Bill 17 will mean to pharmacies across Nova Scotia. From this document you will see that in just over a year, Nova Scotia's pharmacies will lose almost \$63 million annually.

Important items to note:

1. The Nova Scotia government has benefited for the past three years from a 15% discount on approximately 50% of all Pharmacare prescriptions filled by Nova Scotia pharmacies - a savings no other Canadian provinces has had.
2. There is an annual loss of approximately \$20.8 million on Pharmacare prescriptions dispensed by Nova Scotia's pharmacies because the dispensing fee does not cover costs.
3. The loss on dispensing fees has been mitigated by rebates from generic drug companies.
4. In addition to off-setting this loss, rebates from generic drug companies have funded other pharmacy services such as home deliveries, compliance packaging, methadone treatment, triage, over the counter drug advice, specialty drugs, etc and any return of investment that pharmacies owners receive.
5. With the passage of Bill 17, there will not only be a reduction in funding because of the reduced price of drugs but a further reduction (if not elimination) as a result of the percentage rebate paid by generic manufacturers declining.
6. A loss of generic drug rebates will effect the entire book of business for pharmacies - not just the Pharmacare business as all rebates paid are a function of the MLP (manufacturers list price)- which is being set by this new Act and Regulations.

7. There will be an average loss of \$150,000 per pharmacy in year one and \$220,000 per pharmacy per year thereafter if Bill 17 passes.

Yesterday, we presented this table to the members of the Standing Committee on Law Amendments. Over the next few days, the Committee will hear from pharmacy owners who are extremely worried about the passage of Bill 17 without a fair tariff agreement in place and a commitment by the government to fund new pharmacy services.

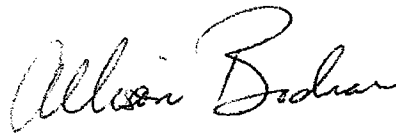
PANS has repeatedly presented proposals that support the reduction of generic drug prices that are fair and provide a model for a sustainable pharmacy network in Nova Scotia. That commitment to work with the government remains despite our concern that members of the government do not fully appreciate the potential ramifications of Bill 17.

Minister MacDonald, we again request that the passage of Bill 17 be delayed until the Department of Health and Wellness and PANS can reach a suitable agreement on all issues, including an appropriate transition time; assuring you, PANS and all Nova Scotians that pharmacies will be there into the future to deliver all of the services we need and have come to expect.

Sincerely,



Rose Dipchand, President
Pharmacy Association of Nova Scotia



Allison Bodnar, Executive Director
Pharmacy Association of Nova Scotia

c.c. Nova Scotia Members of the Legislature



PHARMACY ASSOCIATION OF NOVA SCOTIA

PANS ESTIMATE OF SAVINGS TO GOVERNMENT and LOSSES TO PHARMACY OF BILL 17

	2010 *Estimates	July 2011- June 2012 *Estimates	Yearly, after July 1, 2012 *Estimates
Cost to Pharmacy to Acquire Generic Drugs for Pharmacare programs	\$80,000,000 (57% of Brand Price)	\$60,000,000 (42.5% of Brand average over year)	\$49,000,000 (35% of Brand)
Reimbursement to Pharmacy by Government for Generic Drugs for Pharmacare programs	\$75,000,000	\$60,000,000	\$49,000,000
Number of Scripts filled for Pharmacare programs (45% of all scripts in NS)	5.2M	5.2M	5.2M
Profit (Loss) on Dispensing Fee for Pharmacare Claims	\$(20,800,000)	\$(20,800,000)	\$(20,800,000)
Gross Rebate and Mark-Up	\$41,500,000	\$22,200,000	\$13,230,000
Net Rebate and Mark-Up after deductions for loss on dispensing fee only This net rebate is what must be used to pay for services currently provided at no charge or below cost such as methadone treatment, specialty drugs, compliance packaging, triage and over-the-counter drug advice, home delivery and a reasonable return on investment to owners. Rebate will no longer cover these costs	\$20,700,000	\$1,400,000	\$(7,570,000)
Savings to Government	\$5,000,000 15% rebate on top 20 drugs since 2007 from pharmacy	\$15,000,000 (Decrease from \$75M annual spend)	\$26,000,000
Annual Revenue Loss to Pharmacy as a result of Bill 17 on Pharmacare business		\$(19,300,000)	\$(28,270,000)
Annual Revenue Loss on Entire Book of Business as a result of Bill 17		\$(42,900,000)	\$(62,820,000)

Losses of \$62M (\$220,000 per pharmacy) annually will destabilize pharmacy and will negatively impact the patients and communities they serve. Action must be taken to address the funding shortfall before generic drug prices are reduced.