Summary

Generic Drug Pricing Policy in Quebec

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Caroline Cambourieu
Aidan Hollis
Paul Grootendorst
Marie-Pascale Pomey
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To date, most industrialized countries have implemented pricing policies to somehow regulate and control the prices of generic drugs covered by their public prescription drug insurance plans. There are subtle differences in the details and context of each policy, which means that each one is unique. Pricing policies must be designed with the aim of achieving consistent government action in industrial and health policies and must be revised based on the ongoing changes in these two fields of activity.

Under the Quebec Prescription Drug Insurance Plan (QPDIP), it can sometimes be difficult to evaluate the fairness and reasonableness of the generic drug prices reimbursed by the Quebec Public Prescription Drug Insurance Plan (QPPDP), based on available information. However, given significant government spending on reimbursed drugs and the fact that generic drug pricing is under provincial jurisdiction, it is necessary to review the effectiveness of the policies governing the prices of generic drugs on the List of medications of QPDIP.

This report focuses on generic drug pricing and sheds valuable light on generic drug pricing policies in the health systems of industrialized countries comparable to Quebec and on their potential for adaptation to the QPDIP context. Three pricing policies are analyzed: tendering, benchmarking, and descending price schedule. This last policy is the most promising for the QPPDP. An analysis of its impacts suggests significant reductions in spending on the drugs covered by the QPPDP and broad adaptability to Quebec’s regulatory and legislative framework.
With regard to spending, according to the estimates that have been made, application of descending price schedule for the 10 generic drugs accounting for the biggest QPPDP expenditures in 2011 would have reduced spending for these 10 products by nearly C$122 million in 2011, for savings of 62%. What’s more, since the rationale for this approach is comparable to that of the price control measures currently in force in Quebec, implementation of this new way of pricing generic drugs would require only small changes to the existing regulatory and legislative framework.

In light of these findings, the policy of descending price schedule seems to be a major factor in controlling generic drug expenditures covered by the QPPDP. However, the considerable interest in this policy must be tempered by a broader reflection that includes both pricing for all reimbursed drugs and reimbursable prescription price components.