



News Release

For Immediate Release

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Room for More Savings on Generic Drugs: Auditor General

(TORONTO) The Ministry of Health and Long-Term Care (Ministry) may be spending more than it needs to on generic prescription drugs, Auditor General Bonnie Lysyk says in her *2017 Annual Report*, tabled today in the Legislative Assembly.

“The Ministry, working with other Canadian provinces, has done a good job of reducing costs for brand-name drugs by negotiating rebates from drug manufacturers,” Lysyk said after her Report was tabled. “However, pricing information on brand-name drugs around the world is confidential, so it is difficult to know whether the Ministry is obtaining the best possible value compared to other jurisdictions. Generic drug prices in Ontario have dropped significantly in the last 10 years,” she added, “but opportunities appear to still exist for the Ministry to obtain further discounts on generic drugs.”

About four million eligible Ontarians receive coverage annually through the Ontario Public Drug Programs (Programs). The Ministry is responsible for administering the Programs, which cover most of the cost of over 4,400 drug products, as well as various professional pharmacy services, received by eligible Ontarians.

In 2016/17, the Programs’ total expenditure was \$5.9 billion before rebates of about \$1 billion from drug manufacturers. Brand-name drug costs account for about two-thirds of the total expenditures, and generic drug costs account for the remaining one-third. However, generic drugs represent roughly two-thirds of total claims. One of the Ministry’s key responsibilities is to negotiate the best price possible with manufacturers for drugs covered by the Programs.

Other findings in the audit include:

- Eligible Ontarians receive timely access to Ministry pre-approved drugs. However, delays are common for people who require exceptional approval for the costs of certain prescribed drugs to be reimbursed on a case-by-case basis.
- Generic drug prices in Ontario have dropped significantly in the last 10 years, but the Province still pays more than foreign countries—in 2015/16, for example, we found Ontario paid roughly \$100 million (or about 70%) more for the same drugs as New Zealand.
- We compared a sample of common generic drugs used in both community and hospital settings, and found that the Ministry paid \$271 million (or about 85%) more than some Ontario hospitals.
- The Ministry took more than six months on average to invoice drug manufacturers for brand-name drugs after the date when rebates could be recovered, which worked out to about \$2.2 million in foregone interest income in 2016/17.
- In 2016/17, the Ministry inspected 286 of the more than 4,260 pharmacies, and recovered \$9.1 million in inappropriate claims. However, our audit identified a further \$3.9 million in inappropriate claims and payments that the Ministry did not inspect and/or recover. The Ministry lacks an overall inspection strategy to target high-risk pharmacies.

- The Ministry spent \$157 million through the Ontario Drug Benefit Program on opioids for about 720,000 recipients in 2016/17. Despite numerous Ministry initiatives to deal with the current opioid crisis, it does not know whether individuals overdosed or died from using prescription or illicit opioids. Having this information would let the government know where to devote resources.

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