



MARKUP POLICIES IN PUBLIC DRUG PLANS, 2017/18

This reference document provides a summary of markup policies in 2017/18 for the public drug plans participating in the NPDUIS initiative, as detailed in the *Plan Information Document* published by the Canadian Institute for Health Information.¹

BRITISH COLUMBIA

- Most drugs maximum 8%.
- High-cost drugs* maximum 5%.
- Products subject to Actual Acquisition Cost (AAC) pricing maximum 7%.
- Effective March 1, 2017, the maximum markup on certain high-cost hepatitis C drugs covered by PharmaCare was reduced from 5% to 2%.

* High-cost drugs are defined as those for which the expected daily cost of the typical dose is equal to or greater than \$40.00 (\$14,600 annual cost).

ALBERTA

Two pharmacy upcharges are allowed:

- Allowable Upcharge #1 is defined as 3% of the Manufacturer's List Price (MLP).
- Allowable Upcharge #2 is defined as 7% of the sum of the MLP and Allowable Upcharge #1, up to a maximum of \$100.

SASKATCHEWAN

According to the agreement between Saskatchewan Health and pharmacy proprietors, the maximum pharmacy markup allowance is based on the drug's acquisition cost.²

¹ Canadian Institute for Health Information. 2017. *National Prescription Drug Utilization Information System Plan Information Document, July 2017*. Ottawa: CIHI. Available at: <https://secure.cihi.ca/estore/productFamily.htm?pf=PFC3490&lang=en&media=0>

² Saskatchewan Formulary Online Database, available at: <http://formulary.drugplan.ehealthsask.ca>

Acquisition drug cost	Maximum pharmacy markup allowance
\$0.01–\$6.30	30.0%
\$6.31–\$15.80	15.0%
\$15.81–\$200.00	10.0%
>\$200.01	\$20.00

However, for urine-testing agents, the pharmacy receives an acquisition cost along with the markup and a 50% markup in place of the dispensing fee. For insulin, the pharmacy receives an acquisition cost plus a negotiated markup. No markup is allowed for the insulin pump program.

Saskatchewan also allows a wholesale markup on specific products: insulin: 5.0%; standing offer contract products: 6%; generic drugs: 6.5%; and most other drugs: 8.5%. The wholesale markup is capped at \$50.00 per package size and is subject to the Actual Acquisition Cost (AAC).

MANITOBA

No pharmacy markup policy.

ONTARIO

The pharmacy markup for all Ontario Drug Benefit (ODB) high-cost claims (total drug cost equal to or greater than \$1,000) is 6%. For claims where the total drug cost is less than \$1,000, pharmacies receive an 8% markup on the drug benefit price of the product dispensed.

NEW BRUNSWICK

There is a pharmacy markup of up to 8% allowed for drugs on the Maximum Allowable Price (MAP) and Manufacturer's List Price (MLP) lists.

NOVA SCOTIA

The pharmacy markup is the Manufacturer's List Price (MLP) plus 10.5% (if the ingredient cost is \$3,000 or less) or MLP plus 8% (if the ingredient cost is greater than \$3,000), or the Maximum

Reimbursable Price (MRP) or the Pharmacare Reimbursement Price (PRP) plus 8% including methadone. Exceptions include ostomy supplies — Actual Acquisition Cost (AAC) plus 10.0% (maximum \$50) — and compounded extemporaneous products (except methadone and injectables) — AAC plus 2.0% (maximum \$50).

PRINCE EDWARD ISLAND

A maximum 6% markup is allowed for drugs on a Maximum Reimbursable Price (MRP) list. When no MRP exists, the allowed markup is 10% on the ingredient cost for brand-name drugs for which the prescription cost is \$2,702 or less, to a maximum of \$250 per prescription, and 9.25% on the ingredient cost for brand-name drugs for which the prescription cost is more than \$2,702.

NEWFOUNDLAND AND LABRADOR

A wholesale markup of 8.5% applies to the Manufacturer's List Price (MLP) for single-sourced ingredient drugs listed in the Newfoundland and Labrador Prescription Drug Program (NLPDP), and 9% markup for drugs in the Interchangeable Formulary. No pharmacy surcharge can be applied to the prescription cost under any NLPDP plan.

YUKON

The actual acquisition cost (AAC) may include a wholesale upcharge of up to 14%.

Pharmacies are allowed a 30% markup on top of the Actual Acquisition Cost (AAC) of a drug product. As of July 2017, pharmacies are allowed a maximum markup of 5% on direct-acting antiviral (DAA) drugs for hepatitis C.

NON-INSURED HEALTH BENEFITS (NIHB)

In general, the price is the same as the respective provincial formulary if listed; otherwise, the price paid will be the price list of a national wholesaler.

Pharmacy markups, if applicable, are set in response to provincial/territorial contexts and therefore differ by province.