



MARKUP POLICIES IN PUBLIC DRUG PLANS, 2019/20

This reference document provides a summary of markup policies in 2019/20 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 mark-up 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 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

Acquisition drug cost	Maximum pharmacy markup allowance
\$0.01–\$6.30	30.0%
\$6.31–\$15.80	15.0%

¹ Canadian Institute for Health Information. 2020. *National Prescription Drug Utilization Information System Plan Information Document, July 2020*. Ottawa: CIHI. Available at: https://secure.cihi.ca/free_products/npduis-plan-information-2020-en.pdf

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

\$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

As markup is included in the dispensing fee maximum in Manitoba, there is no separate pharmacy markup policy.

The Pharmaceutical Distribution Rate (the supplemental cost added by wholesale distributors to the published list price) for all generic products increased from 0% to 5%, effective May 31, 2019.

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.

QUEBEC³

The maximum allowable wholesale markup on the guaranteed selling price is 6.5% with a cap at \$39.00. Terms and conditions apply, notably for certain expensive drugs. There is no pharmacy markup policy.

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.

³ PMPRB studies produced through the National Prescription Drug Utilization Information System (NPDUIS) initiative do not currently include data from public plans in Quebec.

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 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 maximum wholesale markup of 8.5% applies to the Manufacturer's List Price (MLP) for drug products listed in the Newfoundland and Labrador Prescription Drug Program (NLPDP) database. A 9% Inventory Adjustment Allowance applies for drug products contained in the Newfoundland and Labrador Interchangeable Drug Products Formulary (NIDPF).

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 differed by province.