

Drug Plan & Extended Benefits

May 9, 2005

Secretary of the Board
Box L40
Standard Life Centre
333 Laurier Avenue West
14th Floor
OTTAWA ON K1P 1C1

Dear Ms Dupont:

As you know the cost of providing prescription benefits to residents continues to increase at a significant rate. The recent trend of some manufacturers requesting regular price increases for their patented products is contributing to the growth in prescription costs. This growth in costs adds additional pressure on the sustainability of prescription drug programs and as a result has the potential to adversely affect consumers in Canada.

From the perspective of a payor it is desirable to know that manufacturer's price increases are within PMPRB guidelines. It would also be beneficial to understand the impact price increases have on different classes of customers.

As plan managers we are frequently requested to provide justification for price increases because the compounding effect of annual increases is significant and must be accounted for in budget forecasting. It would be preferable to know the PMPRB had taken the appropriateness of a proposed price increase in to consideration. In this regard, it would be helpful to re-visit the appropriateness of the CPI methodology and undertake analysis to determine the potential impact if the current trend of increases continues.

Thank you for the opportunity to comment. I would be pleased to discuss further.

Sincerely,



Kevin Wilson
Executive Director
Drug Plan & Extended Benefits Branch