



Statement from the Canadian Generic Pharmaceutical Association (CGPA) Regarding the Ontario Government's Plan to Cut Low-Cost Generic Drugs

Toronto, April 21, 2012 – *The following is a statement by Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA), regarding the Ontario government's announced plans for further cuts to generic prescription drug prices:*

"The announcement by the Ontario government of plans to further cut prices of generic prescription medicines was done without consultation with our industry or prior notice and must be withdrawn.

The generic pharmaceutical industry has done more than its fair share to contribute to cost savings in Ontario, and has endured massive cuts to reimbursement prices in both 2007 and 2010.

This reckless plan must be abandoned to ensure that new and existing cost-saving generic prescription medicines continue to be available for Ontarians and, in fact, all Canadians.

In 2011, generic drugs filled 69 percent of all prescriptions paid for by the Ontario government, yet accounted for only 23 percent of the \$3.6-billion spent on prescription medicines. Clearly, generic drugs are providing excellent value of the Government of Ontario.

The Drummond Report made several recommendations regarding pharmaceuticals, including using an evidence-based approach to decisions regarding coverage of new brand-name drugs, permitting pharmacists to substitute less expensive alternatives to prescriptions, permitting pharmacists to administer injectable and inhalant medications, and allowing pharmacists to prescribe for minor ailments. These proposals would provide significantly greater savings than the government's proposed cuts to generic drugs and should be pursued.

Increasing generic drug utilization to levels in jurisdictions such as the United States, providing meaningful incentives for generic drug firms to challenge invalid or non-infringed drug patents, and ensuring new generic drugs are added to the government's drug plan formulary quickly and efficiently are also opportunities to reduce health-care spending with no adverse impact on patients.

The Ontario government must also recognize that further price cuts will result in fewer cost-saving generic drugs coming to market, and at a later date. That will leave the Ontario government and other payers paying the full cost of the brand-name drug.

Additional price cuts could also eliminate competitors from the market for some products, further jeopardizing the supply of generic medicines in Ontario and Canada.

The continued business uncertainty created by endless drug reforms targeting generic drug makers also threatens the industry's significant investments in Ontario. Generic drug makers employ more than 8,000 Ontarians in highly-skilled, good paying jobs in research and development, and manufacturing. Ontario-based generic drug companies export more than \$1-billion in products on an annual basis. The generic pharmaceutical industry provides precisely the kind of jobs and investments that the Ontario government should be trying to attract and maintain, particularly given the current economic climate."

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