

**PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**Study finds generic drugs are more expensive in Canada.**

Ottawa, August 29, 2002 – Most top selling generic drugs are more expensive in Canada than in the United States according to the findings of a study conducted by Palmer D'Angelo Consulting Inc. The study examined the prices of top-selling generic drugs in Canada and the United States and found that most top selling generic drugs—21 of 27—are more expensive in Canada. In many cases, the price differences were significant.

These findings have important implications for consumers as well as provincial and federal government drug plans that could save in excess of \$100 million annually if the Canadian generic prices were comparable to those available in the United States. The study findings will be presented in a poster session at the conference of the International Society Pharmacoeconomics and Outcomes Research (ISPOR) in Rotterdam (the Netherlands) in November.

“These results are surprising given that most brand name drugs are cheaper in Canada than in the US. It would appear that the competitive forces that moderate the prices of generic drugs in the United States are not operating effectively in the Canadian market. Government policies that establish generic price levels relative to branded drug prices in Canada may in fact lessen competition and contribute to higher generic prices.”  
said Neil Palmer, Principal Consultant.

Palmer D'Angelo Consulting Inc (PDCI) is an Ottawa based research and regulatory affairs consultancy that focuses on the pricing and reimbursement of pharmaceuticals in Canada, the United States and Europe.

- 30 -

For more information contact:  
W. Neil Palmer  
Principal Consultant,  
Palmer D'Angelo Consulting Inc.  
(613) 742-7523



## **Generic Drugs: A Canada US Comparison**

### **Abstract**

**OBJECTIVE.** This paper compares the prices of top selling generic drugs in Canada with prices for comparable generic products in the United States. **METHODS.** We examined the prices of 27 top selling (in 2001) generic prescription medicines in Canada that were marketed in both Canada and the United States. The sample represented approximately 39% of total generic sales in Canada. For each of the generic medicines a representative presentation (strength/dosage form) was selected – generally the top selling presentation of the medicine. The prices were the Q1 2002 Canadian ex-factory prices as listed in the Québec provincial government formulary and the US Federal Supply Schedule (FSS) prices. These prices generally represent the best available prices in the two countries. **RESULTS.** Preliminary results indicate that of the 27 leading generic drug products examined, 21 had higher prices in Canada than in the U.S. By all measures Canadian generic prices of the sample drugs were higher than those in the U.S.: Mean: +155%; Weighted Mean: +37%; Median +51%. Annual savings in excess of C\$150 million would result if Canadians had access to FSS prices for the sample drugs. If the price differences seen in the sample can be extrapolated to all generic drugs available in Canada, the potential annual savings could approach C\$400 million. **CONCLUSIONS.** It is generally accepted that the ex-factory prices of innovator (brand name) prescription drugs are significantly lower in Canada than in the United States. It was therefore surprising to find the opposite result for generic drugs. Several factors may contribute to higher Canadian generic prices. The Canadian generic industry is highly concentrated (relative to the US) with the market dominated by two large generics firms. Secondly, provincial government reimbursement policies discourage discounting and feature published formularies that typically establish ex-factory prices for all classes of customer.