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Provinces could save millions in prescription drug costs, new research finds

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Taxpayers could save millions of dollars if hospitals and provincial governments harmonized their prescription drug plans, new research suggests.

Hospitals in Canada manage their formularies – the list of generic and brand-name drugs they dispense – independently. Yet many patients are discharged on medications they will have to purchase through publicly funded drug benefits programs.

Dr. Chaim Bell, a physician and researcher at St. Michael's Hospital and scientist at the Institute for Clinical Evaluative Sciences, noted that health care expenditures in Canada are on a steep upward climb, reaching $191 billion in 2010.

Medications represent an increasing share of those costs, currently around 16 per cent. A few classes of drugs account for the bulk of those expenses. For instance, the annual cost of angiotensin-converting enzyme (ACE) inhibitors in Canada doubled over the previous ten years to reach $956 million in 2006.

Dr. Bell decided to investigate how much public money could be saved if hospitals, when starting patients on new medications, prescribed the cheapest one. His results were published in the journal *PLoS ONE* today.

Using data from ICES, he looked at three commonly prescribed medications that account for a large chunk of prescription drug costs in

Canada:

- proton pump inhibitors (used to treat stomach ulcers and reflux acid)
- ACE inhibitors and
- angiotensin receptor blockers (both of which are used for high blood pressure, as well as treating heart failure and preventing kidney failure in diabetics)

The cost for filling all PPI, ACE inhibitor and ARB prescriptions in Ontario for one year, April 2008 to March 2009, was $2.48 million, $968,000 and $325,000 respectively.

Substituting the least expensive version of each drug could have saved $1.6 million, or 47 per cent, for PPIs, Dr. Bell found. It could have saved $162,000, or 17 per cent, for ACE inhibitors and $14,000, or four per cent, for ARBs in the year following the patients' discharge from hospital.

"At a time when every health care dollar matters and has to be spent wisely, these findings suggest that hospitals and governments should look at ways to break down the silos around prescription drug purchasing and dispensing," Dr. Bell said.

"It's all taxpayers' money. Whether it's billed to a hospital cost centre or a government drug plan cost centre, it all comes from the same source."

Provided by St. Michael's Hospital

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