



Canadian Association of Chain Drug Stores
Association canadienne des chaînes de pharmacies

Canadian Association of Chain Drug Stores Response to the Competition Bureau Report on Canadian Generic Drug Sector Study

TORONTO, October 29, 2007 -- The Canadian Association of Chain Drug Stores agrees with the conclusion of the Competition Bureau's study of the generic drug sector in Canada that strong competition exists in the supply of many generic drugs. However, we strongly disagree with the Competition Bureau's conclusion that the benefits of this competition are not reaching the Canadian public in the form of lower prices.

In reality, the rebates – or manufacturer or professional allowances -- keep pharmacies economically viable, able to provide both basic and extended services that benefit patients, and to invest in pharmacy innovation to further enhance the practice, including new technology and services. These services include health promotion and disease prevention programs such as education clinics for management of diabetes, asthma and hypertension, medication therapy management, flu shot clinics and home delivery to those in need.

Reimbursement by public and private payers of pharmacy services does not cover the costs of providing those services, and that has been the case for more than a decade. For example, the professional fee for pharmacies in Ontario paid by the public drug plan did not increase significantly for 16 years, and tracked well below the CPI. Across the country, the professional fee paid by the public drug plans does not cover the cost of providing the service, much less provide for a reasonable margin.

Rebates, or "allowances", from generic manufacturers to community pharmacies are part of a normal and healthy competitive market dynamic and they have subsidized the costs of providing pharmaceutical services and saved governments and private payers from having to fully fund community-based pharmaceutical services.

The Bureau's media release accompanying the report states that Canadians deserve to reap the benefits of the competition in the generic drug market and says that their study helps to explain why they are not. We are disappointed that the Bureau has failed to "connect the dots" with the information they were provided and tell the full story of how consumers and public and private payers already are benefiting greatly as a result of the competitive marketplace for both generic drug manufacturers and also community pharmacy retailers.

CACDS is the national association that represents the community chain pharmacy industry in Canada. The twenty-five members of CACDS are traditional chain drug stores, grocery chains and mass merchandisers with pharmacies. Together, CACDS members operate more than 5,800 stores that dispense 78 per cent of the nation's prescriptions each year.

CACDS members employ almost 100,000 Canadians, including 80 per cent of the pharmacists practicing in community. Its 182 Associate Members represent all supply categories and services in the retail pharmacy industry, including pharmaceuticals, health and wellness products, self-care medications, and other consumer products.

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