

## Executive Officer Notice: Price Increase Requests

On April 30, 2008, the Ministry issued a consultation notice about proposed amendments to the regulations made under the *Ontario Drug Benefit Act* (ODBA) and the *Drug Interchangeability and Dispensing Fee Act* (DIDFA) regarding price increases for drug products that are listed as benefits on the Ontario Drug Benefit (ODB) Formulary / Comparative Drug Index. The final amending regulations were approved by the Lieutenant Governor in Council and came into effect on **October 16, 2008**.<sup>1</sup>

These regulatory amendments create a new exemption to the 50% price rule for qualifying generic drug products under the ODB Program. The Executive Officer of Ontario Public Drug Programs may now consider a price increase for an interchangeable product that is higher than 50% of the original product price where:

- (a) the manufacturer has submitted evidence satisfactory to the Executive Officer of substantial raw material cost increases; and
- (b) the Executive Officer is satisfied that the criteria posted on the Ministry's website have been met establishing that it is in the public interest that the interchangeable product be listed at a higher drug benefit price (see the *Price Increase Criteria and Request Process* accessible at the link below).

Although the pricing rules in the ODBA and DIDFA regulations apply generally to generic products only, the *Price Increase Criteria and Request Process* posted on the Ministry website apply to price increase requests in respect of brand products listed on the ODB Formulary as well. The *Price Increase Criteria and Request Process* may be accessed at:

[http://www.health.gov.on.ca/english/providers/program/drugs/drug\\_submissions/price\\_increase\\_requests.html](http://www.health.gov.on.ca/english/providers/program/drugs/drug_submissions/price_increase_requests.html)

Be advised that the foregoing price increase policy does not replace the volume discount mechanism in place for brand products listed on the ODB Formulary where manufacturers are not able to link a price increase to a substantial increase in raw material costs. This policy also does not apply to blood glucose test strips or nutrition products.

---

<sup>1</sup> See: (i) Ontario Regulation 354/08 amending Regulation 935 made under the DIDFA, and (ii) Ontario Regulation 355/08 amending O.Reg 201/96 made under the ODBA.