

Generic Drug Shortages: A Result of the Recent Generic Drug Pricing Reforms?

By: Cubic Health Clinical Team

Employers may be seeing an increased number of claims being submitted to their plans for brand name drug products over the past few months. The reason for this trend is the widespread, and ongoing, generic drug shortages across Canada. This period has no doubt been a cause of significant distress among patients and healthcare providers alike, but also an area of concern for plan sponsors who are continually working to manage their ever growing drug plan expenses.

To highlight the scale of the problem, some reports have indicated that fifteen products are affected, while other sources have stated that there are hundreds of products now on backorder in Canada. Physicians and pharmacists are even having difficulty in procuring commonly used and essential antibiotics such as penicillin and amoxicillin, and the gout prevention medication allopurinol. Though temporary supply issues are not new to the Canadian pharmaceutical market, the duration and scale of this particular stretch has been described by some pharmacists as the worst they have ever seen. Our Cubic Health pharmacy team has seen the problem first hand in the pharmacy over the past month, and it is a more significant issue than we have seen in many years.

Healthcare providers have been scrambling to find appropriate alternatives, while patients have potentially been unable to obtain necessary medications or forced to accept changes to drug therapy. Plan members may be paying out-of-pocket for these multi-source brand products, and then submitting prescription receipts to plan sponsors for reimbursement - claims which are likely to be legitimate given the extent of the generic drug shortages.

There has been much speculation surrounding the underlying cause to the current drug shortages in Canada. Considering that the vast majority of affected products are generic, and the flurry of recent generic pricing reforms in a number of provinces over the past six months, it is not surprising that some have linked these observed drug shortages with the reductions in generic prices. However, there is absolutely no evidence this is the case. The Canadian Generic Pharmaceutical Association (CGPA) has also issued an official statement which refutes the claim that current drug shortages are related to the recent generic pricing regulations.

It should be noted that similar drug shortages are occurring internationally, and that these shortages have been an ongoing issue, pre-dating provincial generic pricing regulations. In addition, provinces where there have not been any generic drug pricing changes have also been impacted.

The CGPA and other sources have also indicated that the observed drug shortages can be attributed to a number of contributing factors including:

- Shortages in the Active Pharmaceutical Ingredients (APIs) or raw materials necessary to manufacture the medications
- Production issues
- Changes in regulatory standards and requirements

There is no indication as to when these drug shortages will end or be restored to baseline levels.