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Have a question, concern or suggestion? Please contact Jenifer Martin, Director, Pharmacy Services at 905-568-3478, ext.340 or send an e-mail to jmartin@healthprocanada.com.



New generics: HealthPRO strategy ensures best value for members

The word is out. A new generic drug has just been released to the marketplace and HealthPRO members are anxious to benefit from potential savings.

But while 'new generics' can bring significant cost savings over their brand name counterparts, Kathy Boyle, VP, Services, cautions that each generic entry must be carefully evaluated. "While we understand that our members want to take advantage of reduced costs as soon as possible, we won't compromise on product quality, safety and long-term value," she says. "Our evaluation process for new generic entries is just as rigorous as our RFP process and our track record shows that this approach ultimately works in the best possible interests of members."

HealthPRO's 'first generic' response

Here's a step-by-step example of the process that HealthPRO uses to ensure maximum value for members.

1. Before the patent expiry, one or more generic drug companies apply to Health Canada for permission to produce the generic version. If Health Canada finds the generic drug to be comparable and equivalent with its brand-name version, it issues a Notice of Compliance to the manufacturer. The generic version may reach the market almost immediately or many months later. HealthPRO monitors Health Canada's website regularly and takes note of current NOCs.
2. Under a clause in HealthPRO's standard contract, our existing supplier is given first opportunity to submit new pricing for the drug. They may propose a price decrease, a new or increased rebate or may offer no change at all. They must respond within 15 days (down from a previous period of 30 days).
3. Meanwhile, we check with other generic drug houses to see whether they also intend to produce the generic brand in the near future. This helps us to assess potential marketplace competition. The more competition, the more opportunities there are for savings. We try to balance the need for timely savings with the prospect of significant longer-term savings.

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Kathy Boyle, Vice-President, Services

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4. HealthPRO's member-based Pharmacy Advisory Operational Committee (PAC-OC) analyzes the existing supplier's response. They also consider the *overall* value members have been receiving for the life of the original contract and the length of time left on the contract term.
5. If HealthPRO accepts the brand-name company's response, members benefit from the best market price within 20 days with no change in product. Otherwise, HealthPRO issues an RFP using the usual process governed by laws of competitive bidding. The incumbent
- and generic drug companies then have 15 business days to respond, after which the PAC-OC makes a contract award recommendation.
6. In addition to Health Canada's assessment, HealthPRO uses its own evaluation process to check new generic products for minor variations in formulation, dosage, packaging, consistency, etc. Even small differences may impact the drug's suitability for members' needs so while this process takes time, it's important. Overall, the RFP process takes 40-45 days.

Savings show HealthPRO strategy works

By using a strategic approach to each new generic entry, and engaging the expert advice of our advisory committees, HealthPRO has generated millions of dollars in savings for its membership. In the past year alone we achieved **\$11.6 million**, or **66%** over eleven new generic drug entries. This value was realized through a combination of accepting offers from some of the brand-name companies with whom we had existing contracts, and going to market for generic alternatives where we felt we could achieve better value.



Honour your contract commitment. Remember that even if HealthPRO is renegotiating an existing contract 'mid-stream', your initial commitment stays in effect. This is the single most important thing you can do to ensure the success of your GPO and its ability to negotiate best long-term value on your behalf.

Working in your best interests

- We encourage our brand name suppliers to provide best value in advance of generic entries.
- We regularly monitor the marketplace for first generic entries so that we can be proactive in assessing benefits.
- We apply a stringent evaluation process to assess the generic entry – using the expertise and advice of our members.
- We work to realize savings for members as quickly as possible, while strategizing around timing of RFPs to take best advantage of marketplace developments.



Thank you – we're paying attention

Look behind any highly-successful service organization and you will find a team that pays close attention to its membership. At HealthPRO, we keep a constant eye (and ear) on how members are feeling about the value and services that we negotiate and deliver on their behalf. We also use a member survey to get an annual "snapshot" of the entire membership so that we can track upward or downward trends that we can build on or learn from.

Our summer 2008 member survey told us that:

- over 90% of respondents "strongly agree" or "agree" that their HealthPRO membership brings them financial value;
- 89% rate "time savings" at the top end of the agreement scale;
- 84% strongly agreed or agreed that HealthPRO responds quickly to suggestions or problems;
- 93% strongly agreed or agreed that they have a "high level of trust and confidence in HealthPRO";
- 95% said HealthPRO does a "good" or "excellent" job of keeping them informed of current contract changes;
- 89% gave an excellent or good rating for HealthPRO's efforts to keep them informed of value-add opportunities;

Suggested opportunities for improvements, included:

- Giving members a clear understanding of how HealthPRO responds to new generics in the marketplace (see article in this issue);
- Enhancement of HealthPRO response to drug shortages and recalls.

Work is already underway on a streamlined approach for addressing drug shortages and discontinued products. The new process will be in place early in 2009.

As a direct result of observing members' priorities and challenges, HealthPRO's strategic plan includes a major focus on supporting members to meet

patient and medication safety regulations and accreditation standards, refining our process for responding to drug shortages and adapting to new marketing tactics when a new generic enters the market. To help accomplish this work, we recently established two new positions (see introductions in this newsletter).

"We will always welcome our members' observations and advice," says Kathy. "Our success as a group purchasing organization rests on our ability to anticipate and respond to their needs. And the only way we can understand those needs is by paying attention."

Call for Participants in Product Evaluation Process:

HealthPRO members are an integral part of the decision-making process for product and service evaluation and contract awards. Our Product Evaluation Working Group is made up of pharmacists, technicians and other health care professionals who use their knowledge and experience to carefully assess every product before it is accepted on contract.

We currently need members from urban and rural healthcare facilities to

participate in our next product evaluation session, to be held:

**January 26 and 27, 2009,
8:30 – 4:30 p.m.
Ontario HealthPRO offices
5770 Hurontario Street,
Suite 902, Mississauga**

This is a great opportunity to help ensure that the products being considered for upcoming HealthPRO contracts meet

quality and safety standards, member needs and preferences. If you are interested in participating, please contact:

Ester Rimando
905-568-3478 ext. 404
erimando@healthprocanada.com

or

Cheryl Dakin ext. 272
cdakin@healthprocanada.com

Left to right: Cheryl Dakin, Jeffrey Thorne and Amelia Spinelli



Introducing...

...Cheryl Dakin, Amelia Spinelli and Jeffrey Thorne, who together bring a wealth of expertise to the Pharmacy Services team. Cheryl and Amelia's positions are newly-created to enhance our ability to bring members quality, value and great service.

Cheryl Dakin, Clinical Advisor

With more than 25 years of experience as a staff pharmacist, operations manager and director in retail and hospital pharmacy environments, Cheryl understands both the clinical and business perspectives of pharmacy procurement including the importance of product quality and safety and, most importantly, the patient experience.

Cheryl's primary responsibility is to ensure that contracted products meet both industry standards and the criteria established by HealthPRO's member-driven advisory committees. It is also her role to liaise with members and suppliers on product issues or complaints. "I want our members to feel confident that the products they are using meet exacting standards and suitability requirements," comments Cheryl. "And, the event of a problem, I'm here to help find a resolution."

Amelia Spinelli, Contracts Development

Originally from Vancouver, Amelia completed her Masters Degree at the University of Milan in Italy where, for the past few years, she was employed as a Procurement Analyst in the field of International and Governmental Procurement. She is currently completing her Purchasing and Supply Certification from the Chartered Institute of Procurement and Supply in the UK and is looking forward to using her experiences and background in her new role at HealthPRO.

Amelia's primary area of focus is to add strength and support to the Pharmacy Services contract team, identifying new "value added" opportunities for members. She is also responsible for ensuring proactive response to drug shortages and for addressing any product issues. Goal-focused, Amelia lives by her favourite quote, from Amelia Earhart: "The most effective way to do it, is to do it."

Jeffrey Thorne, Coordinator, Pharmacy Services

A recent university graduate with a double major in business administration and psychology, Jeff recently came to HealthPRO from the retail banking sector. His extensive experience in customer service fits well with his service-based role at HealthPRO. He appreciates the importance of ensuring that hospital's resources are optimized through progressive business practice so that more money can be focused on patient care.

Jeff's most important responsibility at HealthPRO is to provide Pharmacy Services members with relevant, timely information. He advises members of contract changes, checks that contracts are up-to-date and ensures that the lowest contract price is being honored. "I'm here to serve our members effectively and efficiently," says Jeff. "And I enjoy problem-solving - it's an important aspect of my work and it keeps me on my toes!"