

Update on Western Canadian Pharmaceutical Purchasing Strategy

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On July 21, 2009, the Governments of British Columbia and Alberta signed an agreement to consolidate health system supply purchasing (including medical and hospital supplies, pharmaceuticals and some foods) through the group purchasing organization – HealthPro.

This announcement builds on the Western Premier's recent announcement June 18, 2009 that they are developing a joint Western purchasing plan for pharmaceuticals with the intention of securing better pricing through the pooling of purchase volume.

If anyone is still wondering if inter provincial collaboration and bulk purchasing to contain costs is a passing phase, just look at the spate of recent announcements to demonstrate that there is significant inertia behind this announcement.

In the last week the following announcements were made: July 21, 2009 BC's Health Authorities Shared Services (SSO) save \$57 MM by amalgamating several purchases into contracts with larger volumes with larger volumes of standardized products; Minister Falcon's July 17, 2009 letter to BC Health Authorities Board Chairs on fiscal accountability; multiple media reports on Alberta Health Services projected deficit position of over \$1 BB for 2009/2010.

Moreover, many contracts are soon expiring allowing for a rapid collaborative implementation. Some speculate that pharmaceutical tendering could begin as early as December 01, 2009. This is reasonable given the tone of "immediacy" in both Alberta and British Columbia's announcements and it is very likely that there are teams and plans ready to go to execute on the promise of such a major announcement. This means that suppliers should consider sharpening their pencils now.

It is stated that this announcement will cover drugs, medical and surgical supplies as well as nutrition products. Although with AHW picking up the tab for many oncology products, it remains to be seen whether these will be affected

In short, get ready... It is going to be a busy summer and fall for healthcare system suppliers.