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## Bargaining Benefits – Reining in the Cost of Generic Drugs

Prescription drugs drive up the cost of benefits for both public and workplace plans. Since 2006 B.C., Alberta, Manitoba, Ontario, Quebec, and Newfoundland and Labrador have taken steps to limit the cost of generic drug pricing. (Unfortunately, no Canadian government has yet to take on the makers of “brand name” drugs, which, unlike generic drug makers, are given significant protection from competition by the federal government.) Let’s look at how the cost of generic drugs affects bargaining.

### What influences the cost of generic drugs?

Generic drug manufacturers don’t incur the cost of research, testing, and development so they can produce the drug more cheaply and theoretically pass those savings on to consumers.

However, as a 2006 study on non-patented drug prices conducted by the Patented Medicine Prices Review Board found Canadians pay between 21 and 51 per cent more than consumers in 8 other countries for the 100 top-selling generic drugs. Why? For years, generic drug manufacturers have paid an incentive to pharmacies to stock their generic alternative. The highest bidder wins the pharmacy’s shelf space, and the cost of these incentives inflates the price of the drugs.

To combat high generic drug costs Alberta, Ontario, B.C., Quebec, and Newfoundland and Labrador have regulated the price of generic drugs to be a fixed percentage of the brand name price.

**In Ontario, the percentage is currently 50 per cent, but is slated to drop to 25 per cent by 2014.**

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### How does regulating generic drug prices affect workplace plans?

Governments in Alberta, Quebec, Manitoba, and Newfoundland and Labrador now ensure consistent pricing for both public and private plans. Ontario is phasing in protection over several years. In other jurisdictions, prices paid for the same generic drug may differ substantially between public and private plans. (Source: *Generic Drug Pricing And Access In Canada: What Are The Implications?* SECOR June 2010)

Pharmacies are seeking ways to replace the revenue lost to these regulations. One option they have is to raise dispensing fees, which have remained stable for decades.

As employees with an employer-based drug plan are sometimes required to pay part of the dispensing fee, employees may end up facing higher costs, even while costs of generic drugs decrease for the employer.

### How does the cost of generic drugs affect bargaining?

1) Dispensing fee caps (a limit on the amount the plan reimburses when you fill a prescription)

- If you have a cap, make sure it is high enough to protect members if fees increase.

- **If you don't have a dispensing fee cap, keep it that way!** No cap means the plan will pay for any increases in dispensing fees.

- Annual caps: If your plan has a dispensing fee cap, it is often applied to each prescription. Plan members who require a lot of prescriptions will pay each time. Try to negotiate an **annual maximum** after which the plan will pay the total dispensing fee, protecting members who require more prescriptions.

#### Generic Drug Facts

- In 2008, the use of generic prescription drugs saved Canada's health-care system approximately \$3-billion when compared with the price of brand name drugs.
- The average price of a brand-name prescription in Canada is \$64.19, while the average price of a generic prescription is \$26.07.
- Generic drugs are identical to brand name in quality, purity and effectiveness. The only difference may be in the filler (which can affect how the body absorbs the drug) or coating of the generic medication.
- Most brand-name drugs are imported to Canada, however the vast majority of the generic drugs sold in Canada are made here, attracting jobs and investment.

2) The combination of legislated cost reduction for generic drugs, plus the fact that the patents are ending on a number of popular brand name drugs, means we can expect to see an impact on the cost of prescription drugs in benefit plans.

- Ask the employer to account for savings from generic drugs, and to engage the union in how to apply the savings to the plan or reduce premiums.

- According to Hewitt Associates, employers can expect the Ontario portion of their prescription drug plan costs to drop by approximately 8 per cent immediately, and by 16 per cent within two years. Make sure the employer accounts for the savings to retiree drug plans too.

It is not very often that drug plans achieve cost savings! The opportunity provided by generic drug legislation and patent expiry will be an opportunity to increase fairness and reduce costs for plan members and employers.

Source: CUPE-Tabletalk Winter 2011

Joint Health and Safety is looking for Volunteers, contact the Union Office for more information at 345-9511. Read the Terms on reference on the CUPE87 website at [www.cupe87.ca](http://www.cupe87.ca)

## Canada's best-paid CEOs 'recession-proof': study

January 3, 2011- Canada's best-paid 100 CEOs breezed through the worst of the recession with earnings 155 times higher than the average Canadian income earner, says a new study by the Canadian Centre for Policy Alternatives (CCPA).

The study, *Recession-Proof*, looks at 2009 compensation levels for Canada's best paid 100 CEOs and finds they pocketed an average of \$6.6 million during the darkest period of the recession – a stark contrast from the total average Canadian income of \$42,988.

"At this rate of reward, this handful of elite CEOs pocket the equivalent of the average Canadian wage by 2:30 pm on January 3 – the first working day of the year," says the study's author and CCPA Research Associate Hugh Mackenzie.

The study shows executive compensation in Canada wasn't always this rich. In 1998, the best paid 100 CEOs pocketed an average of 104 times more than the average Canadian wage earner, compared to 155 times more in 2009.

Read the full article at:  
[www.policyalternatives.ca](http://www.policyalternatives.ca)



The study highlights the role that soaring executive compensation plays in the dramatic growth in income inequality in Canada identified in a recent CCPA study by Senior Economist Armine Yalnizyan. Yalnizyan found that fully one third of all income growth in Canada in the past 20 years went to the richest 1% of Canadians.

The study can be found at: [www.policyalternatives.ca](http://www.policyalternatives.ca)

## Summerland municipal workers ratify agreement

Oct 5, 2010— CUPE 1136 members have ratified a collective agreement with the District of Summerland, British Columbia. The three-year deal runs from January 1, 2010 to December 31, 2012.

"This agreement shows the pride our members take in working for the District," says Bargaining Committee chair David Scott. "We work in Summerland and care about the services we provide residents."

The agreement includes a 1.5 per cent increase in the second year and 1.75 per cent in the third year with improvement to benefits. The agreement lowers the number of steps from five to three and applies them across the board, with all current workers being raised to the top step as of January 1, 2011. Outside workers will have their first increase in twenty-five years with a "Dirty Pay" increase from 35 cents to 50 cents per hour.

Source: <http://cupe.ca/settlements/summerland-municipal-workers-ratify>

# February 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2 Grievance Meeting - Schedule B 5:30pm	3 Chinese New Year	4	5
6	7	8	9 Executive Meeting 5pm	10	11	12
13	14 Valentines Day	15	16 Membership Meet- ing 5:30pm	17	18	19
20	21 Family Day	22	23	24	25	26
27	28					

On March 10, 2011, communities across Canada will be mobilizing to ban the bottle and reclaim public water. This date marks the second annual Bottled Water Free Day. It's never too soon to start your campaign to ban bottled water in your workplace! For more information: [www.cupe.ca/water/workplace-bottled-water-free](http://www.cupe.ca/water/workplace-bottled-water-free)

# March 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2 Grievance Meeting - Schedule B 5:30pm	3	4	5
6	7	8	9 Ash Wed. Executive Meeting 5pm	10	11	12
13 Daylight Savings	14	15	16 Membership meeting 5:30pm	17 St. Patrick's Day	18	19
20 Spring Equinox	21	22	23	24	25	26
27	28	29	30	31		

## Municipal pay increase entrenched in 'contract'

Jan 5, 2011

Mayor says public discussion of wages 'not respectful'

While community members are criticizing the RMOW's four per cent staff wage increases this year, the municipality says that it does not have the wiggle room to back out of them.

"The employee handbook is not a contract but it is an agreement. What a lot of people don't realize is that every single employee

that we hire on signs an employment agreement with the municipality, whether they are non-union or union," said Denise Wood, director of human resource for the RMOW

Non-union employees sign a legally binding agreement that states the employee and the employer are bound to the employee handbook, similar to a collective agreement reached with a union.

Read the full article at:  
[www.piquenewsmagazine.com](http://www.piquenewsmagazine.com)

## CUPE to keep up pressure for CPP improvements

Dec 21, 2010 - CUPE will continue working with the Canadian Labour Congress to hold the Harper government to its promise to improve Canada Pension Plan (CPP) benefits, says national president Paul Moist.

Read the full article at [www.CUPE.ca](http://www.CUPE.ca)

## Joint Health and Safety is looking for Volunteers, contact the Union Office for more information at 345-9511.

### Duties:

- ⇒ To identify and evaluate situations that may be a source of danger or hazard in the workplaces under the Committee's jurisdiction,
- ⇒ To inspect the workplaces monthly under the jurisdiction of the Committee,
- ⇒ To recommend to the employer equipment, practices and procedures intended to improve the health and safety of workers in the workplaces under the Committee's jurisdiction,
- ⇒ To recommend to the employer education and training programs intended to make all employees knowledgeable in their rights, restrictions, responsibilities and duties under the Act,
- ⇒ To obtain from the employer information respecting the identification of potential or existing hazards of materials, processes or equipment and respecting the health and safety experience, practices and standards in similar or other industries,
- ⇒ To obtain from the employer information concerning the conducting of any testing to be conducted in the workplaces under the jurisdiction of the Committee for the purpose of health and safety, and
- ⇒ To be consulted about and to have a designated Worker Member present at the beginning of such testing if the designated Worker Member so requires.

**For more information on the Joint Health & Safety Committee, please visit our website at [www.cupe87.ca](http://www.cupe87.ca)**

## Your Executive and Committee Members

**President:**

Marie Dean  
cupe87@tbaytel.net

**Vice-President:**

Glen LeBlanc (Temporary)

**Treasurer:**

Barb Lix

**Recording**

**Secretary:**  
Brenda Lyons

**Negotiating  
Committee Schedule 'A'**

Paula Zubrecki (Chair)  
Ami Osadec  
Laura St. Jacques  
(Alternate)

**Negotiating  
Committee Schedule 'B'**

Lisa Steenerson  
Luc Connell  
Dana Vacek (Alternate)

**Aboriginal Chairperson**

Joanne Hardy

**Negotiating Committee  
DSSAB**

Ardeen Rezka (Chair)  
Terri Davis  
Natalie Fortier  
Jackie Livingston  
Marlene Rintala-Wideman

**Research Committee**

Karen Martin (Chair)  
Jim Allcock  
Brenda Lyons

**Sergeant-At-Arms**

Luc Connell

**Sick & Welfare  
Committee**

Jackie Andrew (Chair)  
Ami Osadec  
Marlene Wideman  
Laura St. Jacques

**Grievance DSSAB**

Marlene Rintala Wideman

**By-Law**

Pina Pasciullo (Chair)  
Ami Osadec  
Heidi Takalo

**Trustees**

Verna Connolly  
Ami Osadec  
Jim Allcock

**WSIB/STD/LTD**

Lisa Steenerson

**Health & Safety  
Coordinating  
Committee**

Martin Nuttall, (Chair)  
Glen LeBlanc  
Ami Osadec  
Tracey Spencer

**Grievance Schedule "A"**

Ami Osadec  
Marie Dean  
Paula Zubrecki  
Laura St. Jacques  
Tracey Spencer

**Entertainment  
Committee**

Suzanne Gustafson (Chair)  
Michelle Friday  
Barb Lix  
Dana Sutton

**Grievance Schedule "B"**

Mark Wilson (Chair)  
Allan Caddo  
Chris Morgan  
Barry Chezick  
Martin Nuttall  
Mike Hanchar  
Wade Williams  
Joe LaDouceur  
Hank Siegers  
Ernie Rollason  
Rick Rayner  
Sal Piccalo  
Mark Wilson  
Jim Allcock  
Glen LeBlanc  
Robert MacMillan  
Harry Hurd  
Sandy Holbrook-Nelson  
Gary O'Leary  
Tony Santos  
Ed Luretig  
Lance Forsberg  
Rob Henderson  
Bob Munson  
Michael Dowhoszya  
Brian Lix  
Gary Garner  
Patty Wilson

## Tell Flaherty: Improved CPP is the best

Finance Minister Jim Flaherty appears to be backtracking on his support for an expanded Canada Pension Plan (CPP) - even though most provinces support CPP improvements.

Instead of making higher CPP benefits the top priority, Flaherty wants to create a pooled private RRSP system which is bad for Canadians—but good for Canadian banks and mutual fund companies.

We need your help. Canadians don't need the banks and financial industry getting another opportunity to gouge them out of their hard earned savings. We need leadership from our governments. Help keep the pressure up on Prime Minister Stephen Harper and Finance Minister Jim Flaherty. Visit [www.CUPE.ca](http://www.CUPE.ca) to join the campaign.