

**MINISTRY OF HEALTH  
DECISION BRIEFING NOTE**

**Cliff #** 1075749

**PREPARED FOR:** Honourable Terry Lake, Minister of Health - **FOR DECISION**

**TITLE:** Hepatitis C Drug Mark-Up

**PURPOSE:** To make a decision on reducing the mark-up on Hepatitis C drugs.

**BACKGROUND:**

Under the *Pharmaceutical Services Act*'s Drug Price Regulation, PharmaCare reimburses high cost drugs up to a maximum price based on the sum of the list price for the drug plus a five percent mark-up (as opposed to list price plus eight percent mark-up for non-high cost drugs). The reduced mark-up was intended to help address increasing mark-up costs due to the growing use of high cost drugs. Other Canadian jurisdictions have adopted different approaches to contain costs on high cost drug markups (see Appendix A).

The Drug Price Regulation limits high cost drug mark-ups to a maximum of five percent but it does not set a minimum mark-up that must be paid. Therefore the Ministry of Health has the flexibility to lower the mark-up on all or some high cost drugs.

**DISCUSSION:**

The increasing prices of high cost drugs and their growing utilization brings into question whether the current five percent mark-up is still fair and reasonable given its intended purpose of reducing high-cost drug mark-up costs.<sup>s.13,s.17</sup>

s.13,s.17

**Option 2** – Adopt the <sup>s.13,s.17</sup>  
Holkira Pak and Galexos.  
s.13,s.17

mark-up of 2 percent on Harvoni, Solvaldi,

**RECOMMENDATION:**  
**Option 2** – Adopt the <sup>s.13,s.17</sup>  
Holkira Pak and Galexos.  
s.13,s.17

mark-up of 2 percent on Harvoni, Solvaldi,

7.

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**Approved/Not Approved**  
Terry Lake  
Minister of Health

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Date Signed

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s.13;s.17

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s.16;s.13;s.17