



## To Our Patients

from Neil Young and the staff of  
Young's Pharmacy & Homecare

Thank you for your recent support in  
opposing government cuts to  
prescription funding,  
**but we lost, we all lost.**  
It is complicated, please read on.

### Background

In order to compete with each other in the past, generic drug companies rebated us money which we used to pay for many of the expenses we incurred filling prescriptions and operating our dispensary. These expenses included:

- Pharmacists' professional activities such as allowing time for counselling, consulting and patient education
- Technical support staff, whose duties allow the pharmacist more time for patient focused activity
- Dispensary health management programs
- Supporting computer systems for the above plus online prescription plan management

**In other words these funds subsidized the cost of every prescription we filled plus the cost of many other essential and "free" pharmacy services.**

The generic companies and all Ontario pharmacies were all playing by the same, very complicated rules enacted by various Ontario governments, each in turn trying to manage the Ontario Drug Benefit program. These subsidies were very evenly distributed to all Ontario pharmacies with the full knowledge and approval of the Ontario government.

### Now

Legislation that stops these generic drug company subsidies was implemented on July 1st and this has significantly impacted the economic viability of our pharmacy (and every other pharmacy in Ontario!).

The net effect of this legislation will remove hundreds of thousands of dollars from our pharmacy's income over the next 12 months.

The loss of the generic subsidies on non-government prescriptions means a reduction in our revenue of about \$4.60 per prescription in the first year and more shortfalls in the second and third years as the legislation is applied.

More distressing is the fact that, now, including lost subsidies on generic Drug Benefit prescriptions, the government will reduce our income on a generic Ontario Drug Benefit prescription by about \$5.50 per prescription putting us in a net loss position for these prescriptions.

The option of not filling Ontario Drug Benefit prescriptions to reduce our loss is available, but is as distasteful to us as it would be to our seniors and our other Ontario Drug Benefit patients.

For Young's Pharmacy to remain in business we must recover these losses, and unfortunately because of legislation, we can only recover these lost funds from our non-Ontario Drug Benefit patients.

This is certainly an option we have no enthusiasm pursuing, but the fact is, if we lose money filling prescriptions we will fail as a business and we will close.

Due to this legislation some generic drug prescriptions for cash customers and non-government plans will go down in price, however, for us to survive in business, our non-Ontario Drug Benefit patients will experience an overall average 6% prescription price increase in spite of the operational economies we have put in place.

We do not know how insurance plans will manage their programs in this new world, however we must ask our patients to cover any insurance plan shortfalls.

**We truly regret the actions that we have been forced to take.**

**Although some pharmacies have stated that they will cut services, to try to survive, please understand that at Young's we believe we can do no less than provide you with all the pharmacy services we have developed over the past fifty-two years.**

Prescription delivery, drug plan troubleshooting, extended evening and weekend hours, "ASAP while you wait" prescription filling, calls to your doctor for refills and consultations and personal, thoughtful, innovative care are what we provide. **These services will not be diminished or become "fee for service" items.** In fact new free programs, such as comprehensive health risk screening are being rolled out now. We can help identify many serious and often overlooked health risk factors such as prostate cancer, colorectal cancer, sleep apnea and vaccination scheduling.

I understand that some of our competitors relish the thought of independent pharmacies like ourselves closing and have made statements indicating that they will pursue "predatory" pricing, posting very low dispensing fees, to hasten this.

For your information, all pharmacies add an unregulated and undisclosed mark-up to the "cost" portion of a prescription price. **Some pharmacies that post a low fee can have an unseen large mark-up and it is the combination of fee and mark-up that determine the final prescription price.** A posted dispensing fee does not necessarily reflect the true competitive nature of a pharmacy's prescription prices.

Our posted fee is the real number we need and is not offset by mark-up games. **Increasing our fee will increase the cost of inexpensive prescriptions moderately but, by not increasing the mark-up, the cost of expensive prescriptions can be held in check.** We believe this is a policy that benefits all our patients.

**We are an independent pharmacy without deep pockets and rely on our professional activities to remain in business. Competitors that think we will roll over in the face of "predatory" price competition do not contemplate the genuine extra value we give you, our patients, each and every time we look after you.**

**On behalf of all the staff at Young's Pharmacy & Homecare, I thank you for being our patients and I hope you will continue to access the real personal value we will continue to provide when you need pharmacy care.**

Pharmacist

Guardian

**YOUNG'S**  
Pharmacy & Homecare

Rexall