Improving Coverage and Access to Innovative Medicines for Canadians

Standing Committee of Health study of Bill C-64

May 22, 2024

INNOVATIVE MEDICINES CANADA | MÉDICAMENTS NOVATEURS CANADA

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INTRODUCTION

Innovative Medicines Canada (IMC) is pleased to provide comments in writing to the Standing Committee on Health (HESA) regarding its study on Bill C-64, *An Act respecting pharmacare* ("the Bill").

IMC shares the Government of Canada's goal to improve access to medicines for all Canadians, and we seek to collaborate with government towards solutions for the total health of Canadians. Canadians deserve access to the medicines they need, when they need them. However, Canadians currently must wait more than two years to access new medicines through public drug plans – a full year longer than patients in many other developed countries. As currently drafted, IMC's overriding concern with the Bill is its potentially negative impact on access and availability to new medicines in Canada. Mandating a single-payer, first-dollar system would reduce existing coverage, delay access to innovative therapies, and put additional strain on the Canadian healthcare system.

As HESA Members consider the merits and impacts of the Bill, it is critical to ensure that any pharmacare program elevates the standard of Canadians' access to innovative medicines. The Government of Canada's approach must ensure that patients not only get the medicines they need, but that access to these life-changing treatments is timely and efficient. 97.2% of Canadians already have access to pharmaceutical coverage, and insurance gaps are typically concentrated in a small number of provinces.[1] This presents a clear and feasible opportunity to introduce a pharmacare system that would have meaningful impacts on the health and well-being of patients in an efficient and fiscally responsible manner. We can maximize the benefits of a pharmacare program by targeting current gaps, rather than duplicating existing coverage or replacing it with less effective options.

SUMMARY OF RECOMMENDATIONS

- **Recommendation 1:** The Government of Canada should build on Canada's extensive existing coverage rather than replacing it with limited public formularies. The limited available funding should be used to address the unique gaps or limitations in coverage in consultation with each jurisdiction.

- **Recommendation 2**: The Government of Canada should leverage existing efforts to reduce costs currently being undertaken by the pan-Canadian Pharmaceutical Alliance (pCPA) through joint pricing negotiations. Standalone federal initiatives would have limited additional benefit.

- **Recommendation 3**: The Government of Canada should improve and accelerate access to innovative medicines and strengthen Canada's pharmaceutical environment to promote research and development that attract jobs to Canada and increase new drug launches.

- **Recommendation 4**: The Government of Canada should ensure that stakeholders are consulted and have representation on the Committee of Experts.

[1] "Understanding the Gap 2.0, A Pan-Canadian Analysis of Prescription Drug Insurance Coverage", The Conference Board of Canada, May 6, 2022 ("Understanding the Gap 2.0").

ABOUT INNOVATIVE MEDICINES CANADA

Innovative Medicines Canada is the national voice of Canada's innovative pharmaceutical industry. The association advocates for policies that enable the discovery, development and commercialization of innovative medicines and vaccines to improve the lives of all Canadians. We support our members' commitment to being valued partners in the life sciences ecosystem and healthcare system. The industry invests nearly $2.4 billion in R&D annually, fueling Canada's knowledge-based economy, while contributing $15.9 billion to Canada's economy.[2] Guided by the Code of Ethical Practices, all members work with governments, private payers, healthcare professionals, and stakeholders in a highly ethical manner.

OUR MEMBERS

COMPLEMENT EXISTING COVERAGE AND STRENGTHEN ACCESS TO INNOVATIVE MEDICINES

IMC shares the Government of Canada's goal to improve access to medicines for all Canadians. However, as currently drafted, the Bill presents concerning barriers to achieving that objective. A single-payer, first-dollar pharmacare model could significantly reduce the level of drug coverage for most Canadians, may create new gaps in access to treatments, and could add additional delays to access new medicines. At a time of fiscal constraints and economic uncertainty and given the

[2] "The Canadian Research and Development Pharmaceutical Sector, 2020", Statistics Canada, January 30, 2023.

many competing priorities to improve the health, well-being and livelihoods of Canadians, it is critical that a federal pharmacare approach optimizes the use of taxpayer dollars in a strategic and cost-effective manner.

Currently, 97.2% of Canadians have access to prescription drug coverage through public and/or private drug plans.[3] One in 10 Canadians are not enrolled in a government program, despite being eligible.[4] More than 24 million Canadians receive robust private drug insurance as part of their employee benefits package[5]. The government should take a pragmatic approach and tailor funding towards existing gaps in coverage, rather than duplicating, replacing, or diminishing existing efforts. In doing so, the federal government can maximize the benefits of its investment, and provide real, positive value for patients. IMC's specific concerns and recommendations to resolve each issue are outlined further below.

RECOMMENDATION 1: ***The Government of Canada should build on Canada's extensive existing coverage rather than replacing it with limited public formularies. The limited available funding should be used to address the unique gaps or limitations in coverage in consultation with each jurisdiction.***

IMC has significant concerns regarding the Bill's potential impact on existing public and private coverage. It references "single-payer, first-dollar coverage" and makes it a specific condition that provinces and territories must meet to receive federal payments. While the terms are not defined in the Bill, the implication is that, for the drugs identified by the federal government, the expense can only be covered by public payers, without any deductible or other out-of-pocket cost. It is also unclear how the government prepared the lists of medicines[6] (collectively, "the Proposed Lists") that were published with the Bill, and there is no predictable process to amend the Proposed Lists moving forward. If products can be added or removed from the public formulary at any time, and without notice or consultation, this could create significant uncertainty for manufacturers and could impact their operational planning and supply chains. Despite some public messaging suggesting otherwise, the text of the Bill clearly requires provincial and territorial public insurance plans to take on the entire cost of the public and private market as a condition to receive federal funding.

Private drug coverage currently provides much faster access to medicines compared to public drug plans. It also provides patients with a greater range of therapeutic options. Approximately twice as many new medicines are currently made available to patients in the private market,[7] and in less than half the time compared to public drug plans.[8] Public plans, which offer fewer, and typically older treatment options may be less effective, more onerous to administer or associated with increased side effects, making adherence more challenging for Canadians. The consequences of

[3] Understanding the Gap 2.0.

[4] Understanding the Gap 2.0.

[5] Understanding the Gap 2.0.

[6] See: the list of diabetes drugs and the list of contraceptives.

[7] Understanding the Gap 2.0.

[8] Telus Health, 2019. Time to Listing Analysis, custom dataset for Innovative Medicines Canada.

having fewer medicines on public and private formularies impacts patient and physician choice and has detrimental impacts on the health and well-being of patients, as well as broader societal implications. It puts greater strain on our hospitals and healthcare systems, our workforce and on the economy, reducing Canada's productivity even further. It is also foreseeable that a single-payer approach will result in similar challenges to those caused by the introduction of OHIP+ in Ontario, which resulted in patients having reduced coverage under the new program compared to their workplace benefits.[9] The implications of the Bill and its single-payer, first-dollar elements require further independent study to fully understand the implications for Canadian patients and public finances.[10]

IMC would also observe that the recently released Office of the Parliamentary Budget Office (PBO) costing note estimates the cost "after recovery" of the current scope of the products covered will be $1.9 billion over five years, a higher figure than the Government's estimate of $1.5 billion over the same period. However, the PBO has also likely underestimated the cost because it assumes that existing coverage, whether provided by provincial and territorial governments, or private insurance providers, would remain in place if the Bill passes.[11] Without the projected cost recovery, the PBO estimate rises to over $5.7 billion over five years. The underlying assumption that there will be no changes to existing coverage is questionable given that the Bill specifies that pharmacare coverage must be "single-payer" (to the exclusion of other payers) and "first-dollar" (at no up-front cost to the patient).

RECOMMENDATION 2: ***The Government of Canada should leverage existing efforts to reduce costs currently being undertaken by the pan-Canadian Pharmaceutical Alliance (pCPA) through joint pricing negotiations. Standalone federal initiatives would have limited additional benefit.***

IMC is concerned that efforts to establish a national bulk purchasing strategy may duplicate the existing work of the pan-Canadian Pharmaceutical Alliance (pCPA). Provincial and territorial healthcare systems, including their respective drug plans, are under the jurisdiction of provincial and territorial governments. The provinces and territories who are responsible for provincial drug plans have jointly collaborated to negotiate drugs prices for many years. In 2016, federal public drug plans joined the pCPA. The pCPA has realized $2.67 billion in annual savings for Canadians on innovative brand-name drugs alone.[12] Consequently, it is unclear what benefit would accrue to Canada's public plans from a federal bulk purchasing strategy. Public payers already have the jurisdiction and expertise to negotiate cost savings for medicines listed on public formularies, and consequently may be reluctant to participate in the federal initiative contemplated in the Bill.

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[9] This was the experience in Ontario in 2017-19, until OHIP+ coverage was limited to young adults and children with no access to private coverage.

[10] Budget 2024 allocates $1.5B for Pharmacare over 5 years. It is unclear how this estimate was calculated, or if this amount is sufficient to cover access for all Canadians to the treatments on the lists of diabetes drugs and contraceptives. In this regard, it is notable that cost of dental care increased in Budget 2023 to $4.4B per year from the earlier estimate of $1.7B per year.

[11] "An Act respecting pharmacare", Legislative Costing Note, Office of the Parliamentary Budget Officer, May 15, 2024.

[12] The pCPA's realized overall savings for brand-name medicines as of April 30, 2022.

It is unclear what additional savings the federal government expects bulk purchasing to achieve that are not already accomplished by the pCPA, and it is also unclear if all Canadian jurisdictions will choose to participate. Moreover, a new bulk purchasing system could add yet another layer of regulatory authority to Canada's drug approval, recommendation, pricing and reimbursement system. Given that Canadian patients already have more limited and slower access to new medicines than patients in peer nations, additional regulatory layering or complexity must be avoided.

RECOMMENDATION 3: ***The Government of Canada should improve and accelerate access to innovative medicines and strengthen Canada's pharmaceutical environment to promote research and development that attract jobs to Canada and increase new drug launches.***

At present, only 45% of new medicines available globally are launched in Canada,[13] and only 21% of new medicines that are available globally are available through public drug plans.[14] Canada is an outlier amongst G7 countries with respect to the time it takes for patients to access new medicines, and the Bill is not intended to address this issue, focusing instead on existing and older treatment options. The federal government needs to take a holistic, strategic and integrated approach across relevant government departments and agencies to ensure Canadian patients receive the highest standard of care available and improve our global leadership.

RECOMMENDATION 4: ***The Government of Canada should ensure that stakeholders are consulted and have representation on the Committee of Experts.***

The Bill does not include a duty to consult with stakeholders, and material elements do not even require agreement from the provinces and territories. Stakeholders provide a vital perspective on the purpose and practicality of government initiatives. The Bill should adopt the standards set by other relevant laws[15] that acknowledge the importance of stakeholder input, and guarantees an opportunity for meaningful consultation. Similarly, it would be beneficial to formalize the composition of, and criteria related to, the Committee of Experts to ensure stakeholders have a meaningful role in developing Canadian pharmacare policy.[16]

CONCLUSION

IMC supports comprehensive access to medicines for all Canadians. To achieve this goal, the federal government's efforts must complement Canada's existing drug coverage system, rather

[13] "Global Access to New Medicines Report", April 2023 at slide 11, ("Global Access to New Medicines Report").

[14] Global Access to New Medicines Report, analysis of IQVIA MIDAS® and country regulatory data (as of October 2022).

[15] See: the *Patent Act*, section 96(5).

[16] For example, see *An Act respecting early learning and child care in Canada*, sections 9-15.

than work towards replacing it. Targeting federal investments towards the unique, localized gaps in coverage will ensure continuity and appropriate care, while also maximizing the value from taxpayer dollars. Duplicating efforts, whether in relation to drug coverage, price negotiations or bulk purchasing, is an inefficient use of scarce public resources and will be less beneficial for Canadian patients. The federal government should also address access to new medicines, to ensure that Canadians obtain faster access to high-quality, life-saving treatments that are already improving the lives of patients globally. Finally, the development of any pharmacare policy should incorporate the perspectives of stakeholders to ensure the government's priorities are accomplished in a practical, cost-effective way that results in meaningful improvements to the health and well-being of Canadians, and society at large.

In summary, the policy approach set out in the Bill is inconsistent with maximizing limited federal resources to achieve better heath outcomes. IMC requests that the federal government consider other potential pharmacare models, including that which has already being implemented in Prince Edward Island, and consider the impacts of each model from a health and an economic perspective. By doing so, the federal government can implement measures that increase access to medicines and provide the greatest value to Canadians. IMC would be pleased to work with the federal government, provincial and territorial governments, and other stakeholders to identify gaps in coverage in order to optimize patient health outcomes.


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