



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
de quartier**

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Patented Medicine Prices Review Board
(Rethinking the Guidelines)
Box L40, 333 Laurier Avenue West, Suite 1400
Ottawa, Ontario, K1P 1C1

October 31, 2016

Re: PMPRB Guidelines Modernization

To the Members of the Patented Medicines Prices Review Board:

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) is pleased to have the opportunity under the Board's consultation process to provide input to the PMPRB regarding the Guidelines modernization initiative.

Neighbourhood Pharmacies represents the business of pharmacy and advocates for Canada's leading pharmacy brands who deliver high value pharmaceutical and other healthcare products, and a wide range of services to Canadians in a variety of locations, including chain, banner, long-term care and specialty pharmacies as well as grocery chains and mass merchandisers with pharmacies.

Our members have only an indirect relationship with the PMPRB, however, our members' pharmacies feel the effects of the Board's policies and procedures, through our associates, i.e. pharmaceutical suppliers and through the reimbursement policies of both public and private payors. Our members purchase the vast majority of medications dispensed to Canadians, and there can be no doubt that drug prices are an important factor to consider in the business of pharmacy. Thus, we are certainly a stakeholder in the mandate and strategic direction of the PMPRB, and we are mindful of those reforms to the Guidelines that have any potential impact on the ability of our members to provide their patients with the highest quality products at prices that are not excessive under the Board's current Guidelines.

Because of that indirect relationship, we propose to not respond to the questions posed in the Discussion Paper. Rather, our comments will focus on three broad areas which we believe should guide the PMPRB moving forward.

Avoid Duplication

Canadians are best served when there is little overlap or duplication between government agencies, and PMPRB is no exception to this rule. In particular, we draw the Board's attention to the roles of the Canadian Agency for Drugs and Technology in Health (CADTH) and the Institut national d'excellence en santé et en services sociaux (INESSS). Both of these organizations evaluate new drugs against current therapies from a cost and clinical benefit perspective. The health technology assessments they perform draw upon their expertise in this field, and their listing recommendations are highly valued by public payors. PMPRB should avoid duplicating the role of these organizations by also conducting detailed health technology assessments or therapeutic evaluations.

In 2010, the pan-Canadian Pharmaceutical Alliance (pCPA) was formed to help provincial drug plans negotiate jointly with pharmaceutical manufacturers. These negotiations build upon the recommendations of CADTH and INESSS and lead ultimately to listing decisions. Although it is understood that, as the Board has pointed out, that public list prices have become increasingly unreliable due to confidential discounts and rebates to public payors, we believe that drug plans, through the pCPA, are best able to engage in the negotiation process, and PMPRB should take care not to duplicate this process.

The core competency of PMPRB – comparative international drug pricing – is a unique and vital expertise that complements the roles of the organizations mentioned above. PMPRB can efficiently support these roles by ensuring that prices of single source patented medicines are reasonable by comparison with international prices. By focusing on this core competency, PMPRB will avoid overlap and duplication with other government agencies, and will ensure that Canadians receive the best value from their government.

The Emphasis on Affordability

We have concerns about the emphasis on affordability in the PMPRB 2015-2018 Strategic Plan. Implicit in any definition of affordability is an understanding of the willingness and ability to pay, and the ability to decide who should receive access to a drug and under what conditions. It implies influence over the cost sharing between drug plans and plan members in the form of deductibles, co-pays, and income testing mechanisms. All of these factors determine whether a patient experiences a drug as "affordable". Furthermore, "affordability" is a subjective concept that is highly personal and likely to change over time. What is affordable for one person, may not be affordable for another. Ultimately, given the variables described above, affordability is extremely difficult to measure, and therefore has very little utility as a strategic objective.

We believe that affordability is an issue of access and drug plan design. Only public and private drug plans can determine who has access to a new drug, how much they should be expected to pay, and whether the costs of a new drug can be borne within their budget. Furthermore, PMPRB does not possess the information or expertise to make an assessment of affordability for a new drug. We believe that the PMPRB is overstepping its mandate by emphasizing affordability in its vision statement and strategic plan.

An Efficient Use of Resources

Neighbourhood Pharmacies encourages the PMPRB to use its resources most effectively and suggest that it focus its efforts on single-source, patented drugs. This category drives the cost of public and private drug plans, rather than multi-source, generic drugs. Devoting resources and attention to multi-source drugs, even if they are covered by unexpired patents, is not an efficient use of PMPRB's resources. Instead, we advise the PMPRB to only investigate multi-source, patented drugs if they receive a complaint of excessive pricing.

Conclusion

As described in our opening paragraphs, contrary to the public misconception that governments purchase drugs, the retail pharmacy industry is the final purchaser of the vast majority of drugs dispensed in Canada. For our members, the management of the drug inventory, the reliability of the supply chain, and many other factors can have a significant impact on our members' business models and ultimately their ability to serve their patients in their pharmacies.

Because drug prices and the work of the PMPRB can have a significant impact, we ask that the Board be cognizant of the downstream effects of any modernization initiatives that may in any way impair access to both branded and multi-source therapies. The Neighbourhood Pharmacy Association of Canada would like to continue to be recognized as a stakeholder in this and future undertakings, so we would be pleased to be incorporated into consultations on future Board strategies, reforms, and working groups going forward. In conclusion, we appreciate the opportunity to provide these comments and wish the PMPRB much success in their modernization process.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Justin J. Bates', with a long horizontal flourish extending to the right.

Justin J. Bates
Chief Executive Officer
Neighbourhood Pharmacy Association of Canada