Canada's high drug prices under review

The Patented Medicine Prices Review Board (PMPRB) has released a discussion paper asking Canadians, their doctors, pharmaceutical companies and others for ideas on how to reform the drug-pricing system. The goal is to "modernize and simplify the federal regulatory framework around patented drug pricing in Canada," says Sofie McCoy-Astell, the PMPRB's spokesperson.

Reform is needed, says Dr. Joel Lexchin, professor emeritus in health policy at York University in Toronto. "What doctors are concerned about is whether the PMPRB is effective in setting prices for medications that their patients can afford. They have not been effective at that to date."

Canada has been losing ground to the seven countries, including the United States and France, against which the PMPRB compares drug prices to ascertain a reasonable cost. Over the past decade, patented drug prices in Canada have gone from third-lowest to third-highest among those countries. Lexchin points out that annual per capita costs among the comparison counties is US$515. In Canada, the figure is US$713. "The PMPRB bears part of the blame. We are paying almost 50% more," he says.

The latest 2013 data from Organisation for Economic Co-operation and Development (OECD) provides a similar scenario. According to McCoy-Astell, Canadians pay on average, 35% more than consumers in the 34 other member-countries for the same medicines. Canadians spent about 1.78% of gross domestic product on pharmaceuticals, compared to an average of 1.49% among other OECD member-countries. "Per capita, that is approximately US$761 relative to an OECD average of US$527."

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At the same time, says McCoy-Astell, investment in pharmaceutical research and development in Canada by the pharmaceutical sector has fallen by 62% since 1995. This amount "has been less than the industry's commitment of 10% of Canadian sales revenue since 2003, reaching an all-time low of 4.4% in 2014."

The *PMPRB Guidelines Modernization Discussion Paper* is the first phase of a broader consultation process intended to turn the spotlight on drug-pricing problems — including a shift from mass-market drugs to high-cost specialty drugs. It asks for responses to 12 detailed questions by Oct. 24. McCoy-Astell says the PMPRB, which derives its legal mandate from the Patent Act and the Patented Medicines Regulations, "has no preconceptions about the specific changes." Lexchin, however, predicts that the review board may come out of the consultation process with increased authority. "We need a national drug regulator, some way to control overall spending or the price of individual drugs," he says.

For their part, the drug companies are sounding a cautionary note about the questions posed in the discussion paper. "These issues must be considered from a holistic view, given that the PMPRB is only one actor in a highly complex and interconnected pricing, access and reimbursement environment," says Sarah Douglas, spokesperson for Innovative Medicines Canada. — donalee Moulton, Halifax, NS

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