

August 12, 2011

Ms. Leanne Jardine  
Executive Director, Pharmaceutical Services  
Department of Health  
Province of New Brunswick  
P.O. Box 5100  
520 King Street, 6<sup>th</sup> Floor  
Fredericton, NB E3B 5G8

Dear Ms. Jardine:

Thank you for the opportunity to provide feedback on the Fair Drug Prices for New Brunswickers. *Canada's Research-Based Pharmaceutical Companies* (Rx&D) appreciated the opportunity to participate in this important consultation process. We commend the New Brunswick Government for addressing the gaps in competitive generic pricing and look forward to future collaboration on drug and healthcare policy with you.

On behalf of Rx&D I am pleased to submit this letter as part of this consultation process to confirm our comments from the consultation session on July 27, 2011. This letter will cover the Government's identified measures and further comments from our industry regarding other topics we discussed.

### **1. Pay less for generic drugs**

Rx&D supports the government of New Brunswick approach to determine a maximum reimbursement level for generic drugs as a percentage of brand drug prices. We believe that the Government of New Brunswick should review the actions taken by the other provinces on generic pricing and be aggressive as possible on determining their new generic policies as this will enable the province to invest in innovation.

A Competition Board of Canada study discovered that Canada pays some of the highest generic prices in the world. As discussed between fiscal years 2010-2011 and 2014-2015 many prescription drugs will lose their patent protection and these brand-name products will be replaced by generics. Our industry believes that more competitive generic prices will allow government an unprecedented opportunity to re-invest savings from these renewal efforts into the medication system – with a primary emphasis on optimizing access to innovative medicines. The timely implementation of aggressive competitive generic prices for New Brunswick and the reinvestment into expanded access to innovative medicines would benefit New Brunswickers and the NB Prescription Drug Program.

Even greater value can be realized by working with our industry on innovative pharmaceutical policy to support better health outcomes and more efficient use of health care funding. Improved utilization



and adherence programs that are created by government, industry, and pharmacy will produce further cost savings from not only the prescription drug program but also from doctors' visits, hospitalization, and overall District Health Authority budgets. As an example, a portion of the generic savings could be re-invested into pharmacy to complete medication reviews and medication adherence programs. Improved utilization in better adherence, drug safety, effective dosing and evidence based prescribing are a key to enhancing the value of medicines to improve health and sustainability for New Brunswick. Rx&D and our member companies are willing to work with the Government of New Brunswick to identify and create better drug utilization practices.

## **2. Address issue of pharmacy rebates**

Rx&D does not support the current system of Pharmacy rebates as they are not transparent and do not create incremental value for patients, health care providers and the healthcare system.

Rx&D expresses strong support for the role pharmacists play as a vital and integral part of the health care system. The expanded scope of pharmacy practice provides patients improved access to, and increased collaboration between, health care professionals. Remunerating Pharmacists for value added services that enhance the value medication delivers for patients, providers and the healthcare system is a better reimbursement model for pharmacy.

Rx&D firmly believes that collaboration and cooperation that includes the research-based pharmaceutical companies will benefit the development of an effective and efficient inter-professional collaboration model among regulated health professionals.

## **3. Other Topics**

Another topic we raised that has caused some concern for our industry in the Atlantic region is that of Therapeutic Substitution driven by solely cost containment criteria and the possible incentives pharmacists can receive to perform this access limiting practice. This type of Therapeutic Substitution is a cost containment strategy where the payer determines that one drug in a particular category can be substituted for another even though they are chemically and/or therapeutically different may not put the patient's interests as the priority. Providing financial incentives for pharmacists to initiate therapeutic substitution places them in a real or perceived conflict of interest.

A lot of Therapeutic substitution takes place when a health care professional (usually a pharmacist) dispenses a medicine that is different from the one prescribed by a primary health care provider (usually a physician). Patients respond to the same medication in different ways, and because all patients are not the same, they shouldn't be limited to a single "one size fits all" therapeutic option.

Ensuring patients get the right medicine at the right time should be the priority of health care systems and for this reason Rx&D is opposed to policies of therapeutic substitution, when it is solely based on financial interests of the payer and provider rather than on patient need. We note that robust communication and audit protocols regarding changes in therapy are critical components to ensure integrity and that the process remains evidenced based.



Rx&D is supportive of efforts to manage overall health care costs more effectively. However, we believe that any strategy that restricts patient access to a narrow range of therapeutic options will have a negative impact on health outcomes – resulting in unanticipated costs in other parts of the health system. Ultimately, limiting choice with respect to single source products puts cost before patients, and should not be considered a viable strategy to reduce drug budgets. In this respect we welcome the opportunity to work with provincial governments and other stakeholders to encourage the adoption of best practices in evidence-based prescribing, and better management of drugs use and monitoring of therapeutic outcomes.

Another topic we raised is that the innovative pharmaceutical sector shares government’s concerns about the sustainability challenge facing our provincial health systems. Contributing to sustainability solutions that free-up system capacity and reduce overall costs of care is a shared imperative for all stakeholders in the broader health enterprise. We are embarking upon partnerships with provinces that will further demonstrate the value of innovative medicine to the provinces’ residents, health systems and the broader community and economy.

Investments in collaborative initiatives that evaluate the impact of medicines in the healthcare system are key to improved health and sustainability. These projects will enable health outcomes measurement, have a patient and health system focus and can be implemented by government, other health stakeholder and Rx&D members based on common priorities.

As an innovative pharmaceutical industry, our primary objective is to ensure patients are afforded safe and timely access to the medicines they need to live healthier lives. Over the past 75 years, new discoveries by our members have been a major contributing factor in increasing life expectancy of the average Canadian by 30%. Death and hospitalization rates have been reduced significantly for a number of diseases including breast cancer, cardiovascular disease, HIV/AIDS and child leukemia.

Often overlooked in this progress has been the number of lives saved and diseases averted by vaccines. Vaccination is regarded by many as the 20th century’s greatest public health achievement. Each year, vaccines prevent three million deaths world-wide and save another 750,000 from disability. The recent success in Canada to control the H1N1 pandemic clearly illustrates vaccination’s value. Polio, diphtheria, tetanus are no longer the death threats they once were, having been effectively eliminated. The number promises to grow with the research being undertaken by research organizations, academia and our member companies.

Over the next few years new vaccines will fundamentally change not only how physicians prevent but also how they treat disease, bringing with it substantial impacts on public health. Harnessing the advances of biologic and genetic research, the medicines and vaccines of tomorrow will be utilized with better knowledge of how disease works with greater predictability of which therapies will work for which patients. This personalized medicine will improve health outcomes and ultimately increase hope for patients and their families.

New innovative medicines and vaccines bring tremendous value to the health care system by shortening wait time lists and avoid certain surgeries. This information is proven true by a Fraser Institute study “*The Misguided War against Medicines 2010*”. They compared changes in the rate of hospitalizations with that of increased allocation to medications between 1995 and 2007. Their study shows hospital stays declined as spending on drugs increase.



Rx&D believes that, when it comes to determining the best value of medications and vaccines, it is not necessarily uniquely about acquisition costs. The budget for prescription drugs cannot be looked upon in isolation but rather on the value to the health care system and society at large. Rx&D believes that our industry can be part of the solution in health care and we suggest that the Government of New Brunswick should deal with companies who have a full and comprehensive code of ethical practices. Please find attached a copy of the Rx&D Code of Ethical Practices for your review.

Finally, Rx&D believes that any policy decisions resulting from this consultation process should respect intellectual property. We believe that generic manufactures have a role to play in provincial prescription drug programs. However, for generic manufactures to have a productive business environment they require a research-based pharmaceutical industry to be productive as well. Provincial incentives for first generic to market shorten patent life and will have a negative impact on drug costs as members have less time to recuperate research investment and therefore should not be part of this consultation process.

The member companies of Rx&D greatly appreciated the opportunity to discuss the measures identified and to add our industry perspective. We would welcome the chance to further share our experiences and perspective with you and your colleagues as you develop your final strategy. Should you have any questions regarding our industry in New Brunswick, please do not hesitate to contact Bobby Sutherland, our Atlantic Director of Provincial Affairs at 902-401-6741 or via mail at [bsutherland@canadapharma.org](mailto:bsutherland@canadapharma.org).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mary Perri', with a small flourish underneath.

Mary Perri, PhD  
Vice-President, Government Affairs

Encl.

CC Philip Blake CEO Bayer Canada, Chair Atlantic Rx&D Committee  
Russell Williams, President, Rx&D  
Bobby Sutherland Atlantic Director Provincial Affairs Rx&D  
Gerry McCarron Pfizer Canada, Co-Chair Atlantic Rx&D Committee  
Francine Landry, Lilly Canada, Atlantic Rx&D Committee