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BY E-MAIL

November 6, 2020

Standing Committee on Health
Sixth Floor, 131 Queen Street
House of Commons
OTTAWA, ON K1A 0A6
HESA@parl.gc.ca

Dear Committee Members:

The Canadian Union of Public Employees (CUPE) is Canada's largest union, with 700,000 members across the country, who work in health care, emergency services, education, early learning and child care, municipalities, social services, libraries, utilities, communications, transportation, and the airline industry. I'm writing to share CUPE's concern with the Committee's decision to undertake a study on the Patented Medicine Prices Review Board (PMPRB) Final Guidelines (Guidelines), issued on October 23, 2020.

As you know, the Guidelines operationalize the amendments made to the Patented Medicine Regulations (Regulations) that come into force January 1, 2021. For CUPE, the guideline and regulatory changes are long overdue. The reforms to the Guidelines and Regulations will make patented medicines more affordable, and benefit everyone by improving access to prescription drugs and therefore, the health of the population. The reforms also lay the foundation for the creation of a national, public, and universal pharmacare plan, which will ensure equitable access to medications for everyone in Canada, based on need, not the ability to pay.

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For over 30 years, the existing framework used by the PMPRB to regulate the cost of drugs has failed to adequately protect Canadians from inflated prices for patented medicines. As a result, Canadians have been forced to unfairly pay some of the highest drug prices in the world. Even workers with employer-sponsored benefit plans face significant barriers to accessing needed medicines due to cost. The burden of paying for excessively priced patented drugs has been transferred onto workers' backs through increasing insurance premiums, copayments and deductibles, the lowering of annual or plan maximums, and a reduction in drugs eligible for coverage.

Throughout the course of modernizing the Guidelines and Regulations, the PMPRB held extensive consultations with industry, patient, and other stakeholders. CUPE participated in a public consultation with other representatives from labour unions and multiple patient groups in December 2019, and we submitted written comments to the PMPRB on the November 2019 and June 2020 Draft Guidelines. There has been ample opportunity for all interested stakeholders, including patient groups and industry stakeholders, to voice their concerns and provide input to the PMPRB.

Industry and patient stakeholders have warned that the Guidelines will prevent new drugs for orphan diseases from entering the Canadian market because they will lower prices to such an extent that it will not be profitable for pharmaceutical companies to introduce these products. The Final Guidelines contain a series of significant concessions to the pharmaceutical industry and the patient groups that support them. For CUPE, patient health and financial interests, rather than the profit motive of pharmaceutical patentees, should drive pharmaceutical policy in Canada. We expressed deep concern with the concessions the PMPRB made to pharmaceutical companies and their supporters in the June 2020 Draft Guidelines because they will compromise the capacity of the PMPRB to reduce the prices of patented medicines and to protect patients to the greatest extent possible. Nonetheless, we accept the changes that have been made and wish to finally move ahead with the implementation of the long-awaited changes.

Recent research shows that pharmaceutical companies will earn significant profits on patented drugs even when prices are set at levels that are more affordable for patients. For example, the PMPRB found that if the new Guidelines reduce the average price of patented drugs by 25%, Canada will still rank third among OECD countries in terms of the profits earned per capita by drug companies. Other research by Lexchin and Moroz (2019) has shown that, while drug prices in Australia are, on average, 25% lower than those in Canada, there is no statistical difference with respect to the number of drugs for orphan diseases approved in the two countries. As a result of these findings, we can conclude that there is no reason to believe that lower prices for patented drugs will restrict the introduction of drugs for orphan diseases in Canada. Patients in Canada will be able to maintain access to new drugs when they enter the market with minimal access barriers.

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While CUPE commends HESA for taking an interest in the PMPRB Final Guidelines and for wanting to hear further from patient groups and industry stakeholders, there is no need to subject the Guidelines to further study. The PMPRB held numerous consultations and provided ample opportunity for patient groups and industry to participate. And, as noted above, the pharmaceutical industry's fearmongering that the regulatory changes will limit access to new drugs for Canadians is not supported by scholarly research. We therefore call on you to support the Final Guidelines and to not use this study as an exercise to further delay the enforcement of the amended Regulations.

Sincerely,

MARK HANCOCK
National President

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c.c.: T. Jarzebiak; R. Lamoureux; L. MacMillan