

Montreal, November 6, 2020

BY EMAIL

**To the attention of the Members of the Standing Committee on Health**

131 Queen Street, 6th Floor  
House of Commons  
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**Subject: Review of the Patented Medicine Prices Review Board (PMPRB) Guidelines**

As a member of the House of Commons Standing Committee on Health, your commitment to listening to the views of Canadians throughout the process of modernizing the PMPRB Guidelines is appreciated, and once again we are pleased that the Standing Committee on Health is reviewing the final version of these guidelines.

The Quebec Association of Pharmacy Owners (AQPP—Association québécoise des pharmaciens propriétaires) still believes that the PMPRB contributes to a modern and sustainable health care system by ensuring that Canadians have access to patented medicines at reasonable prices. However, as healthcare professionals on the frontlines every day, we feel it is important to explain the day-to-day consequences that implementing the new guidelines will have for pharmacists and their patients.

**Consequences for patients**

Our main concern with the reform continues to be that it will potentially exacerbate drug shortages. The COVID-19 pandemic has highlighted the precariousness of the drug supply chain. More than ever, pharmacists are faced with the complex challenge of finding alternatives to the usual treatment for many of their patients.

In addition, the process of substituting one generic or brand name drug for another in the same therapeutic class, or having a drug prepared in another form by magistral preparation, can delay initiating drug therapy or result in a break in continuity of treatment.

As a result, we urge the Standing Committee on Health to consider the potential impact of the new guidelines on the supply of patented drugs to the Canadian market because of the increased risk that drugs may be diverted to foreign countries with higher prices, particularly the United States.

Furthermore, despite the changes to the initially proposed guidelines, we are concerned about the persistent real risk of delays in the approval and marketing of new therapies in Canada given that the PMPRB estimates that roughly one-quarter of new drugs will meet the criteria for Category I.

Therefore, as drug experts, we believe it is essential that patients continue to benefit from a leading-edge healthcare system that offers a wide range of therapeutic options and innovations so that pharmacists can continue to contribute optimally to the well-being of these patients.

## **Financial consequences for pharmacies**

The stability of the pharmacy network is essential to the country's vitality, as these front-line healthcare points of delivery are accessible to and support the vitality of Canadians. As a result, Quebec's network of community pharmacies needs to maintain a delicate balance between running a profitable business and providing Quebec patients with unparalleled access to health professionals, while at the same time managing multiple complex clinical and administrative aspects.

In this perspective, while we are aware that the Canadian price of patented drugs will have a grandfather clause set at the lowest of either the current ceiling or the highest price in comparator countries, thereby reducing the financial impact on community pharmacies in Quebec, the AQPP wishes to point out that each price fluctuation in the market adds risks to the delicate management of inventories and the profitability of community pharmacies, which are a significant economic engine due to the number of jobs related to this sector of activity.

We therefore estimate that the guidelines will still have a negative impact of up to several million dollars on Quebec's community pharmacy network. As a result, we would like to inform you about the complexity of pharmacy inventory management. On a daily basis our members must balance ensuring that their pharmacies are stocked with the drugs required for their patients' care and minimizing the risk of financial losses if inventories go unsold.

Although it is difficult to accurately calculate this impact at this time because of the difficulty posed by accessing prices in the eleven comparator countries and factoring in foreign currency fluctuations, we are nonetheless able to estimate the impact on the depreciation of Quebec pharmacy inventories at more than \$9 million if the prices of all products currently reported to the PMPRB were reduced by 3%.

In addition, we estimate a negative annual recurring impact of approximately \$10 million due to certain services related to currently marketed drugs that are priced based on the cost of the drug. This would be on top of the financial losses incurred by our network, which must remain open during the entire pandemic to provide essential services to the public.

Consequently, there need to be compensatory mechanisms in order to ensure that pharmacies will not suffer the consequences of these additional price controls, which could in turn undermine their financial stability and their ability to maintain service delivery to patients. For instance, there must be a transition period each time a product is priced lower so as to avoid having pharmacies incur a direct loss due to inventory depreciation.

## **Drugs, a vital part of our health care system**

While prescription drugs account for about 13% of healthcare investments, they provide health benefits to Canadians and generate cost savings elsewhere in the healthcare system. In addition, it is important for Canada to remain a world leader in the life sciences sector that supports innovation and technological advances, while being mindful of the capacity of Canadian taxpayers to pay.

Thus, the AQPP believes that the PMPRB Guidelines must take this duality into account through a comprehensive approach that involves pharmacists, the drug experts who ensure that the drug therapy of Canadians is optimized.

On behalf of the 2,048 pharmacist-owners and more than 45,000 employees in Quebec's community pharmacy network who serve more than one million Quebec patients every week and fill more than 300 million prescriptions each year, we thank you for considering the impact of this reform on community pharmacies and their patients.

We would like to thank the Standing Committee on Health for allowing us to express our views on the study of the Patented Medicine Prices Review Board Guidelines.

Yours sincerely,

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Executive Vice President and CEO

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