

November 6, 2020

Standing Committee on Health  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON K1A 0A6  
Canada

Dear HESA Committee Members,

**Re: Study by the Standing Committee on Health (HESA) on the PMPRB reforms**

On behalf of the Canadian Health Research Forum – an informal group comprised of leading Canadian research organizations and individual researchers in cancer and other medical fields – thank you for the opportunity to contribute to HESA’s study of the reforms of the Patented Medicine Prices Review Board (PMPRB).

We would like to first stress that we are not taking a position on the affordability or appropriate pricing of new medicines. We support in principle what the government is trying to do in terms of improving affordability and access. However, we believe the PMPRB changes could have potentially significant and long-lasting implications on the financing of health research in Canada. It is critical that decision-makers, and all Canadians, be made aware of these potential impacts.

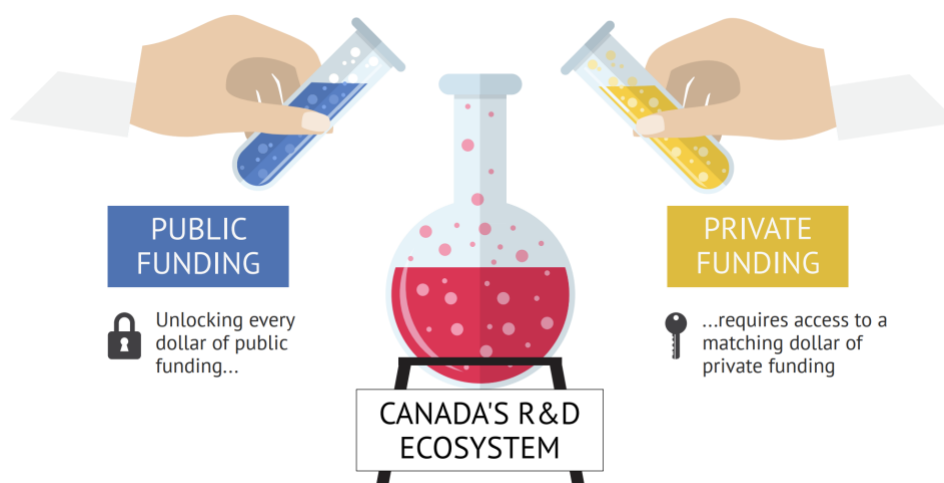
To provide background, Canada’s health research ecosystem is comprised of numerous research institutes, partnerships, consortia and networks, each significantly contributing to Canadian innovation and improvements in health care to the benefit of all Canadians. Through matched funding programs, public-private partnerships form the critical core of Canada’s investment in, and the advancement of, medical research. Every year, the private sector provides hundreds of millions of dollars in research investments and nearly \$2 billion worth of free medicines used in clinical research.<sup>1</sup>

Together, these public-private sector investments lead to a multiplier effect, whereby initial upfront research investments deliver cascading benefits across the knowledge economy – from expansion of the capital pool to talent development to medical progress and innovation.

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<sup>1</sup> Tran, D.T. et al, The Costs of Industry-Sponsored Drug Trials in Canada, *PharmacoEconomics Open* (2020) 4: 353-359: [https://www.researchgate.net/profile/Dat\\_Tran13/publication/334373055\\_The\\_Costs\\_of\\_Industry-Sponsored\\_Drug\\_Trials\\_in\\_Canada/links/5d26033f92851cf44077adc0/The-Costs-of-Industry-Sponsored-Drug-Trials-in-Canada.pdf](https://www.researchgate.net/profile/Dat_Tran13/publication/334373055_The_Costs_of_Industry-Sponsored_Drug_Trials_in_Canada/links/5d26033f92851cf44077adc0/The-Costs-of-Industry-Sponsored-Drug-Trials-in-Canada.pdf)

However, private sector investments are in decline and increasingly difficult to attract. Based on published data<sup>2</sup> and our own anecdotal experiences, we believe this trend may have been exacerbated by the PMPRB changes. Critically, the shortfall of private sector funding has also resulted in an equivalent decline in public sector financing of research as these public investments are typically contingent on matching funds from the private sector. This means that declining private funds may have knock-on effects on our sector's ability to generate public sector funding as well.



At a time when Canada is poised to make great strides in drug development and commercialization and is relying on our sector to find solutions for the ongoing COVID-19 pandemic, this emerging issue threatens to undermine and unravel the many years of progress and sunk investments in research infrastructure made to date. Our sector needs sustained and substantial investment to recover and maintain Canada's high standards of bio-medical research and global standing as a leader in the field of medicine, as well as retain our top scientific minds. If this issue is not addressed, unfortunately Canada's health research ecosystem could be destined for a slow decline in performance relative to peers.

Even more importantly, the impacts of the PMPRB changes on patient care in this country need to be carefully assessed. Recent data shows that the number of clinical trials coming to Canada since the PMPRB changes were introduced has dropped significantly.<sup>3</sup> This is concerning. Clinical trials provide patients with early access to potentially life-saving new treatments, which they may not have otherwise received. They also help hospitals and research teams get experience with the newest medicines, generate income for research centres, and play an important role in offsetting health spending on drugs by providing them free of charge to patients during the clinical study.

<sup>2</sup> Research Etc., Impact of PMPRB Pricing Changes Final Research Report, February 2020: <https://lifesciencesontario.ca/wp-content/uploads/2020/02/Research-Etc.-PMPRB-Survey-02-03-20.pdf>

<sup>3</sup> <https://www.macdonaldlaurier.ca/is-the-patented-medicine-prices-review-board-selling-canadians-a-lemon-nigel-lawson-for-inside-policy/>

For these reasons, government action is urgently needed. To help mitigate the potential impacts of the PMPRB changes, we strongly believe that the federal government must either:

- 1) Significantly increase funding for health research to compensate for the loss of private sector investments; or**
- 2) Take steps to preserve private sector investments (e.g., by providing financial or other incentives)**

Moving forward, we believe that the balance between pricing and strong incentives to invest in Canadian research require a deeper review and understanding. In this context, we commend the HESA committee for undertaking this study and for advancing our collective understanding of this critical issue. Thank you for the opportunity to provide our input.

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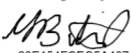
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