



Bill Casey, MP
Chair
Standing Committee on Health
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Casey:

Pursuant to Standing Order 109 of the House of Commons, I am pleased to respond on behalf of the Government of Canada to the 14th Report of the Standing Committee on Health (Committee) entitled "*Pharmacare Now: Prescription Medicine Coverage for all Canadians*" which was tabled on April 18, 2018.

On behalf of the Government of Canada, I would like to thank the Committee for its thorough study of the issue of national pharmacare with the admirable goal of providing equitable and affordable access to prescription drugs for all Canadians. I commend the members of the Committee and the many witnesses who appeared before it for their valuable perspectives expressed in the Report.

In its Report, the Committee acknowledged that Canadians obtain prescription drug coverage through a patchwork of public and private drug plans and that more than one in five Canadians forgoes taking prescription drugs because of cost considerations. Canada also performs poorly in comparison to similar developed countries in its ability to manage expenditures for prescription drugs.

To address these challenges, the Committee called on the Government to implement a single payer public drug coverage program under the *Canada Health Act (CHA)*. The Report includes 18 recommendations under four themes: Expanding the *CHA* to include Prescription Drugs Dispensed Outside Hospitals, Development of a Common Voluntary National Prescription Drug Formulary, Improving Drug Pricing and Reimbursement Processes, and Improved Data and Information Systems. The Government supports the intent of the Report and its recommendations.

Advisory Council on the Implementation of National Pharmacare

As the Government considers how to move forward on a national approach to this issue, we must consider the full range of options available. As part of Budget 2018, the Government announced the creation of an Advisory Council on the Implementation of National Pharmacare and

appointed Dr. Eric Hoskins, who recently served as the Minister of Health of Ontario, to chair the initiative.

Dr. Hoskins and the council members will begin a national dialogue that will include working closely with experts from all relevant fields as well as with national, provincial, territorial and Indigenous leaders. The Advisory Council will report to the federal Minister of Health and the Minister of Finance and will conduct an economic and social assessment of domestic and international models, and will recommend options on how to move forward together on this important subject.

Government of Canada's Pharmaceuticals Agenda

The Committee observed that a national pharmacare program is only likely to succeed when inefficiencies in the current system for managing prescription drugs have been addressed. The Government recognizes that it can make a significant contribution to the management of prescription drugs in Canada.

Over the period of the Committee's study on national pharmacare, a lot has changed in the management of prescription drugs in Canada. In November 2015, the mandate letter of the Minister of Health affirmed the Government's commitment to work with PT governments to make prescription drugs more affordable and accessible to Canadians. This included collaborating with PT governments to negotiate lower drug prices and exploring the need for a national formulary. In October 2017, my mandate letter reaffirmed these commitments.

In January 2016, FPT Health Ministers agreed that improving the affordability, accessibility and appropriate use of prescription drugs was a shared priority. The Government's pharmaceuticals agenda which supports this priority is closely aligned with the Report's recommendations and is already addressing many of the system inefficiencies identified in the Report.

Budget 2017

Budget 2017 outlined investments of \$140.3M over 5 years, then \$18.2M ongoing annually, for Health Canada, the Patented Medicine Prices Review Board (PMPRB) and the Canadian Agency for Drugs and Technologies in Health (CADTH) to improve accessibility and affordability and support appropriate prescribing and use of prescription drugs. Two other pan-Canadian health organizations, the Canadian Institute for Health Information (CIHI) and Canada Health Infoway (Infoway) also received funding to undertake work in support of these priorities.

Health Canada is using its share of these funds to modernize its regulatory system, providing the flexibility needed to review more complex prescriptions drugs and responding to increased demand for faster access to new drugs. These changes will enable it to be a more agile, modern regulator. Health Canada will also be better equipped to keep pace with its international

counterparts and work with domestic partners such as CADTH to support more timely access to important prescription drugs for Canadians.

The PMPRB, established in 1987, is a federal quasi-judicial body mandated to protect Canadian consumers from excessive patented drug prices. Through the PMPRB, the Government of Canada regulates maximum allowable prices of patented drugs. The *Budget 2017* investments in the PMPRB will enable it to operationalize a modernized regulatory framework to better protect Canadian consumers from excessive prices of patented medicines. These amendments are necessary as drug prices in Canada are approximately 25% higher than the Organization for Economic Co-operation and Development median.

CADTH conducts evidence-based assessments of the clinical and cost-effectiveness of drugs and makes recommendations to public drug plans to guide their prescription drug reimbursement decisions. The additional *Budget 2017* investments in CADTH will allow it to strengthen its ability to conduct more comprehensive assessments of new prescription drugs and reassess drugs already in use in the health care system. This will enable it to periodically revise its recommendations to public drug plans on whether to curtail reimbursement for prescription drugs that have proven to be of low value to patients. CADTH will also enhance the services it offers to public drug plans and prescribers to encourage appropriate prescribing. Work is also under way to improve the harmonization and alignment of Health Canada's regulatory review process with CADTH's drug assessment processes. This will allow for the concurrent review of some drug submissions and accelerated access to new prescription drugs for Canadians.

CIHI is responsible for collecting, sharing, and publicly reporting on health data and information, including detailed reporting on public drug plan prescription drug use patterns and spending. Infoway works with partners to accelerate the development, adoption and effective use of digital health solutions. Currently, prescription drug data is poorly managed at a national level. The format of drug data is not standardized across PT prescription drug systems and electronic medical records making it difficult to link the information. Investments in CIHI and Infoway will enable the implementation of a pan-Canadian Pharmaceutical Management Information System based on common data standards. Infoway is also implementing a national e-prescribing system known as the PrescribeIT™. It will connect physician electronic medical records with pharmacy dispensing systems to fill data gaps. This enhanced national data will support the cost management and appropriate use of prescription drugs.

Other Initiatives

Since January 2016, the Government of Canada has partnered with the PTs as an active member of the pan-Canadian Pharmaceutical Alliance (pCPA). The pCPA combines governments' purchasing power to secure lower prices for prescription drugs. As of March 31, 2017, the pCPA had achieved approximately \$1.28B in annual cost savings for public drug plans.

Sex is a key variable in the response to drug treatment. While implementing initiatives under the pharmaceuticals agenda, the Government and its partner organizations are taking steps to apply Sex and Gender Based Analysis Plus (SGBA+). For example, CADTH has started applying SGBA+ to its recommendations to public drug plans to guide prescription drug reimbursement decisions. The Government supports the Committee's recommendation to include SGBA+ in the development of options for a national formulary.

Conclusion

I congratulate the Committee for its Report on an insightful and thoughtful study. The Government of Canada is appreciative of this work and the associated recommendations. I trust that this response demonstrates the Government of Canada's commitment to playing a strong and collaborative role in the management of prescription drugs in Canada. The Committee's Report and recommendations will contribute to the ongoing dialogue on pharmacare as the Council works towards delivering its recommendations to the Government on the implementation of a national pharmacare program in the spring of 2019.

Sincerely,

A handwritten signature in cursive script, reading "Ginette Petitpas Taylor". The signature is written in black ink and is positioned above the printed name.

Ginette Petitpas Taylor
Minister of Health