



## Canadian drug cost reforms collapse

Several members of Canada's pharmaceutical price review board have resigned amid allegations of industry interference. Paul Webster reports.

Efforts by Canada's pharmaceutical price review board to lower drug costs have been largely halted following the resignations of several board members amid allegations that the Canadian Government has bowed to drug industry pressure. As a result, observers say, Canada's patchwork of public health systems can expect little reprieve from ballooning drug costs that are now the third highest in the world after the USA and Switzerland. Meanwhile, they add, hopes have died that Canada would set an international precedent for lowering drug costs.

Regulations for lowering drug costs, first tabled in 2019 by Canada's Patented Medicine Price Review Board (PMPRB), a quasi-judicial federal agency, were aimed at compelling drug makers to base their Canadian prices on their true production costs, while disclosing the secret rebates they routinely offer to many bulk buyers. The PMPRB also proposed 11 comparator countries for Canadian price benchmarking in which the USA and Sweden were replaced from the existing countries with markets where drug prices are lower.

Several lawsuits filed by drug companies and some rare-disorder patient groups, however, resulted in legal rulings in 2021 against the PMPRB's efforts, and the legal repudiation of all the proposed regulations except the new reference countries, explains Marc-André Gagnon, a pharmaceutical industry researcher at Carleton University, Ottawa. At the same time, Gagnon says, when the Canadian Government was seeking large volumes of COVID-19 vaccines from drug makers in 2021, its support for the PMPRB's agenda withered.

A further blow to the PMPRB's drug-cost reduction efforts came

last October when the Canadian Government asked it to suspend implementing its new reference countries. Executive Director Doug Clark and board members Matthew Herder and Mélanie Bourassa Forcier have since resigned. On May 2, Herder, a law professor, told Canadian parliamentarians he largely blames the Canadian Government for caving in to industry pressure, after asserting in his resignation letter that "it was evident that industry would not accept the Board scrutinising any price below the highest international price of the new basket of comparator countries".

Marisa Varanda, Media Relations Director for Innovative Medicines Canada, the lobby group representing Canada's largest non-generic drug companies, said that her group has called on the Canadian Government "to intervene to provide more leadership and oversight of the PMPRB", which was created in 1987 as part of a federal deal allowing expanded drug patent protections to drug companies, who pledged to invest in research and development in Canada in return. In February, the lobby group issued a statement warning that the use of new comparator countries "will have adverse effects on the availability of new medicines in Canada".

At the PMPRB, Communications Adviser Jeff Wright cited a pledge by the Canadian Government last July "to move forward with the implementation of the new basket of comparator countries".

Speaking to parliamentarians on April 27, federal Health Minister Jean-Yves Duclos, a former economics professor, denied interfering with the PMPRB's efforts to bring down drug costs. In February, Duclos appointed Thomas Digby, a former drug company lawyer specialising in

intellectual property enforcement, to chair the PMPRB.

The PMPRB's setback in reducing costs means the provincial health ministries that are Canada's biggest bulk drug purchasers "are not going to get a much-needed break on drug costs", says Gagnon, who adds that "the hopes for the Canadian Government's promise of an affordable national pharmacare system for Canada have also now greatly dimmed due to unrelieved drug cost pressures".

The 40% of Canadian patients who pay for many drugs out of pocket continue to be deprived of cost savings, says Toronto-based pharmaceutical policy analyst Joel Lexchin. "It's estimated that about one in four Canadian patients now struggle with high drug costs. These are people who have to decide whether to buy medicine or food or clothing, and who sometimes must choose to go without medications."

The effects of the PMPRB's failure will also be felt internationally, says Steve Morgan, a pharmacare systems expert at the University of British Columbia, Vancouver, who noted that the PMPRB's price control efforts were applauded at a series of WHO international symposia on fair prices for drugs.

Had the PMPRB's efforts proven successful "it would have set very important international precedents", says Suerie Moon, Co-director of the Global Health Centre, Graduate Institute of International and Development Studies, Geneva, Switzerland, who helped convene these symposia. "It's disturbing to see the power of the pharmaceutical industry in squelching this, and I think these issues have to be tackled by groups of countries."

*Paul Webster*