

INDUSTRY FACT CHECK

PRICE OF MEDICINES



MYTH:

Canada's drug prices are amongst the highest in the world.



FACT:

Canadian prices are 16 per cent lower than the median international price of PMPRB's current comparator nations.



Canadian drug prices are in the middle of the current list of comparator countries, not at the top. Increases in the annual Canadian price of patented medicines have been, on average, less than the rate of inflation as measured by the Consumer Price Index.

HEALTHCARE COST DRIVERS



MYTH:

Drug prices are the primary cost driver for Canadian public and private drug plans.



FACT:

Increased therapeutic drug use by Canada's aging population, and the related growth in chronic diseases, are the primary cost drivers, not the price of medicines.



Delaying the implementation of regulatory changes will allow for a review of important data that demonstrates the price of innovative medicine is not the primary cost driver for Canadian public and private drug plans, as PMPRB claims.

ECONOMIC CONTRIBUTION



MYTH:

PMPRB claims that the pharmaceutical sector in Canada had a R&D-to-sales ratio of 4.0 per cent in 2018.



FACT:

According to calculations based on Statistics Canada data, the ratio was 8.8 per cent with \$2-billion in R&D in 2018.



PMPRB uses a 30 year-old outdated definition of R&D, which does not capture the full extent of industry investments in Canada. According to Statistics Canada, the sector generates almost \$15-billion in economic activity, and approximately \$2-billion annually in R&D spending. Based on this data, the industry has an R&D-to-sales ratio of 8.8 per cent, more than twice as high as that reported by PMPRB.

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IMPACT ON ACCESS TO MEDICINE



MYTH:

Canadians have amongst the best and earliest access to new medicines and treatments.



FACT:

Canadians only have access to 48 per cent of all new medicines launched globally, which is behind countries like the US, UK, Germany, Japan and France.



The PMPRB's proposed regulatory changes will further effect market incentives and, in doing so, will negatively impact access to medicine. Price reductions of 90-99 per cent as calculated by PMPRB are not commercially reasonable for companies to introduce new innovative drugs to Canada.

CONSULTATION



MYTH:

PMPRB regulatory changes are based on thorough stakeholder input and consultation.



FACT:

The lack of meaningful consultation meant that industry and stakeholders repeatedly participated in a process where no change in PMPRB's policy direction could be discussed or considered.



Since the PMPRB's regulatory changes were first proposed, there has been a strong consensus by industry and stakeholders that the consultation process was focussed on how to implement PMPRB's new system. Attempts to discuss the policy principles or alternative approaches with the Steering Committee and Working Group were outside their mandates.



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