Patented Medicine Prices Review Board

PMPRB NEWSletter

Volume 6, Issue No. 4
October 2002

PmPrB Symposium 2002

Highlights, page 3

Inside...

Since our last issue ...

Here are some of the key events which occurred since July 2002

August 7:	Ginette Tognet, Director, Compliance and Enforcement, gave a presentation at the Rx&D Industrial Pharmacy Studentship Seminar, in Toronto.
August 8:	Sylvie Dupont, Secretary of the Board, gave a presentation at the Rx&D Industrial Pharmacy Studentship Seminar, in Montréal.
September 23:	Dr. Elgie gave a speech — *Drug Pricing: A Comparison between Canada and Other Countries* at a conference of the Institute for Research on Public Policy — *Toward a National Strategy on Drug Plans and Coverage*, in Toronto.
October 7 & 8:	PMPRB Symposium 2002. Highlights of the Symposium appear on page 3.
October 8:	The Board held its third quarterly meeting for 2002. A summary of the Minutes appear on page 9.
October 28-29	The Human Drug Advisory Panel (HDAP) met.
October 29:	Dr. Elgie gave a speech — *The PMPRB – Latest Developments* — at the Pharmaceutical Pricing and Reimbursement Conference, in Toronto.
November 4-5	First meeting of the Steering Committee of the National Prescription Drug Utilization System (NPDUIS), Ottawa.

Board Members

The Patented Medicine Prices Review Board is a quasi-judicial tribunal with the mandate to ensure that manufacturers' prices of patented medicines sold in Canada are not excessive.

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Robert G. Elgie, Chairperson

Message from the Chair

As one of the major events to mark our 15th anniversary, we held the PMPRB Symposium 2002 on October 7 and 8 in Ottawa.

This Symposium brought together experts and others interested in questions related to pharmaceutical pricing from across Canada and from other major countries. Its purpose was to share information and facilitate a dialogue on issues related to drug price regulation in Canada — to examine current trends and to identify the challenges and opportunities. We were delighted that the Symposium attracted the participation of a broad range of the PMPRB's stakeholders including representatives of consumer groups, health professionals, departments and agencies of both senior levels of government and the pharmaceutical industry.

I take this opportunity to thank our speakers and panelists and in particular the Minister of Health, the Honourable Anne McLellan. Their contribution was instrumental in our meeting the objective of the 2002 Symposium to provide

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Senior Staff

Executive Director:
Wayne Critchley

Secretary of the Board:
Sylvie Dupont

Director of Policy and Economic Analysis:
Ronald Corvari

Director of Compliance and Enforcement:
Ginette Tognet

Director of Corporate Services:
Robert Sauvé

Senior Counsel:
Martine Richard

a forum to share information, ideas and views on current issues in drug prices regulation in Canada. Their participation and that of our delegates was the key element to the success of this event.

I invite you all to read the highlights of the PMPRB Symposium 2002 on page 3. ■

Robert G. Elgie
Chairperson

Welcome Tim Armstrong!

It is our pleasure to welcome a new member to the Patented Medicine Prices Review Board.

On October 3, 2002, the Minister of Health, the Honourable Anne McLellan, announced the appointment of Thomas E. (Tim) Armstrong, Q.C., O. Ont., of Toronto, to the PMPRB. A lawyer, Tim has had a long career as a provincial public servant. He served as Chair of the Ontario Labour Relations Board (1974-1976), Deputy Minister of Labour (1976-1986), Agent General for Ontario in Tokyo (1986-1990), and Deputy Minister of Industry, Trade and Technology (1991-1992). He was advisor to the Premier of Ontario on Economic Development from 1992 to 1995, and advisor to the Minister of Labour on Construction Industry Labour Relations in 1999. He has been Chief Representative for Canada to the Japan Bank for International Cooperation since 1996.

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PMPRB Symposium 2002, October 7 – Tim Armstrong, Member of the Patented Medicine Prices Review Board; Dr. Robert G. Elgie, Chairperson, PMPRB.

Tim was awarded the Order of Ontario in 1995 in recognition of his contribution to public service in Ontario.

Board Members and Board Staff join the Chairperson in welcoming Tim Armstrong to the PMPRB team. ■

Congratulations!

Sylvie Séguin, Statistical Research Assistant in the Compliance and Enforcement Branch, celebrated 25 years with the federal Public Service in July 2002. Sylvie joined the PMPRB in December 1987 after previous assignments with the then Departments of Communications and Consumer and Corporate Affairs. ■

PMPRB Symposium 2002 – Highlights

One year ago, we conducted a survey of our major stakeholder groups as part of our annual Environmental Scan exercise. The results of the survey showed that our stakeholders are mostly concerned about:

- the rising cost of drugs;
- the need for research and development;
- the impact of emerging technologies; and;
- transparency in the PMPRB's operations.

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PMPRB Symposium 2002, October 7 & 8, 2002, Fairmont Château Laurier, Ottawa, Canada.

This input was taken into account by the PMPRB in developing our Research Agenda which is updated and published annually in the January edition of the NEWSletter. It also played a major part in developing the program for our Symposium 2002 which was held in Ottawa on October 7 and 8.

The Symposium brought together experts and others interested in questions related to pharmaceutical pricing from across Canada and from other major countries. Its purpose was to share information and facilitate a dialogue on issues related to drug price regulation in Canada — to examine current trends and to identify the challenges and opportunities.

Although the planning for this conference went back one year, its genesis actually goes back several years. In 1997, the Standing Committee on Industry recommended that the PMPRB consult with stakeholders to find out what further information we could provide to the public. In response to the public consultations which led to the *Road Map for the Next Decade* in 1998, we have been continually seeking new ways to share information on major pharmaceutical trends.

We were delighted that the Symposium attracted the participation of a broad range of the PMPRB's stakeholders including representatives of consumer groups, health professionals, departments and agencies of both senior levels of government and the pharmaceutical industry.

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PMPRB Symposium 2002, October 7 – Professor Sir Michael Rawlins, Chairman, National Institute for Clinical Excellence, UK.

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PMPRB Symposium 2002, October 7 – The Honourable Anne McLellan, Minister of Health; Dr. Robert G. Elgie, Chairperson, PMPRB; Professor Lloyd Sansom, Chairman, Pharmaceutical Benefits Advisory Committee, Australia; Mrs. Margaret Sansom.

The Board wishes to thank the speakers and panelists for their participation in the PMPRB Symposium 2002.

Bruce Brady, Canadian Coordinating Office for Health Technology Assessment
Tim Caulfield, University of Alberta
Vernon Chiles, Green Shield Canada
Michael Decter, Canadian Institute for Health Information
Murray Elston, Canada's Research Based Companies
Colleen Flood, University of Toronto
Stéphane Jacobzone, Organisation for Economic Co-operation and Development
Panos Kanavos, London School of Economics
Jim Keon, Canadian Generic Pharmaceutical Association
Andreas Laupacis, Institute for Clinical Evaluative Sciences
Jacques Le Lorier, *Centre hospitalier de l'Université de Montréal*
Mark J. Lievonen, Aventis Pasteur
Stuart MacLeod, University of British Columbia (formerly of McMaster University)
Terry McCool, Eli Lilly Canada Inc.
Robert Y. McMurtry, Commission on the Future of Health Care in Canada
Steve Morgan, University of British Columbia
Jeffrey Poston, Canadian Pharmacists Association
Sir Michael Rawlins, National Institute for Clinical Excellence, UK
Lloyd Sansom, Pharmaceutical Benefits Advisory Committee, Australia
Barbara Shea, Saskatchewan Health
Ian Shugart, Health Canada
Linda Tennant, (formerly) Ontario Ministry of Health and Long-Term Care
William J. Tholl, Canadian Medical Association
Don Willison, McMaster University

The major theme throughout the two-day Symposium was to examine approaches to assessing the value of new drugs in other countries and to identify the major issues in Canada. Among others, we heard from Professor Sir Michael Rawlins, the Chairman of the National Institute for Clinical Excellence, or NICE, in the UK and Professor Lloyd Sansom, the Chair of the Pharmaceutical Benefits Advisory Committee in Australia.

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PMPRB Symposium 2002, October 7 – Panos Kanavos, London School of Economics, UK; Réal Sureau, Vice-Chairperson, PMPRB; Stéphane Jacobzone, OECD.

They told us about some of the current issues and practices in those countries, including continued efforts to enhance evidence-based decision-making; to increase transparency; and to link the reviews of new drugs to appropriate prescribing and utilization.

Since the PMPRB was created in 1987, retail spending on drugs in Canada has increased from about 10% of total health expenditures to more than 15%. Total sales by drug manufacturers have grown by close to 400% to reach $11.5 billion in 2001. The sales of patented drugs have increased even faster so that they now represent 65% of total drug sales as compared to 45% just a few years ago.

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PMPRB Symposium 2002, October 7 – Dr. Robert Y. McMurtry, Special Advisor to the Commission on the Future of Health Care.

The delegates were privileged to hear Dr. Robert McMurtry, who is serving as Special Advisor to the Romanow Royal Commission on the Future of Health Care. He reported that many Canadians have raised their concerns about pharmaceuticals, particularly on the affordability and accessibility of necessary medications.

All countries are facing significant increases in drug expenditures. Leading economists reported to us on the experiences of other developed countries in attempting to understand and wrestle with double-digit rates of growth in drug plan spending. As Stéphane Jacobzone of the OECD reported to us, there continues to be a constant evolution in public policy throughout Europe related to the pricing of drugs and reimbursement under public programs. On the pricing side, these initiatives include reference-based pricing, foreign price comparisons, and mandated price reductions. The United Kingdom continues to control the profits of drug manufacturers through the Pharmaceutical Price Regulation Scheme and actively promotes the utilization of cost-effective drugs through NICE. Some countries are negotiating volume agreements with manufacturers to limit total expenditures.

Professor Panos Kanavos of the London School of Economics, who has just completed a year as a Visiting Professor at Harvard University, also reported on the significant developments in the United States. He pointed out that more and more public programs, especially at the state level, are adopting some of the price control and cost-containment measures that have previously been seen in Europe and elsewhere. For example, a number of states have effectively introduced reference-based pricing programs for their Medicaid plans. In the private sector, HMOs and other major insurers are increasing the rigour of their formulary reviews in deciding which drugs to cover.

Canadians are not unique in facing significant increases in drug expenditures and in continually examining and modifying pharmaceutical policies to address them.

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PMPRB Symposium 2002, October 8 – Steve Morgan, Centre for Health Services and Policy Research, University of British Columbia; Tim Caulfield, Health Law Institute, University of Alberta.

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PMPRB Symposium 2002, October 7 – Mrs. Jean Jones, O.C., Consumers' Association of Canada; the Honourable Anne McLellan, Minister of Health.

Looking at the domestic side, we heard from a number of speakers on four separate panels addressing issues related to:

- assessing the value of new drugs, including the use of pharmacoeconomics;
- international experience with pharmaceutical industrial policy: common challenges and lessons for Canada;
- how the new National Prescription Drug Utilization Information System can be used to promote optimal drug therapy; and
- the challenges arising from the emerging pharmaceutical technologies.

Our panelists included a wide range of experts: academics in the fields of health policy, economics and law; representatives of the pharmaceutical industry - brand-name, generic, and biotechnology; health care professionals; and senior government officials with responsibility for pharmaceutical policy and drug plans.

Needless to say they didn't always agree, but they were frank in identifying some tough questions and promoting more dialogue.

It is clear that there are no magic bullets or easy answers.

The Symposium provided a concrete example of the dual nature of the mandate of the PMPRB of regulating prices charged by manufacturers of patented medicines to ensure that they are not excessive and reporting to Canadians on pricing and R&D performance for pharmaceuticals.

We take this opportunity to thank our speakers and panelists. Their contribution has been instrumental in our meeting the objective of the 2002 Symposium to provide a forum to share information, ideas and views on current issues in drug prices regulation in Canada. Their participation and that of our delegates was the key element to the success of this event.

In closing, 2002 marks the 15th anniversary of the PMPRB. It has been a particularly busy year and it is clear that 2003 will be the same. We look forward to continuing our work with all our stakeholders in developing and carrying our Research Agenda to fulfill the regulatory and reporting mandates of the PMPRB. ■

Information on the PMPRB Symposium 2002 along with speaker and panelist's presentations are available on our website by clicking on PMPRB Symposium 2002.

PMPRB

Voluntary Compliance Undertaking – Differin Pledget

Under the Compliance and Enforcement Policy, patentees are given an opportunity to make a Voluntary Compliance Undertaking (VCU) when Board Staff conclude, following an investigation, that a price appears to have exceeded the Board's Excessive Price Guidelines. Approval of a VCU by the Chairperson or Board is an alternative to the commencement of formal proceedings through the issuance of a Notice of Hearing.

The full text of the VCU respecting Differin Pledget is available on our website under Publications; VCUs, ARCs, Hearings and Decisions of the Board.

On September 16, 2002, the Chairperson approved a VCU from Galderma Canada Inc. for Differin Pledget (adapalene).

Differin Pledget is a patented medicine sold in Canada by Galderma Canada Inc. (Galderma) and is used for the topical treatment of acne vulgaris. Adapalene 0.1% is supplied in a cream, gel and solution. Galderma began selling Differin Pledget on July 1, 2001 at a price of $0.7774 per ml.

For the purposes of the Board's Guidelines, Differin Pledget was classified as a category 1 new medicine in that it is a new DIN of a comparable dosage form of an existing medicine. A Reasonable Relationship (RR) Test and International Price Comparison (IPC) Test were conducted.

Board Staff concluded that the price of Differin Pledget Solution exceeded the Maximum Non-Excessive (MNE) price of $0.5780 per ml by 34.5% with resulting excess revenues of $17,575.12 during the introductory period July 1, 2001 to December 31, 2001.

The terms and conditions of the VCU were agreed to between Board Staff and the patentee. Having considered the evidence before it, the Chairperson approved the VCU submitted by Galderma. Under the terms of the VCU, Galderma has undertaken to:

- Reduce the average selling price within 30 days of acceptance of the VCU so that the average price for 2002 does not exceed the 2002 MNE price.
- Advise customers that price reductions have been implemented as a result of the undertaking.
- Offset excess revenues it received for the sale of Differin Pledget during the period July 1, 2001 to December 31, 2001 by making a payment to Her Majesty the Queen in the right of Canada, within 30 days of the acceptance of the undertaking, in the amount of $17,575.
- Ensure that the price of Differin Pledget remains within the Guidelines in all future periods in which it remains under the Board's jurisdiction.

Pursuant to section 103 of the *Patent Act*, the Minister of Health may enter into agreements with any province respecting the distribution of amounts collected as a result of orders made under the *Act*. ■

Report on New Patented Drugs

Under its transparency initiative, the Board publishes the results of the reviews of new patented drugs by Board Staff, for purposes of applying the PMPRB's Price Guidelines, for all new active substances introduced after January 1, 2002.

NovoRapid

Brand Name:	NovoRapid	
Generic Name:	insulin aspart	
DIN:	02244353	100 units/ml injectable
Patentee:	Novo Nordisk Canada Inc.	
Indication (as per product monograph):	For the treatment of patients with diabetes mellitus who require insulin for the maintenance of normal glucose homeostasis. NovoRapid should normally be used in regimens together with an intermediate or long-acting insulin.	

Notice of Compliance: July 18, 2001

Date of First Sale: February 1, 2002

ATC Class: A10AB05
Insulins and analogues, fast-acting

Application of the Guidelines

Summary:

The introductory price of NovoRapid was found to be within the Guidelines because the cost of therapy did not exceed the cost of therapy of existing drugs in the therapeutic class comparison and did not exceed the range of prices in other comparator countries where NovoRapid was sold.

Scientific Review:

NovoRapid is a new active substance and the Human Drug Advisory Panel (HDAP) reviewed it as a category 3 new medicine (provides moderate, little or no therapeutic advantage over comparable medicines).

Members of the same 4th level ATC class as NovoRapid available on the Canadian market include Novolin ge Toronto (insulin human), Humulin R (insulin human), Iletin II Regular (insulin pork), Humalog (insulin lispro) and Humalog 25 (combination of insulin and insulin lispro protamine).

Iletin II Regular (insulin pork) is infrequently utilized in Canadian diabetic patients (see website of the Canadian Diabetes Association at www.diabetes.ca) and thus, was not included in the TCC. Humalog 25 (combination) was also not included in the TCC as it is a combination product.

The majority of diabetics are managed with either genetically engineered human insulin (Novolin ge Toronto, Humulin R) or insulin lispro (Humalog). Humalog shares a similar profile to NovoRapid, both being considered fast- and short-acting mealtime insulins. The premise behind the modifications in these agents, as compared to regular insulin, is that they can be absorbed more readily and have a faster onset of action, more closely mimicking the action of normal pancreatic insulin. Humalog represents the most similar insulin to NovoRapid and is thus, the primary comparator for the conduct of the TCC. The PMPRB's Guidelines provide that the dosage recommended for comparison purposes will normally not be higher than the maximum of the usual recommended dosage. The recommended comparable dosage regimens for NovoRapid and the comparators are based on respective product monographs and clinical trial data.

According to the product monograph of NovoRapid, individualization of the dosing is required. Typically, the total daily individual insulin requirement is between 0.5 to 1.0 U/kg/day. If given as part of a meal-related treatment program, 50 to 70 percent of this requirement may be provided by NovoRapid with the remainder provided by either an intermediate or long-acting insulin. Overall in the studies, patients were transferred on a unit to unit basis, with titration as required.

As a result, the comparable dosage regimen was established using a dosage format common to all agents, specifically the 100u/ML 3mL penfill/cartridge. See table in the following price test section.

The Therapeutic Class Comparison (TCC) test of the Guidelines provides that the price of a category 3 new drug product cannot exceed the prices of other drugs that treat the same disease or condition. Comparators are generally selected from among existing drug products in the same 4th level of the Anatomical, Therapeutic, Chemical (ATC) System that are clinically equivalent in addressing the approved indication. See the PMPRB's *Compendium of Guidelines, Policies and Procedures* for a more complete description of the Guidelines and the policies on TCCs on our website at **www.pmprb-cepmb.gc.ca**, under Frequently Requested Items.

Price Review:

Under the Guidelines, the introductory price for a new category 3 drug product will be presumed to be excessive if it exceeds the price of all of the comparable drug products based on the TCC test, and if it exceeds the prices of the same medicine in the seven countries listed in the *Patented Medicines Regulations*.

As shown in the following table, the price of NovoRapid was within the Guidelines relative to the TCC test as it was slightly less than the price of the other rapid-acting agent, Humalog.

Name	Strength	Dosage Regimen	Unit Price	Cost Per Day
Short-Acting Insulins				
Rapid-acting:				
NovoRapid	100 unit/ml	1 x 3 ml penfill	$3.06[1]	$9.18
Humalog	100 unit/ml	1 x 3 ml cartridge	$3.07[2]	$9.21
Regular insulin:				
Humulin R	100 unit/ml	1 x 3 ml cartridge	$2.14[2]	$6.42
Novolin ge Toronto	100 unit/ml	1 x 3 ml penfill	$2.14[2]	$6.42

1 PPS, July 2002
2 Ontario Drug Benefit Formulary, 2001

Evidence/ Reference:

The list of references are available on the PMPRB website, under Publications, Patented Medicines; Reports on New Patented Drugs; NovoRapid

NovoRapid is sold in France, Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States. The price in Canada is lower than the price in the United States and therefore was within the Guidelines relative to the highest price component of the International Price Comparison Test.

Where comparators and dosage regimens are referred to in the Summary Reports, they have been selected by the PMPRB Staff and the Human Drug Advisory Panel (HDAP) for the purpose of carrying out the PMPRB's regulatory mandate, which is to review the prices of patented medicines sold in Canada to ensure that such prices are not excessive. The publication of these reports is also part of the PMPRB's commitment to make its price review process more transparent.

The information contained in the PMPRB's Summary Reports should not be relied upon for any purpose other than its stated purpose and is not to be interpreted as an endorsement, recommendation or approval of any drug nor is it intended to be relied upon as a substitute for seeking appropriate advice from a qualified health care practitioner. ■

New Patented Medicines Reported to the PMPRB

Since the publication of the July 2002 NEWSletter, 15 new DINs for human use (representing 13 medicines) were added to the list of New Patented Medicines Reported to the PMPRB for the period ending September 30, 2002. Seven of these new medicines are new active substances, representing eight DINs.

The following table presents the new active substances reported to the PMPRB during the period July to September 2002. ■

Brand Name	Generic Name	Company
Travatan (0.04 mg/mL)	travoprost	Alcon Canada Inc.
Kineret (100 mg/syr)	anakinra	Amgen Canada Inc.
Campath (30 mg/amp)	alemtuzumab	Berlex Canada Inc.
Valycyte (450 mg/tab)	valganciclovir hydrochloride	Hoffmann-La Roche Canada Ltd.
Cancidas (50 mg/vial; 70 mg/vial)	caspofungin acetate	Merck Frosst Canada Inc.
Arixtra (2.5 mg/syr)	fondaparinux sodium	Organon Sanofi-Synthelabo Canada
Elitek (1.5 mg/vial)	rasburicase	Sanofi-Synthelabo Canada Inc.

The list of New Patented Medicines Reported to the PMPRB is posted on our website under Publications; Patented Medicines.

Questions and Comments

Contact Us!

You can reach us on-line through our electronic feedback form at **www.pmprb-cepmb.gc.ca** under Contact.

The feedback form is another way that you can communicate with us. If you have any questions, comments or ideas we would love to hear from you. Your feedback is important to us and there are a variety of ways you can reach us: e-mail, telephone, fax or mail and now through our on-line feedback. We look forward to hearing from you! ■

You can contact us at:

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Patented Medicine Prices Review Board – October 8, 2002 Meeting

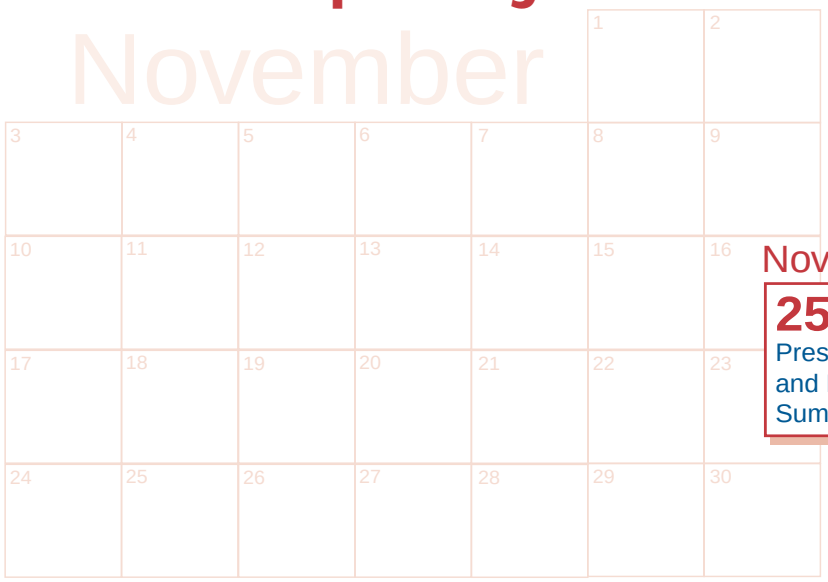
At its meeting, the Board:

- Received Part 2 of the Report of the Working Group on Price Review Issues on the Guidelines for Category 3 Drugs. The Report is available on the PMPRB website under Working Group on Price Review Issues; Reports. ■

The next Board meeting is scheduled for December 9 & 10, 2002.

For any additional information, please contact the Secretary of the Board at 1 877 861-2350, or (613) 954-8299, or sdupont@pmprb-cepmb.gc.ca.

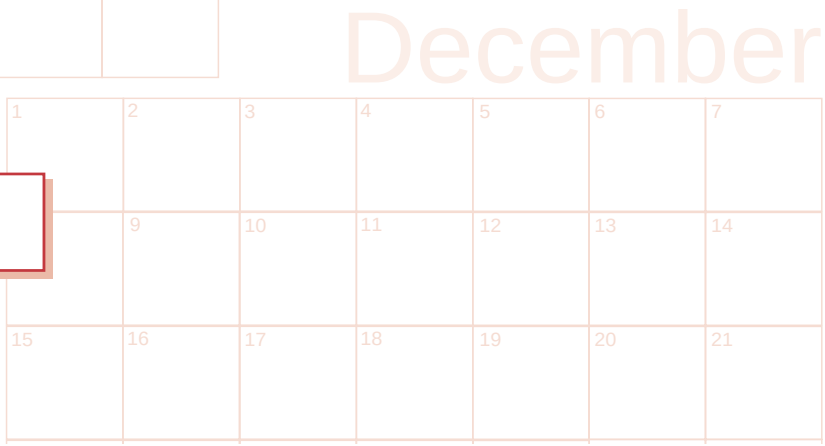
Upcoming Events



November

25-26

Presentations by Wayne Critchley and Ron Corvari to the Pharma Summit, Montréal



December

9-10

Board Meeting

To order our publications, call our toll-free number 1 877 861-2350

Comments

We want to hear from you. If you have any comments, ideas or suggestions on topics you wish to see covered in the NEWSletter, please let us know.

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