



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
de quartier**

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Patented Medicine Prices Review Board
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Standard Life Centre
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Ottawa, ON K1P 1C1

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RE: Consultation on the Guideline Monitoring and Evaluation Plan

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) provides this submission on behalf of Canada's leading pharmacy organizations trusted with delivering high value, quality care in all models including chain, banner, long-term care, specialty, independent pharmacies as well as grocery chains and mass merchandizers with pharmacies.

From the outset, Neighbourhood Pharmacies' contributions to the Patented Medicine Prices Review Board (PMPRB) regulatory modernization consultations have focused on the need to ensure that Canadian patients do not experience unintended consequences from policy implementation that will affect their access to medicines and quality of care.

Neighbourhood Pharmacies' members have been supportive of the Government of Canada's decisions to delay the coming-into-force of the amended regulations in order to focus on the public health needs of the pandemic response while ensuring industry has the time required to fully understand the impact of and prepare for newly introduced obligations.

The rationale for previous delays to the scheduled implementation of PMPRB amendments unfortunately persist today. Canada's pharmacies have offered critical support to their patients and communities throughout the ongoing pandemic. They are now key partners doing their part in bringing this health crisis to an end by supporting the largest immunization campaign ever undertaken.

At a time when Canada is acknowledging the domestic capabilities lost in and the need to grow a robust, domestic life sciences sector, it is more important than ever that government pause and take the time to truly assess whether recent PMPRB regulatory reforms work against the investments being made to support the growth of life sciences firms, the research and development of new scientifically proven treatments and job creation in the health research sector.

In August 2020, we recommended that the PMPRB consider a series of additional amendments to the Guidelines to enable more predictable pricing, particularly for Category 1 drugs, and stressed the importance of establishing a strong, effective monitoring and evaluation plan that includes estimations for the impacts for pharmacies and distributors.

The pharmaceutical ecosystem extends far beyond the view taken by the PMPRB's proposed framework for the Guidelines Monitoring and Evaluation Plan (GMEP). It is vital that the GMEP monitor and assess the impact of regulatory amendments across the pharmaceutical supply chain, including on the generic pharmaceutical industry (comprising most prescriptions dispensed in Canada), and on pharmacies and distributors.

As previously submitted, it is expected that patients, pharmacies and distributors will experience a disproportionate burden of changes to Canada's drug pricing policy in a way that will wholly affect businesses, services and quality of care. The reimbursement models in Canada are such that funding formulas for pharmaceutical distributors – who ensure that Canadians have timely access to vital medications in a safe, secure and efficient manner – and pharmacy services – that provide personalized patient care and support the needs of complex medication therapy – are directly related to drug prices.

Pharmacies are bracing for an estimated \$73 million reduction in patient service funding annually as a consequence of price reductions; an estimation that is especially difficult to calculate given the significant uncertainty caused by complicated drug pricing models, processes and tests provided under the new Guidelines.

To ensure that the PMPRB's price assessments under the revised regulations and Guidelines are successfully delivering on its mandate of preventing excessive drug prices, Neighbourhood Pharmacies recommend that the PMPRB's GMEP fairly assess the impact of drug prices on pharmacy and distributor revenue.

Given the value medicine provides to patients and the broader health care system, Neighbourhood Pharmacies members would also be supportive of an independent third party evaluation of the overall impact drug price changes have on Canada's life science ecosystem, health care manufacturing sector, related medical expenses and services needed to support patients using these medicines.

Planning for the implementation of such fundamental changes to the pharmaceutical reimbursement and distribution model is a massive undertaking and requires far more lead for all stakeholders. This includes but is not limited to payers, wholesalers, distributors, and community pharmacies. More work is required to attain better clarity on impacted medicines and their broad economic implications to be equipped to manage new prices, minimize any potential supply chain disruptions, and determine whether a new framework for patient service funding is required to ensure patient support programs continue to maintain the specialized care needed by patient with complex conditions.

It is equally important that a clear process be established for manufacturers to appropriately communicate new prices to the market and address the current lack of floor-stock protection at the distributor and pharmacy levels in order to prevent supply interruptions and unnecessary shortages as the compliance date approaches. Neighbourhood Pharmacies encourages the PMPRB to actively engage manufacturers, distributors, community pharmacies and drug plan

managers – both private payers and provincial drug plans, to ensure a smooth transition to the new guidelines. Without measures like ‘washout’ periods that could protect against the deflation of products in-stock at the time of implementation, there is a risk that supply chain partners could limit purchasing activities and inventories could lead to supply disruptions and patient access challenges.

Neighbourhood Pharmacies appreciates the ability to provide ongoing feedback into the PMPRB’s consultation process. We also welcome the opportunity to further discuss how drug pricing changes will impact the pharmaceutical distribution system, patients and the health care system overall and contribute to the development of necessary indicators to be considered by the GMEP.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Hanna', with a stylized flourish at the end.

Sandra Hanna, RPh.
Chief Executive Officer