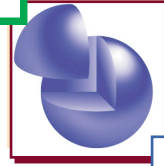
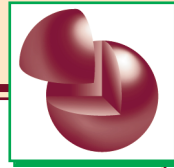


# Topics and Trends in Canadian Pharmaceutical Marketing: Q4 Report, 2006



## BILL 102

Bill 102 has been passed and negotiations continued in earnest by all stakeholders over the summer. Final regulations were circulated on September 29th, 2006.

Once again, a poorly written and unclear document has been delivered by the government.

## Pricing

- Generic pricing is 50% of the original price as of October 1, 2006. (Don't forget about the impact in Quebec)
- Two-tiered pricing is still a possibility.... stay tuned
- Be prepared for floor stock protection requests
- Electronic pricing will be published October 1st 2006 and no one knows if the price is the current book price or the current selling price of brand-name pharmaceuticals. A hard copy is expected later in the month
- The 10% markup will remain in place until April 1, 2007

## Rebates

- A 20% cap on professional allowance
- A list of non-acceptable criteria for manufacturers' professional allowances is now published and became effective October 1, 2006

## Professional fee

- Effective October 1, 2006, the professional fee is \$7.00
- A special fund for professional services is to be put in place by April 2007

## Code of Conduct

- The code is extended to October 1, 2008. The Executive Officer has until then to review the Code of Conduct and professional allowances definition

*Hold the presses, as of November 1st 2006, all bets are off and the majority of pricing, listing and rebate issues have been put off until January 1st, 2007.*

## CMA SUPPORTS PRIVATIZATION OF MEDICARE

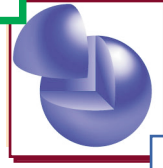
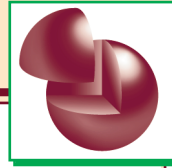
During the August 2006 meeting in Prince Edward Island, the new President, Dr. Brian Day, took an additional step in taking Canadian Medicare closer to sanity by supporting privatization.

Dr. Day is one of the most articulate critics of our sweet system, telling the *New York Times* "This is a country in which dogs can get a hip replacement in under a week and in which humans can wait two to three years [for the procedure]."

The overall vote to support privatization was, indeed, not unanimous and it will be interesting to watch events unfold.

## ONTARIO PHARMACISTS ASSOCIATION/GENERIC DRUG INDUSTRY: BILL 102 FALL OUT

The relationship between these two organizations continues, to say the least, to be



strained (if not strangled) over the implementation of the proposed allowable 20% rebate from the generic companies to pharmacists in Ontario.

Stay tuned as the battles (oops.... negotiations) continue.

PLAVIX®: APOTEX/BRISTOL MYERS SQUIBB/SANOFI-AVENTIS

It is interesting that, once again, Apotex won an initial court ruling and was able to immediately flood the market (US this time) with a generic copy, only to lose a subsequent court ruling that overturned the original ruling. Apotex was forced to stop shipping.

We wonder how many months inventory had actually been shipped.

The FBI is involved and it appears to be a very messy situation that has led to the recommendation by the Bristol Myers Squibb Board of Directors that their CEO and General Counsel be removed.

LONG-TERM CARE

The audience and sector continues to grow in size and influence in the overall health care market. The following are a few highlights:

- Seniors will make up 15% of the Canadian population over the next five years and their needs for continuing care will outstrip supply.
- Seniors in long-term care facilities use an average of 16 prescriptions to 20 prescriptions daily and seniors in assisted living use an average of six prescriptions to eight prescriptions daily.

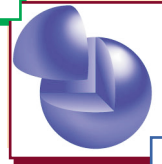
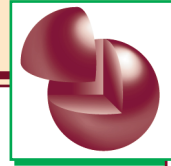
*Seniors will make up 15% of the Canadian population over the next five years and their needs for continuing-care will outstrip supply.*

Professional availability and its impact on care

- Continuing care centers are setting up in a campus format. Residents that initially enter a care center for independent/supportive living and progress all the way to long-term care and in some cases, palliative care, stay within the same facility
- There are fewer and fewer physicians and nurses available to work in continuing care facilities and the ones that are there are aging and nearing retirement. The gaps are being filled with college-educated caregivers
- Training in specific issues (e.g., Alzheimer's recognition) appears to be few and far-between at every level of patient care
- Some governments pay physicians a premium to encourage them to see more seniors and other governments are reducing the minimum standard for the time healthcare professionals spend with patients (from four hours to two hours).
- Bill 102 in Ontario and its implications, will dramatically change the landscape of continuing-care
- The circle of care is depending increasingly on caregivers/aides and the friends and family members of the patient to pick up the slack which medical and nursing staff cannot cover.

PRIVATIZATION

MRIs are now available at St. Paul's hospital in British Columbia for \$1,400. This reduces the normal four-month waiting period. The BC government has promised to investigate this situation.



### JEAN COUTU DEFENDS RITE AID PURCHASE

While analysts remain critical of the financial terms of the massive \$3.4 billion (US) deal, there will likely be challenges by bond holders over the agreed 32% share in Rite Aid.

In the overall scheme, this removes debt from the Jean Coutu balance sheet and will assist them in focusing on their most profitable franchise in the Canadian market.

### PMPRB AMENDMENTS

The 1994 Patented Medicines Regulations, were published in the *Canada Gazette, Part I*, on December 31, 2005. Further revisions have been made as a result of all the feedback from stakeholders. The revised regulatory package was recently presented to the Minister of Health for approval. The next step is to submit the regulations to the Treasury Board Cabinet Committee for approval for final publication in the *Canada Gazette, Part II*. The regulations will come into force on the day which they are registered.

### NATIONAL PHARMACEUTICAL STRATEGY

In September 2004, the First Ministers agreed to the Health Accord, providing up to \$41 billion in new federal health-care funding. A ministerial task force was created to develop and implement a National Pharmaceutical Strategy (NPS). This task force consisted of the Federal and

*In September 2004, the First Ministers agreed to the Health Accord, providing up to \$41 billion in new federal health-care funding.*

Provincial Ministers of Health.

The strategy was tabled in June 2006 and published on September 27, 2006. There were nine initiatives agreed to, with the top five being the highest priority.

Below we have listed the top five initiatives and italicized the updates. The report is “much to do about nothing” as you can tell by the comment after each point:

1. Develop, assess and cost options for catastrophic drug coverage;  
*Nothing yet, only a taskforce has been created.*
2. Establish a common National Drug Formulary for participating jurisdictions based on safety and cost effectiveness;  
*Nothing yet, only a taskforce has been created.*
3. Accelerate access to breakthrough drugs for unmet health needs through improvements to the drug approval process;  
*Nothing yet, only a taskforce has been created.*
4. Strengthen evaluation of real-world drug safety and effectiveness;  
*Nothing yet, only a taskforce has been created.*
5. Pursue purchasing strategies to obtain the best prices for drugs and vaccines;  
*Nothing yet, only a taskforce has been created.*

### PHARMACIST & PATIENT ACCESS TO MEDICAL RECORDS

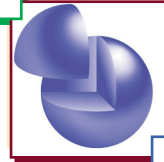
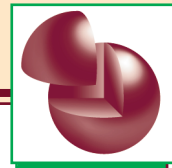
On August 9th, 2006, Canada Health Infoway Inc., Group Health Centre and the Ontario Pharmacists’ Association launched a new \$3.5 million initiative which will help reduce medication errors and provide better patient care in Sault

*Canada Health Infoway Inc. (Infoway), Group Health Centre (GHC) and the Ontario Pharmacists' Association (OPA) launched a new \$3.5 million initiative which will help reduce medication errors and provide better patient care in Sault Ste. Marie.*

Ste. Marie. This will be done by allowing pharmacists to have access to clinical information about patients. This initiative, called EMRextra, is sanctioned by the Federal Health Minister, Tony Clement.

Over 20 pharmacies will participate in EMRextra, which includes 40 pharmacists to 50 pharmacists. The project will first be used with a pilot group of several hundred patients and then be extended to all 60,000 GHC patients. **CPM**

*For more information, contact Joe Knott, CEO, Pangaea Group of Companies at: (416) 516-3524, email: [jknott@pangaea-consultants.com](mailto:jknott@pangaea-consultants.com) [www.pangaea-consultants.com](http://www.pangaea-consultants.com)*



## Announcement

### Philip Blake appointed Chairman of Rx&D Board of Directors



Philip Blake,  
Rx&D

Canada's Research-Based Pharmaceutical Companies (Rx&D) is pleased to announce the appointment of Philip Blake, President and Chief Executive Officer of Bayer Inc., as Chairman of the association's Board of Directors.

Philip was appointed General Manager of Bayer's Healthcare division in 2000 and named President and Chief Executive Officer of Bayer Inc. in 2002. Prior to leading the Canadian Bayer organization, Philip served in a number of senior management positions including global strategic product marketing development, clinical planning, product development and sales management.

In addition to his present responsibilities, Philip is a member of the Ivey Biotech Advisory Council at the University of Western Ontario's Richard Ivey School of Business.

Philip is a member of the Executive Committee and Board of Directors of Canada's Research Based Pharmaceutical Companies and previously served as the Co-chairman of the Rx&D Federal Affairs/FPT Relations Standing Committee.