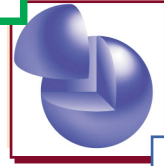
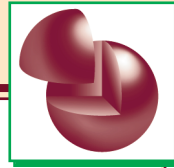


# Topics and Trends in Canadian Pharmaceutical Marketing: Q3 Report, 2006



## PRIVATIZATION

Following the decision of the Supreme Court on the Chaoulli case, some provincial governments have reopened the debate on the privatization of healthcare services. From baby boomers who are well informed, wealthy and have high expectations, the demographic pressure will continue to increase in the next five years to 10 years. Will governments continue to put pressure on a shrinking group of tax payers or will they consider allowing patients to get access to private healthcare services? This will certainly be an upcoming debate in the next few years.

The recent announcement of Cancer Care Ontario (CCO) and the Saskatchewan Cancer Agency (SCA) to provide the use of their facilities if the patient chooses to purchase medications, is the first move toward private medication purchases to be administered in publicly funded establishments.

## INTELLECTUAL PROPERTY PROTECTION

In a recent article published in the *Gazette* on June 17th, 2006, the federal government described a proposal to introduce regulatory amendments that could allow for the introduction of improvements in data protection in Canada. The government is proposing eight years of data protection from the notice of compliance of innovative drugs.

## PHARMACEUTICAL DISTRIBUTION

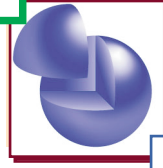
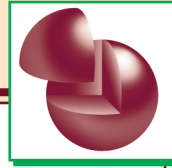
- AmerisourceBergen's acquisition of Asenda and Rep-Pharm now makes them the second largest distributor of pharmaceuticals in Canada (\$1.4 billion)
- It will be interesting to see if they follow their US parent and purchase a 7/24 compliance company, similar to the recent McKesson purchase of Phase IV Health

## ONTARIO BILL 102

This bill was introduced on April 13th, 2006 and was passed on June 19th, 2006. There was extensive lobbying by all stakeholders, that led to over 30 amendments, which significantly changed the final version. Once again, we have significant legislation without the nuts and bolts of the regulations in place.

### Generic Pricing

In some bizarre logic, the government has allowed generic pricing to stay at 70% of the brand price and the government continues to pay 20% of its revenue from the publicly reimbursed market, directly to the government.



### Generic Pricing cont'd...

There is no system or process to perform this task and it will be interesting to see what the final regulations are. As unbelievable as it may seem, the Ontario Government is allowing the generic industry to rebate 20% of sales back to the retailer.

### ADDITIONAL HIGHLIGHTS

- Therapeutic substitution is now gone; however, the mechanism of maximum allowable costs needs sorting out
- “Similar” substitution still remains, but the good news is that the Government of Ontario will respect patents. Pharmacists will no longer have the right to make the decision of what is “similar”
  - Off formulary interchangeability still needs to be worked out
  - The definition of price is a major issue
    - Is the price going to be the current price or the 1993 formulary price when prices were frozen?
    - There are currently over 2,000 SKUs in excess of the current Ontario Drug Benefit book price
- Breakthrough medication definitions have been expanded
- The \$25.00 distribution cap is gone and the incremental fees for pharmacists still need to be worked out
- The above amendments still leave a host of unresolved issues and it will be fascinating to watch the negotiations over the next three months
- The draft regulations were published on July 25th, 2006. So, now the fun will begin with serious negotiations. More information is available at: [http://www.health.gov.on.ca/english/public/legislation/drugs/proposed\\_regulations.html](http://www.health.gov.on.ca/english/public/legislation/drugs/proposed_regulations.html)

### NATIONAL PHARMACEUTICAL STRATEGY

The latest progress report was given to the Provincial Health Minister. There are no details as of yet... perhaps this is due to the fact that there are no details!

There should be a final report by July 27th, 2006.

### THERAPEUTIC PRODUCTS DIRECTORATE

There have been several pleasant surprises of approvals from the Biological Division. Let's hope this continues!

### HEALTH COUNCIL OF CANADA

We still await the committee's recommendations and solutions to the catastrophic drug price issue and its solution for funding. **CPM**

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