The High Price of Oncology Drugs:

New Drugs Offer Hope, But Costs are a Barrier

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Recent biotechnology and genetic advancements have led to an increase in the availability of innovative cancer therapies, offering hope to many patients. However, patient access to the potential benefits of these drugs has been hindered by their high cost. Examples of such drugs include Alimta® (mesothelioma, $20,000 to $25,000 per standard course), Herceptin® (adjuvant treatment of breast cancer, $45,000 to $50,000) and Avastin™ (metastatic colorectal cancer, $30,000).[1]

The majority of these therapies are delivered by intravenous (IV) infusion and in Canada, this traditionally means they are administered in a hospital or specialized clinic setting and funded from hospital or cancer budgets. In response to increasing costs, most provinces have adapted this process to ensure universal coverage for cancer care through the public payer system. In Ontario, Cancer Care Ontario (CCO), through the New Drug Funding Program, provides funding for IV cancer drugs. However, the different provincial approval and funding processes have resulted in uneven patient access. For instance, Alimta® is approved and funded in five provinces, but not in Ontario and Quebec.[2] Erbitux™, for the treatment of colorectal cancer, is not available in Canada because the manufacturer decided not to launch the product after it could not agree on a cost with the Patented Medicine Prices Review Board (PMPRB).[3] As a result, eligible Ontario patients travel to the US to receive Erbitux™ at a cost of $24,000 US a month.[3]

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This critical situation, one component of a continuing increase in healthcare costs, has repercussions among decision makers. The PMPRB is currently reviewing its Excessive Price Guidelines for all products, which may impact the cost that manufacturers can request for new cancer therapies. In addition, it is likely that most provincial cancer boards will pay increasing attention to the cost effectiveness of new therapies. The CCO is forming a pharmacoeconomic evaluation unit and drafting guidelines for economic evaluations. Therefore, any manufacturer in Canada with a new oncology drug should be aware of these changes and take the

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following appropriate measures:

- Anticipate changes in PMPRB guidelines regarding drug classification and permitted pricing strategies
- Plan economic evaluations that incorporate appropriate target populations, relevant comparators, realistic time horizons and outcomes relevant to the drug administration setting. For therapies that increase patient life expectancy, cost-utility ratios are particularly relevant as they incorporate patient health-related quality of life, an important outcome in patients with advanced cancer

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For more information about PMPRB regulations on pricing and on strategies for assessing the cost utility of cancer therapies, contact John McCormick at 1 (800) 811-9880 ext. 461, or by email at jmccormick@phase4health.com.

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