

Topics and Trends



in Canadian Pharmaceutical Marketing: Volume 5, 2008



Joe Knott,
CEO, Pangaea Group of Companies

BRITISH COLUMBIA JOINS THE PHARMACIST PRESCRIBING GROUP

BC has recently joined the growing swell of viewing Pharmacists as an underutilized resource and allowing prescribing powers. PPP58 (Professional Practice Policies) has been introduced using the term “adapting a prescription” which applies to all except narcotics and cancer chemotherapy. There are seven guiding principles:

1. Individual competence
2. Appropriate information
3. Valid prescription
4. Appropriateness
5. Informed consent
6. Documentation
7. Notification of other healthcare professionals

We predict this to expand across the country as well as the scope of interaction. We also await the Ontario decision on how they will take advantage of this underutilized resource.

BRAND PHARMA CONTINUES TO RESTRUCTURE

There have been numerous global initiatives announced recently of large reductions and redeployment of a variety of departments such as Human Resources, Medical, Finance and

Logistics. There is a definite trend to global structures and reporting. The local review appears to be on sales force sizing and deployment.

ALBERTA: FRONT-LINE HEALTH DELIVERY CONTINUES TO CHANGE

In Alberta, there are now more than 50 pharmacists working in Primary Care Networks (PCNs) alongside physicians, nurses and other health-care providers. This change is largely the result of a \$4 million Integrating Pharmacists into PCNs pilot project started in April 2006 and funded by the Primary Care Initiative, the provincial program that provides support and funding for PCNs. While most of the funds have now been allocated, the pilot project continues until March 2009. The results should be fascinating.

PMPRB HAS HEADS TURNING

It is fascinating that one of the apparently redundant Federal initiatives, (PMPRB, as the Provinces and payers are doing an excellent job in keeping entry level as well as price increases in check) is once again reversing an earlier logical position to accept ex-factory sales revenue for analysis. They now have changed their mind

and are demanding all discounts to be submitted which will cause havoc and chaos to say the least. Is there a Solomon in the midst to resolve this?

PHYSICIAN PAYMENTS FROM THE INDUSTRY

We have seen disclaimers prior to Association and Conference presentations as well as educational events and now it looks like the Industry is moving toward more than full disclosure.

Eli Lilly reported that it will set up an online registry detailing payments they make to US physicians. The database will be public and is estimated to go online by the second half of 2009. It will disclose payments made to physicians who serve the company as speakers and advisers.

I wonder if all payments such as research and grants will be reported. Wouldn't you like to see the standard operating procedure for what gets tracked?

IP CANADIAN LITIGATION TRAIN

The law firm, Goodman, in Toronto estimates their IP litigation revenue to be between \$10 million to \$20 million and generic companies represent 90% of their revenue.



It is estimated that generic pharmaceutical litigation represents 60% of all Federal patent cases as well as 75% of the legal fees. The best quote that I have seen is from Scott Jolliffe from Gowling Lafleur Henderson, "IP litigation lawyers should erect a monument to Barry Sherman."

GOOGLE COULD SPEED UP THE EVOLUTION OF ELECTRONIC PHARMACY RECORDS

Pharmacy information technology vendors, PDX Inc. and Rx.com partners, have joined with Google Health to set the stage for inclusion of prescription records in Google's budding personal health record (PHR) system. Under the set-up, Google Health PHR users must explicitly provide consent to their pharmacy to have their prescription records imported into the PHR.

Both vendors are units of National Health Systems Inc., Fort Worth, Texas. PDX sells pharmacy information systems, serving 11,000 pharmacies from 60 chains and 500 independent operations. Rx.com sells an electronic prescription record application. It also offers Web-based, private-label mail-order fulfillment services for pharmacies.

The service with Mountain View, California-based Google Health is available only to the more than 3,000 pharmacies that use the PDX pharmacy information system and the Rx.com electronic prescription record. Duane Reade Inc., with more than 250 pharmacies in the New York metropolitan area, is the first client to begin integrating with Google Health.

PDX will integrate each client participating in the service, but clients will have their own independent relationship with Google Health.

COUNTERFEIT DRUGS: THE NEW CRIME TREND

At the recent Canadian Association for Pharmacy Distribution Management (CAPDM) annual Education Seminar and golf tournament on September 8, the keynote speaker, Sylvain St-Jean of the Intellectual Property Crime Unit, RCMP, stated that manufacturing and importing of counterfeit drugs is on the up-swing because of the extremely high profits and low risks

involved. He revealed that major organized crime groups in Canada are involved in health product counterfeit crimes. He explained that a kilogram of cocaine fetches \$40,000 compared to a kilogram of Viagra that can fetch between \$80,000 and \$100,000. Ready internet distribution, cheap and easily accessible technology and lower penalties for counterfeit drugs than for narcotics are reasons for the sharp increase in counterfeits. It is expected that by 2010, 75% of all manufactured drugs in the world will be counterfeit.

He shared that counterfeiters use various strategies to avoid detection, such as shipping pills and labels separately, mixing counterfeits with genuine products, falsely up-labelling pharmaceuticals, re-labelling expired pharmaceuticals to reflect new expiry dates, or developing pharmaceuticals with incorrect ingredients, no active pharmaceutical ingredients (API), or with too much ingredient for a more rapid effect.

Some of the challenges to deterring counterfeit drugs, St-Jean told participants, include the difficulty of controlling the sale of the drugs on the internet, outdated Canadian legislation and insufficient current resource levels. Counterfeiters are currently prosecuted under fraud laws under the Criminal Code. The solution to the counterfeit problem, said St-Jean, is new legislation, more resources, new partnerships with the private sector and manufacturers and more public awareness.

IT IS OFFICIAL! CPDN CHANGES LOGISTICS OPERATIONS

The Canadian Pharmaceutical Distribution Network (CPDN) announced September 26th that they will be moving from McKesson Canada to Lynden International Logistics Co. (LILCO) effective June 2009. CPDN now has 20 pharmaceutical members and the membership will only continue to grow as manufacturers better understand the advantages of CPDN over traditional wholesalers. CPDN will be utilizing a new internet ordering system from ThoughtSpeed eCommerce Ltd. and are working with GS1 for a secure electronic supply chain for ordering controlled substances including narcotics. CPDN's current distribution partner is McKesson Canada.



ONTARIO MD'S TO LAUNCH MEDICAL TOURISM FIRM

Ailing Americans will soon be able to buy surgery at bargain prices in Canadian hospitals through a new medical tourism company founded by two physicians.

Markham-based anesthetist Shehbaz Butt says he can provide international patients quality choices through his company, Canadian Healthcare International Corp., at rates drastically lower than those in the US.

ONTARIO COMPETITIVE AGREEMENT

Is no news good news? The Ontario government has yet to announce the final winners for the Competitive Agreements Tender. However, they recently released updates on how companies can communicate with the Ontario Public Drug Program (OPDP). This information can be found on the MERX government website. There is already buzz on the street that the companies who did not bid will feel the pain, especially with independent pharmacies in the province. Time will tell how this agreement will financially impact the generic industry as a whole.

THE FEDERAL ELECTION

There is a lot to contemplate in the platforms during the recent Canadian Federal election in October, especially when it comes to healthcare. The New Democratic Party (NDP) announced they will commit \$1 billion to end our doctor shortage. The Liberals will contribute a total of \$1.3 billion over several years to implement a national catastrophic drug plan (there already is a four-year-old agreement by the Feds to fund it!). The Green Party announced they would implement a "National PharmaCare Program" as well as a public inquiry into the rising costs of OTC drugs and a feasibility study on generic bulk buying via a new crown corporation. The Bloc party seemed to have omitted healthcare in their election platform period. Finally, the Conservatives are the only party that have not released their party platform for this election but are instead touting their record on health, such as patient wait-time guarantee and the implementation of the Canadian Partnership Against Cancer, among other initiatives.

WILL METRO BE THE STRONGEST FOOD BANNER?

In 2005, Metro Inc. acquired A&P Canada and committed to review the status of their banner business in Ontario. Eric La Fleche, President and CEO of Metro Inc. has announced that September 2008 began the consolidation of all the Dominion, A&P, Loeb, Ultra and The Barn stores to the Metro banner. However, Food Basics stores will remain unchanged. This consolidation will make Metro the largest food banner in Ontario with 158 stores. All Dominion, Ultra and the Barn stores will be converted by end of 2008, Loeb mid 2009 and A&P will be completed by the end of 2009. Metro will be investing \$200 million to refresh and remodel these stores with the end goal of making Metro the strongest food banner in Canada. Look out Galen Weston!

MCKESSON AWARDS GENERIC PARTNERS FOR PROXIM FORMULARY

The formulary is now in place and the four generic winners are as follows: Apotex, Cobalt, Ratio-Pharm and Novopharm. This was not an easy negotiation due to the fact that this was a distributor negotiating a retail formulary which is unprecedented in the Canadian marketplace. It will be interesting to see if the same generic companies will end up winning the formulary for Uniprix (that is assuming the McKesson/Uniprix deal is indeed approved by members).

GPM

*For more information, contact Joe Knott, CEO,
Pangaea Group of Companies at:
(416) 516-3524,
E-mail: jknott@pangaea-consultants.com
www.pangaea-consultants.com*