

# Topics and Trends



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### MEDBUY TO APPEAL BC AND ALBERTA PROCUREMENT DECISIONS

On July 21, HealthPRO was awarded a > \$1 billion supply chain management contract with BC Health Authority Shared Services Organization and Alberta Health Services. On August 21, Medbuy Corporation, Canada's leading healthcare Group Purchasing Organization, announced that it intends to appeal this decision on the basis that the financial evaluation process utilized was deeply flawed. The flaws identified which prejudiced the process outcome included:

- Lack of the necessary controls to ensure that input data was accurately recorded
- Use of invalid statistical techniques to attribute possible savings the Health Authorities might expect from the two bidders

Medbuy believes that awarding a contract of this magnitude based on this flawed process could cost Health Authorities and taxpayers in both provinces tens of millions of dollars in lost healthcare savings.

Medbuy has requested that BC Shared Services and Alberta conduct a complete evaluation of their selection processes.

### FDA WIDENING ACCESS TO EXPERIMENTAL DRUGS

On or about August 21, the FDA announced that it has added two final rules in its investigational new drug application regulations. One rule expands access to experimental drugs for patients with serious or life-threatening diseases or conditions; the second rule allows charging for an investigational drug in a clinical trial.

### NEW DRUG APPROVAL PROCESS—INEFFICIENT

On August 17, 2009 a report from the Fraser Institute stated that the combination of federal and provincial decision-making creates delays or, more often, results in new drugs being unavailable to some patients.

"It takes more than 14 months, on average, for Health Canada to approve new medicines as safe and effective. And while private insurers will immediately cover those medicines, the provinces can take up to another year to decide if they will pay for the same drugs," says Brett Skinner, Fraser Institute Director of bio-pharma and health policy and Author of *Access Delayed, Access Denied: Waiting For New Medicines in Canada*.

On average, Health Canada took 453 days to approve new drugs for

sale, while the provinces added another 314 days to approve new drugs for coverage under provincial drug plans in 2007.

The study also found that only 10.1% of new drugs approved by Health Canada as safe and effective in 2007 were being fully or partially reimbursed under provincial drug plans by the end of 2008.

### REVIVAL OF THE DEBATE ON DIRECT-TO-CONSUMER ADS

In Canada, prescription drug advertising is strictly regulated and this kind of regulation is on everyone's lips again. New developments in the advertising laws have called into question how marketing should be legislated. Ads are allowed to state the name of the medication, but Health Canada does not allow them to say what the drug is used for. This kind of direct-to-consumer drug advertising is allowed stateside.

Barbara Mintzes, Centre for Health Services and Policy Research at the University of British Columbia, states that from 1995 to 2006, \$191 million was spent on branded and unbranded drug advertising in Canada. By contrast, in the US, where direct ads are allowed, the industry spent almost \$38 billion in the same time period.



## CHALLENGING TIMES FOR THE DISTRIBUTION OF PHARMACEUTICALS

The Canadian distributor market place has changed dramatically in the past few years. Ontario is currently taking a position that the common business practice of both generic and brand manufacturer's normal business practice in 2006 are the standard for comparison in the 2009 environment.

The fee for service model that is present in the US has not been successfully introduced here in Canada because our markets are drastically different.

## RETAIL REIMBURSEMENT MODEL

Canadian Association Chain Drug Stores (CACDS) in association with Blueprint for Pharmacy has developed a Framework to evolve pharmacy from the current transactional-based business model to a service focused model. This new roadmap focuses on clinical autonomy in pharmaceutical product selection, meaning the pharmacist would not be influenced by cost in the pharmacy funding model when selecting medications or would they be influenced by "winner take all" tendering for drug formulary listings. Of course the framework includes a fair return to pharmacies which will fill the current gap that exists for services being rendered. The goal of this roadmap is to decrease the reliance of pharmacy on manufacturer allowances to pay for these cognitive services. Another key component of the framework is enabling electronic health records and expanding the support role of pharmacy technicians.

## FOOD AND DRUG LEGISLATION POISED FOR INTRODUCTION

At this time it would appear that the legislation will make it to the first reading in mid fall. All stakeholders have been very active in trying to ensure that the critical components for safety, quality and efficacy are balanced with the appropriate compliance tools and the ability for industry to provide consumers with greater access to new products.

## ALBERTA PHARMACISTS WANT TO ORDER LAB TESTS

The Alberta College of Pharmacists says it wants to independently order lab tests on patients, which are typically ordered by physicians, to more effectively manage medications. The College of Physicians & Surgeons is aggressively opposing the initiative. "Any time you have change, there are questions," said Greg Eberhart, registrar of the Alberta College

of Pharmacists. "Ordering lab tests is an intuitive next step to support pharmacists wherever they might work within the system."

The debate follows the Alberta government's 2007 decision to grant prescribing privileges to pharmacists. Doctors groups such as the Canadian Medical Association opposed the move. Physicians argued the regulations didn't adequately ensure patient safety. The Alberta government supports the initiative.

## WHERE IS THE CATASTROPHIC DRUG PROGRAM?

A recent report by the Canadian Cancer Society (CCS) condemns the disparities in the coverage of cancer drugs, causing widespread financial hardship and undermining medicare. Due to the complexity in how drugs are approved and reimbursed, many cancer patients are facing burdensome costs and stress, as such, the group is calling for a nationwide catastrophic drug plan. "The last thing you need as a cancer patient is to worry about your drug costs," Dan Demers, Director of public issues at the CCS, said in an interview. "What we're seeing is the erosion of universal healthcare."

The report, entitled Cancer Drug Access for Canadians, reveals some staggering statistics: a combined \$1.1 billion was spent on cancer drugs last year and one in 12 Canadians face catastrophic drug costs, defined as > 3% of net household income. Even workers with private insurance face co-payments of up to 20% of the cost of cancer drugs as well as caps on how much the plans will reimburse.

The irony of the system is that all provinces and territories have endorsed, in principal, the idea of a catastrophic drug plan. Eight provinces even have a form of catastrophic drug plan already, though there are significant differences. The CCS ideally would like a national formula to ensure that all patients face similar rules regardless of where they live. Doing so would almost certainly require that Ottawa kick in significant funds. **CPM**

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