



**Submission on Protecting Canadians from Excessive Drug Prices:
Proposed Guidelines to the Patented Medicines Regulations**

Submitted to:

Patented Medicines Regulations Consultations
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Executive Summary and Recommendations

Thank you for the opportunity to provide input into the consultations on the proposed guidelines to the Patented Medicines Regulations. Cystic Fibrosis Canada is a national charitable not-for-profit corporation established in 1960, and is one of the world's top three charitable organizations committed to finding a cure for cystic fibrosis. Cystic Fibrosis Canada is committed to ensuring health outcomes and quality of life for people diagnosed with cystic fibrosis in Canada improve. We are pleased to offer solutions that will improve the lives and the livelihoods of Canadians living with cystic fibrosis (CF).

Cystic Fibrosis Canada supports efforts to lower the costs of prescription drugs for Canadians. We believe that this can, and must be done in a way that ensures timely access by Canadians to new medicines, especially innovative and precision medicines.

Cystic Fibrosis Canada is disappointed that the concerns of patients raised in the initial consultation process in 2017 appear to have been largely ignored by the PMPRB. The PMPRB does not seem sincerely engaged in weighing the concerns of patients and patient organizations like Cystic Fibrosis Canada and as a result, the consultation appears to have been primarily symbolic.

Cystic Fibrosis Canada agrees with the PMPRB that changing the basket of comparator countries used by the PMPRB will have the desired effect of lowering the costs of drugs in Canada, but believes that implementing additional measures to further reduce prices will only serve to make Canada an outlier with respect to its OECD counterparts making it an unfavourable target for the pharmaceutical industry.

Cystic Fibrosis Canada appreciates and supports efforts by the PMPRB to manage excessive drug prices. While we support pricing controls as means to improve accessibility, we believe that the pricing pendulum has swung too far, too fast, with no serious consideration of the information gathered during the initial consultation on what these changes will mean to patients. These changes already have created a chilling regulatory, review and reimbursement environment, one in which manufacturers are questioning whether or not to launch their products in Canada.

Cystic Fibrosis Canada makes the following recommendations:

RECOMMENDATION 1:

Cystic Fibrosis Canada urges the PMPRB to implement only the changes to the comparator countries and to put on hold any guidelines aimed at further reducing prices until the impact of the new economic criteria have been thoroughly evaluated by an independent third party.

RECOMMENDATION 2:

Cystic Fibrosis Canada recommends that an independent third party evaluate the impact of the new economic criteria on the availability of medicines in Canada specifically to inform any decision on whether and how to implement the use of the new economic criteria for innovative, precision and other high cost medicines.

RECOMMENDATION 3:

That the Federal Government require that PMPRB, along with other appropriate agencies, immediately establish a formal mechanism for meaningfully and continuously engaging patient representatives in its decision-making and processes to ensure patient voice, choice and representation.

DETAILED BRIEF

Cystic Fibrosis Canada

Cystic Fibrosis Canada is a national charitable not-for-profit corporation established in 1960, and is one of the world's top three charitable organizations committed to finding a cure for cystic fibrosis. As an internationally recognized leader in funding cystic fibrosis research, innovation, and clinical care, we invest more funding in life-saving cystic fibrosis research and care than any other non-government agency in Canada. Since 1960, Cystic Fibrosis Canada has invested more than \$261 million in leading research, innovation and care, resulting in one of the world's highest survival rates for people living with cystic fibrosis. Cystic Fibrosis Canada is committed to ensuring people diagnosed with cystic fibrosis in Canada have increased health outcomes and quality of life.

About Cystic Fibrosis

Cystic fibrosis is the most common fatal genetic disease affecting Canadian children and young adults. There is no cure. Cystic fibrosis causes various effects on the body, but mainly affects the digestive system and lungs. The degree of cystic fibrosis severity differs from person to person, however, the persistence and ongoing infection in the lungs, with progressive loss of lung function, will eventually lead to death in the majority of people with cystic fibrosis. Other typical complications caused by cystic fibrosis are:

- Difficulty digesting fats and proteins;
- Malnutrition and vitamin deficiencies due to poor absorption of nutrients;
- Sinus infections;
- and CF-related co-morbidities including CF-related diabetes and CF-related liver disease.

Cystic fibrosis is a complex disease caused by mutations in the gene for the Cystic Fibrosis Transmembrane Conductance Regulator (CFTR). There are over 2,000 known mutations. Cystic fibrosis has a huge impact on the people who live with it, their loved ones, and on society. Every week in Canada, two people are diagnosed with cystic fibrosis, one of them through newborn screening. Approximately one in every 3,600 children born in Canada has cystic fibrosis.

More than 4,300 children, adolescents, and adults with cystic fibrosis attend one of 42 specialized multidisciplinary cystic fibrosis clinics in Canada. Cystic fibrosis is still often considered a paediatric disease because survival in the 1960's was in the single digits. However, progress in combatting cystic fibrosis has been exceptional. Now, because of our ability to manage care through specialized multidisciplinary clinics and the availability of therapies to treat CF's symptoms, the median age of survival of a child born in 2018 is 52.1 years; people diagnosed with CF in Canada have a 50% chance of living beyond that age. Over sixty percent of people living with cystic fibrosis are now adults. They are finishing school and university, launching careers in areas such as law, science, and business and starting families. Yet, their ambitions are still far too often cut short. Half of the people with cystic fibrosis who died in 2018 were under the age of 33.

Cystic fibrosis remains relentlessly progressive, comorbidities accumulate with age, and quality of life declines. Canadian cystic fibrosis patients attended over 18,900 CF-specific outpatient clinic visits in 2018. People with cystic fibrosis experience episodes of infection and acute inflammation called

pulmonary exacerbations (PEX) that frequently require in-patient IV antibiotics. PEX typically increase in frequency with age and in concert with declining respiratory function. In 2018, 1,209 individuals with cystic fibrosis cumulatively spent almost 26,500 days in the hospital. To put things in perspective, that adds up to over 70 years.

Existing cystic fibrosis medications have helped with the symptoms of the disease, but highly effective modulator therapies (HEMTs) now exist. These drugs, also called CFTR modulators, are different—they target the cause of cystic fibrosis correcting the defective CFTR protein and don't just manage the symptoms. HEMTs can dramatically improve the health of people with cystic fibrosis.

Kalydeco, the first generation HEMT was approved for a specific mutation by Health Canada in 2012 and in 2014 for additional mutations, that altogether capture about 5% of the cystic fibrosis population. The second-generation drugs, Orkambi and Symdeko, were approved by Health Canada in 2016 and 2018, respectively. They treat about 50% of the cystic fibrosis population that carry two copies of the most common mutation, delF508. Finally, a third-generation drug called Trikafta was approved six-months ahead of schedule and labelled a breakthrough therapy by the FDA in October 2019. Trikafta can treat patients with a single copy of delF508, or up to 90% of the Canadian cystic fibrosis population. The manufacturer has yet to apply for Health Canada approval of this drug. The clinical benefit of Kalydeco and Trikafta in particular has been nothing short of spectacular, with patients and physicians alike describing them as life-changing. Evidence shows that amongst other changes, lung function is dramatically improved, PEX are significantly reduced and quality of life significantly improves^{1,2}.

In spite of Health Canada approval, and largely because our system of approving and reimbursing drugs for rare diseases is so cumbersome and convoluted, our population's ability to access these new, life-changing drugs is severely limited.

Health Canada first approved Kalydeco in 2012. As of February 7, 2020, 6 years after it was first approved, Canadians still don't have public coverage for Kalydeco for all mutations.

Orkambi was approved by Health Canada in 2016. Almost four years later, this drug is only publicly available in four provinces: in Quebec under the 'patient d'exception' program, and in Saskatchewan, Alberta, and Ontario under extremely restrictive access criteria. As of February 2020, only one child with cystic fibrosis has been able to access Orkambi under those conditions in those provinces.

Symdeko, was approved by Health Canada on June 27, 2018. Currently the drug is only available through private insurance, as the manufacturer has thus far declined to put the medicine through Canada's challenging drug review and reimbursement system for precision medicines.

Trikafta, able to treat up to 90% of Canadians with cystic fibrosis, is not yet available in Canada. Due to concerns over the new PMPRB regulations, the manufacturer has yet to apply for Health Canada approval. Cystic Fibrosis Canada is lobbying the manufacturer to submit the drug as soon as possible.

It is important to note that the HEMTs described above are at the forefront of precision medicine. Precision medicine, also sometimes referred to as personalized medicine, is where therapy is tailored to the individual characteristics of each patient, often on a genetic basis, and is broadly acknowledged to be the future of medicine, not just for cystic fibrosis, but for all of medicine. It is the nature of precision medicine that patients are stratified by the biological root cause of their condition, and therefore many

precision medicine drugs target ever smaller patient populations and face many of the same challenges as drugs for rare diseases, including high cost. This is evidenced even within the rare disease space by looking at the stratification of cystic fibrosis patients according to the above-described HEMTs.

Impact of Pricing

The limited and delayed access to precision medicines like Kalydeco, Orkambi and Symdeko, and Trikafta are examples of system failure. Canada's system of regulating, reviewing and reimbursing drugs that treat small populations is unfavourable to innovative precision therapeutics.

Drug pricing is an issue of vital importance to all Canadians since it directly relates to accessibility. But affordability is only one aspect that impacts accessibility. Timeliness to access and availability of medications throughout Canada's healthcare systems are also important considerations.

Cystic Fibrosis Canada supports policy efforts aimed at reducing drug prices and managing pharmacare costs. However, such efforts need to consider the broader context of availability and access to innovative medicines, like precision drugs, that are at the forefront of medicine.

We agree with the PMPRB that changing the basket of comparator countries used by the PMPRB will have the desired effect of lowering the costs of drugs in Canada to or below the median of Organization for Economic Cooperation and Development (OECD) countries, a price drop of 20% or more. However, implementing additional measures to further reduce prices will only serve to make Canada an outlier with respect to those same OECD counterparts and an unfavourable target for the pharmaceutical industry, which in turn puts Canadians at risk for further delays in accessing innovative and precision medicines.

RECOMMENDATION 1:

Cystic Fibrosis Canada urges the PMPRB to implement only the changes to the comparator countries and to put on hold any guidelines aimed at further reducing prices until the impact of the new economic criteria has been thoroughly evaluated by an independent third party.

Impact on Access

Even before the recommended PMPRB changes, Canada is not on par with other developed nations when it comes to providing timely, equitable and publicly-funded access to new treatments. In Canada, the wait from Health Canada approval to public drug plan reimbursement for life-sustaining and life-changing medicines for cystic fibrosis was 449 days across provinces, comprising 80% of the eligible national public drug plan population and ranking Canada 15th of the top 20 OECD countries.³

According to Innovative Medicines Canada, between 2011-2016 Canadian jurisdictions covered far fewer new medicines than most comparable OECD countries. In the best-case scenario¹, Canada covered 70% of available medicines. But country-wide², this figure fell to 39%. For rare disease medicines, the gap

¹ Canada (Best-case) = Public reimbursement in at least one provincial reimbursement list covering at least 20% of the Canadian publicly-covered population.

² Canada (Country-wide) = Public reimbursement in a number of provincial reimbursements lists together covering at least 80% of the Canadian publicly-covered population.

was even larger: only 29% were publicly reimbursed in Canada, country wide, while the OECD20 sat at a staggering 95%.

Canada, as a whole, represents only 2-2.5% of the global pharmaceutical market. But as revealed above, Canada isn't a single market. At Cystic Fibrosis Canada we are painfully aware of the broad disparities in access to specialized cystic fibrosis drugs across the multiple jurisdictions.

Medicines, and therefore maximum prices, were previously categorized based on clinical impact: breakthrough, showing substantial improvement, moderate improvement or slight/no improvement over current therapy. Maximum prices were allowed accordingly. Under the new regulations, medicines will be classified as either Category I or Category II based on market characteristics, including affordability measured by its market size with little regard to innovation except what is suggested by the pharmaco-economic value. It must be noted however that cost-effectiveness methods do not work well when evaluating drugs for rare disorders. Models are known to perform poorly for rare or precision medicines^{4,5,6}, are based on assumptions and results can vary widely even when using the same data^{7,8}. The new regulations provide no consideration for precision drugs, drugs for rare disorders or other high-cost specialized therapies.

Much about the new economic criteria is experimental, in that these methods have never been tried anywhere before. The new regulations have injected a significant level of uncertainty for companies considering where to launch new innovative and precision medicines. Uncertainty represents risk, and businesses dislike risk. Given the uncertainty over price and even the ability to access the entire Canadian market there is great concern⁹ that companies will defer launching drugs in Canada, if at all. We are already seeing this happen in the cystic fibrosis arena. The Canadian population should not be subjected to experimental processes that could impact their health without proper independent due diligence.

RECOMMENDATION 2:

Cystic Fibrosis Canada recommends that an independent third party evaluate the impact of the new economic criteria on availability of medicines in Canada specifically to inform any decision on whether and how to implement the use of the new economic criteria for innovative, precision and other high cost medicines.

Stakeholder input

Cystic Fibrosis Canada is deeply disappointed that the concerns, thoughtful input and constructive recommendations provided by multiple stakeholders representing patient voices during the initial consultations on the draft regulations in 2017 were not at all reflected in the final approved version. That consultation process appears to have been largely symbolic. No explanation as to if those recommendations and concerns were considered, nor why those recommendations were not included was provided. If the PMPRB feels that it is important for consultation processes to be open and transparent then it cannot simply ignore those who will directly suffer the consequences of misjudgements and errors.

“The PMPRB has committed to developing and conducting an extensive monitoring strategy, the Guidelines Modernization and Evaluation Process (GMEP), to track the impact of the Guideline changes on patients, health care providers, and other stakeholders”¹⁰. The PMPRB will use administrative,

commercial and internal data sources but has not indicated how it will listen to patients and patient organizations nor use the rich data available to such organizations like Cystic Fibrosis Canada in tracking the impact of the Guidelines.

We support the recommendation from the Health Charities Coalition of Canada (HCCC) in this regard.

RECOMMENDATION 3:

That the Federal Government require that PMPRB, along with other appropriate agencies, immediately establish a formal mechanism for meaningfully and continuously engaging patient representatives in its decision-making and processes to ensure patient voice, choice and representation.¹¹

For more information, please contact:

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