

Focus Update



February 1, 2018

Proposed amendments to drug price regulations

In an effort to protect Canadians from excessive drug costs, the federal Ministry of Health proposed changes to the drug pricing regulations on December 1, 2017.

Reform overview

We know that plan sponsors continue to face an unsustainable increase in the cost of their drug plans, due to specialty drug prices and chronic diseases on the rise. To help provide sustainable plans for our Clients and mitigate the risks associated with new high-cost drugs coming to market, Sun Life is supporting effective cost-containment strategies, such as the recently proposed amendments to [drug price regulations](#). These changes stemmed from industry consultations that we participated in with CLHIA and other carriers.

The current situation

Canadians are spending more per capita on drugs than any other country in the world, with the exception of the United States.

The proposed regulations aim to protect plan sponsors and plan members from excessive costs for patented medicine. It is anticipated that these amendments, implemented by the Patented Medicine Prices Review Board (PMPRB), would lead to lower drug costs that are more closely aligned with Canadians' willingness and ability to pay, and would bring greater pharmaeconomic value for the plan sponsor. Now that's a win-win!

Proposed set of amendments

If adopted, the new regulations would include:

- **Updating the list of countries used for comparing drug prices** – The updated list of countries will only include nations that are aligned with Canada's current economic situation and will remove those that are not.
[Click here](#) to view the list of countries.
- **Introducing new economics-based factors** – Factors such as gross domestic product (GDP) per capita could be taken into consideration when looking at Canada's ability to pay for patented medicines. This will put greater emphasis on a drug's value for money, and could help contain costs for patented medicine.

Focus Update



- **Quality-adjusted life year (QALY)** – To improve the pharmacoeconomic value of a drug, PMPRB is also considering introducing the concept of a maximum cost per QALY. This would set a maximum drug cost per life that would be used when determining whether and how much to pay for a new drug.
- **Quality-adjusted life year (QALY) reporting** – In order to minimize regulatory burden on patentees and uphold a common standard of evidence, the definition of a cost per QALY would be consistent with the economic guidance provided by organizations such as the Canadian Agency for Drugs and Technology in Health's (CADTH) and the Quebec Institut national d'excellence en santé et en services sociaux (INESSS).

Plan sponsor benefits

This is great news for plan sponsors! All of these proposed regulations work in tandem to help decrease drug costs.

By lowering these costs, the new regulations are estimated to deliver \$12.6 billion in net benefits over 10 years. And prices are anticipated to continue decreasing as a drug gets new indication(s).

Should the new regulations be adopted, they will come into effect in January 2019.

Have your say!

Health Canada has opened for comments the Notice on [Proposed Amendments to the Patented Medicines Regulations](#), and is encouraging plan sponsors to make their voice heard. The deadline to provide your written comments is **February 14, 2018**.

Questions?

Contact your Sun Life Financial group benefits representative.