

Patented Medicines Expenditure in Canada 1990–2022 8TH Edition

Description

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ATTRIBUTION

This legacy paper is corporately authored and edited based on proprietary template models and methods that are intended to facilitate regular updates. The design and content are a cumulative reflection of the diverse contributions collectively attributable to the CHPI affiliated researchers who may have variously participated in updating each edition. Data sources, methods and editorial presentation may evolve from previous editions.

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EDITION

This is the 8TH edition of this paper. It builds on the concepts and methods from the original paper: Skinner BJ (2012). Drugs and the public cost of healthcare in Canada, 1974-1975 to 2011-2012. *Canadian Health Policy*, November 27, 2012. Toronto: Canadian Health Policy Institute.

VERSION

This is the CHPI authorized version. Previous versions circulated in peer review or posted to CHPI's Members preview section are working drafts only.

CITATION

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GLOSSARY

Canadian Agency for Drugs and Technology in Health (CADTH)

Canadian Institute for Health Information (CIHI)

Consumer Price Index (CPI)

Gross Domestic Product (GDP)

Health technology assessment (HTA)

Institut national d'excellence en santé et en services sociaux (INESSS)

National health expenditure (NHEX)

Pan-Canadian Pharmaceutical Alliance (PCPA)

Patented Medicine Prices Review Board (PMPRB)

Patented medicines expenditure (PMEX)

Prescribed drugs expenditure (RXEX)

Private patented medicines expenditure (PRIVPMEX)

Public health expenditure (PUBHEX)

Public patented medicines expenditure (PUBPMEX)

HIGHLIGHTS

- The annual figures on national drugs expenditure reported by CIHI are commonly believed to be due to the cost of patented medicines. However, the actual gross direct cost of patented medicines is only 37% of the numbers published by CIHI:
 - For 2022, CIHI reported national spending on drugs (prescribed and non-prescribed) to be \$49.4 billion including retail and hospital expenditure. CIHI numbers include ancillary costs and exclude rebates.
 - According to the PMPRB, gross national sales of patented drugs were \$18.4 billion in 2022, when measured at manufacturer list prices. Net of rebates negotiated between manufacturers and publicly funded drug plans, national expenditure on patented medicines totaled \$15.6 billion.
- Gross patented medicines expenditure represented only 5.5% of \$334.4 billion in total national health expenditure reported by CIHI in 2022. After accounting for public sector rebates, net patented medicines expenditure was only 4.7% of total NHEX.
- Over the 33 years from 1990 to 2022, gross expenditure on patented medicines never exceeded 8.0% of national health expenditure.
- In 2022, net public expenditure on patented medicines totaled \$5 billion accounting for only 2.1% of \$239.9 billion in total public health expenditure.
- According to the PMPRB 2022 Annual Report, bilateral foreign-to-Canadian comparisons of patented medicines using matched products at purchasing power parity, showed average prices were higher in seven of the 11 other reference countries. We expect prices for patented drugs were also higher in the United States and Switzerland which the PMPRB no longer uses as reference countries.