

Prices for Patented Medicines in Canada and 13 Other Countries

Description

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Prices for Patented Medicines in Canada and 13 Other Countries: Testing the PMPRB's Narrative Justification for Amending the Regulations

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ABSTRACT

The prices of patented medicines sold in Canada are regulated by a quasi-judicial agency of the federal government known as the Patented Medicine Prices Review Board (PMPRB). In August 2019 Health Canada introduced changes to the guidelines the PMPRB uses to set ceiling prices for new medicines. The new regulations come into force on January 1, 2022. Health Canada estimated that under the new rules maximum prices allowed for some patented medicines could fall by 52%. Independent studies estimate price cuts from 61% to 84%. Industry, patient groups and researchers have warned the new price limits could cause pharmaceutical companies to deprioritize the Canadian market when launching new medicines, delaying access for Canadian patients; and could also discourage industry investment in pharmaceutical R&D in Canada. Health Canada and the PMPRB dismiss these concerns as lacking evidence. The PMPRB narrative justification for amending the regulations is that Canadian prices are too high, and it cites Canada's rank in international comparisons as evidence. The agency relies on its own internal analysis to support this claim, but it has not been independently audited. This study tests the validity of the PMPRB's narrative. Prices for 100 top selling patented medicines in Canada were compared to prices for symmetrical products in the 11 countries specified by the new regulations for international referencing, plus former reference countries Switzerland and the United States. Data were obtained for the calendar years 2018, 2019 and 2020 from the IQVIA® MIDAS® database, which is the same source used by the PMPRB. Bilateral price ratios showed that Canada consistently ranked in the middle of the 14 countries studied, whether prices were measured as averages or as medians, and whether prices were denominated at market exchange rates or purchasing power parities, and when compared to GDP per capita. An objective interpretation of Canada's rank is that prices for patented medicines are moderate next to the PMPRB's 13 current and former reference countries. PMPRB's narrative is not supported by the evidence. The amendments are unwarranted and risky.

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DISCLAIMER: This research was conducted with data obtained under license from IQVIA, Canada Inc. and sourced from the IQVIA® MIDAS® proprietary database, calendar years 2018, 2019 and 2020.

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