Submission to the Standing Senate Committee on Social Affairs, Science and Technology

Review of Bill C-64: *An Act Respecting Pharmacare*

AbbVie Corporation

September 27, 2024

Recommendation:

AbbVie's core recommendation to the Standing Senate Committee on Social Affairs, Science and Technology (SOCI) and the Government of Canada is to support provinces and territories to improve the timely funding of innovative medicines by their respective drug plans and build "time-to-public-funding" for medicines into national health system reporting metrics.

Introduction:

AbbVie appreciates the opportunity to contribute written feedback to assist SOCI in reviewing Bill C-64: *An Act Respecting Pharmacare* and shares the federal government's aspiration to ensure Canadians' unhindered access to essential medicines, removing affordability barriers.

AbbVie is one of the largest biopharmaceutical companies operating in Canada. We have offices in Montreal, Quebec, and Markham, Ontario, and directly employ over 1,000 Canadians across the country. Our mission is to discover and deliver innovative medicines that solve serious health issues today and address the medical challenges of tomorrow. AbbVie strives to make a remarkable impact on people's lives across several therapeutic areas: immunology, oncology, neuroscience, vision care, virology, and gynecology, in addition to products and services across our Allergan Aesthetics portfolio.

Considerations:

Although over 97% of Canadians are eligible for benefits through either public or private drug plans,[1] coverage gaps still exist, particularly in Atlantic Canada and Ontario. For example, in Ontario, not all patients can access oral cancer medications through public or private plans, whereas most other provinces provide this coverage through public formularies.[2]

Private plans cover approximately twice as many drugs and provide access in less than half the time compared to public plans.[3] However, high co-pays and inconsistent coverage present significant challenges related to access and equity within the public system.[4] To address these issues, additional public funding is crucial for expanding access to public drug plans, encouraging Canadians to enroll in available plans, and enhancing these plans to offer more comprehensive and timely coverage of new medicines.

Bill C-64 currently proposes to introduce "universal, single-payer, first-dollar coverage" for specific contraception and diabetes medications. This limited list of older medicines and devices is intended as an initial step toward establishing a national pharmacare program.

A more practical and cost-effective solution would be to increase funding for provinces and territories, enabling them to expand their existing drug plans. The operation of pharmacare programs varies significantly among provinces, reflecting their unique population needs and health system structures. In this context, the federal government's agreement with Prince

[1] https://www.conferenceboard.ca/focus-areas/health/understanding-the-gap
[2] https://cdn.cancer.ca/-/media/files/about-us/media-releases/2022/thcd-report/uncovering-the-hidden-costs-of-take-home-cancer-drugs_08-11-21-2.pdf?rev=822dfd734dea497a94b0ca3dcf6db8dd&hash=3AA30A8EA7878E242DAEB0107C3D623C&_ga=2.202908306.240489478.1649180652-1710255092.1646922992
[3] https://www.canadianhealthpolicy.com/products/coverage-of-new-medicines-in-public-versus-private-drug-plans-in-canada-2008-2017.html
[4] http://innovativemedicines.ca/wp-content/uploads/2017/12/20170712-understanding-the-gap.pdf

Edward Island serves as a model that respects provincial autonomy and expertise. This approach effectively improves access to medicines by reducing co-pays and deductibles and supporting provincial drug program funding for a broader range of medicines, and their programs are integrated within their respective health systems.[5]

Regarding some of the primary objectives of Bill C-64, such as improving access equity and coverage consistency, these goals are already being addressed by existing organizations. The pan-Canadian Pharmaceutical Alliance (pCPA),[6] which encompasses all federal, provincial, and territorial drug plans, operates as a well-established drug purchasing coalition. It serves as a unified platform for negotiating new medicines, resulting in a *de facto* national formulary for public drug plans.

However, there remains significant work to enhance access to pharmaceuticals in Canada. Beneficiaries of public drug plans—approximately 10 million people—experience an average wait of 25 months from Health Canada approval to access new medicines, which is twice as long as the average wait reported in similar OECD countries. [7]

To address this, joint federal-provincial efforts should concentrate on enhancing health technology assessments through Canada's Drug Agency (CDA)[8] and price negotiation through the pCPA. This would involve recognizing the value of innovative medicines within a predictable policy framework and providing timely, high-quality coverage nationwide. The recent transition of Canada's Agency for Drugs and Technologies in Health (CADTH) into the CDA offers a prime opportunity to modernize value assessment methodologies while genuinely incorporating input from patients and clinicians. With respect to the pCPA, a downside of the current approach is that it represents a collective of drug plan managers across the country responsible for their own separate budgets, which may not recognize broader health system and productivity benefits from investing in new medicines. For example, if a patient can take home an oral cancer medicine instead of requiring in-hospital intravenous treatment, the savings from hospital spending should be recognized, even if it may lead to expanded drug program spending.

Another challenge is the significant variation across provinces in the overall time-to-patient,[9] primarily due to delays in formulary listing after pCPA negotiations establish coverage terms for all public drug plans. Pan-Canadian organizations, including the CDA, should publicly report on reimbursement decisions made by federal and provincial governments alongside new federal healthcare investments.

In this context, AbbVie would like to raise three considerations and questions regarding the implementation of Bill C-64 and its impact on access to medicines for Canadians:

1. Requiring provinces to implement first-dollar coverage for diabetes and contraceptive products might lead employers to cancel their employee health benefit plans, which is what occurred in Ontario in 2017 when first-dollar coverage was introduced for all children and youth. Former Liberal Ontario Health Minister Smitherman criticized the national pharmacare plan as "poor public policy," citing that OHIP+ caused "significant

[5] https://www.canada.ca/en/health-canada/corporate/transparency/health-agreements/improving-affordable-access-prescription-drugs.html
[6] https://www.pcpacanada.ca/about
[7] https://www.conferenceboard.ca/product/access-and-time-to-patient-jan2024/
[8] https://www.cadth.ca/
[9] https://www.conferenceboard.ca/focus-areas/health/understanding-the-gap

disruption, including burdensome paperwork for physicians, nurse practitioners, and pharmacists, as the public drug formulary lacked products covered by various private plans."[10] How has the federal government addressed this issue, and what plans are in place to prevent similar access disruptions at the national level?

2. What impact could Bill C-64 have on the government's innovation agenda, particularly the Biomanufacturing and Life Sciences Strategy, and the goal of enhancing the policy and regulatory environment for this sector? Some of the testimony that your committee has heard so far on the bill has criticized the Quebec government's approach to its universal drug coverage. Since 1997, Quebec has integrated its economic and innovation goals into its evaluation and funding decisions for pharmaceuticals, requiring that societal and innovation criteria be considered. This has led to faster and broader access for both public and private payers in the province.

3. With respect to the requirement in Bill C-64 that Canada's Drug Agency develop a "bulk purchasing strategy", many observers have noted the cross-subsidization that occurs in the current system, wherein drug rebates are preferentially directed to public drug plans, which operate on fixed budgets and serve vulnerable populations (seniors, people on social assistance and people with high drug costs as a proportion of their income.) The concept of "bulk purchasing" with a lens of "all 40 million Canadians" risks disrupting the current model, which provides more help to the Canadians who need it the most – a concept which underpins many aspects of Canadian public policy. How will the federal government address this concern?

In conclusion, AbbVie believes there is a need for collaborative efforts among federal, provincial, and territorial governments to improve access and coverage for new medicines across Canada. By focusing on timely funding for innovative medicines, refining negotiation processes, and modernizing value assessment methodologies, we can ensure equitable access to high-quality healthcare for all Canadians.

[10] https://www.thestar.com/opinion/contributors/smitherman-national-pharmacare-plan-is-poor-public-policy/article_7cf3484e-f766-11ee-9e66-834c82974f92.html