



Submission to the Patented Medicines Prices Review Board (PMPRB)

Canadian Life and Health Insurance Association
February 15, 2021

The Canadian Life and Health Insurance Association (CLHIA) appreciates the opportunity to provide comments on the proposed changes to the Patented Medicine Prices Review Board (PMPRB) New Guidelines in regards to the change to the definition of Gap medicines, and the timeline for compliance resulting from the change in implementation date from January 1 to July 1, 2021.

The CLHIA is a voluntary trade association with member companies that account for 99 percent of Canada's life and health insurance business. Life and health insurers are a significant social and economic contributor in Canada, providing 26 million Canadians with extended health care, dental and disability coverage and making \$38 billion in health benefits payments in 2019.



Protecting 29 million Canadians

26 million with drug, dental and other health benefits
22 million with life insurance averaging \$222,000 per insured
12 million with disability income protection



\$103 billion in payments to Canadians

\$53 billion in annuities
\$38 billion in health and disability claims
\$12 billion in life insurance policies



\$8.3 billion in tax contributions

\$1.5 billion in corporate income tax
\$1.3 billion in payroll and other taxes
\$1.6 billion in premium tax
\$3.9 billion in retail sales and payroll taxes collected



Investing in Canada

\$950 billion in total invested assets
92% held in long-term investments

Comments on Proposed Changes:

Canada's life and health insurers work with over 130,000 large and small employers across all sectors of the economy to provide supplementary health benefits including prescription drug coverage to more than 26 million Canadians. Life insurers, employers and union groups spent about \$12.5 billion dollars on prescription drugs in 2019. This accounts for over 35 per cent of Canada's drug spending.

Prescription medicines continue to be a large and growing cost of employers' offering health benefit plans. While high cost drugs account for only two per cent of claims, these drugs account for over 30 per cent of the cost to drug benefit plans. The cost of new specialized medicines in particular adds increasing pressure to these plans and Canadians now pay some of the highest patented drug costs in the world.

In our view, the proposed changes strike the right balance between reducing the high cost of

prescription drugs in Canada, while also continuing to ensure Canadians have access to affordable and necessary medications. The reduction in prescription drug prices resulting from the PMPRB changes is expected to save Canadian employers hundreds of millions of dollars per year.

We therefore strongly support these amendments and believe it is crucial that the federal government move ahead with these long-awaited reforms to achieve affordability for consumers.

Life and health insurers are supportive of both proposed changes to the New Guidelines and agree these are necessary to accommodate the change in implementation date. Specifically:

- a) Definition of gap medicines: Changing the date from January 1 to July 1, 2021 in reference to “first sold in Canada prior to...”.
- b) Compliance timelines with Maximum List Price (MLP): Changing the requirement for reporting from two reporting periods to one reporting period (Dec 2021) of the MLP being set for Line Extension medicines and for Grandfathered or Gap medicines.

Thank you for the opportunity to comment on these proposed changes. The time and commitment by both the PMPRB and Health Canada over the last three years to engage with all stakeholders is appreciated. These reforms are critical to reduce the cost of prescription drugs for our members, employers and their employees, and for provinces and territories. We strongly suggest that no further changes to the Guidelines be contemplated and that the planned implementation of these changes not be extended again and come into force July 1, 2021.



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