



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
de quartier**

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Government of Canada

Submission Regarding

Draft Guidelines for PMPRB Staff

(Administrative Process for Excessive Price Hearing Recommendations)

March 19, 2025

Neighbourhood Pharmacy Association of Canada

Submitted to

Patented Prices Medicine Review Board (PMPRB)

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) represents leading pharmacy organizations across the country, including chain, banner, grocery chains, specialty pharmacies, and mass merchandisers with pharmacies. We advance the delivery of care through over 12,000 pharmacies and their teams, that serve as integral community health hubs in urban, suburban, rural, remote and First Nations neighbourhoods.¹

Canada's pharmacies directly generate \$9.5 billion in Gross Domestic Product for the Canadian economy and employ almost 189,000 Canadians.² As the association representing pharmacy operators across the country, we act at a pan-Canadian level to support policy makers with the development of innovative solutions that allow pharmacies to support primary care while advocating for fair and sustainable funding for community pharmacies.

Neighbourhood Pharmacies appreciates the opportunity to provide feedback on behalf of our member pharmacies across the country on December 2024 ***Draft Guidelines for PMPRB Staff: Administrative Process for Excessive Price Hearing Recommendations.***

Background

For the majority of Canadians, community pharmacies represent their single most important medication access point. The funding that underpins this access – the delivery of pharmacy services and pharmacy operations – is largely determined by a medication's list price. Canada's pharmacies depend almost entirely on the funding generated through dispensing fees and mark-ups tied to brand name and generic medication list prices to support the clinical and patient care services they provide. Changes at the federal level that affect a medication's list price have profound consequences on pharmacy's ability to sustain the delivery of medications, care, and services. For brand name drugs, PMPRB guideline implementation that could precipitate pricing decreases after drugs have launched will have a negative impact on the pharmacy sector.

Canada's pharmacies hold a unique position in the drug supply chain, as they represent the final step before a medication reaches a patient. Unlike other players in the supply chain however, pharmacies cannot pass on higher operating costs to their patients. The compounding effect of potential medication price decreases – particularly on top of the financial and economic uncertainties due to tariffs and counter tariffs, the potential currency devaluation, and the inflation of all pharmacy operating costs over the past few years - presents a significant threat to pharmacy operations and the accessibility of medications.

We offer feedback and recommendations in four main areas:

- 1. Impact of the Canadian/USA Tariff Situation**
- 2. Criteria for Excessive Pricing**
- 3. Definition of New and Existing Medications**
- 4. Timing of Implementation**

¹ IQVIA Canada, Rx Premium: MAT / November 2024

² Conference Board of Canada, The Pharmacist in Your Neighbourhood. Economic Footprint of Canada's Community Pharmacy Sector (2018) Adjusted for 2023

1. Impact of Canadian/USA Tariff Situation

We would strongly urge the PMPRB to pause any further implementation of its latest guidelines in light of the ongoing tariff dispute between Canada and the U.S., which threatens to destabilize the entire pharmaceutical supply chain. With increased uncertainty around drug pricing, availability, and market access, introducing additional regulatory changes at this time could further disrupt supply and jeopardize patient access to essential medications.

At the time of this submission, the Canadian government is considering imposing additional tariffs on a wide swathe of American products being imported into Canada. A number of pharmaceutical products, including brand name medications, are being considered. The total value of these imported medications under deliberation is estimated at \$4.4 billion, which is over 50% of all US-imported prescription drug products dispensed by Canada's pharmacies.³

While we and other stakeholders have recommended that no pharmaceutical product be the subject of counter tariffs, the situation is still uncertain. **A temporary pause would allow for a clearer assessment of the potential economic and healthcare impacts, ensuring that any future regulatory decisions support, rather than hinder, Canada's pharmaceutical landscape.**

2. Criteria for Excessive Pricing

The criteria to be selected for International Price Comparisons (IPC) is of most significance to the pharmacy sector, as it will determine both the number of patented medications that may face a price decrease, as well as the extent of those decreases. **We are supportive of the PMPRB's decision to adopt the use of Highest International Price (HIP) as the benchmark for determining if a price may be excessive and subject to an In-Depth Review.** The impact on Canada's pharmacies of price decreases as a result of this criteria is still anticipated to be significant (up \$83 million, by our estimates)⁴. However, the other options under deliberation would have more than doubled the financial impact, putting additional strain on Canada's pharmacies

3. Timing of Implementation

Predictability over time is one of the most important issues in the current Guidelines discussion for all rights holders. The PMPRB has previously considered periods of 1 to 3 years as the allowable timeframe for manufacturers to adjust their prices following the implementation of the guidelines. A cautious approach to allow as wide a time frame as possible to manufacturers is recommended for the stability of the entire supply chain. For pharmacies, who do their fiscal planning based on expected inventory costs and sales, the longest line of sight possible will

³ Statistics Canada. Canadian International Merchandise Trade Web Application. Accessed: March 6, 2025

⁴ Neighbourhood Pharmacy Association of Canada. Revised Impact Analysis of PMPRB Guidelines on Pharmacy. February 2025

provide them with the opportunity to effectively predict, manage and mitigate the considerable loss of operating funding they will need to absorb, and more effectively plan for how to continue to provide Canadians with the care and medications they need. **We urge the PMPRB to provide manufacturers with the longest possible transition timeframe to ensure the pharmacy sector can also appropriately adjust its operations to minimize any foreseeable disruptions to patient care.**

4. Definition of New and Existing Medications

Our understanding of the guidelines is that both New (launched post July 1, 2022) and Existing (launched prior to July 1, 2022) Medications will be subject to an annual review, to determine if any fit the criteria for in-depth review.

We recommend the PMPRB consider that “New medicines” should more appropriately refer to those launched after the coming into force of these new guidelines. Medications launched between July 1, 2022, and the coming into force of the new guidelines are understood to be already compliant with the existing parameters and should not be considered as ‘new’. Alternatively, there could be provision for grandfathering medications in the market since July 1, 2022. There have been more than 60 brand name prescription drug products launched since time, with a combined sales volume of more than \$806 million in the last 12 months alone⁵. While it is unclear which of these medications might meet the new criteria for triggering an In Depth Review and be subject to potential price adjustment, even a fraction could represent a significant loss to pharmacy. And, should a critical mass of drug prices drop at the same time, the financial impact on pharmacies could be devastating. **We encourage the PMPRB to ensure that currently in market medicines are not considered as new medications, and not subject to the same assessment criteria.**

Conclusion

Community pharmacies have the distinction of being both the final drug distribution access point in the entire medication supply chain, as well as a sector whose ability to operate and provide medication-related clinical services is critically dependent on medication prices. We are pleased to have the opportunity to reiterate some of our key concerns and recommendations regarding ongoing Guideline development. Our comments are intended to help the PMPRB minimize the negative downstream impacts that patented medicine pricing policy changes will have on Canadians’ access to medications and care through their community pharmacies. We are in full support of the Board’s mandate to protect Canadians from excessive medication pricing, and we welcome the opportunity to work with the PMPRB, the Federal Government, and all the stakeholders with our shared goal in meeting the medication needs of Canadians.

⁵ Neighbourhood Pharmacies, based on IQVIA MAT November 2024, March 2025