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By email - PMPRB.Consultations.CEPMB@pmprb-cepmb.gc.ca

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Re: PMPRB Draft Guidelines Consultation

The following comments are provided by Canadian PKU and Allied Disorders Inc. (CanPKU), a patient advocacy and support non-profit, in response to the Patented Medicine Prices Review Board Draft Guidelines Consultation 2019. The evidence we hereby submit speak powerfully for the need for sober second thought before the draft guidelines and indeed the new Regulations take effect.

CanPKU was a signatory to the Best Medicines Coalition (BMC) comments filed in response to the proposed regulatory changes that led to these proposed Guidelines. BMC called for a balanced and fair regulatory framework for pharmaceutical pricing aimed at sustaining the life, health and wellbeing of patients. BMC described the goal of a regime that that facilitates the introduction and availability of a comprehensive range of medicines, with the ability for patients to access necessary medicines in a timely manner.

The draft guidelines reflect the fact that the PMPRB Regulations, as published in August 2019, do not represent a balanced approach, and appear intended to manage public drug plan expenditures without regard to patient health outcomes and ration access to new therapies for unmet needs of patients rather than establish an economic framework to establish a non-excessive ceiling price. As such the Regulations and the draft guidelines are of questionable legality and ethics and are not providing due regard to improving patient health care outcomes.
CanPKU

CanPKU is a non-profit association of volunteers, first organized in 2008. We are dedicated to providing accurate news, information and support to families and professionals dealing with phenylketonuria and similar, rare, inherited metabolic disorders. Our mission is to improve the lives of people with PKU (phenylketonuria) and allied disorders and the lives of their families. By allied disorders, we mean other rare, inherited metabolic disorders also detected by newborn screening.

CanPKU has a membership of about 300 and represents 2,500 Canadians living with PKU plus their families.

CanPKU has adopted a Code of Conduct regarding funding that reflects a commitment to ensure that the important advocacy activities of CanPKU, pursued in support of its mission and goals, as well as the activities of its members, are not jeopardized by potential or perceived conflicts of interest, duty or loyalty related to funding arrangements or working relationships. This Code of Conduct is based on that of the Best Medicines Coalition, of which CanPKU is a member organization. It is also informed by the Canadian Consensus Framework for Ethical Collaboration developed by the Best Medicines Coalition, Health Charities Coalition of Canada, Canadian Medical Association, Canadian Nurses Association, Canadian Pharmacists Association and Innovative Medicines Canada.

PKU

PKU is a rare, genetic disorder of metabolism which threatens the human brain and affects approximately 1 of every 15,000 babies born in Canada. The current standard of care is that every baby born in Canada - but not necessarily in the case of a child born abroad whose family later comes to Canada - has a blood sample taken on the second day of life and analyzed at a biochemical genetics laboratory in a tertiary care hospital.

PKU patients lack the normal functioning of the one enzyme in the liver (called phenylalanine hydroxalyze) needed to turn phenylalanine (phe), an amino acid in protein, into another amino acid, tyrosine. This results in an accumulation of phe in the blood which crosses into the brain where it is neurotoxic, causing various degrees of mental deficiency and neurological issues. Due to the scientific miracle of universal Newborn Screening Programs begun in the 1960s, described by the USA CDC as one of the top ten victories of public health in the 20th century, almost all patients in Canada are diagnosed and started on lifelong therapy within a couple weeks of birth and are able to avoid the more serious mental defects associated with untreated PKU. However, a late-diagnosis can mean that some brain damage occurs before the proper treatment was implemented.

PKU is treated first by a severe restriction in the intake of all forms of natural protein – at least 80%. In fact the degree of protein restriction is incompatible with life. Hence the need for PKU therapy.

For 99.999% of the population, those without PKU, a small portion of the phe eaten each day is used for growth and for a process in every cell called protein synthesis and the leftover phe is
turned into Tyrosine. Tyrosine is used to make the neurotransmitters norepinephrine and epinephrine, which relay nervous system messages throughout the body. Since only a small portion of phe is used for body growth, and the remaining phe can’t be broken down into Tyrosine, the medical therapy of a PKU patient needs to be calculated very precisely. PKU patients are at risk of both too much or too little phe and too little Tyrosine, so they can only eat the amount of phe needed for growth each day, but no more so that a buildup of phe in the body doesn’t occur. Each PKU patient is prescribed an individualized target for phe intake; this target is both a maximum and a minimum, so the patient and family walk a tightrope each day to prevent brain damage. Blood-phe levels are monitored frequently by testing at the few biochemical genetics laboratories in tertiary care hospitals and the therapy is adjusted by specially trained doctors and clinical dietitians according to the results of the blood tests, any illnesses and/or behavioural changes. PKU therapy includes monitoring Tyrosine levels and when low, supplementing Tyrosine. The dangers of PKU medical diet therapy are neurotoxicity from too much phe or growth limitations from too little phe and low levels of neurotransmitters if not enough Tyrosine.

**PKU Treatment – The Need for better therapies for better outcomes**

The original way to treat PKU was to eat a special, highly restrictive medical diet under medical supervision that strictly limits foods containing phenylalanine. It also includes consuming several times a day a special prescribed medical formula with zero phe that provides the essential amino acid Tyrosine and other amino acids. Medical PKU formulas and foods are funded by all federal, provincial and territorial governments/government drug plans – with the exception of medical foods not yet funded by the province of Newfoundland and Labrador. While the medical formulas and foods are regulated by Health Canada for restricted access, they are not issued Drug Information Numbers and as such are outside the jurisdiction of PMPRB.

Individuals need to rigorously track and record *everything* that is ever eaten or drunk. This is essential for both the meal-to-meal, day to day management of the disorder, and as a reference to determine what has caused a high or low blood-phe level or a low Tyrosine level. For PKU children, this task falls to parents, and includes tracking what is and is not eaten at home, daycare, school, or when visiting family, neighbours or friends.

Despite being treated early and continuously with medical diet alone, children and adults with PKU may experience cognitive symptoms, as well as disturbances in emotional and behavioural functioning – including executive function deficits, attention deficits and reduced processing speed. It is common for early diagnoses and well-treated PKU children to start having problems in school around Grade Four.

Further, adherence to the lifelong medical food-based low-phe diet in PKU is extremely challenging. The planning required to achieve acceptable blood phe levels is very complex and time consuming, and the food is limited, expensive and unpalatable, especially the medical formulas. Published data is that +75% of older children, teenagers and young adults are unable to maintain the treatment with results in therapeutic range. In other words the original standard of care produces undesirable, suboptimum outcomes. Hence there is an unmet need for better therapies. Our goal is for breakthrough therapies which provide for normal levels of phe on a
normal diet resulting in normal brain function. This goal cannot be achieved today with existing, approved therapies.

One drug has been approved in Canada for the treatment of PKU. Health Canada approved sapropterin dihydrochloride (Kuvan) for PKU ten years ago, in 2010, as the first new treatment for PKU in 60 years. The saga of Kuvan after Health Canada approval is testament to the inability of the government drug “system” to adequately address the needs of Canadians with rare disorders.

**The Kuvan Ten-Year Saga**

*how governments continue to fail to deliver a better therapy to patients with unmet needs*

The problems associated with ensuring adequate and appropriate access to Kuvan under Canada’s public drug plans is not a result of problem with the PMPRB ceiling price, as it was. In fact, under the old rules PMPRB considered Kuvan to be a breakthrough therapy. It was the rest of the government drug system which has failed and continues to fail PKU patients.

There was/is a managed access agreement from 2013, though, and the criteria have been found to be extremely restrictive and not evidence based, and no patient has yet to meet these demands, except one or two in Ontario. Physicians who treat PKU have criticized in writing in public on multiple occasions the existing criteria as lacking clinical sense and for being developed without relevant expert consultation. CADTH, after its fourth consideration (Submission, reconsideration, request for advice and second submission) of this drug, recommended workable clinical criteria in October 2016. However to date – 3.5 years later - not even one government drug plan has implemented the workable criteria. This is both outrageous and shameful. Perhaps in total a case of government bureaucrats saving money by in effect practicing medicine, contrary to our criminal law.

Based on this unfinished Kuvan saga, we submit there is a reasonable basis to fear the draft guidelines under the 2019 PMPRB Regulations will make things worse for patients including PKU patients. The USA Food & Drug Administration in 2018 and the European Medicines Agency in 2019 approved the second drug for PKU. When, if ever, will it be available in Canada?

After a decade on the market for the first PKU drug – sustained by consistent coverage by private drug insurance in Canada and a generous compassionate access program funded by the drug developer– there is still no evidence for PKUers of a Canadian drug system that facilitates the introduction and availability of a comprehensive range of necessary medicines in a timely manner.

The new Regulations, and these proposed Guidelines, have been specifically shaped to reflect how the “the perspective of the public health care system”. The public health care system has demonstrated its ability to avoid an appropriate access solution for more than 10 years for those PKU patients who need the clinical benefits of the first drug to treat PKU. It beggars belief that - under the proposed Guidelines as falsely claimed by some in government - Canada will continue to represent a market that that facilitates the introduction and availability of a comprehensive range of medicines. CanPKU submits that the evidence of misperformance and indeed
misconduct of government drug programs and their officials regarding Kuvan over a period of
ten years is a very bad sign for what will happen to other newer treatments for PKU approved
and funded elsewhere or under development – such as curative cell and gene therapies. The
evidence of the Kuvan saga strongly indicates that these new therapies will not be available in
Canada in a timely fashion, if ever.

Please colour us skeptical about the credibility gap between the words of the Government of
Canada regarding changes in price controls through PMPRB regulations versus the real-world
evidence we have cited here of actual impacts on patients.

Specific Comments on the Proposed Guidelines

Gender Based plus Analysis – Needed but lacking – the Burden on mothers as caregivers

Gender-Based Analysis Plus (GBA+) is the name for a process by which a law, regulation,
policy, program, initiative or service can be examined for its impacts on various groups of
women and men. GBA+ provides a snapshot that captures the realities of women and men
affected by a particular issue at a specific time. This means that analysts, researchers, evaluators
and decision makers are able to continually improve their work and attain better results for
Canadian men and women by being more responsive to their specific needs and circumstances.

Treasury Board of Canada policy requires federal departments and agencies to determine
whether there is a potential gender issue within the proposed policy, program, initiative or
service. Should such a potential exist, the policy expects the organization to fulfill its
commitment to undertake a thorough and complete GBA+ assessment. The entirety of Health
Canada’s gender analysis for the Regulations was restricted to examining the proportion of
prescriptions received by males and females. We submit that approach was too narrow,
profoundly unfair and perverse in its implications and results.

One of the key underlying reasons for making the changes to the Regulations, and these
proposed Guidelines, was the need to address the problem of high-cost drugs, and in particular,
those drugs for rare diseases. It is clear that the impact and burden of a rare disease differentially
affects the genders. Most rare diseases present themselves in childhood – PKU presents at birth -
and roughly 2/3 of Canadians with a rare disease are children. Even with increased newborn
screening, in most cases it takes on average 4.8 years to receive an accurate diagnosis of a rare
disease.

There is ample research and evidence demonstrating the financial, emotional and physical
burden that faced by parents and caregivers of children with complex medical needs. As
described above, management of PKU requires constant vigilance and attention over your child’s
dietary intake of protein in everything drunk or eaten. The need for this vigilance is unrelenting
and also carries the reminder that a mistake or omission could result in harms to your child’s
cognition, including executive function deficits, attention deficits and reduced processing speed.

1 https://www.canada.ca/en/treasury-board-secretariat/services/treasury-board-submissions/gender-
based-analysis-plus.html
This caregiver burden falls predominantly on mothers. In a recent Canadian Organization of Rare Disorders survey of caregivers, 86% of respondents were female.

Despite false claims\(^3\) that the Guidelines reflect a “commitment to support Canadians with rare diseases”, the proposed Guidelines will substantially constrain drug prices.

It can be said that the previous PMPRB regime was price controls “light.” What is now debatable is whether the new regime of regulations and guidelines will be price controls “medium” or “heavy”. It is fair comment that the heavier the actual price controls become, the worse the impacts will be on patients with unmet needs, including PKU patients, in terms of access to new and better medicines.

These constraints by the federal government are highly likely to affect the attractiveness of the Canadian market for the introduction of new medicines, and specifically drugs for rare diseases, including PKU.

It is incumbent on PMPRB and Health Canada – indeed Treasury Board and the whole of Government - to establish that these Regulations and Guidelines, do not have a disproportionate negative impact on women and mothers. So far, this analysis has not been undertaken or complete. This failure conflicts with Government policy and needs to be remedied.

**Draft Guidelines/Regulations Claim to be Risk-based: True or False?**

Risk-based approaches to regulatory design and compliance are employed for a variety of reasons. Principally, it allows a regulator to deploy scarce resources where they are of most use or benefit. This should maximize effectiveness of regulations by emphasizing effort where the risk of harm is greatest. This approach also recognizes the costs of regulation and reduces the burden of regulation where risk of harm is lowest.

Risk-based regulation should be a responsive or dynamic process that includes explicit risk assessments, targeted risk management techniques, and clear and transparent risk communication. Health Canada and PMPRB have frequently described the Regulations and the proposed Guidelines as risk based, but there is little evidence to support the claim.

First, the use and application of the updated schedule of comparator countries applies indiscriminately to all patented medicines under regulation. That approach is not based on risk.

Second, nothing in the draft Guidelines addresses or considers price constraints that exist outside of the PMPRB framework, or the presence of competition that could be used to prevent excessive pricing without regulatory constraint. There are a substantial number of patented medicines under PMPRB jurisdiction that face multiple in-class competitors, as well as many products that have lost market exclusivity and face competition from generics. A risk based approach would limit regulatory intervention in these cases.

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Finally, the criteria for “Category 1” drugs don’t seem to do anything other than capture drugs that cost public drug plans a lot of money.

**General**

A plain language, outsider reading of the draft Guidelines does not substantiate the idea that the intent is “to identify a national ceiling price above which it would be unreasonable for any consumer in Canada to pay”⁴. These draft Guidelines do not seem designed to prevent excessive pricing – they appear designed instead to manage the expenditures of public drug plans or to establish a “reasonable” or “affordable” price. This notion is reinforced by the fact that Health Canada specifically stated that “the policy intent is for the PMPRB to adopt the perspective of the public health care system and favour a supply-side cost-effectiveness threshold in estimating opportunity cost.”⁵ If the Canadian market for patented medicines is to include multiple consumers or purchasers, then it is unreasonable to superimpose the perspective of the “public health system” onto “any consumer”. These two concepts can’t coexist in a rational way.

**Public Health Care System Perspective – A danger for patients based on Kuvan saga**

PMPRB have presented the draft Guidelines, as fulfilling a Government of Canada “policy intent” of adopting “the perspective of the Canadian public health care system” in their “role as a ceiling price regulator, not a price setter”. A review of the various government consultation documents that have led to the Guidelines fails to identify this policy intent, and the question of the appropriate “perspective” has not been examined in a public way.

The Health Canada whitepaper *Protecting Canadians from Excessive Drug Prices: Consulting on Proposed Amendments to the Patented Medicines Regulations*⁶ does not identify a specific policy intent or objective from the proposed regulatory changes. Nowhere in the Whitepaper is there a discussion of what or whose perspective should be adopted when regulating ceiling prices for patented medicines. The Whitepaper does suggest that the regulatory changes considered would require the Board to consider whether a medicine’s price is commensurate with the benefits it provides to patients *within the context of the Canadian health care system* (emphasis added). Of course, the Canadian health care system has multiple markets, multiple payers, and a system with individual autonomy.

Similarly, the proposed modifications to the Patented Medicines Regulations, and the accompanying Regulatory Impact Assessment Statement⁷ (RIAS) does not contain any clear statement about policy intent or policy objectives. Again, the RIAS suggests the HTA factor would determine whether a medicine’s price is commensurate with the benefits it provides to patients *within the context of* the Canadian health care system (emphasis added). The Canadian health care system is complex, it has multiple payers, and it includes the perspectives of many actors: public administrators; private insurance actuaries; employers; and most importantly,

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individual Canadians and their caregivers. There is a substantial and material difference between “within the context of” and “adopt the perspective of”.

The first public evidence CanPKU can find of this stated “policy intent” is in Minutes\(^8\) to a meeting of the PMPRB’s Technical Working Group discussing the Guidelines. Members of the group were asked to provide opinions and consideration of possible perspectives (public health care system vs societal) during the meeting. According to the Minutes, towards the end of the discussion/meeting, Board Staff apparently confirmed that the policy intent was to adopt the healthcare system perspective. It’s hard to assess the validity of a “policy intent” that has not been subject to any public scrutiny, and was dictated to even the technical experts tasked with providing advice about the Guidelines.

Only once the Regulations were published\(^9\) in final form was any policy intent or objective clearly articulated by Health Canada. It was only in that document that the Government of Canada stated a policy intent or a policy objective for any changes to the Regulations. The publication of the final Regulations was the first time the Government of Canada made it clear that intended for PMPRB to adopt the perspective of the public health care system.

Finally, from the experience with trying to get access and public coverage of the first PKU drug, Kuvan, it is quite evident that the perspective of the public health care system does not fully align with the health and wellbeing interests of individual citizens.

The debate about “appropriate” drug coverage is not a balanced one. Average Canadians have modest needs from their drug plans (private or public), but they expect that if a treatment was ever needed it would be available to them. When there is a need for a treatment, and there is no coverage, it’s too late for debate. The outcome of late discovery of lack of coverage is harm to patient health. Those harms are real and the hidden subsidy patients are forced to make involuntarily to subsidize budgets. CanPKU submits that despite representations otherwise from PMPRB, the question of what the appropriate perspective that should be applied is an open, unresolved, and untested question – and should be subject to rigorous public discussion.

**New Factors in Regulations/Guidelines**

The application of the new additional factors is duplicative and redundant, hence a waste of taxpayer resources. The basket of comparator countries was amended to include countries that “constrain free market pricing for medicines” through policy measures. Therefore, application of the new basket of comparators AND additional factors applies price constraints at least twice. Neither Health Canada nor PMPRB have addressed this issue, or provided a rationale for doubling up on price constraints.

The way the draft Guidelines apply the list of comparator countries further demonstrates that this is not an exercise in establishing a non-excessive price ceiling. The list of comparator countries was established to reflect “median OECD prices\(^{10}\)”. If this is the case, with the manner the

\[^8\] \url{http://www.pmprb-cepmb.gc.ca/view.asp?ccid=1443&lang=en}

\[^9\] \url{http://gazette.gc.ca/rp-pr/p2/2019/2019-08-21/html/sor-dors298-eng.html}

\[^{10}\] \url{https://www.canada.ca/en/health-canada/programs/consultation-regulations-patented-medicine/document.html}
comparator list is applied, the OECD median becomes more or less the ceiling. It is hard to reconcile the goal of Canada being a market that facilitates and encourages the introduction and availability of a comprehensive range of medicines - including novel treatments – in a timely fashion, when a manufacturer cannot seek a list price above the middle of price levels in OECD countries.

As noted, use of international benchmarking already accounts for the use of price constraints in those other countries. Use of the Median International Price as the absolute ceiling price in Canada says that no Canadian consumer or payor could ever reasonably pay a price that is acceptable (and subject to price constraints ) in half of the comparator countries.
It is quite telling that the Guidelines describe a “price floor”\(^\text{11}\) set by the lowest international price. This is certainly not a price floor as normally understood by economists – a regulated lower limit for the price that might be charged for a product. This “floor” is in fact a lower limit on the “ceiling” price that the PMPRB Guidelines might set. Clearly PMPRB anticipates that the Guidelines as constructed could result in a mandated non-excessive ceiling price lower than the acceptable price in any of the other comparator countries. The Guidelines seem to offer this “floor” as a concession. Even so, it means that for some patented medicines, the Canadian ceiling price is the lowest of all acceptable prices in all of the comparator countries. This is inconsistent with the idea that PMPRB establishes non-excessive price ceilings, and is not attempting to set prices. It is also inconsistent with the idea that Canada will continue to be a market that encourages early introduction of new medicines.

**HTA Factor**

Health Technology Assessment (HTA) can be a useful tool to provide guidance to decision makers. At the same time, there is a long list of well-known problems and limitations for ICERs (Incremental Cost Effectiveness Ratio) and QALYs (Quality Adjusted Life Year). The Regulations and the proposed Guidelines ignore commonly accepted limitations of these tools and again reinforce the impression that they are intended to manage public drug plan expenditures rather than establish an economic framework to establish non-excessive ceiling prices.

Cost effectiveness thresholds are generally used to inform government decision making about the amount it should be willing to spend in adopting new medical technologies. There is no consensus on whether they should be used or how to establish a threshold. Countries that use QALY thresholds assign widely different values\(^\text{12}\). The use of opportunity costs includes the assumption that the health system budget is fixed with no ability to increase expenditures even when a scientific breakthrough can move a

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devastating disease from untreatable to treatable, or in the new era of cell and gene therapies, to curable.

It is important to remember that cost–effectiveness ratios derived from economic modelling are simply estimates\(^\text{13}\) –based on several assumptions – produced to indicate the potential value for money of one or more interventions. The construction of economic models is prone to problems and errors. These estimates and internal biases have significant influence on the outcomes on the determination of QALYs, or DALYs (Disability Adjusted Life Year), ICERs, or any other economic construct measuring value.

CanPKU rejects the notion that PMPRB ought to apply the perspective of the Canadian public health care system in setting non-excessive ceiling prices. PMPRB has confirmed the inherent uncertainty in ICER values and the cost utility analyses upon which they are based. It is not possible to reconcile this uncertainty by unilaterally applying a unitary perspective. The RIAS includes the following admonition - the PMPRB’s approach to giving effect to this new factor must align with its role as a price regulator, not a price setter.

If the HTA factor is to be applied, it should not be narrowly established using only the perspective of the public health system, but the economic modelling should cover the range of assumptions and inputs that reflect the whole variety of Canadian patients, consumers, and payers.

### Conclusions

CanPKU continues to call for a Canadian drug pricing regime that facilitates the rapid introduction and availability of a comprehensive range of medicines and that provides Canadians the ability to access necessary medicines in a timely manner. Current practice in Germany is evidence of a useful alternative. The draft Guidelines do not reflect such a regime or intent. It is hard to reconcile the idea of Canada being a market that facilitates the introduction and availability in a timely fashion of a comprehensive range of medicines - including novel treatments – when a manufacturer cannot seek a list price above the middle of price levels in OECD countries.

CanPKU believes it is important that Canada be a market where novel treatments for unmet or poorly met needs are brought to market rapidly. The fact that the proposed absolute ceiling price in Canada says that no Canadian consumer could ever reasonably pay a price that is acceptable in half of the comparator countries would suggest we can expect to have no better than middling availability of new medicines.

\(^\text{13}\) https://www.who.int/bulletin/volumes/94/12/15-164418/en/#R15
CanPKU has identified the following specific deficiencies that PMPRB should address if we are to hope to achieve any sort of balance in this new pricing regime

- Address the Gender-based analysis and ensure the Guidelines and Regulations do not have a disproportionate negative impact on women and mothers.
- Apply a true risk-based approach to the guidelines and Regulations
- Engage in an open transparent public discussion about the appropriate “perspective” for the Guidelines and Regulations
- Economic modelling for the HTA should cover the range of assumptions and inputs that reflect the whole variety of Canadian patients, consumers, and payers.

PMPRB have made it clear that it believes that once applied, the Guidelines will result in prices that represent what the public health system is will to pay, is able to pay, and that reflect value for the Canadian Health system. Can PMPRB then assure Canadians that any drug sold at the regulated price will be covered by all public drug plans? Or will Canadians still have to wait, as Canadians with PKU have with Kuvan, for ten years or longer?

As the Supreme Court of Canada has stated in a medical care case, “Access delayed is access denied.”

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