

From: [Daniel Chiasson](#)
Sent: March 18, 2020 8:52 PM
To: [PMPRB Consultations / Consultations CEPMB](#); [Douglas Clark](#)
Cc: [Daniel Chiasson](#)
Subject:

RE: CAPDM Response to Proposed PMPRB Draft Guidelines: Impact on Pharma Distributors

Importance: High

Dear PMPRB Team;

In an effort to provide more insights on the projected impact of proposed PMPRB reforms towards pharmaceutical distributors, CAPDM wishes to focus your attention on patients. As previously outlined in our February 13, 2020 submission, price erosion on grandfathered products will directly impact the sustainability of our sector. To recap, a shift towards the international median price of the new PMPRB11 basket of countries will force further cuts in services (i.e. deliveries to remote and rural areas in particular).

Inventory reductions are also anticipated in order to reduce operating costs to align with the material funding compression. Given the buffer inventory held at distributors helps smooth out the impact of drug shortages, any inventory reduction will translate into higher levels of drug shortages in Canada. A timely example points to the +200% increase in demand from COVID-19 induced stockpiling behavior by patients, community pharmacies and hospitals. This sort of drug supply chain resiliency is worth protecting.

As such, cuts in service levels and inventory levels will have a detrimental impact on patients and their ability to access their medication on a timely basis.

To mitigate this risk to patients, CAPDM has advocated for maintaining current list prices for grandfathered products in our February 13, 2020 submission. As a fallback position, we recommend that PMPRB minimize the price decrease of grandfathered products. More specifically, the price target for Canada could be 'not higher than the highest of the PMPRB11 countries'. Our best estimate of the financial impact to pharmaceutical distributors from adopting such a price target would be an annual \$10 million funding decrease. While still significant, in the end this would be much less impactful to patients than the median price approach.

The other recommendation that we feel strongly about revolves around the timing for the new regulations to take effect. In light of the global COVID-19 crisis, CAPDM suggests not implementing disruptive changes during this period. The proposed regulations will have a serious negative impact on the entire pharmaceutical industry and all of its stakeholders, including distributors. This is not the time to impose a heavier burden on the sector as the cumulative damage is unpredictable.

With much appreciation for your consideration towards our recommendations,

Daniel Chiasson
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From: Daniel Chiasson
Sent: February-13-20 5:43 PM
To: 'PMPRB.Consultations.CEPMB@pmprb-cepmb.gc.ca'; Douglas Clark
Cc: Daniel Chiasson
Subject: CAPDM Response to Proposed PMPRB Draft Guidelines: Impact on Pharma Distributors

Dear Doug and PMPRB team;

Please find enclosed the Canadian Association for Pharmacy Distribution Management (CAPDM) response to the proposed PMPRB Draft Guidelines as part of your consultation process. The enclosed builds upon the themes and concerns that CAPDM shared with you in our in-person meeting this past January 22nd, 2020.

We have provided perspective on the critical projected impacts to the pharmaceutical distribution sector of the current policy direction. Recommendations are also outlined for consideration in order to safeguard patients' timely access to medications they require. The second document summarizes who the impacted distributors are and the important role they play in ensuring that patients have timely access to their medication regardless of where they live (urban, rural, remote locations).

CAPDM and our members remain available to discuss sustainable policy options that will benefit payers, industry stakeholders and more importantly patients across Canada. We look forward to engaging further with the PMPRB Board following this consultation process and having an active voice in implementation considerations.

Thank you for the time and attention you will bring to our concerns and recommendations.

Dan

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