

Patented Medicine Prices Review Board Draft Guidelines Consultation

Submission by the Multiple Sclerosis (MS) Society of Canada

August 2020

Introduction

The Multiple Sclerosis (MS) Society of Canada is pleased to provide this submission to the Patented Medicine Prices Review Board (PMPRB) Draft Guidelines Consultation.

MS impacts all Canadians – not only affected individuals, but also their families. The unpredictable and episodic yet progressive nature of MS makes it particularly challenging in maintaining an adequate quality of life. For Canadians living with MS, timely and affordable access to treatments is vital to increasing quality of life as it can delay disability caused by MS and improve overall health outcomes. With the onset of COVID-19 in Canada, Canadians living with MS face many additional challenges, including further barriers to ensuring access to MS treatments.

As mentioned in the MS Society’s June 2017, February 2018 and February 2020 submissions regarding the proposed amendments and guidelines we remain committed to ensuring these changes find the right balance between their impacts on affordability, availability and research. While the most recent proposed changes to the guidelines have mitigated a small number of the concerns raised in our previous submissions, there are still significant issues that remain unaddressed. Overall, the amended guidelines will continue to have a direct impact on the MS community and therefore, people with MS and their families should be at the centre of the PMPRB’s consultation process and decisions. Placing complex econometric modeling over the lives of our community and others with life limiting illnesses, is not an appropriate policy approach that we can support.

Finding the Right Balance – Impact on Affordability

When it comes to MS treatments, affordability is strongly interwoven with patient access. Health Canada has approved 15 disease-modifying therapies (DMTs) to treat relapsing forms of MS. They reduced annual relapse rates (ARR) by between 30 and 70 per cent, depending on the agent being used. These medications are also effective in slowing disability progression and reducing the number of new or enhanced lesions (as seen on MRI). The recently revised 2017 criteria for diagnosing MS allow Canadian neurologists to diagnose individuals earlier and more accurately, which also means earlier treatment with a DMT. It is recommended that individuals diagnosed with relapsing-remitting MS start DMT treatment soon after their diagnosis is confirmed to reduce risk of worsening disability over time. Individuals diagnosed with primary progressive

Canada has one of the highest rates of MS in the world!

MS is a chronic, often disabling, disease of the central nervous system. Since that includes the brain, spinal cord and optic nerve, MS can affect vision, memory, balance, and mobility.

Over 77,000 Canadians live with MS. Approximately 1 in every 385 Canadians live with MS. Women are three times more likely to be diagnosed with MS than men.

MS is the most common neurological disease affecting young adults in Canada. 60% of adults diagnosed with MS are between the ages of 20 and 49 years old. On average, 11 Canadians are diagnosed with MS every day.

MS (PPMS) may qualify for treatment with the first, and only, DMT approved for PPMS, ocrelizumab. Choosing a DMT should be a shared decision-making process between an individual and their neurologist.¹ Early intervention is vital to avoid many of the long-term economic and personal costs that result from unnecessary irreversible disability. Literally – for brain health - time matters in MS. The annual cost of DMTs for MS is over \$10,000 annually and can go up to approximately \$50,000 (or more).² Second line therapies, which are taken after a patient has failed on an initial or first line therapy, have higher efficacy and higher cost. When the overall healthcare costs (physician, hospital, and drug costs) of the MS population are compared to the costs of the general population, the greatest disparity is found in drug costs, which are over 40-fold higher for people living with MS. (the cost disparity is greater when comparing younger populations, and grows smaller in older age brackets).³

For many people living with MS, paying for these treatments out-of-pocket is unrealistic. Most MS medications cost the same as or exceed the majority of Canadians’ respective annual salaries. Ensuring that MS treatments are priced at an appropriate cost that is not excessive increases the chances of those treatments being added to public formularies and private insurance plans – which many Canadians living with MS rely on.

Without drug plans in place (public, private or industry), financially, access to these drugs would be unattainable by the vast majority of Canadians who live with MS. Most of these drugs are included on some provincial, territorial and federal formularies, overseen by “special” or “exceptional access” drug programs that require a case-by-case approval for reimbursement due to their high cost. Individuals with MS must meet certain criteria in order to be eligible for public reimbursement. Many people do not meet the necessary criteria for various reasons, including but not limited to, their doctor having filled the paperwork incorrectly, the patient having coverage under another plan; not being enrolled in the provincial plan; cancelled due to arrears in premiums, or the patient not meeting the specific medication criteria. As highlighted in a targeted poll conducted via the MS Society’s social media channels in 2017, more than 80 percent of the 232 polled respondents stated that they would be unable to continue treatment if they did not have access to an insurance plan (private or public). When combined with other financial factors, including unstable employment issues as a result of the episodic nature of MS, high costs remain a primary concern for Canadians living with MS.

The MS Society acknowledges the importance of protecting the interests of Canadian consumers by ensuring prices for pharmaceuticals remain fair and affordable, and that the PMPRB’s amended guidelines hope to achieve such an outcome. However, given the potential significant impact that the amended

¹ Mark Freedman et. al. “Treatment Optimization in Multiple Sclerosis: Canadian MS Working Group Recommendations” *Canadian Journal of Neurological Sciences* Volume 47-4 (437-455). July 2020. Available at https://www.cambridge.org/core/services/aop-cambridge-core/content/view/6F71BA9F915D7AC1228BBB52EF3B8AD7/S0317167120000669a.pdf/treatment_optimization_in_multiple_sclerosis_canadian_ms_working_group_recommendations.pdf

² MS Society of Canada. “Disease-modifying therapies.” Available at <https://mssociety.ca/managing-ms/treatments/medications/disease-modifying-therapies-dmts#:~:text=The%20base%20cost%20of%20disease,clinic%20costs%20and%20dispensing%20fees.>

³ Nana Amankwah et. al. “Multiple sclerosis in Canada 2011 to 2031: results of a microsimulation modelling study of epidemiological and economic impacts” *HPCDP* Volume 37-2. February 2017. Available at <https://www.canada.ca/en/public-health/services/reports-publications/health-promotion-chronic-disease-prevention-canada-research-policy-practice/vol-37-no-2-2017/multiple-sclerosis-canada-2011-2031-results-microsimulation-modelling-study-epidemiological-economic-impacts.html>

changes could have on drug prices, there remain concerns about what those changes mean for overall drug availability and access for patients. Specifically, while the amendments may represent lower drug costs at the point of sale, there may be unintended consequences which may not be visible immediately, and the amended guidelines may have repercussions in terms of drug availability in Canada. The underlying reality is that making a medication affordable does not improve health outcomes of Canadians if the drug ultimately does not launch in the Canadian market at all. Our concerns regarding drug availability are discussed in further detail below.

Finding the Right Balance - Impact on Availability

One of the potential impacts of a significant drop in prices for medications is that availability of treatments may become restricted. Following our 2017 poll, the MS Society hosted a *Listening to People Affected by MS 2.0* quality of life survey in 2018, which heard from over 6000 Canadians living with MS. That poll again saw 80 percent of respondents identify having the financial resources to meet the changing needs of MS as a priority. However, the one other priority that superseded the financial concern was ensuring access to comprehensive and effective treatments and care, with 86 percent highlighting this issue as being more important.

Changing the basket of comparator countries could lower drug prices in Canada by as much as 20 per cent. This significant reduction alone could result in the cumulative effect of driving prices down to unsustainable levels for manufacturers resulting in their departure from the market and/or a reluctance to introduce new medicines in Canada. In its most recent iteration of its amended guidelines, the PMPRB has taken a step forward to mitigate the impact of this change on overall prices by only making new medicines subject to the median price ceiling of the new basket of comparator countries, while allowing existing medicines to only have a price ceiling lower than the highest of the new PMPRB basket. Nonetheless, there can still be expected to be a significant impact on existing medicine prices, since the new basket removes both the United States and Switzerland – previously the two highest paying countries in the PMPRB’s previous comparator basket.⁴ By removing these two countries, the new ‘high’ ceiling for existing medicines can be expected to be much lower, ultimately driving the prices of existing medicines downwards.

The most recent iteration of the amended guidelines also fails to address concerns around drugs that are subjected to the new factors (pharmacoeconomic, market size and GDP), specifically those considered Category 1 drugs (high-cost/high-sales drugs). While the PMPRB has increased the rebated price-ceiling thresholds, thereby reducing the number of drugs previously subjected to the new factors, drugs for rare diseases would still be subject to these measures. As mentioned in our 2018 and February 2020 submissions, the concern here is that the pharmacoeconomic assessments which are currently used by the Canadian Agency for Drugs and Technologies in Health (CADTH) for the purpose of determining clinical and cost-effectiveness of a medication, do not include metrics that are important to patients, such as frequency of taking medications and quality-of-life measures. Quality Adjusted Life Year (QALY) assessments do not have favourable outcomes for patients who require rare disease medicines, known as orphan therapies.

Using this methodology, QALYs, orphan therapies are typically found to be “cost-ineffective” and lacking in long-term data on safety and effectiveness relative to other conditions and disease. This is indicative of a system limitation of the method, rather than the medicines. If the PMPRB relies on the same methods as

⁴ PMPRB Framework Modernization. July 2018. *Patented Medicine Prices Review Board*. Available at <http://www.pmprb-cepmb.gc.ca/view.asp?ccid=1388&lang=en>

CADTH, the ceiling price could be expected to be set at a level which could make access and availability even more difficult than it is currently. The price for any new therapy designed for a small patient pool would potentially be reduced well below a commercially viable rate, resulting in delays in manufacturers launching their product in Canada. More concerning, because of the new changes, rare disease therapies may not be launched in Canada at all, and patients with rare diseases (who previously had no other therapeutic options) who rely on patient support programs or who have compassionate access may lose that access altogether.

Overall, we are concerned that the full impact of how the implemented changes would affect drug availability are not adequately or fully understood. While the PMPRB has put in place a Guideline Monitoring and Evaluation Plan (GMEP), which includes ongoing assessment of the guidelines' impact on availability of medicines, there is a concern that any potential negative consequences caused by the amendments may be difficult to reverse, due to the fact that (as the PMPRB notes), "Some impacts...may take longer to materialize."⁵ Should a downward trend in drug availability occur, the ability for the PMPRB to course-correct would be limited. Rather than taking a retroactive evaluation approach, the PMPRB should undertake an incremental approach to the implementation of the amendments in order to mitigate any negative consequences the amended guidelines will have on patient access to drugs. This type of approach would ensure that the PMPRB could separately evaluate the impact of these changes on drug prices and ultimately on patient choices.

Finding the Right Balance - Impact on Research

Canada is a world leader in MS research and innovation. Since 1948, the MS Society has provided over \$190M in funding for MS research and researchers. We regularly partner with researchers, government and industry to translate knowledge gathered through research into concrete therapeutic and health care options that improve the lives of people living with MS. Innovative research in MS also provides the important functions of stimulating economic growth and attracting and retaining talent in the Canadian health care system. Innovation also has commercial benefits for industry, which plays an important role in the health-research ecosystem.

On this note, the MS Society is concerned that changes to price regulations may lead pharmaceutical companies to reduce investments in innovative research in Canada. Forcing prices down to the lowest of international comparison prices may prove punitive as it offers no provision to reward innovation by offering manufacturers the opportunity to achieve price premiums for new technologies that represent significant advances compared to existing treatments. This has repercussions for clinical trials, as manufacturers may display greater reluctance in holding clinical trials in Canada due to these reduced incentives. Clinical trials are not only important for the development of therapeutic options, but they also provide significant opportunities for research growth in Canada (and is particularly relevant in the MS space). Reduced incentives to bring therapies to market which have undergone clinical trials in Canada creates further ethical issues as it relates to access, specifically as it relates to patients who are on a medication that has undergone clinical trials but which has not been approved by Canadian regulators due to the manufacturers delaying or altogether neglecting to bring that drug to the Canadian market. This reduction in investment from manufacturers, which would curtail the robustness of Canada's existing

⁵ Revised PMPRB Guidelines: Overview of key changes. July 2020. *Patented Medicines Prices Review Board*. Available at <https://www.canada.ca/content/dam/pmprb-cepmb/documents/consultations/draft-guidelines/2020/PMPRB-Public-Webinar-July8-2020.pdf>

health-research infrastructure, would also impede the important work and progress in innovative research conducted and sponsored by patient organizations, including the MS Society.

As part of its latest consultation and in response to this concern, the PMPRB released some information to stakeholders which showed an overall decline in pharmaceutical R&D spending in Canada, and highlighted a downward trend in clinical trials overall in OECD countries.⁶ This seems to suggest that any future reduction of clinical trials would not be caused by the PMPRB's amended guidelines. However, industry data suggests that the amended guidelines have indeed had a direct negative impact on clinical trials in Canada since their introduction.⁷ Moreover, data from Health Canada has shown that new drugs submitted for approval to Health Canada have been lower since the PMPRB introduced its amended guidelines, when compared to years prior (according to Health Canada data, there were 44 per cent fewer new drug submissions between the periods of August and December 2019, when compared to the same period in 2018).⁸ Industry data also suggest that overall there are limitations to current knowledge regarding real sunk costs of research and development.⁹ While the MS Society's ability to assess both data sets are limited given the consultation timeframe, the existence of contradictory data sets is concerning and provides further reason for caution.

In order to help address these concerns, we recommend that a multi-stakeholder dialogue should be established to better evaluate the impacts of these changes. Additionally, we advocate that the federal government require the PMPRB to employ a third party to conduct a formal assessment of the potential and actual ramifications of the regulatory reforms on research investment and activity in Canada, with specific reflection on the effect on clinical trials.

Reaffirmed Commitment to Meaningful Patient Input

The MS Society is pleased with the opportunity to continue to participate in the PMPRB consultation process and provide submissions on the PMPRB's draft amended guidelines. The MS Society, as with other patient organizations, work directly with patients and are well positioned to provide input to the PMPRB on both qualitative and quantitative patient indicators that are directly relevant to the regulatory amendments. It is also encouraging that the latest iteration of the guidelines has considered some existing concerns such as the impact of the changes on existing medicines. Nonetheless, despite these changes the core issues and recommendations put forward by the MS Society and other patient groups haven't been adequately addressed and we have yet to see notable changes to be made to the guidelines despite numerous consultations.

Furthermore, for patients and patient groups, it is important that policy decision-making processes and consultations surrounding drug availability remain transparent and accessible. Information provided to

⁶ Revised PMPRB Guidelines, July 2020

⁷ Rawson, Nigel S. B. and John Adams. June 2020. "Access to New Medicines: What Should Ottawa Learn from COVID-19?" MacDonald – Laurier Institute. Page 10. Available at https://macdonaldlaurier.ca/files/pdf/20200609_Access_to_new_meds_Rawson_Adams_PAPER_FWeb.pdf

⁸ Drug and Health Product Submissions Under Review (SUR). 2020. *Health Canada*. Available at https://www.canada.ca/en/health-canada/services/drug-health-product-review-approval/submissions-under-review.html#_Supplemental_new_drug_1

⁹ Berdud. M., Ferraro.J., and Towse. A. July 2020. "A Bargaining Approach: A Theory on ICER Pricing and Optimal Level of Cost-Effectiveness Threshold." *Office of Health Economics*. Available at <https://www.ohe.org/publications/bargaining-approach-theory-icer-pricing-and-optimal-level-cost-effectiveness-threshold>

stakeholders in the PMPRB's latest consultation, particularly in regard to the calculation of pharmacoeconomic/market size/ GDP factors has been opaque. The ability to break down the calculations presented to better understand their implications is challenging for many patient groups who do not have access to the same resources that are available to both industry and government. Patient groups' capacity to analyze the information provided has also been further hindered because of COVID-19 which has added additional strains on organizational resources. As a result of COVID-19, the MS Society has anticipated a \$25 million drop in our income for 2020, and we foresee further challenges to our ability to fundraise in the near future. To this end, a longer consultation timeframe would have mitigated some concerns patient organizations have had in their ability to respond appropriately to the amended guidelines.

Consequently, we recommend that the federal government require the PMPRB to establish a formal mechanism that continuously engages patient representatives and other key stakeholders in the decision-making and regulatory process in a meaningful way, and that such processes are fully transparent.

Conclusion

The MS Society continues to believe that the Government of Canada should ensure people with MS have equitable, affordable and timely access to treatments and that the PMPRB plays an important role in achieving this commitment. The MS Society continues to have outstanding concerns as addressed above and given the changed circumstances for all of our communities globally as a result of COVID-19 and in response to the amended regulations, we recommend:

- The PMPRB undertake an incremental approach to the implementation of the amendments. This approach would ensure that the PMPRB could separately evaluate the impact of changes in regard to the basket of comparator countries and incorporation of pharmacoeconomic and market size factors on drug prices and ultimately on patient choices;
- A multi-stakeholder dialogue be established to better evaluate the impacts of these regulatory changes as it relates to drug availability with a specific focus on the potential consequences of pharmacoeconomic assessments as a regulatory factor;
- The federal government require the PMPRB to employ a third party to conduct a formal assessment of the potential and actual ramifications of the regulatory reforms on research investment and activity in Canada, with a specific focus on the effect on clinical trials; and
- The federal government require the PMPRB establish a formal mechanism that continuously engages patient representatives and other key stakeholders in the decision-making and regulatory process in a meaningful way, and that such processes are fully transparent.

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