Patented Medicine Prices Review Board

1997-98 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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Patented Medicine Prices Review Board

1997-98 Estimates

Part III

Expenditure Plan

Approved

Minister of Health Canada

Preface

This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience.

The Part III for 1997-98 is based on a revised format intended to make a clear separation between planning and performance information, and to focus on the higher level, longer term plans and performance of the Board.

The document is divided into four sections:

- *Executive Summary*;
- *Plans for 1997-98*
- *Performance for 1995-96; and*
- *Supplementary Information*

It should be noted that, in accordance with the Operating Budget principles, human resource consumption reported in this document will be measured in terms of employee full-time equivalents (FTEs).

1 (Patented Medicine Prices Review Board)

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Section I
Executive Summary

The PMPRB makes a significant contribution to health care in Canada by controlling the prices charged by manufacturers of patented drugs. It continues to fulfil its mandate of ensuring that the prices of patented medicines are not excessive and in reporting to Canadians, through Parliament, on the price trends of all drugs and on research-and-development spending by pharmaceutical patentees.

In fact, since 1987, the PMPRB has kept price increases for patented drugs, on average, well below the rate of inflation. Prices actually declined in 1994 and 1995. In addition, prices for patented drugs in Canada have come down relative to prices in other industrialized countries.

In fiscal year 1996-97, the PMPRB completed its first contested hearing and made an Order in a matter involving ICN and the drug Virazole. This case established jurisprudence which upheld the policies and actions taken by the PMPRB in interpreting and applying its mandate under the Act. The fact that this was the first Order by the Board is not a sign of any reluctance on the part of the PMPRB to apply the law, but rather a measure of the success of its compliance policy.

In addition to its regulatory functions, the PMPRB is also an objective source of information on drug pricing and R&D. It will continue to conduct and publish relevant studies and participate in a Federal/Provincial/Territorial pharmaceutical initiative to study issues relating to the pricing and utilization of all prescription drugs in Canada. The PMPRB's ongoing work, including a study of the impact of federal regulation of patented drug prices, will be of value to the parliamentary committee reviewing drug patent laws in 1997.

These achievements have been made in spite of budget reductions of 19% comparing 1992-93 to 1996-97 and 26% comparing1992-93 to 1998-99. In fiscal year 1996-97 the PMPRB examined its price review operations to increase its efficiency and effectiveness, to better focus its resources, and to assist patentees by lifting some of the administrative burden. By carefully managing resources and seeking further efficiency gains, the PMPRB will continue to carry out its mandate and protect consumers.

As Canada's health care sector undergoes a period of evaluation, the PMPRB looks forward to continuing to make its contribution to meeting the accompanying challenges that will arise in the coming years.

Robert G. Elgie
Chairperson

Section II
Plans for 1997-98

A. Summary of Plans and Priorities

The PMPRB will continue to play an important role in ensuring that the prices charged by manufacturers of patented medicines are not excessive. It will do so by continuing to review the prices of all new and existing patented drugs for compliance with the Guidelines, to investigate cases of possible excessive pricing, and to take appropriate remedial action where warranted.

Also in keeping with its mandate, the PMPRB will continue to report to Parliament annually on its price review activities, price trends of both patented and non-patented medicines, and patentees' research and development expenditures.

In addition to its focus on the core operational activities, the PMPRB continues to search for effective ways to deal with budget reductions which have been made without commensurate reductions in program activities or amendments to the mandate of the PMPRB. From 1992-93 to 1996-97 the PMPRB's budget will have been reduced by 19% and by 1998-99 the total reduction will be 26%. The PMPRB has taken carefully planned and executed steps to manage these budget cuts through increased efficiencies and a carefully orchestrated balancing of resources between priorities.

In 1995-96, the PMPRB initiated an examination of its price review operations to increase its efficiency and effectiveness and to better focus its resources. Implementation of initiatives resulting from this review will begin in the 1997-98 fiscal year for prices in effect in 1996. The improvements include reducing the number of pricing cycles, revising the investigation criteria and simplifying the application of the Consumer Price Index (CPI) Guideline.

The PMPRB will also complete an examination of the statutory requirements and policies for the regulation of patented drugs for veterinary use with a view to potentially deregulating or partially deregulating veterinary drug prices.

In its continuing efforts to be an objective source of information and to share knowledge and expertise with interested parties, the PMPRB will participate in a federal/provincial review of the pricing and utilization of all prescription drugs.

As well, the PMPRB is committed to the identification of clear and measurable results through the development and evaluation of performance measures and service standards.

B. An Overview of the Patented Medicine Prices Review Board

1. Roles and Responsibilities

Regulatory	• To ensure that the ***prices of patented medicines sold in Canada are not excessive***.

Reporting	• To report annually to Parliament on:
	  • its ***price review activities***
	  • the ***price trends*** of all medicines
	  • the ***ratio of research-and-development expenditures to sales revenues*** for individual patentees and for all pharmaceutical patentees in Canada.

Inquiry	• To inquire into any ***matter which may be referred to it by the Minister of Health***.

The PMPRB is an independent quasi-judicial body established under the *Patent Act* to regulate the maximum prices manufacturers charge for patented medicines to ensure they are not excessive. Among other things, it has the authority to order, following a public hearing, reductions in the prices of patented medicines and measures to offset excess revenues received by patentees.

The PMPRB was created as a result of revisions to the *Patent Act* in 1987 (Bill C-22) which strengthened patent protection for pharmaceutical products. At that time, there was concern that without price regulation, patentees might take undue advantage of the increased patent protection established by the new *Act* and charge excessive prices for their products. Indeed, consumer protection was one of the five pillars[1] or principles guiding the patent legislation.

The PMPRB represents a strategic component of federal policy to balance consumer protection and affordable health care with the trade and industrial development objectives of pharmaceutical patent legislation.

Subsequent revisions to the *Patent Act* in 1993 (Bill C-91) further increased patent protection for pharmaceutical products by eliminating compulsory licensing. These amendments were in response to global pressures, ultimately made binding in the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA).

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[1] The five pillars were intellectual property, industrial policy, multilateral relations, consumer protection and the health care of Canadians. (Notes for Opening Remarks of Legislative Committee on Bill C-22 by the Honourable Harvie André, Minister of Consumer and Corporate Affairs Canada, House of Commons, December 16, 1986.)

The 1993 amendments shifted ministerial responsibility for the PMPRB to the Minister of Health and also gave it increased remedial powers. The shift in ministerial responsibility from Consumer and Corporate Affairs to Health Canada recognized the PMPRB's role as a social program that supports the government's commitment to maintain universal access to a comprehensive package of publicly funded health services and to basic social services[2]. The PMPRB promotes Canadians' access to needed medications by ensuring that prices of patented drugs are not excessive. This is of greater significance as drugs are not covered by the *Canada Health Act*. While the public sector funds 72% of all health care expenditures in Canada, it only funds 32% of drug costs[3]. Canada is the only country with a publicly funded national universal health care scheme that does not include drugs.

The PMPRB promotes Canadians'access to needed medications by ensuring that prices of patented drugs are not excessive.

2. Organization and Program Composition

Program Description: The PMPRB is responsible for regulating the maximum prices that patentees may charge for prescription and non-prescription patented drugs sold in Canada for human and veterinary use. In most cases, that price is the "factory-gate" price at which the manufacturer sells the product to wholesalers, hospitals or pharmacies. The PMPRB applies a voluntary compliance policy, including published excessive price guidelines, aimed at encouraging and facilitating compliance with the Act. When prices appear to be excessive, the PMPRB takes action to reduce prices in one of the following ways: through voluntary action by patentees; formal Voluntary Compliance Undertakings (VCUs) to lower prices and offset excess revenues; and, if necessary, public hearings and the issuance of remedial orders. The PMPRB also prepares an annual report to Parliament on its price review activities, the price trends of all medicines and on research and development in the pharmaceutical industry in Canada.

Activity Structure: The PMPRB has one activity which matches the program, the Patented Medicine Prices Review Program.

Organization Structure: The PMPRB reports to Parliament through the Minister of Health. The Board consists of not more than five members who serve on a part-time basis, appointed by the Governor-in-Council, including a Chairperson and Vice-Chairperson. The Chairperson is designated under the *Patent Act* as the Chief Executive Officer of the PMPRB with the authority and responsibility to supervise and direct its work. The 1993 amendments to the *Patent Act* provide for a Parliamentary review of those amendments in 1997.

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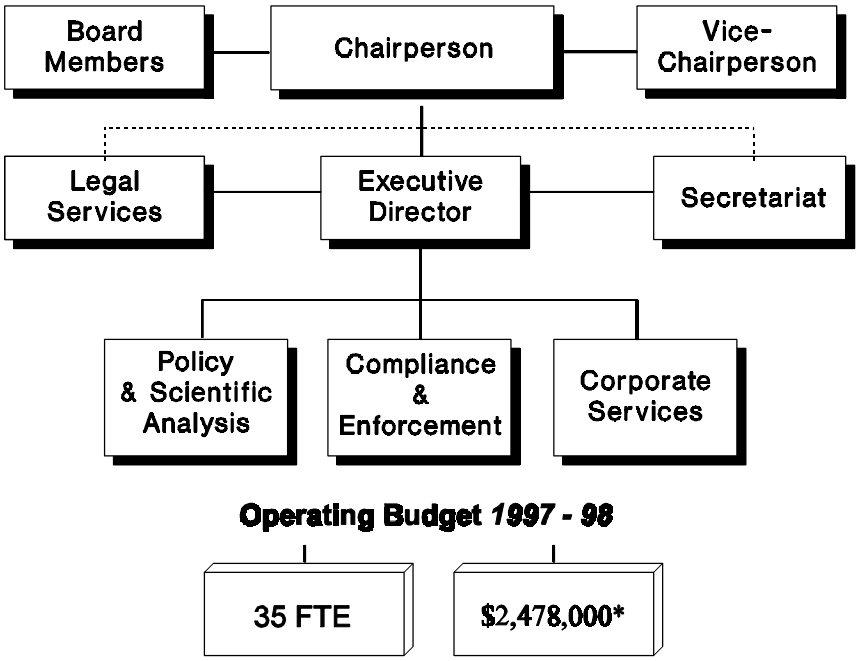
2 Getting Government Right - A Progress Report, March 7, 1996, p. 12

3 National Health Expenditures in Canada, 1975-1994, Summary Report

The Executive Director manages the work of the staff. Senior staff consists of the Executive Director, the Director of Compliance and Enforcement, the Director of Policy and Scientific Analysis, the Director of Corporate Services, the Secretary to the Board and Senior Counsel.

Figure 1: Organizational Structure of the PMPRB



* exclusive of statutory benefits of $339,000

3. Corporate Objectives and Priorities

Program Objective	• *To contribute to Canadian health care by ensuring that prices of patented medicines are not excessive.*
Priorities	• *Enforcement of the PMPRB's Excessive Price Guidelines* • *Report on price review activities and the price trends of all medicines in Canada* • *Report on pharmaceutical research-and-development expenditures of patentees in Canada* • *Implementation of improvements to the price review process adopted in 1996* • *Contribute to federal/provincial initiatives to study the pricing and utilization of prescription drugs, including non-patented drugs* • *Possible changes to the price regulation of veterinary drugs* • *Development and evaluation of performance measures and service standards*

The PMPRB's Strategic Plan for 1997-1998 to 1999-2000 is based upon its mandate, government priorities and the Board's view of the environment in which it operates. The urgency to pursue these priorities has been reinforced by the need to contribute to efforts to contain health care costs and to respond to continued budget cuts.

4. Resource Plans and Financial Tables

Figure 2. Authorities for 1997-98 - Part II of the Estimates

Financial Requirements by Authority

Vote (thousands of dollars)		1997-98 Main Estimates	1996-97 Main Estimates
	Patented Medicine Prices Review Board		
30	Program expenditures	**2,478**	2,680
(S)	Contributions to employee benefit plans	**339**	289
	Total Agency	**2,817**	2,969

Votes - Wording and Amounts

Vote (dollars)		1997-98 Main Estimates
	Patented Medicine Prices Review Board	
30	Patented Medicine Prices Review Board - Program expenditures	**2,478,000**

Program by Activities

(thousands of dollars)	1997-98 Main Estimates		1996-97 Main Estimates
	Budgetary		
	Operating	**Total**	
Patented Medicine Prices Review Board	2,817	**2,817**	2,969

Figure 3. Patented Medicine Prices Review Board - Overview

(thousands of dollars)	Main Estimates 1996-97	**Main Estimates 1997-98**	**Planned 1998-99**	**Planned 1999-00**
Patented Medicine Prices Review Board	2,969	**2,817**	2,725	2,735

C. Details by Business Line

The PMPRB has one business line that is to contribute to Canadian health care by ensuring that prices of patented medicines are not excessive.

1. Operating Context

The predominant external factor influencing the PMPRB is the continued increase in pharmaceutical costs within the Canadian health care system. Pharmaceuticals continue to be the fastest-growing component of health care expenditures due to several factors including: increased utilization of drugs, shifts by physicians from prescribing cheaper drugs to more expensive ones and, perhaps in part, to price increases for non-patented drugs not under the PMPRB's jurisdiction. Non-patented drugs have represented 55% to 60% of total sales by manufacturers in recent years.

The growth in pharmaceutical expenditures as a proportion of total health expenditures is expected to continue in the longer term due to the development of important new medicines that replace other forms of medical intervention or new medicines which treat diseases which were previously untreatable.

The PMPRB's work is also influenced by factors pertaining to Canadian intellectual property policy, international trade negotiations and treaties. The creation of the PMPRB in 1987 and the enhancement of its powers in 1993 were important components of the federal government's strategy to address provincial and consumer concerns regarding the potential impact of strengthened pharmaceutical patent protection on drug prices.

Policies of both the federal and provincial governments affect the prices of medicines in Canada. Through the powers established by the *Constitution Act*, the federal government has responsibility for the control of patents and the provinces have responsibility for property and civil rights including the power to control prices. As a result of this division of powers, the Federal Parliament has used its authority over patents to regulate the prices of patented medicines (through the PMPRB).

The PMPRB plays a unique role in drug price regulation. No province regulates drug prices directly although the policies of provincial drug plans have varying degrees of influence over prices and costs. The provinces look for federal action in regulating the prices of patented drugs that they pay for in whole or in part and in protecting other consumers. The protection provided by the PMPRB becomes more important with the continuing shift from public to private funding of drug expenditures in many provinces.

2. Change Management Issues

In addition to a number of internal and external factors cited above, several issues constrain the achievement of the PMPRB's plans.

From 1992-93 to 1998-99 the PMPRB's budget will have been reduced by approximately 26% to $2.7 million. These budget reductions have been made without commensurate reductions in program activities or amendments to the mandate of the PMPRB. The PMPRB has taken carefully planned and executed steps to absorb the budget cuts to date through increased efficiencies and a carefully orchestrated balancing of resources between priorities. It continues to seek ways to meet its mandate requirements with the resources provided.

3. Results Expectations

Key Results	Performance Measures
Non-excessive prices for patented medicines sold in Canada	Review of the prices of 100% of the patented medicines sold in Canada each year.
	Favourable comparison of the annual percentage change in the Patented Medicine Price Index (PMPI), to the annual percentage change in the Consumer Price Index (CPI)
	Prices for new and existing patented medicines which are comparable to the prices charged in other countries
	Percentage of patented medicines priced within the Guidelines
Report on the price trends of all medicines in Canada	Complete and accurate reports on: • trends in price and volume of patented drug products sold; and • price trends of all drug products - patented and non-patented
Report on the pharmaceutical research-and-development expenditures of patentees in Canada	Complete and accurate publication in the Annual Report of: • the ratio of R&D expenditures to sales revenues for each patentee and the industry as a whole; and • R&D expenditures by location and by type of research

Section III
Performance for 1995-96

A. Summary of Performance for 1995-96

The table below summarizes the PMPRB's performance as of March 31, 1996 for each of the Key Results identified in the Results Expectations section on page 13.

Key Results	Performance Measures
Non-excessive prices for patented medicines sold in Canada	**New drug products:** price review completed on 87 of the 89 products introduced in 1995 - 98% - see details on page 16 **Existing drug products:** price review completed on the 13 drug products with pricing periods ending June 30, 1995 and the 823 drug products with pricing periods ending December 31, 1995 - 100%
	Patented Medicine Price Index (PMPI) declined by 1.75% from its level in 1994 while the Consumer Price Index (CPI) increased by 2.14%
	In 1994, prices in Canada were, on average, below the median international prices of the same drug products for the first time
	New drug products: prices of over 80% of those reviewed were found to comply with the Guidelines **Existing drug products:** prices of 100% of drugs with pricing periods ending June, 1995 were found to comply with the Guidelines and 99% of drugs with pricing periods ending December, 1995 were found to comply with the Guidelines Investigations were commenced in all cases of pricing outside the Guidelines
Report on the price trends of all medicines in Canada	• the prices of patented medicines as measured by the PMPI, declined by 1.75% from their levels in 1994 • the pharmaceutical component of the IPPI increased only slightly, by 0.09%, a smaller increase than seen in previous years

Key Results	Performance Measures
Report on the pharmaceutical research-and-development expenditures of patentees in Canada	• the ratio of R&D expenditures to sales revenues for the patented pharmaceutical industry was 11.8% in 1995 • patentees' R&D expenditures increased by 11.2% over 1994

In 1995-96 the PMPRB was responsible for regulating the $2.6 billion patented pharmaceutical industry in Canada with a budget of $3.1 million. Details, that follow, show that the PMPRB has been performing its regulatory function very effectively. From 1990 to 1995, the PMPRB has obtained more than 100 formal undertakings by patentees. It is estimated that consumers saved $32.7 million in 1995 alone. The total estimated savings to consumers from 1990-1995 was $107 million.

Expenditures on all drugs, in contrast to expenditures on physicians and hospitals, represent a growing proportion of total Canadian health expenditures - a reality that will continue to subject the pharmaceutical industry in general to close scrutiny. It is, however, interesting to note that the overall cost of drugs has increased much faster than the prices of patented medications, and that the PMPRB has ensured that manufacturers' prices for patented drugs have not gone up more than the CPI. In fact, since 1987, the PMPRB has kept price increases for patented drugs, on average, well below the rate of inflation.

B. Performance Overview

1. Non-excessive prices for patented medicines sold in Canada

Price Review of New Patented Drugs in 1995

The introductory prices of new drug products are reviewed for compliance with the Guidelines according to their category.[4] The prices of most new drugs may not exceed the maximum price of other drugs that treat the same disease; the introductory prices of break-through drugs and drugs that demonstrate substantial improvement over existing therapies,[5] may not exceed the median of the foreign prices of the drugs.[6]

As of March 31, 1996 the PMPRB had completed its review of 87 of the 89 new drug products introduced in 1995. The remaining two drug products, two strengths of one medicine, were introduced late in the 1995 calendar year and price reviews could only be completed early in the 1996-97 fiscal year.

The introductory prices of 71 of the new products, over 80% of those reviewed, were found to comply with the Guidelines.

The introductory prices of 71 of the new products, over 80% of those reviewed, were found to comply with the Guidelines. Investigations were opened, and were ongoing at the end of the fiscal year for the remaining 16 products, involving 11 medicines.

Price Review of Existing Drug Products in 1995

Existing medicines include all patented drug products on the market before 1995. Most pharmaceutical companies adjust prices annually, on January 1. Some companies adjust prices for some products every six months, on January 1 and July 1.

Pricing Periods Ending June 1995

Among the 13 drug products with pricing periods ending June 30, 1995, there were no new instances of prices found to be outside the Guidelines.

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4 A complete description of the Guidelines and the categories can be found in the Compendium of Guidelines, Policies and Procedures.

5 Category 2 - a complete description can be found in the Compendium of Guidelines, Policies and Procedures, Chapter 3, section 3.

6 Countries listed in the *Patented Medicines Regulations*: France, Germany, Italy, Switzerland, Sweden, United Kingdom and United States.

Pricing Periods Ending December 1995

There were 823 existing drug products with pricing periods ending December 31, 1995. The reviews identified six drug products, all for human use, with prices that appeared to have exceeded the Guidelines and investigations were commenced in all cases. Investigations with respect to two of those products were subsequently closed following receipt of additional evidence revealing that the prices were within the Guidelines. The remaining four investigations were ongoing at the end of the fiscal year.

In addition, investigations were commenced in relation to three drug products, all for human use, following complaints received by the PMPRB. Two investigations were closed as it was determined that the medicines did not have patents pertaining and therefore were not under the PMPRB's jurisdiction. The third investigation was ongoing at the end of the fiscal year.

Voluntary Compliance Undertakings

In 1995, the PMPRB approved a total of three VCUs. These VCUs involved price reductions to comply with the PMPRB's Guidelines and measures to offset excess revenues. Further details can be found in the Eighth Annual Report, Enforcement Activities, Voluntary Compliance Undertakings, page 20.

Public Hearings

ICN Canada Ltd. and ICN Pharmaceuticals Inc. (ICN)

The case involving ICN and Virazole represents the first excessive pricing case heard by the Board and has established jurisprudence significant to the PMPRB's price regulatory system.

Virazole (ribavirin) is an anti-viral drug used to treat a respiratory infection in critically ill children. Supplied in Canada by ICN Canada Ltd., Virazole is purchased for use in hospitals and has been on the market for about 10 years. There are no alternative drugs presently available.

In 1995, the Chairperson of the PMPRB issued a Notice of Hearing in this matter. During the proceedings, ICN made several challenges to the PMPRB's jurisdiction with the result that the matter was continuing at the end of the fiscal year.

In July 1996 the Board issued a remedial order which required ICN to lower the price of Virazole from $1,540 per vial to approximately $200 per vial, which is about $200 below the non-excessive level. To offset double the excess revenues received, ICN was also ordered to make a payment to the Government of Canada of $1.2 million and to keep the price $200 below the non-excessive level until the year 2000, thereby offsetting an additional $2.3 million.

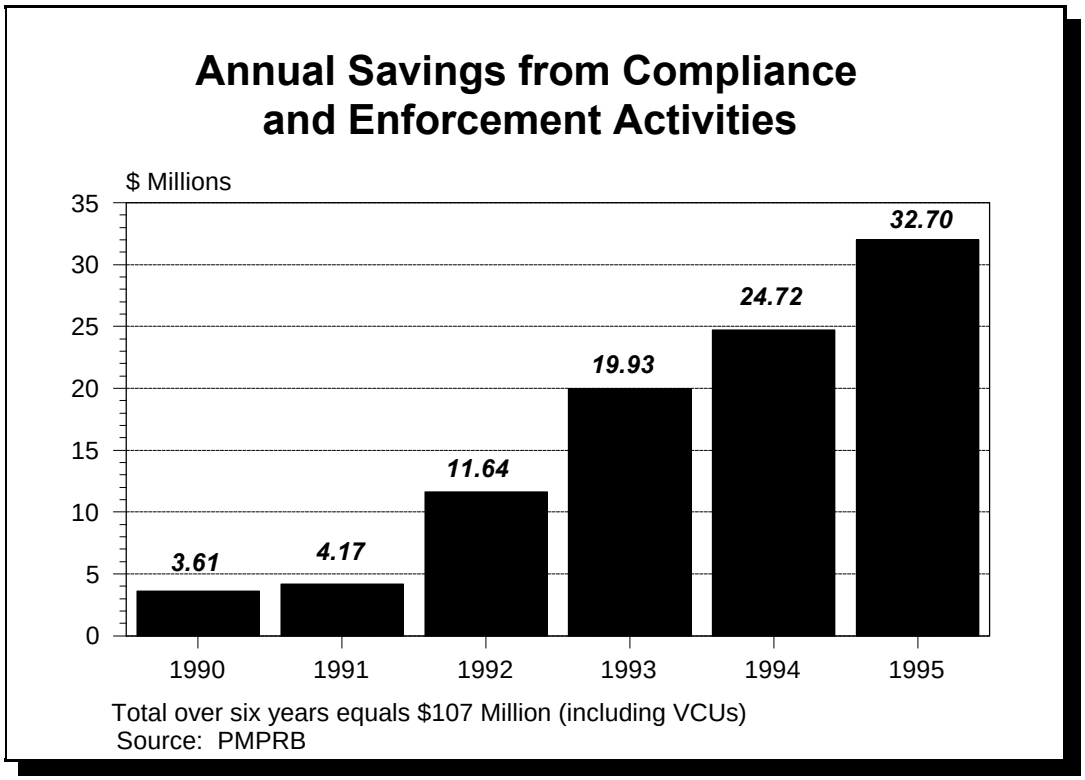
Following a decision by the Federal Court of Appeal upholding the PMPRB's jurisdiction in August 1996, ICN abandoned all appeals.

Savings from Compliance and Enforcement Activities

From 1990 to 1995, the PMPRB has obtained more than 100 formal undertakings by patentees. It is estimated that consumers saved $32.7 million in 1995 as a result of direct action by the PMPRB (see Figure 4).

Consumers saved $32.7 million in 1995 as a result of direct action by the PMPRB.

FIGURE 4



Estimated savings are calculated as the difference between the patentee's price and the price allowed under the PMPRB's Guidelines from the effective date of the undertaking until the drug product is no longer within the Board's jurisdiction. When payments to the Government of Canada are included as part of the estimated savings, the total savings to consumers over the six years is $107 million.

It is important to note that these estimated savings are only one measure of the effectiveness of the PMPRB. Savings to consumers are actually greater, as the analysis does not include savings from the effect of the Guidelines (i.e., when patentees sell their products at lower prices than they would in the absence of the PMPRB).

2. Price Trends of All Medicines in Canada

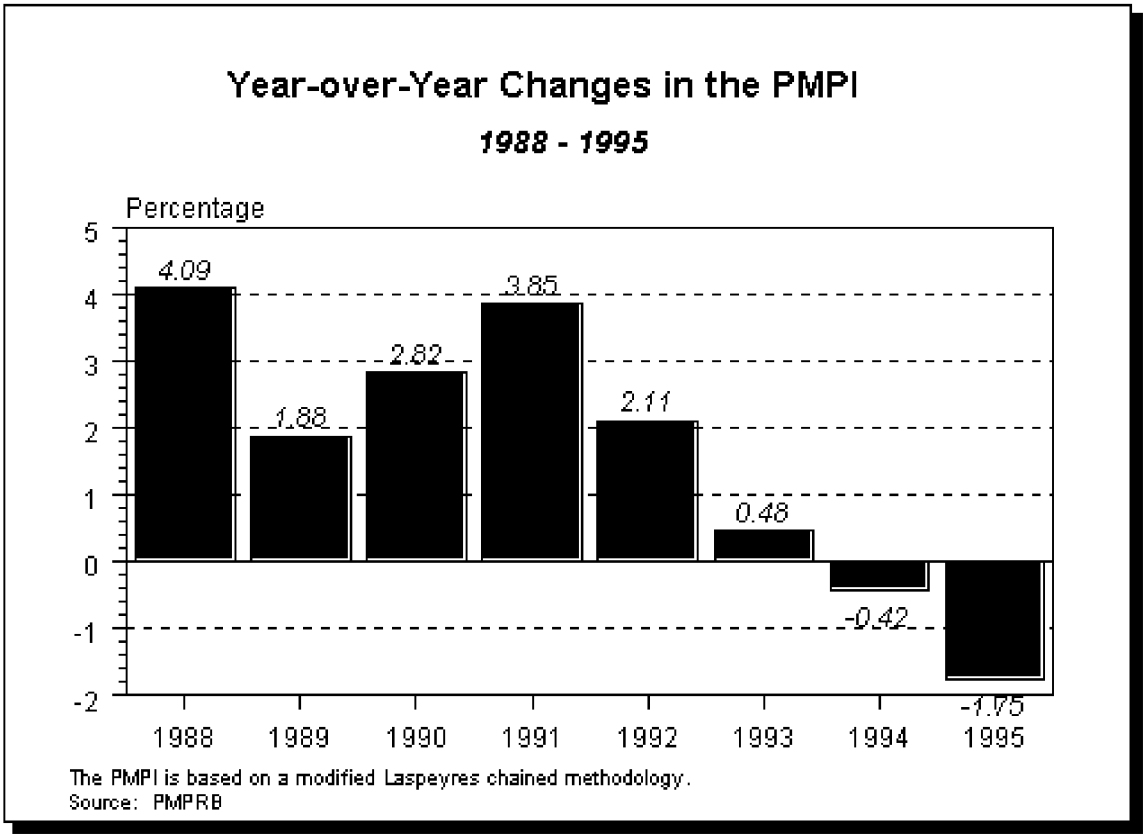
Prices of Patented Drugs in 1995

The PMPRB maintains the Patented Medicine Price Index (PMPI), an index of the manufacturers' prices for patented drugs as reported annually to the PMPRB. Because the PMPI is derived from the actual prices charged by manufacturers for all patented medicines, it provides a precise measure of price changes for drugs reported to the PMPRB.

In 1995, the prices of patented medicines, as measured by the PMPI, declined by 1.75% from their level in 1994.

In 1995, the prices of patented medicines, as measured by the PMPI, declined by 1.75% from their level in 1994. As shown in Figure 5, this was the second consecutive year of decline; the PMPI went down 0.42% in 1994.

FIGURE 5



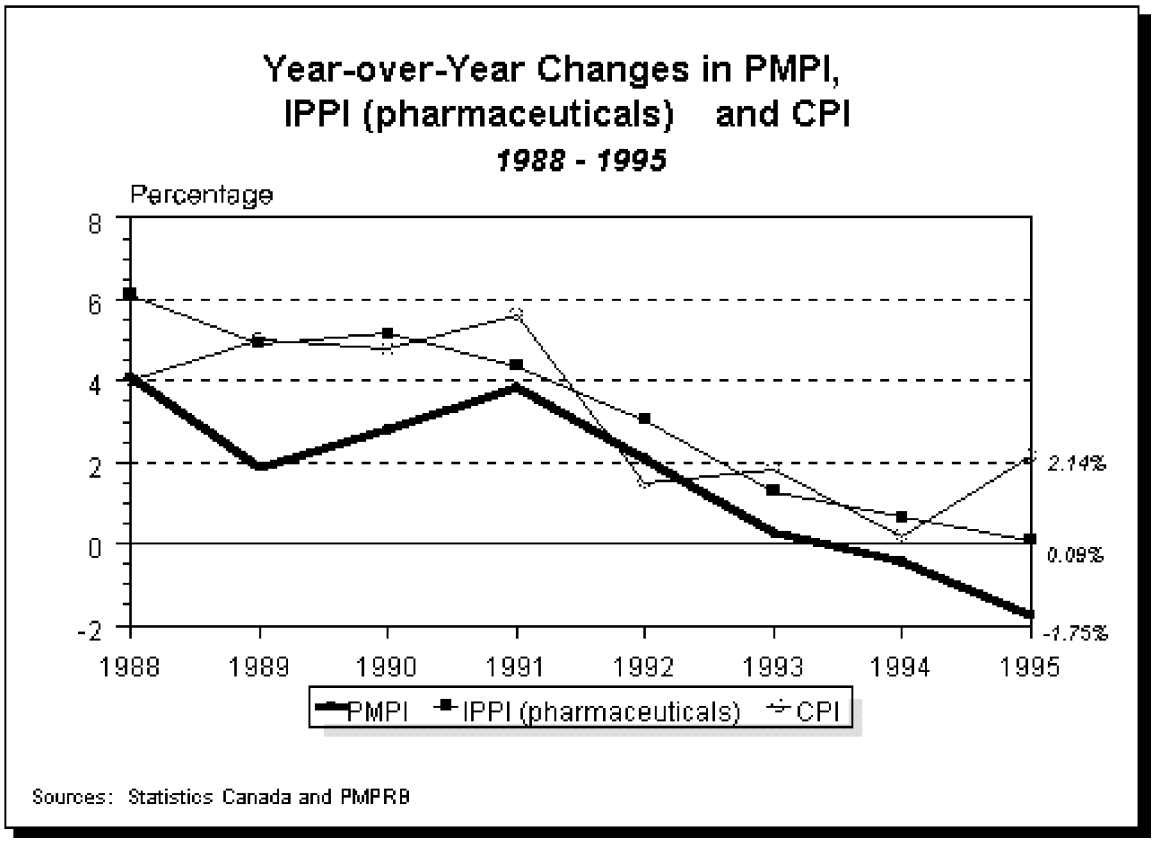
Price Trends of All Drugs Patented and Non-Patented

The *Patent Act* provides that the Board shall consider changes in the Consumer Price Index (CPI) in determining if the price of a patented medicine is excessive. As a result, the PMPRB's Guidelines provide that the prices of individual patented drug products may not increase by more than the CPI.

In 1995, consumer prices, as measured by the CPI, increased by 2.14% in contrast with the continued decline in the PMPI.

The pharmaceutical component of the Industrial Products Price Index (IPPI), published by Statistics Canada, provides an index comparable to the PMPI that measures manufacturers' prices for all pharmaceuticals, including both patented and non-patented drugs. In 1995, the IPPI (pharmaceuticals) increased only slightly, by 0.09%, a smaller increase than seen in previous years. As shown in Figure 6, the IPPI (pharmaceuticals) has increased every year since the creation of the PMPRB by an amount greater than the PMPI, and usually closer to the change observed in the CPI.

FIGURE 6



From 1983 to 1987, when there was no direct regulation of drug prices, price increases for all drugs as measured by the IPPI (pharmaceuticals), averaged 7.8% per year as compared to increases in consumer prices of 4.2% per year. The decline in the rate of increase in the

prices of all drugs relative to the CPI coincided with the introduction of price regulation for patented medicines which represent about 44% of the sales of all drugs.

. . . limiting price increases for patented drugs has served to lower the rate of increase in prices for all drugs.

These trends indicate that limiting price increases for patented drugs has served to keep the rate of increase for all drugs lower than would otherwise have been the case.

In addition, the analysis of the top 200 selling patented drugs in 1994 found that for the first time, prices in Canada were on average below the median international prices of the same drug products in 1994. The results of the study show that the PMPRB has achieved the objective established when it changed its Guidelines in 1993: namely, that Canadian prices not exceed the median of foreign prices. Further details on the results of the study can be found in The Top 200 Selling Patented Drug Products in Canada (1994), published February 1996.

3. Research-and-Development (R&D) Expenditures of Patentees

R&D-to-Sales Ratios

The ratio of R&D expenditures to sales revenues for the patented pharmaceutical industry was 11.8% in 1995, up from 11.3% in 1994. Details of the R&D expenditures, including the R&D to sales ratio for each patentee, are reported in the Eighth Annual Report, Analysis of Research-and-Development (R&D) Expenditures, page 23.

4. Comparative Financial Data

Figure 7: Appropriated, Planned and Actual Spending

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Main Estimates 1995-96	Actual 1995-96
Patented Medicine Prices Review Board	3,137	3,016	3,138	* 3,154

* 1995-96 actual spending exceeds the Main Estimates amount due to the 5% Operating Budget carryforward from the previous fiscal year.

Section IV
Supplementary Information

A. Profile of Program Resources

1. Financial Requirements by Object

Figure 8: Details of Financial Requirements by Object

(thousands of dollars)	Estimates 1997-98	Forecast 1996-97	Actual 1995-96
Personnel			
Salaries and wages	**1,995**	1,990	1,796
Contributions to employee benefit plans	**339**	289	259
	2,334	2,279	2,055
Goods and services			
Transportation and communications	**120**	120	127
Information	**48**	55	73
Professional and special services	**208**	265	547
Rentals	**7**	10	9
Purchased repair and upkeep	**4**	23	54
Utilities, materials and supplies	**96**	130	131
Other subsidies and payments	**0**	65	61
	483	668	1,002
Capital			
Minor capital*	**0**	22	97
Total Expenditures	**2,817**	2,969	3,154

* In accordance with the Operating Budget principles, minor capital is interchangeable with Personnel and Goods and Services expenditures.

2. Personnel Requirements

A profile of the Program personnel requirements is provided in Figure 9.

Figure 9: Details of Personnel Requirements (FTEs) [1]

	Actual 1994-95	Actual 1995-96	1996-97 Estimates	1997-98 Estimates	1998-99 Planned	1999-2000 Planned
Executive [2]	1	1	1	1	1	1
Scientific and Professional	8	8	9	9	9	9
Administrative and Foreign Services	16	17	18	17	17	17
Technical	3	3	4	4	4	4
Administrative Support	4	4	3	4	4	4
TOTAL	32	33	35	35	35	35

[1] Full-time equivalents (FTE) is a measure of human resource consumption based on average levels of employment. FTE factors out the length of time that an employee works during each week by calculating the rate of assigned hours of work over scheduled hours of work. FTEs are not subject to Treasury Board control but are disclosed in Part III of the Estimates in support of personnel expenditure requirements specified in the Estimates.

[2] Includes all employees in the EX-01 to EX-05 range.

3. Net Cost of Program

The Estimates of the Program include only expenditures to be charged to its voted and statutory authorities. Figure 10 provides details of other cost items which need to be taken into account to arrive at the estimated total cost of the Program.

Figure 10: Total Estimated Cost of the Program for 1997-98

(thousands of dollars)	Main Estimates 1997-98	Add Other Costs*	Estimated Total Program Cost	
			1997-98	1996-97
Patented Medicine Prices Review Board	2,817	648	3,465	3,614

* Other costs of $648,000 include the following:

	($000)
• accommodation received without charge from Public Works Canada;	513
• employee benefits covering the employer's share of insurance premiums and costs paid by the Treasury Board Secretariat.	135

B. Other Information

1. Board Members

The Patented Medicine Prices Review Board consists of no more than five part-time members appointed by the Governor-in-Council. As of December 31, 1996 the Board members were:

Chairperson:

Robert G. Elgie, LL.B., M.D., F.R.S.C.(C)

Vice-Chairperson:

Réal Sureau, FCA

Members:

Harry C. Eastman, B.A., Ph.D., F.R.S.C.
Judith Glennie, Pharm.,D.
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