NEWSletter

Volume 5, Issue No. 3 — July 2001

Patented Medicine Prices Review Board

Board Members

Inside…

Canada

Since our last issue …

Here are some of the key events which occurred since April 2001

May 16:	The Board held its second quarterly meeting for 2001. A summary of the minutes of the meeting appears on page 4.
May 29 and 30:	The Working Group on Price Review Issues continued discussions on the issue of the review of the Guidelines for category 3 drugs.
June 11:	Our 2000 Annual Report was released. A brief summary of the Report is available on page 2.

If you wish to know more about the PMPRB, please contact us at our toll-free number: **1-877-861-2350** or consult our website at **www.pmprb-cepmb.gc.ca**.

Comings and Goings!

- Effective August 1, 2001, ***Ginette Tognet*** has been assigned as Director, Compliance and Enforcement Branch. Ginette has been Senior Policy Analyst with the PMPRB since 1998. She has a law degree from the University of Manitoba and an M.B.A. from the University of Ottawa and she is a member of the Law Society of Upper Canada. Ginette held various assignments with the Department of Foreign Affairs and International Trade before joining the PMPRB. As Senior Policy Analyst, she has, among other things, played major roles in the *Road Map for the Next Decade* and with the Working Group on Price Review Issues.
- Ginette replaces ***Laura Reinhard*** who, after 13 years with the PMPRB, has taken on a new assignment as Director of Regulatory Policy, Biologics and Genetic Therapies, with the Health Products and Food Branch at Health Canada. During her tenure at the PMPRB, Laura has had a profound impact at a professional and personal level. We will miss her enthusiasm and collegiality and extend our best wishes for success in her new role.
- Since June 11, 2001, ***Catherine Lombardo*** has been acting Associate Director of Compliance and Enforcement. A member of the staff of the PMPRB since its creation in 1987, Catherine brings a wealth of knowledge and experience to this position.
- On August 7, 2001, ***Martine Richard*** will join us as Senior Counsel through the Interchange Canada Program. Martine is a partner with the law firm of Borden, Ladner, Gervais of Ottawa and has been with the firm since 1992. She has extensive experience in Administrative Law and has worked with many federal institutions and boards, including the PMPRB, over the years. Martine is a graduate of the Université de Moncton (LL.B., 1987) and Université Laval (B.A., M.A., 1984) and a member of the Law Society of Upper Canada. ■

The Patented Medicine Prices Review Board is a quasi-judicial tribunal with the mandate to ensure that manufacturers' prices of patented medicines sold in Canada are not excessive.

News from the Chair

We issued a press release on June 11, 2001 and distributed the Report to our mailing list.

The Report is accessible on our website at **www.pmprb-cepmb.gc.ca** under Publications; Annual Reports; 2000; or by contacting us at our toll-free number: 1-877-861-2350 or at our general number (613) 952-7360.

2000 Annual Report

On June 11, 2001, the Minister of Health, the Honourable Allan Rock, tabled in Parliament the PMPRB's Annual Report for the year 2000.

Over the past decade pharmaceuticals have been the fastest-growing component of health care costs in Canada. During this period, expenditures on drugs have grown, on average, at about three times the rate of annual inflation and two times the rate of the other health care components.

In Canada, total manufacturers' sales of drugs for human use rose to an estimated total of $10.0 billion, an increase of approximately 12.4% from the previous year. Sales of patented drugs have increased 16.7% from 1999; these sales, as a proportion of total sales, have increased steadily from 43.9% in 1995 to 63.0% in 2000, to reach a total of $6.3 billion.

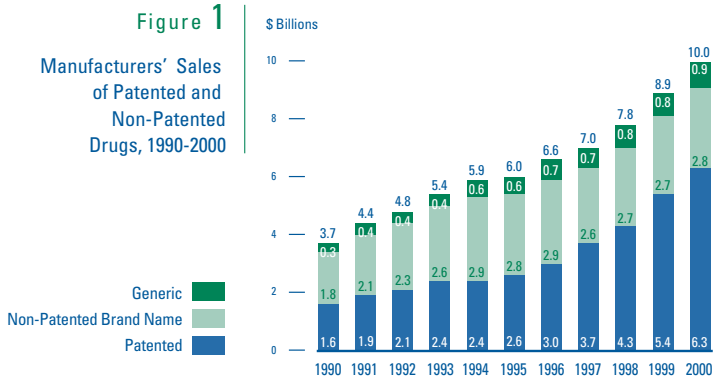
Robert G. Elgie

The prices of patented drugs, subject to our Guidelines, rose by an average of 0.4% in 2000, below the increase in the Consumer Price Index of 2.7%. Prices of patented drugs in Canada continued to be below the median prices in the other industrialized countries used for price comparison purposes. Reports prepared by the PMPRB for the federal/provincial/territorial ministers of health and released last year continue to show that increased utilization and the rapid uptake of new therapies are the main contributors to increases in pharmaceutical expenditures. In 2000, a total of 57 new patented medicines for human use (81 DINs) were introduced in Canada; of these, 23 were new active substances.

Although we do not regulate spending on research and development (R&D), we monitor the performance of the patented pharmaceutical industry as reported to us by the manufacturers. Patentees reported R&D expenditures of $944.7 million in 2000, up 5.6% from $894.6 million a year earlier. For the third year in a row, the increase in R&D spending was smaller than the increase in

Figure 1

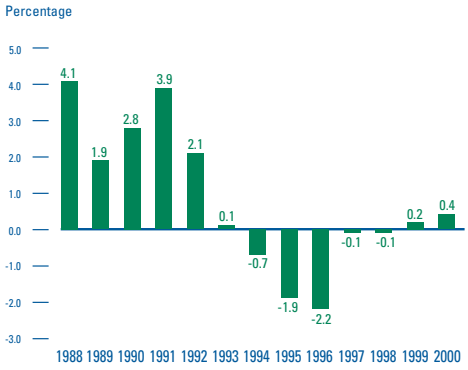
Manufacturers' Sales of Patented and Non-Patented Drugs, 1990-2000



Sources: PMPRB and IMS Health
Beginning in 1999, the total manufacturers' sales of drugs in Canada include sales of drugs for human use only.

Figure 2

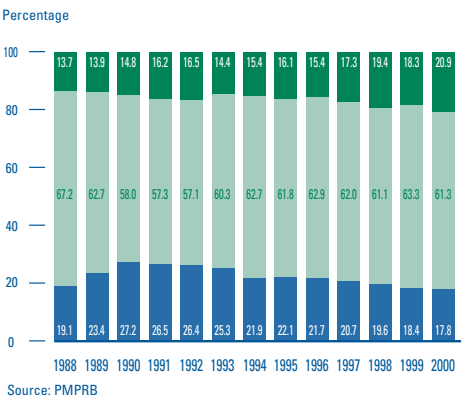
Year-over-Year Changes in the PMPI 1988-2000



Source: PMPRB
Beginning in 1999, the PMPI reflects changes in the prices of patented drugs for human use only.

Figure 16

Share of Current R&D Expenditures by Type of Research 1988-2000



Source: PMPRB

total sales and as a result the R&D-to-sales ratio declined to 10.1% in 2000.

The mandate of the PMPRB is as relevant as ever in ensuring that prices charged by manufacturers of patented medicines are not excessive and in reporting on pharmaceutical price trends. We are completing a consultation on proposals to increase transparency in the price review process and we will be reporting further on this initiative in the October issue of the NEWSletter. ■

"Increased transparency and openness in our processes can contribute to fostering an environment that facilitates evidence-based decision-making for stakeholders, researchers, policy-makers, and most importantly, the Canadian public."

PMPRB Senior Staff

Executive Director:
Wayne D. Critchley

Secretary of the Board:
Sylvie Dupont

Director of Policy and Economic Analysis:
Ronald J. Corvari

Director of Compliance and Enforcement:
Ginette Tognet

Director of Corporate Services:
Robert Sauvé

Senior Counsel:
Martine Richard

PMPRB Rules of Practice and Procedure

In June 2001, the Board pre-published its draft Rules of Practice and Procedure in the Canada Gazette Part I for public comment.

The Rules constitute a published standard set of procedures for all participants to follow in proceedings before the Board. They set out the Board's procedures in accordance with the requirement under the *Patent Act* to resolve matters before it as informally and expeditiously as the circumstances and considerations of fairness permit. As well, the Rules are intended to ensure that the Board conducts its formal proceedings consistently with the requirements of administrative law and the *Patent Act*.

One submission was received and is currently being reviewed. Additional information on this matter will be communicated in the October 2001 issue of the NEWSletter. ■

Transparency in the Price Review Process

In the April 2001 issue of the NEWSletter, the Board published a text for Notice and Comment which set out specific proposals to implement the recommendations of the Working Group on Price Review Issues to make the price review process more open and transparent. A number of submissions have been received and are being reviewed. Information regarding the Board's deliberations will be communicated in the October 2001 issue of the NEWSletter. ■

Working Group on Price Review Issues - May 29 & 30, 2001 Meeting

The Working Group on Price Review Issues held its sixth meeting in Ottawa, May 29 & 30, 2001.

The Working Group began its review of the items that it had identified at its October 2000 meeting focussed on issues related to the current price Guidelines for category 3 drug products. The discussions of the Working Group were on issues related to the therapeutic class comparison, the selection of comparators, post-marketing surveillance and pharmacoeconomics. The Working Group's review of the issues regarding the Guidelines for category 3 drug products will continue at its next meeting scheduled to take place in St. John's, Newfoundland on October 3 & 4, 2001. ■

Patented Medicine Prices Review Board - May 16, 2001 Meeting

At its meeting on May 16 the Board:

- Reviewed the 2000 Annual Report.
- Heard an oral briefing on:
  - the ongoing work of the PMPRB in the federal/provincial/territorial activities on drug prices under the PMPRB's Memorandum of Understanding with the Minister of Health. ■

The next Board meeting is scheduled for September 24 & 25, 2001.

For information, please contact the Secretary of the Board at 1-877-861-2350, or (613) 954-8299, or sdupont@pmprb-cepmb.gc.ca.

Update on the Nicoderm Hearing

In our October 2000 issue of the NEWSletter, we reported that Hoechst Marion Roussel Canada (HMRC, now Aventis Pharma) had filed applications in the Federal Court of Canada for judicial review of decisions of the Board affirming its jurisdiction to conduct a hearing into the price of the nicotine patch, Nicoderm. This matter was initiated when the Board issued a Notice of Hearing in April 1999 to determine if the price of Nicoderm is or had been excessive under section 83 of the *Patent Act*.

As HMRC only named the Attorney-General of Canada as Respondent in its judicial review applications, Board Staff and the Board applied to the Federal Court to participate in the proceedings. Submissions were heard by the Prothonotary of the court on March 13, 2001. On July 13, the Prothonotary issued a decision denying Board Staff the right to participate and allowing the Board to intervene on a limited basis. Both the Board and Board Staff have filed notices of appeal of this decision and have asked for an expedited date for a hearing. ■

For more information on the Nicoderm hearing, please contact Sylvie Dupont, Secretary of the Board, at:

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All Board decisions and reasons are posted on our website: **www.pmprb-cepmb.gc.ca**, under Publications; Hearings and Decisions of the Board.

New Drug Products Identified as Breakthrough or Substantial Improvement in 2000

The PMPRB categorizes new patented drug products for price review purposes. An independent panel of experts, the Human Drug Advisory Panel (HDAP), reviews submissions by patentees and the available scientific evidence in order to make recommendations as to whether a drug product meets the criteria to be classified as breakthrough or substantial improvement (category 2 new medicine). The categorization of a drug does not represent an endorsement by the PMRPB. Manufacturers may decide not to make a submission to support a category 2 recommendation if the categorization does not affect the price review.

In 2000, the HDAP recommended that three patented drug products, Enbrel, Rilutek and Visudyne, should be classified as category 2 new medicines. The HDAP also revised its recommendation concerning the categorization of a new drug introduced in 1999, Herceptin, in light of recently published information.

ENBREL (etanercept, Wyeth-Ayerst)
DIN 02242903 25mg/vial
ATC L04AA

Enbrel is indicated for reduction in signs and symptoms of moderately to severely active rheumatoid arthritis in adult patients who have had an inadequate response to one or more diseases-modifying anti-rheumatic drugs (DMARDs). Enbrel can be used in combination with methotrexate in adult patients who do not respond adequately to methotrexate alone.

While noting the need for longer term clinical data to confirm the sustained efficacy and long term safety of Enbrel, the HDAP was of the view that the available evidence supported a category 2 recommendation.

For more information, please consult the PMPRB's Compendium of Guidelines, Policies and Procedures, available on our website under Legislation, Regulations, Guidelines.

Rheumatoid arthritis represents a disease state that is difficult to treat. The HDAP recommended that Enbrel be classified as a substantial improvement over existing therapies because of its demonstrated efficacy in patients who have failed to respond to other disease-modifying anti-rheumatic agents and its limited toxicity.

RILUTEK (riluzole, Aventis Pharma Inc.)
DIN 02242763 50mg/tab
ATC N07XX

Health Canada granted an NOC with conditions for riluzole on August 30, 2000. The product monograph stipulates that Rilutek may extend survival and/or time to tracheotomy in some patients with amyotrophic lateral sclerosis (ALS). Rilutek is the first drug to be approved and sold in Canada that has been demonstrated to provide a modest early increase in survival in some patients; this represents a first step forward in treating ALS patients. Confirmatory studies are required to verify the clinical benefit.

The product has been sold in Canada since October 26, 2000. The approved product monograph includes the following note:

Health Canada has issued a conditional marketing authorization under the Notice of Compliance with Conditions Policy to reflect the promising nature of the clinical evidence for this indication and the need for confirmatory studies to verify the clinical benefit.

The indication is based on a modest early increase in survival seen in some patients in studies 216 and 301. There were no statistically significant differences in mortality between placebo-treated patients and riluzole-treated patients at the end of these studies. Measures of muscle strength and neurological function did not show a benefit from riluzole treatment.

In two other studies conducted with riluzole, study 302 in patients with advanced stage of ALS and study 304 in Japanese patients with early stage of ALS, there were no statistically significant differences in any of the efficacy out-comes between placebo-treated patients and riluzole-treated patients.

Patients should be advised of the conditional nature of the market authorization.

VISUDYNE (verteporfin, CIBA Vision)
DIN 02242367 15mg/vial
ATC L01XX

Visudyne is indicated for the treatment of age-related macular degeneration in patients with predominantly classic subfoveal choroidal neovascularization.

Visudyne is the first pharmacologic treatment approved for AMD (age-related macular degeneration). AMD is a degenerative eye disease with increasing prevalence at older ages (ranging from 1.6% in people between 52 and 64 years of age to 27.9% in people over age 75). Neo-vascular AMD is present in less than 20% of all AMD cases, but is responsible for approximately 90% of all cases of severe vision loss attributable to AMD.

In the 1990's, the only available treatment for neo-vascular AMD was laser photo coagulation, but only a minority of patients could be treated. Photo dynamic therapy with verteporfin potentially allows more patients to be treated.

Loss of visual acuity is a major cause of incapacity and reduces quality of life considerably; the possibility to treat more patients, with few adverse side effects, and stop the progression of the disease is very relevant.

HERCEPTIN (trastuzumab, Hoffmann-La Roche)
DIN 02240692 440mg/vial
ATC L01XC03

Herceptin is indicated for the treatment of patients with metastatic breast cancer whose tumours significantly overexpress the HER-2 protein.

In its 1999 Annual Report, the PMPRB reported that Herceptin had been categorized as a new drug in category 3. The HDAP subsequently revised that recommendation to a category 2 in light of recently published information. Publication of the results of studies by Slamon DJ *et al* in a peer-reviewed journal on March 15, 2001, provided evidence in support of a recommendation that Herceptin be classified a substantial improvement over existing therapies for the treatment of patients with metastatic breast cancer whose tumours significantly overexpress the HER-2 protein.

Trastuzumab plus chemotherapy has been demonstrated to offer a median increase in survival time of 23.6% without compromising patients health-related quality of life. The potential benefit of trastuzumab will have to be balanced with the increased risk of cardiotoxicity identified as associated with trastuzumab and chemotherapy regimens; nevertheless, trastuzumab has been incorporated into the treatment protocols of a number of major cancer treatment centres. ■

Slamon DJ *et al*. Use of chemotherapy plus a monoclonal antibody against HER-2 for metastatic breast cancer that overexpresses HER-2. N Engl J Med 2001; 344:783-92.

PMPRB Upcoming Events

September

24 **25**

Board Meeting, Ottawa

October

3 **4**

Working Group on Price Review Issues, St. John's, Newfoundland

November

9

October 2001 NEWSletter

November

15 **16**

Canadian Pharmaceutical Industry Congress (CPIC 2001), Toronto

To order our publications, call our toll-free number 1-877-861-2350

Comments

We want to hear from you. If you have any comments, ideas or suggestions on topics you wish to see covered in the NEWSletter, please let us know.

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