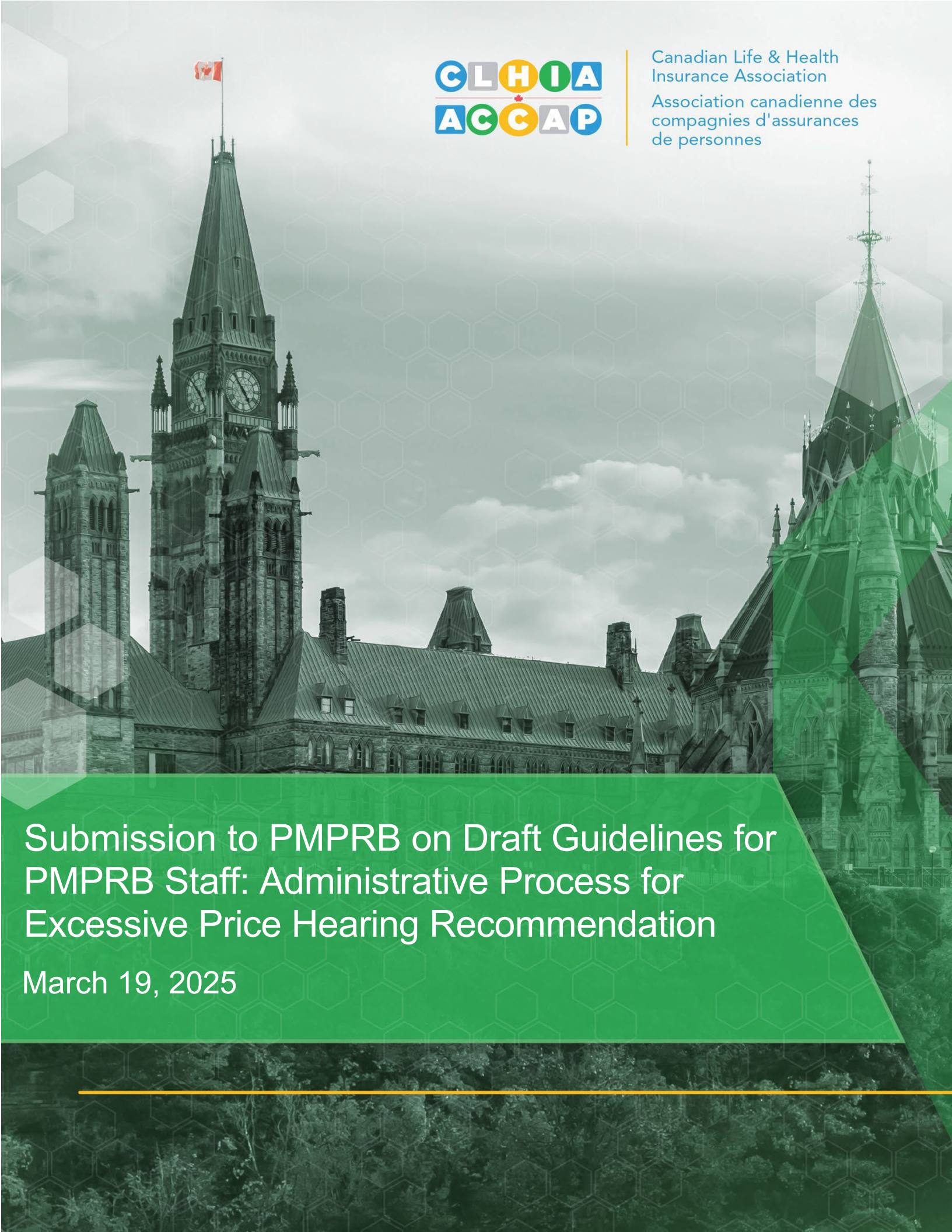

Canadian Life & Health Insurance Association
Association canadienne des compagnies d'assurances de personnes

Submission to PMPRB on Draft Guidelines for PMPRB Staff: Administrative Process for Excessive Price Hearing Recommendation

March 19, 2025

WHO WE ARE

The Canadian Life and Health Insurance Association (CLHIA) is the national trade association for life and health insurers in Canada. Our members account for 99 per cent of Canada's life and health insurance business. The life and health insurance industry is a key contributor to the health and well-being of Canadians and the healthcare system through the provision of supplementary health insurance. The industry also provides financial security to Canadians through a range of financial security products, such as life insurance and annuities.

Protecting **30 million Canadians**

27 million
with drug, dental and other health benefits

23 million
with life insurance averaging $252,000 per insured

12 million
with disability income protection

$128 billion in payments to Canadians

$48 billion
in health and disability claims

$17 billion
in life insurance claims paid

$63 billion
in annuities

$11.2 billion in tax contributions

$2.7 billion
in corporate income tax

$1.7 billion
in payroll and other taxes

$2.0 billion
in premium tax

$4.8 billion
in retail sales and payroll taxes collected

Investing in Canada

$1.1 trillion
in total assets

90%
held in long-term investments

BACKGROUND

The health insurance industry in Canada manages health benefit plans for employers and individuals, and prescription drug reimbursement is a key part of health benefit plans in Canada. Over 27 million Canadians have supplementary health insurance plans, including prescription drug coverage, largely through their workplace. This coverage provides much-needed financial relief, especially during an affordability crisis. Canada's life and health insurers have unique insight into the experience of employers providing these benefits. As a result, we are able to advise on the importance of keeping drug prices low, based on our industry's extensive experience.

Employers are looking for tools to help manage the rising cost of drugs today and for those innovative therapies currently under development. In fact, health benefit plan sustainability and drug costs are key concerns many organizations face. Our members offer employers options that can help offset increasing cost pressures on drug plans and ensure their financial sustainability, while also supporting Canadians' access to effective drug therapies. The work of the PMPRB to ensure prices are not excessive is very important to helping employers continue to fund prescription drugs.

Canada's life and health insurers value the work of the PMPRB and appreciate the opportunity to provide comment on the Draft Guidelines for PMPRB Staff.

KEY CONCERNS AND RECOMMENDATIONS

Overview

While we are pleased the PMPRB adopted several of our recommendations from our response to the previous consultation, we wish to reiterate the importance of the recommendations that the PMPRB has not taken up. The recommendations we have made all along support the PMPRB's mandate of ensuring that the prices of patented medicines sold in Canada are not excessive.

This submission elaborates further upon our recommendations.

Highest International (HIP) Price within the PMPRB11 to be used in the initial and annual price review

We understand that PMPRB suggests the Highest International Price (HIP) amongst PMPRB countries be the comparator. The HIP is easily obtained by PMPRB and payers alike. Further review will take place if the incoming price is higher than HIP. For example, in the last Draft Guidelines Discussion Guide, it was noted that only 32% of all DINs and 8% of introductory DINs had Canadian list prices higher than the HIP.

We wish to reinforce that we strongly believe implementing the Median International Price (MIP) as the triage price level would best allow the PMPRB to fulfill its mandate of ensuring patented drug prices are not excessive and would be more effective at doing so than using the HIP. By doing so, this would further ensure the sustainability of drug plans.

Our recommendation: that PMPRB use the MIP at initial review

In-depth review based on Consumer Price Index (CPI) increase criteria

The Board proposes to use the following formula for allowed annual increases to drug prices. That is, an increase equal to CPI will be calculated over a two-year span, annually. This allows manufacturers whose increase is below CPI or 0 for one year, to put forward a cumulative increase over CPI for the following year.

This is contrary to the pattern seen in other comparator countries, where the price actually decreases over time given competition and other factors. We recommend the PMPRB adopt our previous recommendation from its consultation on the scoping paper, that is conduct an in-depth analysis where the list price increase is above the one-year change in CPI. We further recommend the PMPRB pay close attention to scenarios where inflation is increasing in international jurisdictions, but drug prices are decreasing. This scenario would suggest a meaningful decrease in the cost of drugs in other jurisdictions that we believe the PMPRB should account for when reviewing prices for drugs in Canada.

The individuals/groups permitted to submit a complaint

We support your proposal to allow our association to present complaints on behalf of the insurance industry. The guidelines indicate that some information , such as information about the complainant or the patented medicine and rights holder in question, is not made public unless the matter results in a hearing.

However, it is our suggestion that certain information about a complaint should be public (e.g. that one or more complaints have been received regarding the list price of drug X) to enhance transparency, but that other information should remain non-public to ensure that legitimate complaints are not discouraged. Further, the guidance with respect to complaints on the PMPRB's website should be updated to make it clearer that organizations will have their identities protected to the extent possible as the current guidance references the Privacy Act, which may not protect complainants that are organizations.

We see the complaints process as a crucial element needed to ensure that new and existing drugs are priced at non-excessive levels. A clear process that protects complainants will encourage stakeholders to identify potential situations of excessive pricing, enhancing the PMPRB's ability to meet its mandate.

Expanding the list of products that would only be subject to an in-depth review following a complaint to include biosimilars and/or vaccines

As noted in our previous submission, both biosimilars and vaccines present a risk of excessive pricing and so we would like to see them included in the PMPRB review process. As a reminder, excessive pricing of vaccines may represent different risks to private plans in that vaccines are normally included as a public plan cost, although we have seen change to this over the last number of years, as fewer vaccines obtain provincial reimbursement status.

Our recommendation: any medicines falling under the Patent Act (Canada) should be treated the same from a price review standpoint, and therefore support including biosimilars and vaccines for review to best protect Canadians from excessive drug prices.

Use of clinical evidence to contextualize the degree of similarity of comparators identified for the TCC

We support your proposal to assign a level of similarity for each comparator. This provides staff with a more granular level of similarity in conducting the TCC, by assigning a level of similarity for each comparator, rather than for the comparators as a whole. We would agree that more detailed information should offer a better result during any price review.

The length of time Staff should wait, following the implementation of the Guidelines, to determine whether the IPC identification for an Existing medicine is met

We note that the PMPRB included in the draft guidelines "Existing medicines will be reviewed starting one (1) year from the date these Guidelines go into effect". Our industry supports this process.

Future Role of Human Drug Advisory Panel (HDAP)

Our previous submission supported keeping HDAP in place for those infrequent situations where Staff require additional expertise during their scientific review, and we are pleased to see that these draft Guidelines for Staff continue to refer to HDAP as having a role within the process.

CONCLUSION

Thank you for the opportunity to comment on these proposed changes. The time and commitment by the PMPRB over the last several years to engage with all stakeholders is appreciated. These reforms are critical to reduce the cost of prescription drugs for employers and their employees, and for provinces and territories. We hope you consider our additional recommendations as they serve to reinforce the PMPRB's mandate.

We appreciate the PMPRB consulting stakeholders on these changes. Should you have any questions, you may contact Joan Weir, VP Group Benefits at jweir@clhia.ca.

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