Last September, Life Sciences Ontario (LSO) made a submission to the Advisory Council on the Implementation of National Pharmacare, led by Eric Hoskins.

Our quick review of the Hoskins Council report that was tabled yesterday raises a few alarm bells that I think our members, and all Canadians, should be aware of.

LSO made three recommendations to the Council: (a) don't reinvent – renovate to fill gaps; (b) be efficient and make best use of resources; and (c) encourage innovation and investment to help patients, our health system and our economy.

The final report from Hoskins falls short on all three points.

On our first point, Hoskins wants to throw out the baby with the bathwater. Most Canadians already have excellent access to private benefits that offer over 12,000 medicines for coverage. Hoskins would nationalize all pharmaceutical benefits starting with an essential medicines list that essentially uploads the failed OHIP+ program to the federal level. The public system already takes nearly four times longer than private plans to fund new medicines and eventually reimburses a fraction of them; do we want a slower and more complex system for everybody?

Second, implementing the report's recommendations won't be efficient. The new program would cost $15 billion annually, transferring investments by individuals and employers over to public programs during a time when both Ontario and Ottawa are running multi-billion-dollar deficits. Do Canadian taxpayers really need to be paying more to implement programs to replace benefits they already have? Consolidating and creating a new national program also brings to mind the federal phoenix pay system, and I question whether we want to nationalize such an important contributor to health outcomes within one level of government, especially one that has such a poor track record of implementing such systems. Further, the cost of OHIP+, a much smaller and simpler program, was grossly underestimated by nearly half the actual bill to tax payers. Will this become a $30B boondoggle?

Our third and final recommendation regarding innovation is also a huge concern. Perhaps the biggest gap in the Hoskins national pharmacare plan is that it would kill innovation by focusing on hard bargaining and regulating the price of new pharmaceuticals down even further. All over the report, there are claims that Canada pays among the top three jurisdictions for medicines, citing the public list prices of new drugs. But we all know – or we should know – that this is not what Canadians actually pay. Credible data should drive conclusions and inform evidenced-based policies; not the other way around.

In 2017, the Ontario Auditor General reported that the discounts our government gets for medicines is already massive – well over 30%. The pan-Canadian Pharmaceutical

Alliance (pCPA) has already achieved billions of dollars in annual savings through negotiations. Do we really think that a federal or national program will be able to squeeze those prices down further, starting only with an essential medicines list? And eventually, when there is only one payer in Canada, will there be interest from the highly competitive pharmaceutical industry to invest in innovation, research and commercialization of new medicines here? Consolidating the purchasing powers of health systems in Canada to negotiate physician fees and hospital budgets leads to government-focused rationing of care. Will transferring this system to pharmaceuticals actually support a system that is open to innovation and supports research and development?

One final issue that I think needs to be flagged immediately and forcefully is the federal government's proposals to change how the Patented Medicine Prices Review Board or PMPRB operates.

This is one issue that Health Canada has indicated it wants to move forward on "very soon." While it didn't make it into the top page of the Hoskins Council report, it's there as Recommendation 59.

The reforms, if they are finalized, would effectively reduce the prices of medicines commercialized in Canada by 40-70%, according to the PMPRB's own case studies.

I have never seen so much concern from so many different stakeholders about any regulation in my time as a researcher, in government or as the head of this life sciences association, and for good reason.

The regulations provide zero certainty regarding what an acceptable price would be to bring a new medicine to Canada, and the numbers I've seen in terms of what they want to regulate the prices down to are truly draconian.

There is so much uncertainty, and it's such a low-ball approach to regulating prices that I am afraid Canadians would not have access to new medicines until years after they are available in the US, the EU and elsewhere, if at all.

Security of supply (i.e. drug shortages) is also an issue which would be exacerbated if prices are unreasonably low. Some state governments in the US are already looking to import Canadian medicines today, given our relatively low prices, which is a threat to our supply of medicines. What do you think will happen when regulated prices drop even further in Canada?

So – just to sum things up – if the federal price regulations go through, the biggest question for Dr. Hoskins and the federal government will be how can Canada claim to have a world-class health system when it won't have access to breakthrough and life-saving new therapies to even include as part of any future national pharmacare program?

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