Innovative Medicines Provide Value

In the last 10 years, spending on innovative medicines in Canada has risen by just half of one per cent – less than inflation – and represents only 6.4 per cent of total healthcare spending. Yet, during this same decade, labour and hospital costs in Canada have risen by 13 per cent.

In fact, the patented medicines price index shows low to no growth over the past 15 years, with prices for innovative single-source products in Canada being the third lowest worldwide. With the recent focus on cost of medicines, the extraordinary value and improved outcomes that innovative medicines have delivered for patients has been overlooked:

- Between 2000 and 2009, 73 per cent of increase in life expectancy was due to new medicines.
- Two-of-three people diagnosed with cancer today survive five years, compared to one-in-three in 1964.
- From 2000 to 2010, survival rates of patients treated for multiple myeloma increased by 32 per cent.
- A 20-year old diagnosed with HIV can now expect to live into his or her 70s.
- Hepatitis C, once considered a life-long condition, is now curable.
- Using long acting injectable therapies for schizophrenia saves the healthcare system $17,300 per patient, per year; resulting in 32 fewer hospital visits; and, six less emergency room visits annually.

Innovative medicines have also provided significant value for the healthcare system. Globally, for every dollar spent on innovative medicines, seven dollars are saved in other parts of the healthcare system.

To ensure fair and value-based pricing of innovative medicines for Canadians, prices are overseen by four separate systems: Patented Medicines Prices Review Board (PMPRB), pan-Canadian Pharmaceutical Alliance (pCPA), Health Technology Assessments (HTA) and private insurance companies.

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1 Canadian Health Policy Institute, Spending on Patented Drugs in Canada 1990-2014, February 23, 2016.
2 Ibid
3 Ibid
7 Myeloma Canada: http://www.myelomacanada.ca/docs/recent%20increase%20in%20survival%20of%20patients%20with%20multiple%20myeloma.pdf.
Since 2014, Janssen has committed $1 billion to life sciences investments in Canada. Some of the proposed pharmaceutical policy changes in Canada will create barriers for maintaining the same levels of investment in the future.

Policies that impact the innovative medicines industry need to consider the value these medicines bring to the healthcare system and to patients. All stakeholders should be part of shaping healthcare policy and ensuring a sustainable healthcare system in Canada. This includes the innovative pharmaceutical industry, public and private payers, government agencies, healthcare providers and patients.