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# Submission to the Standing Committee on Health on its study on the Patented Medicine Prices Review Board's (PMPRB) Final Guidelines

Canadian Life and Health Insurance Association  
November 2020

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to the Standing Committee on Health's study on the Patented Medicine Prices Review Board's (PMPRB) Final Guidelines issued on October 23, 2020; and the implementation of amendments made to the *Patented Medicines Regulations* in August 2019. We continue to be strong supporters of the government's proposed amendments.

The Canadian Life and Health Insurance Association (CLHIA) is a voluntary association with member companies which account for 99 per cent of Canada's life and health insurance business. The life and health insurance industry plays a key role in the Canadian economy, by employing nearly 160,000 Canadians and by providing an important source of stable capital for the federal government through investments and tax contributions.



### Providing 157,000 jobs for Canadians

**58,600** managerial and administrative staff

**98,800** agents

### 99 life and health insurers operating across Canada



The industry also provides financial security to millions of Canadians through a wide variety of life, health, and retirement income products.



### \$8.3 billion in tax contributions

**\$1.5 billion** in corporate income tax

**\$1.3 billion** in payroll and other taxes

**\$1.6 billion** in premium tax

**\$3.9 billion** in retail sales and payroll taxes collected



### Investing in Canada

**\$950 billion** in total invested assets

**92%** held in long-term investments



### Protecting 29 million Canadians

**26 million** with drug, dental and other health benefits

**22 million** with life insurance averaging \$222,000 per insured

**12 million** with disability income protection



### \$103 billion in payments to Canadians

**\$53 billion** in annuities

**\$38 billion** in health and disability claims

**\$12 billion** in life insurance policies

Canada's life and health insurers provide prescription drug and other health benefit programs to 142,617 of large and small employers across all sectors of the economy. These benefit plans cover more than 26 million Canadians. In 2019, private drug plans paid claims totaling approximately \$12.5 billion dollars for prescription drugs for Canadians, representing 35 per cent of total drug spending in Canada. One of the things that we've learned through the COVID crisis is how resilient the current system is. Industry-wide data collected over the past six months shows that 98 per cent of the 26 million Canadians who had coverage through their health benefit plans in March continue to be covered.

We cannot be complacent, however, about the ongoing sustainability of the system. Just like provincial and federal drug plans, high and rising drug costs are a challenge that must be addressed. Currently, Canadians pay some of the highest prices in the world for medication and these costs put pressure on both employer-sponsored plans and the plans offered by provinces and territories. Prescription medicines are a large and growing driver of costs for employer-sponsored health benefit plans. While high cost drugs account for only two per cent of claims, these drugs account for over 30 per cent of the cost to health benefit plans. Ensuring Canadians pay a fair price relative to other developed countries is important if we are to sustain coverage for Canadians into the future and make room to cover the newer, expensive medications that are in development.

## **SUPPORT FOR THE PMPRB GUIDELINES AND AMENDMENTS TO THE PATENTED MEDICINES REGULATIONS**

Canada's life and health insurers are strong supporters of the amendments to the *Patented Medicines Regulations*.

The reduction in prescription drug prices resulting from the planned reforms is expected to save Canadian employers hundreds of millions of dollars per year, while bringing Canada's drug costs more in line with the rest of the world. The changes will mean lower costs for both employers and for individual Canadians paying at the counter. We believe that the reforms strike the right balance between reducing the high cost of prescription drugs in Canada, while also continuing to ensure Canadians have access to affordable and necessary medications.

Our industry believes it is crucial that the federal government move ahead with these long-awaited reforms. For more than three years, we have actively participated in consultations on both the regulatory changes and the proposed guidelines. Throughout we have remained supportive of these changes. A copy of our submission to the most recent consultation on the guidelines can be found [here](#).

We recognize that COVID-19 has impacted the timeline of the coming into force of the amended *Patented Medicines Regulations*. We support the rationale for this extension, however, these reforms are critical to reduce the cost of prescription drugs for employers and their employees, insurers, and to Provinces and Territories. We ask that the planned implementation of these changes not be extended again and come into force January 1, 2021.

## **RARE DISEASE STRATEGY**

Drugs for rare diseases are an important consideration as the planned reforms move forward. The unique characteristics and high costs of rare disease drugs have continued to put pressure on both private and public plans which has a direct impact on accessibility.

Our industry believes that the government must also move quickly to put in place a separate rare disease drug strategy to help ensure that those Canadians who need and will benefit from these important medications have improved access. We commend the federal government for committing in Budget 2019 \$1 billion over two years, starting in 2022–23, with up to \$500 million per year ongoing to help Canadians with rare diseases access the drugs they need. While work on this has been delayed due to COVID-19, we recommend that the work on this begin now to ensure readiness to implement in 2022 as planned. We would be pleased to work with government and other stakeholders to help develop this strategy.

## SUMMARY

Given the importance for Canadian's to continue to have affordable access to prescription drugs, Canada's life and health insurers recommend that:

- The amendments to the *Patented Medicines Regulations* and the PMPRB Final Guidelines come into force on January 1, 2021 as planned; and
- The federal government begin work on the Budget 2019 commitment to a Rare Disease Drug Strategy