

# CONTENTS

— 2018

<b>3</b>	<b>PREFACE</b>	<b>34</b>	<b>COMING OF AGE COVER STORY</b>
<b>4</b>	<b>MINISTERIAL INSIGHTS INTERVIEW</b> Ginette Petitpas Taylor, Ministry of Health	35	Repacking the Basket
<b>6</b>	<b>INTO THE SPOTLIGHT COVER STORY</b>	36	Ready for Harmonization
7	A Shifting Paradigm	37	Overcoming the Jitters
9	Tearing Down the Silos	38	Towards an Outcome-Based Model?
11	Safeguarding Local Generics	39	Tough Times for Generics Players
13	New Kids on the Block	39	Backorders: Practical Solutions
14	Back Into the Limelight	40	Top Drawer
15	Can Canada's Biotech Industry Take Off?	42	Small Entrants with Big Plans
17	Stepping Up to the Plate	44	Investment by Stealth
<b>18</b>	<b>SNAPSHOT IN FIGURES</b>	45	Converting Research Into Results
<b>20</b>	<b>PUBLIC HEALTH FEATURE</b> Key Challenges	46	Hotspots: Rare Diseases
<b>22</b>	<b>STAKEHOLDER DIALOGUE INTERVIEW</b> Pamela C. Fralick, Innovative Medicines Canada (IMC)	46	Made in Canada
<b>23</b>	<b>CEO PROFILE FEATURE</b> Brian Hilberdink, Novo Nordisk	<b>48</b>	<b>SNAPSHOT IN FIGURES</b>
<b>24</b>	<b>LOCAL MARKET FEATURE</b> Embracing Variety	<b>50</b>	<b>MADE IN CANADA INTERVIEW</b> Richard Lajoie, Valeant
<b>25</b>	<b>BIOTECH SECTOR INTERVIEW</b> Andrew Casey, BIOTECanada	<b>52</b>	<b>CLINICAL TRIALS AND CONTRACT RESEARCH FEATURE</b> Industry Trends
<b>26</b>	<b>SNAPSHOT IN FIGURES</b>	<b>54</b>	<b>A FAMILY AFFAIR INTERVIEW</b> David Goodman, Pharmascience and Jonathan Ross Goodman, Knight Therapeutics
<b>28</b>	<b>PORTFOLIO STRATEGY INTERVIEW</b> Stéphane Lassignardie, AbbVie	<b>56</b>	<b>CEO PROFILE FEATURE</b> Marina Vasiliou, Biogen
<b>30</b>	<b>COMPANY SPOTLIGHT FEATURE</b> Dermtek Pharma	<b>57</b>	<b>CANNABIS SPECIAL FEATURE</b>
<b>31</b>	<b>GENERICS INTERVIEW</b> Jim Keon, Canadian Generic Pharmaceutical Association (CGPA)	58	Cannabis: In Pole Position
<b>32</b>	<b>A CANADIAN CHAMPION INTERVIEW</b> Jeremy B. Desai, Apotex	60	Stepping into the Unknown
		61	Growing Up Quick
		62	Surpassing the Stigma
		63	A High for Canada!
		<b>64</b>	<b>COMPANY PROFILE FEATURE</b> The Supreme Cannabis Company
		<b>65</b>	<b>R&amp;D AND INTER-STAKEHOLDER COLLABORATION INTERVIEW</b> Frédéric Fasano, Servier
		<b>66</b>	<b>RARE DISEASES &amp; ORPHAN DRUGS FEATURE</b> The Need for a Framework
		<b>68</b>	<b>MEDTECH INTERVIEW</b> Brian Lewis, MEDEC
		<b>69</b>	<b>BIOTECH INTERVIEW</b> David Main, Aquinox

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# CANADIAN HEALTH LEADERSHIP

Newly appointed Minister of Health of Canada, The Honourable Ginette Petitpas Taylor, shares the core tenets of her mandate, the Federal government's priorities for and investment into the Canadian healthcare ecosystem, as well as the strategic significance of the life sciences industry for the country.

**Healthcare was a core issue on the Liberal Party's winning platform in 2015, specifically in the areas of home care and mental health. Coming up to two years into your term, what specific milestones and achievements would you like to highlight?**

**GINETTE PETITPAS TAYLOR (GPT):**

## **Strengthening Healthcare**

By working with the provinces and territories, we have made significant progress in strengthening healthcare for all Canadians. I am especially proud of the historic investments our Government has made – CAD 11 billion (USD 8.6 billion) over ten years – to improve access to home care and mental health services. These are issues that touch the lives of all Canadians, and we are committed to working with our provincial and territorial partners to make tangible progress in these areas.

Federal, provincial and territorial governments recently reached agreement on a Common Statement of Principles on Shared Health Priorities, which outlines key priorities for federal investments in home and community care, and in mental health and addiction services. With this Common Statement in place, our Government is now working with individual jurisdictions to develop and finalize bilateral agreements that will set out details of how each jurisdiction will use federal funding in future years, and to establish a focused set of common indicators to allow Canadians to track our progress on improving home care and mental health services.

## **INDIGENOUS HEALTH**

Our Government recognizes the significant disparities in Indigenous health outcomes compared to the



**GINETTE PETITPAS TAYLOR** MINISTER OF HEALTH

Canadian population. We have, along with our provincial and territorial counterparts, committed to working with First Nations, Inuit and Métis to improve access to health services and health outcomes of Indigenous Peoples and to discuss progress.

Consistent with our commitment to close the socio-economic gap and strengthen Indigenous health, we committed an investment of CAD 646.5 million over five years through Budget 2017, including CAD 204.2 million (USD 159.4 million) for First Nations and Inuit mental wellness alone. This is in addition to our annual investment of more than CAD 2.7 billion (USD 2.11 billion) towards Indigenous health.

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**BY WORKING WITH THE PROVINCES AND TERRITORIES, WE HAVE MADE SIGNIFICANT PROGRESS IN STRENGTHENING HEALTHCARE FOR ALL CANADIANS.**

In addition to Budget 2017, Health Canada is providing more than CAD 3 million (USD 2.3 million) this year to help address the mental wellness needs of Indigenous communities. Recognizing that providing culturally appropriate care is essential to the success of our efforts, the First Nations Mental Wellness Continuum Framework and the National Inuit Suicide Prevention Strategy guides the Department in this work. We have increased the number of Mental Health Crisis Intervention Teams and Mental Wellness Teams nation-wide and launched a culturally safe 24-hour crisis support line. We are also working in close

partnership with indigenous leaders to ensure the maximize collaboration and information sharing to close gaps, promote best practices provide the right service when it is needed.

**Negotiations on the Canada Health Transfers to replace the old Canada Health Accord, which expired in 2014, were concluded early this year. What impact do you expect this to have on national health outcomes?**

**GPT:** New federal investment of CAD 11 billion (USD 8.6 billion) over 10 years has been targeted to areas that governments collectively agree are priorities for Canadians: mental health and home care services. Provinces and territories have agreed to work with the Canadian Institute of Health Information to develop common indicators that will be used to report on progress to Canadians. Budget 2017 also committed CAD 544 million (USD 425 million) over five years to federal and pan-Canadian health organizations to support health innovation and pharmaceutical initiatives.

Taken together, I am proud that these targeted investments will address specific gaps in our healthcare system, such as increasing the availability of home and palliative care, helping youth access needed mental health services, expanding the use of electronic health records, and lowering the cost of prescription drugs. They are also in addition to the funding provided through the Canada Health Transfer (CHT), which will provide CAD 37.1 billion (USD 29 billion) to the provinces and territories in 2017-18. This funding will continue to increase each year, in line with the growth rate of the economy, with a minimum increase of at least 3 percent per year. Over the next five years, CHT funding to provinces and territories is expected to total approximately CAD 200 billion (USD 156.2 billion).

**Globally as in Canada, healthcare stakeholders increasingly grapple with challenges like reconciling patient access to innovation with fiscal sustainability and increasing global competition for life sciences industry investment. On the 150th anniversary of the Confederation, what leadership role do you think Canada can – and should – play on the global healthcare and life sciences landscape?**

**GPT:** Good health is a universal objective, and nations can benefit from strong partnerships and collaboration on shared health priorities. Global health challenges require collaborative, whole-of-society approaches to prevent crises, respond to health-related emergencies and recover effectively.

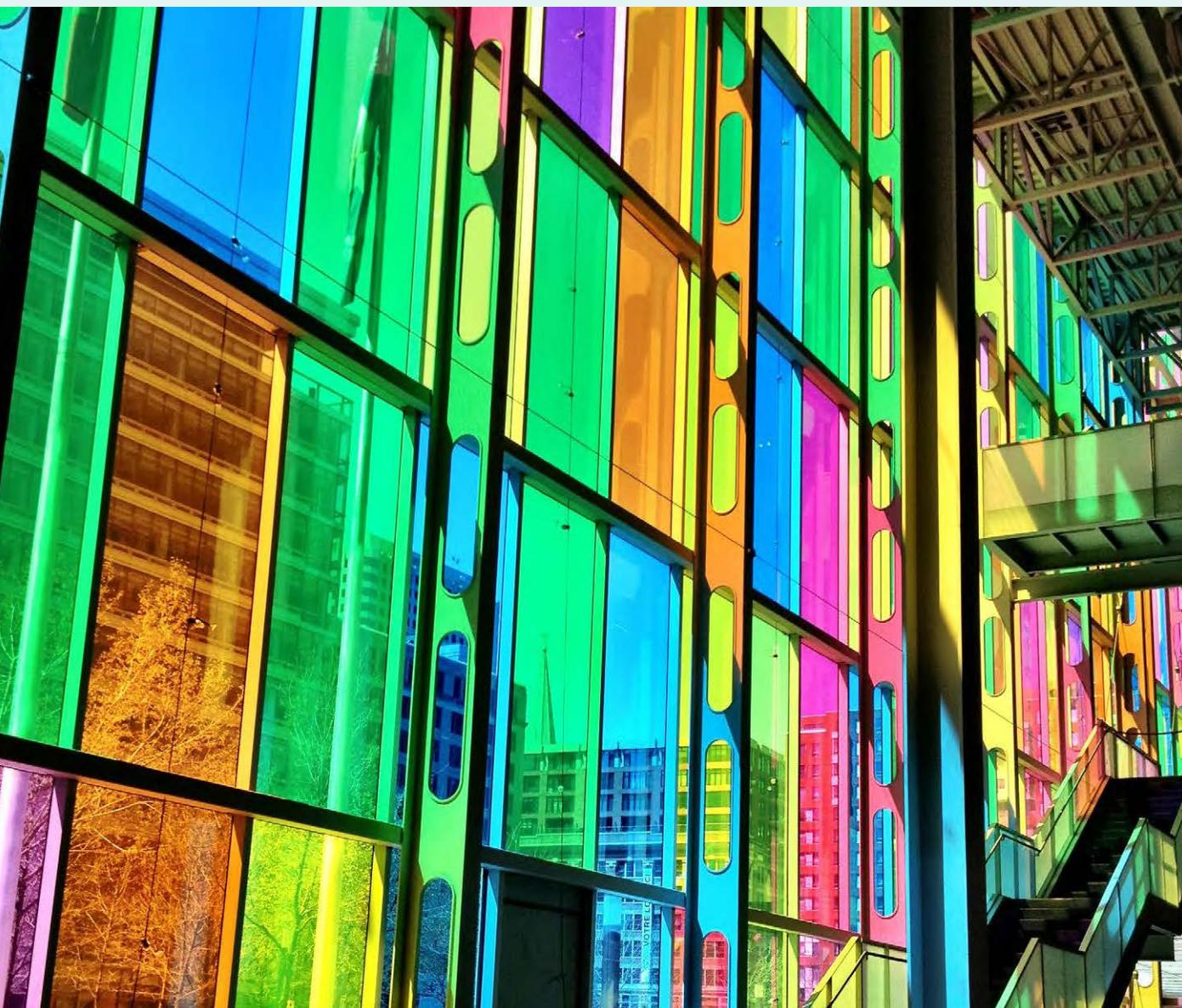
Canada has globally recognized research and commercialization strengths in areas like stem-cell and regenerative medicine, clinical trials, oncology, biopharmaceuticals and metabolic disorders to name but a few. We have a long history of leadership and collaboration on the world stage. Canadian collaboration between industry and academia is generating new breakthrough ideas, therapies and technologies that are bringing new solutions to the market and benefiting Canadians and people all over the world.



**CANADIAN COLLABORATION BETWEEN INDUSTRY AND ACADEMIA IS GENERATING NEW BREAKTHROUGH IDEAS, THERAPIES AND TECHNOLOGIES THAT ARE BRINGING NEW SOLUTIONS TO THE MARKET AND BENEFITING CANADIANS AND PEOPLE ALL OVER THE WORLD.**

We will also continue working with international partners to strengthen global health, and explore how we can best address complex global health challenges.

One area that requires concerted global effort is antimicrobial resistance (AMR). With our G7 colleagues, Canada supported commitments to combat AMR in 2015 and in 2016, and again at this year's G20 summit. At the World Health Assembly in May 2017, former Health Minister Philpott joined the Alliance of Champions, a group of health ministers committed to promoting the issue of AMR to their colleagues in other portfolios. In November 2016, we announced CAD 9 million (USD 7 million) in funding for the World Health Organization AMR Secretariat to support the implementation of the multi-sectoral Global Action Plan. More recently, Canada provided support for the World Organization for Animal Health (OIE) to engage in the United Nations Interagency Coordination Group on AMR. In addition to these and several other existing commitments, Canada has this past month (October 2017) assumed a new leadership role on this issue as the Chair of the Global Health Security Agenda's AMR Action Package.



## INTO THE SPOTLIGHT

Canada celebrates 150 years of independence in 2017 as one of the most prosperous, diverse and stable countries in the world. With one of the highest GDPs per capita in the world at USD 42,158, Canada is also expected to lead the G7 in terms of economic growth in 2017. However, contradictions abound in Canada's healthcare and life sciences landscape: the country benefits from a universal healthcare system but lacks universal drug cover-

age, resulting in Canadians having the second-highest out-of-pocket spending on drugs in the world (after the US). At the same time, despite having the tenth largest pharma market in the world with 2.5 percent of global spending, and being the birthplace of medical breakthroughs from insulin to the discovery of stem cells, Canada seems to be punching below its weight when it comes to health innovation. ➤



**JUSTIN TRUDEAU**  
prime minister

In 1987, Bill C-22 offered industry patent protection in exchange for a commitment to invest ten percent in R&D locally and to offer ‘non-excessive’ prices, laying the foundation for a stable relationship between industry, government and Canadians for nearly three decades. In recent years however, the national healthcare landscape has seen significant flux, from the renegotiation of the Canada Health Accords, which determine the transfer of federal healthcare funds to provinces and territories, to a slate of proposed regulatory reforms involving Health Canada, the federal regulatory authority, for which Budget 2017 earmarked about CAD 140 million in new funding to advance.

In the words of The Right Honorable Justin Trudeau, Prime Minister of Canada, “we are investing in this sector to ensure the continuous improvement of patient care and to drive economic prosperity. This focus on the future will help position Canada at the forefront of the global health innovation efforts and ensure that our health system is sustainable and responsive to changing needs.” Minister of Health The Honorable Ginette Petitpas Taylor adds, “We are proud of Canada’s legacy of medical R&D and innovation. Canadian discoveries were created on a foundation of basic science in the public sector. Our Government is committed to supporting our scientific communities to ask the critical questions, identify our R&D gaps, explore solutions, and innovate.”



**GINETTE PETITPAS TAYLOR**  
minister of health

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## A SHIFTING PARADIGM

Industry experts know that Canada does not have one healthcare system but 14 health systems. The federal system oversees market approvals while leaving pricing and reimbursement decisions to the 13 provinces and territories, which negotiate their own private deals individually with the industry – resulting not only in higher-than-average prices within the OECD but also inequity of access across the country. Earlier this year, former Minister of Health Jane Philpott brandished the figure that one in ten Canadian patients cannot afford their medicines. As fiscally constrained public payers try to stem rising healthcare costs, the past decade has seen harmonization initiatives like the pan-Canadian Pharmaceutical Alliance (pCPA), as well as a reevaluation of existing structures like the Canadian Agency for Drugs and Technology in Health (CADTH) – the pan-Canadian HTA body – and the Patented Medicine Prices Review Board (PMPRB), the pricing watchdog body guarding against ‘excessive’ pricing.

Douglas Clark, executive director at PMPRB, explains, “There is a great deal of internal reflection going on at the federal level about how well a policy balance conceived 30 years ago can address the challenges of the modern-day pharmaceutical marketplace,” admitting that “Canada’s regulatory landscape for patented pharmaceuticals has been critiqued as a relay race. Our objective is to adopt a more risk-based approach to regulating that builds on the efficiencies in the system, not add a redundant step to the relay race.”

AstraZeneca’s president and CEO, Ed Dybka stresses, “The [historical] accord between industry, government and Canadian patients worked very well for the ensuing few decades, with good performance across key indicators: market access, pricing, R&D activity, and patient outcomes. In the past five years, many elements of this foundation are being challenged, manifesting primarily in the increasing delays in market access timelines. Where it previously would take only months to get a product reimbursed, now we are looking at a time frame of up to two years.” He adds frankly, “I would characterize the overall market access environment as rather chaotic and difficult to work in.” According to the Canadian Institute



**BRIAN O'ROURKE**  
president and CEO,  
CADTH



**DOUGLAS CLARK**  
executive director,  
PMPRB

for Health Information (CIHI), only 37 percent of new medicines received public reimbursement across the country between 2010 to 2015.

While companies have to adjust to market dynamics in every country, German giant Bayer’s president and CEO, Alok Kanti, points out, “other countries like Italy and Spain also have complex regulatory and policy frameworks. Fundamentals cannot be changed, but countries can promote better market dynamics.” He suggests, “There could be fewer regulations, more collaborative discussions and more harmonization between the provinces, which would help ameliorate the existing delays in approval, pricing and reimbursement”, if not even “increasing regulatory harmonization with US or EU regulatory entities [to] reduce the regulatory burden on industry, especially for smaller companies, as well as reduce friction within the system” – most crucially – “without taking away the independence of Canadian regulators or the provinces’ constitutional mandates on healthcare.”

Peter Brenders, general manager of Sanofi Genzyme, strikes a stronger note: “I am worried for the future of patient care in Canada. As an industry, we have always tried to work collaboratively with the provinces and territories to help manage the expectations in terms of pricing and to focus on value. The noise and controversy from the US certainly does not help – even though these incidents would never happen in Canada.”

He summarizes bluntly, “We cannot be reduced to a commodity supplier. Today’s sales pay for tomorrow’s cures.”

Pointing to the federal government’s innovation agenda, he adds, “we have seen new investments in early-stage R&D and science, but innovation is more than just funding early or even applied research. It is walking the talk and adopting innovations when they are developed.”

For Janice Murray, president of Novartis Pharma-ceuticals, the second-largest pharma company globally, “Every day, we see how difficult it is for patients to access new medications.” This is why she hopes to bring Novartis’ global expertise to bear locally. “As a global pharma company, we work within a multitude of different healthcare systems around the world, which means we are exposed to what works and what does not. Aside from the policy level, we are also working with individual clinics and hospitals, whether in terms of helping healthcare practitioners better understand the patient journey, identifying areas of costly fragmentation, or simply how to optimize the way patients are treated.”

Industry veteran Michael Tremblay at the helm of Astellas puts some perspective on the numbers. “Drug spend is such a small component of overall health spending: 15 percent in total and around six percent for branded pharmaceuticals. The problem of unsustainable healthcare spending is far larger than the actual or perceived ‘cost’ of our industry. Eliminating the ‘silo’ approach will help guide innovation in the right direction because it will ensure that the products we launch generate savings within the larger healthcare system, and that those savings are seen and valued by payers.”



**PAMELA FRALICK**  
president, Innovative Medicines Canada



**ED DYBKA**  
president and CEO, AstraZeneca

## DRUG EXPENDITURES AS SHARE OF GDP (2014)

Source: PMPRB

