



Patented Medicine Prices Review Board
333 Laurier Ave W., Ottawa ON, K1C 1P1

Population: 40.5 million (2023)

GDP per capita: US\$55,522 (2022 WB)

Health spending per capita: US\$6319 (2022 OECD)

Pharma expenditure per capita: US\$914 (2022)

Pharmaceutical pricing and reimbursement policies

Pricing of medicines	<p>The Patented Medicine Prices Review Board (PMPRB) is an independent quasi-judicial body established by Parliament in 1987 under the Patent Act (Act). The PMPRB has a dual regulatory and reporting mandate: to ensure that prices at which patentees sell their patented medicines in Canada are not excessive; and to report on pharmaceutical trends of all medicines and on research and development spending by patentees. Following recent amendments to the Patented Medicine Regulations, the PMPRB began consultations with stakeholders in November of 2023 on new guidelines.</p>		
	<p>In patient: All drugs administered in hospitals are fully funded by the Medicare system at no cost to patients under the <i>Canada Health Act</i>. Canadian hospitals operate under fixed budgets, and typically procure drugs through purchasing programs that establish group contracts for set prices. The hospital then directly purchases drugs from the manufacturer at the contract price.</p> <p>Outpatient: Prescription drug costs in Canada are covered by a blend of public and private drug plans, as well as out-of-pocket payers. Public Drug Plans regulate the price for reimbursement of both generic and brand name drugs.</p>		
Coverage / Reimbursement	<p>Public Drug Plans Each of the <u>10 Canadian provinces and 3 territories</u> provide public coverage with a focus on seniors, lower-income earners or those with high drug costs in relation to their income. Federal coverage is provided for Veterans, First Nations and Inuit, Royal Canadian Mounted Police and the military.</p> <p>Since 2010, Canada's provinces and territories have pooled their combined negotiating power to achieve greater value for their publicly funded drug programs and patients. This process was formalized in 2015 with the establishment of the pan-Canadian Pharmaceutical Alliance (pCPA). The federal government joined the alliance the same year.</p> <p>Brand-name drugs The pCPA conducts joint provincial/territorial negotiations and enters into confidential Product Listing Agreements (PLAs) for brand-name drugs for publicly funded drug plans. As of January 2024, the pCPA has completed 573 negotiations for new brand name drugs and indications.</p> <p>Generic drugs In October 2023, a new three-year pricing initiative for generic drugs came into effect between the pCPA and the Canadian Generic Pharmaceutical Association (CGPA). The agreement builds upon the successes achieved to date with the pan-Canadian Generic Tiered Pricing Framework (TPF) and the pan-Canadian molecules.</p> <p>Wholesale and pharmacy markups About half of the provinces/territories regulate wholesale margins. Most public and private drug plans reimburse a pharmacy markup. For public drug plans, the markup ranges from 4% to 10% of the drug ingredient cost</p>	<p>Private Drug Plans Most employers provide private drug insurance for working-age beneficiaries and their dependants.</p> <p>Brand-name drugs Private plans do not negotiate the prices of brand-name drugs collectively and do not benefit from the discounts/rebates available for public plans.</p> <p>Generic drugs The generic prices that are negotiated by the pCPA are available to both the private and out-of-pocket markets.</p> <p>Wholesale and pharmacy markups No policies exist. These may be negotiated by individual insurers (e.g. Preferred Pharmacy Networks).</p>	<p>Out of Pocket Individuals not covered by a public or private plan.</p> <p>Brand-name drugs Manufacturer List price.</p> <p>Generic drugs Manufacturer List price.</p>
	<p>Public Drug Plans - Prescribed Drugs (43%) 2023f Health Technology Assessment At the national level, the Canadian Agency for Drugs and Technologies in Health (CADTH) evaluates the clinical, economic, and patient evidence for cancer drugs and other drugs. Based on these evaluations, CADTH provides reimbursement recommendations and advice to Canada's federal, provincial, and territorial public drug plans (with the exception of Quebec), as well as to the provincial cancer agencies. The recommendations are not binding but are considered by the public drug plans when making formulary listing decisions. The province of Quebec conducts its own Health Technology Assessments through the Institut national d'excellence en santé et en services sociaux (INESSS).</p> <p>Patient eligibility and cost-sharing These vary widely according to the plan design. Some public plans provide income-based coverage, while other focus on seniors and lower-income earners. Cost-sharing structures also vary depending on the plan design, with a blend of deductibles, co-insurance and/or co-payments.</p>	<p>Private Drug Plans - Prescribed Drugs (37%) 2023f Health Technology Assessment Private plans generally cover all prescription drugs, although private formulary plans do exist, in which case, private drug plans make their own listing decisions.</p> <p>Cost-sharing structures take the form of co-insurance, co-payments, deductibles, and maximums. Recent concerns over the long-term sustainability of private plans in Canada have resulted in an increased use of cost management mechanisms, such as mandatory generic substitution, greater use of managed formularies, prior authorization and multi-tiering (promoting the use of more cost-effective medicines), preferred pharmacy networks, and the elimination of retiree benefits, among others.</p> <p>Canadian Drug Insurance Pooling Corporation Twenty-four insurance companies across Canada share the costs of very expensive and recurring drug treatment claims. This approach is intended to set affordable premiums for fully insured employer drug plans as well as shelter their employees from the full financial burden of prescription drug treatments.</p>	<p>Out of Pocket - Prescribed Drugs (20%) 2023f</p>