

Discovery



ISSUE NUMBER ONE: BRITISH COLUMBIA EDITION – 2005

WELCOME!

Welcome to the first issue of *Discovery*!

Discovery is Canada's Research Based Pharmaceutical Companies' quarterly newsletter for and about the western provinces. When we looked at our shared primary objective, **TO DISCOVER NEW MEDICINES THAT IMPROVE THE QUALITY OF HEALTH CARE AVAILABLE FOR EVERY CANADIAN**, it became obvious that the quest to discover is what we are all about it.

Similarly, we know that in order for a discovery to have value it must be shared. As each of our companies are on our their

searches to develop new medicine, Discovery will provide you with a resource that includes the latest research, policy information, profiles, industry information, news on the latest conferences of note in your area and quick reference points for later use.

We have chosen an easy to read e-newsletter that is printable from your own desktop or stored among your files for later use. We look forward to hearing your comments on our first edition and to bringing you many more.

JOIN US AS WE BEGIN OUR JOURNEY OF *Discovery*.



THE VALUE OF MEDICINE

We've all been told to take our medicine because it's good for us. Now it seems there is empirical data that not only is it good for us, but increased spending on patented prescriptions reduces the number of infant deaths, extends life expectancy and reduces the costs of health care significantly.

Better Health for All

Key research completed over the last few years has proven there is a direct correlation between provinces that spend more on health care and the overall health of patients in that province. In their key findings, researchers Cremieux et al, found some positive correlations between dollars spent and health outcomes.

It only makes sense that increased use of prescriptions would increase life expectancy, but it also decreases infant mortality. Their findings showed two provinces lead spending in this area, and that those provinces have nearly 600 fewer infant deaths per year and the average life expectancy increased for both men and women by a full six months.

Spend a Penny to Save a Pound

We all know the sensitivities to higher spending anywhere in the health care system. Prescription medications have come under particular scrutiny as new and innovative medications are being used and more medications are becoming available

to address diseases not treatable even a few short years ago. In short, we are spending more every year on new and innovative prescription medicines. But, one study, undertaken in 2001 by Lichtenburg, proves that the increased spending on new drugs is actually saving the entire system money.

The purpose of Lichtenburg's research was to study data on prescribed medicines and examine the association between the use of newer medicines and morbidity, mortality and health spending.

Their key findings showed that for every \$1 spent on a new medication the system saved nearly \$7. The largest component of those savings, 62% was on inpatient spending. It makes sense, if you spend money on a new medication that works you don't require hospitalization, you don't need to take time off work, most importantly you continue to live a full, productive life.

Take Your Medicine

When we look at all the facts, it really is clear that we need to continue to take our medicine. We also need to continue to create new innovative medications that provide patients with better care and outcomes. Just like the doctor said. If we do, we'll live longer, more productive lives and save the health care system in the long run.



RESTRICTIVE DRUG POLICIES IMPACT PATIENT CARE IN CANADA

Governments are seeking new ways to control rising health care expenditures. Over the last decade several policies have been implemented that restrict patient access to patented prescription medicines. Two such examples, Reference Based Pricing and Maximum Allowable Cost Pricing, are having an impact on our entire system by restricting access to new and innovative medicines, treating all drugs as equal and removing patient and physician choice from the overall treatment equation.

In Reference Based Pricing (RBP) the payer, most often a government agency, chooses a reimbursement price for a certain category of drugs based on a "reference drug" within that class. If a patient is given a prescription for a drug costing more than the chosen reference drug either the patient must pay the difference or the physician must seek separate approval from the government on a case-by-case basis.

With Maximum Allowable Cost Pricing (MAC), the government sets a maximum price for medications in a treatment area, often based on

the least expensive and/or oldest medication in the treatment area. Patients are only reimbursed up to the maximum allowable cost even though the medicine prescribed by their doctor may cost more.

By implementing restrictive policies like MAC and RBP, governments are saying that one of the best ways to control health care costs is to restrict access to prescription medicines. This is having a negative impact on the lives of average Canadians, costing them the ability to access the latest and most innovative therapies available.

The Real Costs of Restrictive Policies

Restrictive policies work under several key assumptions: all drugs in a class are equally effective for all patients, choice is not a necessity for physicians and that patient access to innovative medications will remain the same under these policies. This is not the case.

Each of the above assumptions use the underlying premise that overall health care costs

will be reduced if we spend less on prescription medications. As we know, that is simply not true.

In fact, only about 6.5% of all health care expenditures related to prescription medications, the other 93.5% come from other areas of the health care system, including direct costs like hospitalization and surgery.

By controlling and preventing disease and by helping people avoid more expensive and invasive treatments, prescription medicines not only save the health care system money, they also increase our life expectancy, reduce disability and absenteeism and dramatically improve the quality of life for millions of Canadians.

The value of being able to prescribe the best medicine for a given patient, without the impediment of restrictive policies, will ultimately result in decreased dependence on other more costly areas of the healthcare system, costing the system less money overall. The ability to effectively treat each patient as an individual is priceless.

THE COMMON DRUG REVIEW (CDR)

What Happened in the First Year?

The Common Drug Review (CDR) has recently completed its first full year and has failed to recommend 58% of the drugs reviewed, recommending only restricted coverage for 13%.

The CDR was established to review new drugs that have been approved for Canadian use by Health Canada and to provide recommendations for coverage and reimbursement by publicly funded federal, provincial and territorial (F/P/T) drug benefit plans in Canada.

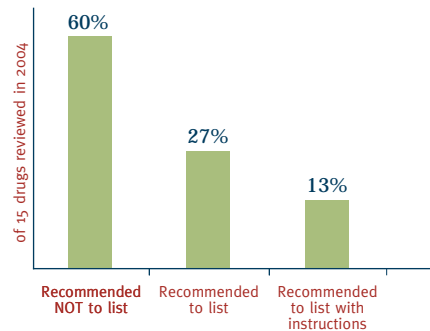
Each of the drug benefit plans that participate in CDR then makes its own formulary listing

and benefit coverage decisions based on CDR's recommendation and the plan's mandate, priorities and resources.

Of particular interest to note, unlike health-decision making processes in most other countries, Canada's CDR process excludes participation by patients or consumers in their drug reviews.

The question on most Canadians' minds should be why are 58% of drugs that could be beneficial to the lives of everyday Canadians being rejected even after Health Canada has approved them?

RECOMMENDATIONS MADE BY CEDAC COMMITTEE IN 2004



Graph source: www.ccohta.ca

EVENTS

BC's Walk to Cure Diabetes

Sunday June 5 - Kelowna

Sunday June 5 - Nanaimo

Sunday June 12 - Fraser Valley

Sunday June 12 - Kamloops

Sunday June 12 - Victoria

Juvenile Diabetes Research Foundation's (JDRF) premier fundraising event raises awareness and funds so that we may continue much needed research. Join us for a day of fun and fitness in your area.

For more information, please call 604-320-1937 or register online at www.jdrf.ca

Saturday, October 22

Promise Ball The Inaugural Year

Victoria: Fine food, fabulous wine and great company at the Delta Ocean Point Resort to raise \$70,000 for JDRF

For tickets, please call 604-320-1937 or email rthodos@jdrf.ca

THE OPPORTUNITY TO BECOME AN INNOVATION LEADER

Benefits Both Patients and Governments



It has been said that the new driver of a successful economy is knowledge and the industries that are based on it. Whereas once we had an industrial revolution, we now have one based on knowledge, innovation, discovery and development. In Canada, our industry, and the development of innovative pharmaceuticals/biopharmaceuticals, is seen as a good example of how the knowledge based economy succeeds.

This “new” economy is transforming our society, employee productivity, employment and the environment we operate in. All governments, in their efforts to become leaders in this new economy, are working to create an environment and economic base where innovation can thrive. For innovative pharmaceutical companies, that’s wonderful news. But, at the same time, governments are seeking solutions to ensure the sustainability of the health care system in Canada, often looking at cost savings.

“IT’S TIME TO SEE OUR HEALTH SYSTEM NOT SIMPLY AS A PROVIDER OF HEALTH FOR CANADIANS, BUT AS A GENERATOR OF WEALTH FOR CANADA. THE HEALTH AND HEALTHCARE SECTORS SHOULD BE VIEWED NOT AS A COSTS TO BE BORNE, BUT AS AN OPPORTUNITY TO BE EXPLORED.”

There is an interesting solution that aids both scenarios. This has been recognized by Dr. Henry Friesen, Chairman of Genome Canada and former president of the Medical Research Council of Canada.

As Dr. Friesen, has said “It’s time to see our health system not simply as a provider of health for Canadians, but as a generator of wealth for

Canada. The health and healthcare sectors should be viewed not as a costs to be borne, but as an opportunity to be explored.”

There are benefits all around, for both patients and governments, to continue to innovate and use the results of that innovation.

For patients, the benefits abound. Innovative pharmaceuticals help patients live longer, more productive lives, reducing the costs in other more expensive areas of the healthcare system. A well person is absent from work less, doesn’t need surgeries or hospital stays and can recover from their illness.

The facts are testament to the benefits: new pharmaceuticals have reduced hospital stays by 41% over the last 25 years, increased life expectancy and reduced death rates in some cases by up to 60%.

For governments, the benefits make good business sense. A climate in which innovation is welcome, evidenced by investment in innovative pharmaceuticals to enhance patient outcomes, provides an economic incentive to the industry to bring more of their research and development to this country. That investment results in more high-end jobs, a leadership position in the scientific community and a stronger economy.

Those benefits are very tangible. For example, the innovative pharmaceutical industry added \$5 billion to the economy in 2002, has the highest proportion of researchers holding a doctorate or masters degree and accounts for the largest investment sector in the health field in Canada.

It truly benefits everyone, patients and governments alike, to continue to create an environment of innovation in our country.

Canada is uniquely poised to become a world leader in this area by creating an environment in which innovative new pharmaceuticals/biopharmaceuticals contribute to the health of Canadians and the overall wealth of the country.



THE KAISER FAMILY FOUNDATION

Wealth of Information Online

Visit WWW.KFF.ORG for an informative site that encompasses health policy, research and analysis on topics of interest to media, the health care community and the general public. Important information on HIV/AIDS, women’s health,

health costs and prescription drugs are categorized and feature the latest research findings.

The Henry J. Kaiser Family Foundation is a non-profit, private operating foundation focusing on major health care issues.