

Notes for Remarks by

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on Social Policy

Regarding Bill 102

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Introduction

Good afternoon. I am pleased to be here today to speak on behalf of Canada's Research-based Pharmaceutical Companies as you consider Bill 102.

Let me begin by saying that the decisions made concerning Bill 102 could affect the quality of life, the economic prospects and the health outcomes of millions of people in this province for years to come.

Rx&D member companies believe strongly that Ontario's decision makers should reassess the possible short-term savings with the risk of compromising much greater long-term benefits.

Rx&D's Contribution

Let me talk briefly about who we are. In Ontario, the research-based pharmaceutical community employs 9,000 people in high-paying, knowledge-based jobs and generates another 25,000 jobs in other industries. Each year, companies inject more than \$2 billion into Ontario's economy.

We collectively invest more than \$360 million in research and development (R and D) in this province, with \$50 million going directly to universities and hospitals.

Notwithstanding other claims, ours is the ONLY pharmaceutical industry that does research and development into NEW medicines and vaccines which bring new treatments and new hope to patients.

Our members also adhere to a rigid, transparent and mandatory Code of Conduct in our relationships with health care professionals.

Value of new Medicines

New medicines and vaccines save lives, relieve pain, cure and prevent disease. They frequently preclude the need for invasive procedures and hospital stays and lessen the impact of chronic conditions. Here are a few statistics:

- Over the past two decades, death rates in Canada from bronchitis, asthma, emphysema, AIDS, heart attacks, heart disease and chronic liver disease have all fallen dramatically.
- In the same period, hospitalizations have fallen by over 60 per cent for ulcers, and AIDS; and by almost 40 per cent for diabetes, respiratory diseases, and chronic liver disease.
- And in just 20 years, life expectancy in Ontario has increased by four years.

Patented prescription medicines represent less than 8 cents of every dollar invested in the health-care system.

Yes, this proportion has risen over the years. This is not surprising given the role that medicines and vaccines play in helping Ontarians live longer, healthier and more productive lives. This has been money well spent as it has been proven that every dollar invested in newer medicines relieves the health-care system of \$7 in spending in other medical areas.

Bill 102- Positive Signals

Bill 102 comprises some valuable refinements to current policy.

These include:

- more patient involvement
- an enhanced role for clinical pharmacy and patient counseling
- the potential for faster listings and
- reduced paperwork for physicians and pharmacists.

However, we are profoundly concerned about the impact that Bill 102 will have on the quality of patient care.

Let me tell you Ontario's track record in providing access to new medicines.

In the last two years, Ontario listed only 15 % of new medicines approved by Health Canada and launched in this country.

The legislation should ensure that the value of incremental innovation is recognized for its ability to better treat disease and advance patient care. In addition we have grave concerns that Bill 102:

- ***Opens the door to therapeutic substitution*** through an expanded definition of interchangeability (same vs. similar) and through the introduction of “competitive agreements” as modeled on the cost-containment framework at the Department of Veterans Affairs in the U.S..
- ***Introduces Off-formulary interchangeability (OFI) will not achieve the anticipated cost savings*** in the private sector as envisioned by employers and will only benefit generic companies at the direct expense of innovative pharmaceutical companies.
- ***Reduces the ability of the innovative biopharmaceutical industry to invest in research and development by introducing price rollbacks. Already prices in Canada are controlled federally and are 9% lower than the international median.***

- *Gives the Executive Officer's extraordinary powers* which do not meet the requirements of procedural fairness and natural justice. Mechanisms for appeal must be introduced into the Bill.

Consequences for Innovation

Bill 102 is inconsistent with the Ontario Government's strategy in fostering innovation, innovation in health sciences and creating jobs and prosperity.

Premier Dalton McGuinty was recently quoted at the Bio 2006 Conference in Chicago as saying, "Places that invest in innovation will be home to the most rewarding jobs, the strongest economies and the best quality of life."

The competition to attract R and D investments is global and fierce. Ontario competes with Europe, the U.S. and emerging markets like China and India to attract those dollars

Presently, the province boasts the third largest biomedical and technology cluster in North America. If Ontario is seen as being not innovation supportive, if our industry is negatively affected by over 500 millions of dollars a year, how will the biopharmaceutical sector continue to grow?

It will more likely decline and patients would lose, research would lose, Ontario would lose.

Our Solutions

Therefore, we urge the committee and the government to bring forward amendments to Bill 102 that respect four "Principles for Partnership" -- namely:

- Improved access to new medicines, respect for the doctor/patient relationship and a primary focus on improved outcomes for patients.
- Integration with the province's innovation agenda to attract more jobs, investment and the better quality of life that the biopharmaceutical industry brings to Ontario.
- An integrated approach to health that looks beyond "silos" and where government partners with health professionals and industry.
- Is consistent with the letter and spirit of Canadian laws and regulations and our international trade obligations.

Our partnership with government should go beyond the traditional supplier-customer relationship. Our medicines and vaccines should be viewed as more than just commodities, but as the means to a healthier society. Our industry creates a stronger economy.

Conclusion

In closing, we urge the Committee and the Government to look at drug spending and its effect on the overall health budget, not just silos, and to look at innovation in health care and research as an investment for the future.

We need a health care system that is sustainable. But if innovation isn't rewarded in Ontario, innovation will go elsewhere and will not help us achieve this goal.

This Committee has an opportunity to strengthen Bill 102 so that it builds on Ontario's knowledge economy and delivers better outcomes for patients.

Thank you. I would be happy to answer your questions.

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