Submission to the
Standing Committee on Finance and Economic Affairs, Legislative Assembly of Ontario
Re: Budget 2020

By Merck Canada Inc.

Submitted via email: comm-financeaffairs@ola.org

January 24, 2020

Merck Canada Inc. (Merck) is pleased to make this submission regarding Budget 2020 to the Finance Committee of the Legislative Assembly of Ontario.

For over a century, Merck has been inventing for life, developing medicines and vaccines for many of the world's most challenging diseases. Merck is a leading global biopharmaceutical company with a diversified portfolio of prescription medicines, vaccines, biologic therapies, including biosimilars.

In Canada, Merck is a leader in a broad range of areas such as oncology, infectious diseases, diabetes and vaccines, and markets more than 250 pharmaceutical and animal health products. Merck employs approximately 680 people across the country, including an important presence in Ontario.

Merck is also one of the top R&D investors in Canada, with investments totalling more than $1 billion since 2000. Merck is committed to supporting Canada as a destination for research, investment and clinical trials – activities that promote Canada's and Ontario's economies and competitiveness. Merck is currently investing in over 100 clinical trials involving over 440 research sites and over 2,500 patients across Canada, which currently includes 90 studies at 157 trial sites spread across 34 academic institutions and private clinics in Ontario. Merck also provides many patient support programs (PSPs) that improve patient access to medicine and healthcare outcomes and that help reduce overall costs to the health system.

Summary of Recommendations

In this submission, Merck makes **recommendations** for Budget 2020 that are aligned with the Ontario government's efforts to Build Ontario Together through three of its 2020 Budget consultation priorities:

- make life more affordable
- create a more competitive businesses environment
- build healthier and safer communities

Recommendation #1 – *Contributing to making life more affordable*

Implement a biosimilar transition policy similar to the provinces of BC and Alberta whereby patients undergo a one-time, physician supervised transition from the originator biologic version to its biosimilar biologic version in order to realize immediate savings while still providing high-quality treatment. These savings could be reinvested in new treatments and medical services, leading to better care for more people. Part of these savings could also be put towards deficit reduction to help meet the goal of eliminating the deficit by 2023-24.

Recommendation #2 – *Contributing to building healthier and safer communities*

Proactively plan significant and ongoing health system investments in response to the needs of an aging population and enable timely access to advances in treatment innovations, particularly in cancer care such as cancer immunotherapies. Part of the necessary funding should come from working with the new federal government to ensure it increases the annual growth rate of the Canada Health Transfer (CHT) to at least 5.2% from the current 3%.

Recommendation #3 – *Contributing to building healthier and safer communities*

Ensure sufficient financial resources for Ontario to expand public health efforts to protect the population, and limit future costs of cancer care, by improving target levels of vaccination against cancers caused by the human papillomavirus (HPV).

Recommendation #4 – *Contributing to creating a more competitive business environment*

Ensure Ontarians have prompt access to beneficial innovative medicines by making new treatments available in a timely fashion from Ontario Public Drug Programs following the conclusion of letters of intent between pharmaceutical manufacturers and the pan-Canadian Pharmaceutical Alliance (pCPA).

Recommendation #5 – *Contributing to building healthier and safer communities and contributing to creating a more competitive business environment*

Enable early access to life-saving medicines for Ontarians and help prevent a serious decline in Ontario's vital and vibrant health research ecosystem and life sciences industry by asking the federal government to revisit its pharmaceutical pricing reform.

Recommendation #6 – *Contributing to building healthier and safer communities*

Support the development of a national "addressing the gaps" pharmacare program for Ontarians within a sustainable health system that maintains public and private drug insurance coverage.

Background and Rationale for Recommendations

Recommendation #1 – *Contributing to making life more affordable*

Implement a biosimilar transition policy similar to the provinces of BC and Alberta whereby patients undergo a one-time, physician supervised transition from the originator biologic version to its biosimilar biologic version in order to realize immediate savings while still providing high-quality treatment. These savings could be reinvested in new treatments and medical services, leading to better care for more people. Part of these savings could also be put towards deficit reduction to help meet the goal of eliminating the deficit by 2023-24.

Biologic medicines have revolutionized the treatment of many serious conditions over the past 20 years, including ones affecting relatively large populations such as inflammatory bowel disease, rheumatoid arthritis, diabetes and cancer. These treatments can be very effective in helping patients lead better and more productive lives, including staying at or returning to work.

In 2017-18, biologic drugs accounted for 26% of total public drug plan costs in Canada (excluding Quebec), increasing to $2.4 billion. **Ontario spent the largest amount of any province on biologic drugs, $1.3 billion, representing almost one quarter of all drug costs (23.8%).** This total cost of biologics in Ontario increased by 9.9% in 2017-18 from the year before, the third highest rate of increase among provincial drug plans.[1]

[1] Patented Medicine Prices Review Board, National Prescription Drug Utilization Information System (NPDUIS), CompassRx Annual Public Drug Plan Expenditure Report 2017-18, p. 26, figure 2.9, http:www.pmprb-cepmb.gc.ca/CMFiles/NPDUIS/CompassRx_2017-2018_en.pdf

Biosimilars are highly similar versions of biologic drugs that enter the market once the intellectual property protection of reference biologic medicines has expired. Health Canada's rigorous requirements for authorization ensure that biosimilars meet the same high standards for quality, safety and efficacy as all other biologic drugs.[2]

Biosimilars achieve cost-savings for health systems, as they are less expensive versions of original biologic medicines. However, biosimilar uptake in Canada has been stagnant due in part to the lack of policies needed to effectively enhance the use of these medicines.[3] The governments of British Columbia (BC) and Alberta recently introduced biosimilar transition policies that will help support the commercialization and utilization of biosimilars. These types of policies have also been adopted in Europe and by Kaiser Permanente in the U.S.

Ontario should consider these jurisdictions' experiences and adopt its own transition policy to help create a sustainable market for biosimilar medicines. With the right policy in place, significant savings could be achieved. For instance, a new retrospective analysis of drug purchases showed that Canada could have saved over $1 billion in two years from the exclusive use of just three biosimilar products instead of their originator products, with $349 million in savings that could have been achieved in Ontario alone.[4]

However, achieving these kinds of savings requires policy choices that support the adoption of these medicines by both new patients and existing patients who are transitioned from the reference biologic to its biosimilar version. Unfortunately, current market data show that progress has been slow and that we have barely scratched the surface in terms of potential savings.[5] A recent report by the Canadian Agency for Drugs and Technologies in Health (CADTH) recognized the need to adopt new policies to support the uptake of biosimilars in the province:[6]

> *Conventional formulary-based policies, such as drug restrictions through prior authorization (e.g., Exceptional Access Program listing of innovator infliximab versus Limited Use listing of innovator etanercept in Ontario), have been effective at facilitating access to medications for a subset of patients based on clinical need and therapeutic rationale; however, these policies may not be useful in promoting the uptake of specific medications such as biosimilars in order to generate savings within constrained budgets. Indeed, findings from the study conducted by the ODPRN showed that the relative uptake of etanercept and infliximab biosimilars did not differ significantly even though different drug benefit policies were enforced for etanercept and infliximab innovator products.*

---

[2] Health Canada, *Biosimilar Biologic Drugs in Canada: Fact Sheet*: https://www.canada.ca/en/health-canada/services/drugs-health-products/biologics-radiopharmaceuticals-genetic-therapies/applications-submissions/guidance-documents/fact-sheet-biosimilars.html

[3] PMPRB, *Biosimilars in Canada: Current Environment and Future Opportunity*, April 2019: http://www.pmprb-cepmb.gc.ca/CMFiles/News%20and%20Events/Speeches/biosimilars-april2019-en.pdf

[4] Mansell K. et al., *Potential cost-savings from the use of the biosimilars filgrastim, infliximab and insulin glargine in Canada: a retrospective analysis*, BMC Health Serv Res., November 2019: https://www.ncbi.nlm.nih.gov/pubmed/31718624

[5] Patented Medicine Prices Review Board, Biosimilars in Canada: Current Environment and Future Opportunity, April 2019: https://cadth.ca/sites/default/files/symp-2019/presentations/april15-2019/B3-presentation-elungu.pdf; see also Ontario Drug Policy Research Network, *Current and Prospective Utilization of Innovator Biologics and Biosimilars in Ontario*, January 2020: https://odprn.ca/wp-content/uploads/2020/01/Utilization-of-Innovator-Biologics-and-Biosimilars-in-Ontario.pdf

[6] CADTH Technology Review: Optimal Use 360 Report, *Utilization of Innovator Biologics and Biosimilars for Chronic Inflammatory Diseases in Canada: A Provincial Perspective*, January 2020: https://www.cadth.ca/sites/default/files/ou-tr/ho0007-biosimilars-utilization-final.pdf

Therefore, policy-makers may need to consider more complex cost-containment mechanisms or strategies to optimize the benefits associated with biosimilar drugs alongside innovator biologics.

Merck understands that some patient groups and patients remain concerned about a transition policy, and we recognize how important it is for patients, clinicians and payers to feel confident that a transition policy is supported by evidence and will not compromise patients' success on their treatment. To that end, Merck has been working diligently with stakeholders directly as well as through the Canadian Biosimilars Forum, to build that confidence. In Europe, where biosimilars have been used for over a decade and have generated over 700 million patient days of clinical experience, there are 13 countries already supporting policies to transition patients from a reference biologic medicine to biosimilar versions.[7]

This confidence in biosimilars has been echoed by Health Canada, which has stated:

"Health Canada considers a well-controlled switch from a reference biologic drug to a biosimilar in an approved indication to be acceptable, and recommends that a decision to switch a patient being treated with a reference biologic drug to a biosimilar, or between any biologics, be made by the treating physician in consultation with the patient and take into account any policies of the relevant jurisdiction."[8]

Health Canada has also stated that: "*no differences are expected in efficacy and safety following a change in routine use between a biosimilar and its reference biologic drug in an authorized indication.*" [9]

Biosimilars have the potential to offer similar clinical benefits to those of reference biologics while being more cost effective. Given that biologic costs represent a large share of total drug costs in Ontario, the province has an important opportunity to garner savings by encouraging the use of biosimilars through the implementation of a transition policy.

The savings achieved would create an opportunity to invest in new treatments and medical services, leading to better care for more people. Part of these savings could also be put towards deficit reduction to support the Government of Ontario's goal of balancing the budget by 2023-24.

Recommendation #2 – *Contributing to building healthier and safer communities*

Proactively plan significant and ongoing health system investments in response to the needs of an aging population and enable timely access to advances in treatment innovations, particularly in cancer care such as cancer immunotherapies. Part of the necessary funding should come from working with the new federal government to ensure it increases the annual growth rate of the Canada Health Transfer (CHT) to at least 5.2% from the current 3%.

The Ontario health system, like all provinces and territories across Canada, faces huge immediate and near-term challenges to meet the increasing demands due to the aging of the population and the associated increasing incidence of cancer, among other drivers.

---

[7] Medicines for Europe

[8] Health Canada's 2017 Biosimilars Workshop: Summary Report: https://www.canada.ca/en/health-canada/services/drugs-health-products/biologics-radiopharmaceuticals-genetic-therapies/applications-submissions/guidance-documents/biosimilars-workshop.html

[9] Health Canada, Biosimilar biologic drugs in Canada: Fact Sheet, Aug. 27, 2019: https://www.canada.ca/en/health-canada/services/drugs-health-products/biologics-radiopharmaceuticals-genetic-therapies/applications-submissions/guidance-documents/fact-sheet-biosimilars.html

The proportion of people aged 65 years and over is expected to reach 20% by 2025.[10] It is this fast-growing population – already at 2.5 million age 65 or older in Ontario[11] – that is most at risk of cancer, given that 90% of Canadians diagnosed with cancer are aged 50 years and older.[12] As a result of the growing and aging population, more people are being diagnosed with cancer and the need for cancer care, including new treatments, is increasing. According to the Canadian Cancer Society, one in two Canadians will be affected by cancer[13] and there will be a 40% increase in cancer incidence between 2015 and 2030.[14]

Canadians are concerned about the ability of health systems to keep up with the demand. A 2018 poll conducted for the Canadian Medical Association (CMA) shows that just half of Canadians have confidence that the health system will be able to meet the growing needs of seniors.[15] A 2019 member survey by the Canadian Association of Retired Persons (CARP) – in which almost two-thirds of the nearly 4,000 respondents were from Ontario – showed that more than 90% believe their provincial healthcare system should make new investments to be better prepared to treat cancer and that increasing cancer screening and providing timely treatment should be the healthcare system's top priority.[16]

Our health systems need to be prepared to meet these growing challenges. The Conference Board of Canada estimates that over the next decade an additional $93 billion in healthcare spending will be needed and the healthcare inflation rate will be 5.2% annually.[17] A recent report by the Conference Board of Canada also shows that while the federal government is on track to balancing its books in the coming decades, the provinces will be more fiscally challenged because of the increased demand for health services. This will cause either greatly increased provincial deficits or great reductions in health services, or both. The report concludes that a new cooperative approach to health funding is needed, including larger transfers from the federal government given its fiscal capacity to do so over the next two decades.[18]

---

[10] Statistics Canada, Annual Demographic Estimates: Canada, Provinces and Territories 2019: https://www150.statcan.gc.ca/n1/en/pub/91-215-x/91-215-x2019001-eng.pdf?st=62rLzkbK

[11] Statistics Canada, Population estimates on July 1st, by age and sex, Ontario, 2019 data: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000501&pickMembers%5B0%5D=1.7&pickMembers%5B1%5D=2.1

[12] Canadian Cancer Society, Canadian Cancer Statistics, 2019: https://www.cancer.ca/~/media/cancer.ca/CW/cancer%20information/cancer%20101/Canadian%20cancer%20statistics/Canadian-Cancer-Statistics-2019-EN.pdf?la=en

[13] Canadian Cancer Society, Canadian Cancer Statistics, 2019: https://www.cancer.ca/~/media/cancer.ca/CW/cancer%20information/cancer%20101/Canadian%20cancer%20statistics/Canadian-Cancer-Statistics-2019-EN.pdf?la=en

[14] Canadian Cancer Society, Media Release: http://www.cancer.ca/en/about-us/for-media/media-releases/national/2015/canadian-cancer-statistics-2015/?region=on

[15] Ipsos Canada, July 17, 2018, https://www.ipsos.com/en-ca/news-polls/Canadian-Medical-Association-Seniors-July-17-2018

[16] Canadian Cancer Survivor Network and CARP press release, Consider needs of one in two Canadians who will get cancer, survivors urge MPs and candidates headed to campaign trail this fall, June 11, 2019 (Note that Merck Canada provided financial support to CARP to undertake the survey): https://hriportal.ca/canadian-cancer-survivor-network-consider-needs-of-one-in-two-canadians-who-will-get-cancer-survivors-urge-mps-candidates-headed-to-campaign/

[17] Canadian Medical Association, CMA to premiers: Federal funding needed to meet seniors' care needs, July 2018, https://www.cma.ca/En/Pages/CMA-to-premiers-Federal-funding-needed-to-meet-seniors%E2%80%99-care-needs-.aspx

[18] Fields D, Gibbard R and Russell N, The Fiscal Health of Canadian Governments, Conference Board of Canada, September 2019: https://www.conferenceboard.ca/e-library/abstract.aspx?did=10445&AspxAutoDetectCookieSupport=1

This is why Merck supports the call by Ontario Premier Doug Ford and other provincial premiers,[19] the CMA,[20] the Canadian Cancer Survivor Network (CCSN)[21] and other stakeholders[22] to address the coming challenges of health and cancer care by having the federal government increase the Canada Health Transfer (CHT).

In cancer, important new treatments include immunotherapies, which harness the body's own immune system to fight and kill the cancer cells. Merck's new immunotherapy and others have shown to be effective in several cancers and studies are under way in dozens of other cancer types. Immunotherapies are fast becoming the fourth pillar of cancer care alongside surgery, radiotherapy and chemotherapy. As Canadians learn more about cancer immunotherapies, the demand for these medicines and other breakthrough treatments will increase.

The federal government could provide immediate help to enable Ontario to provide these life-saving therapies to patients by increasing the CHT to promote increased health system investment. We encourage the Government of Ontario to work with the new federal government to increase the CHT and to develop and implement a plan for increased health system investments to address increasing health needs, including timely access to therapies, such as cancer immunotherapies.

Recommendation #3 – *Contributing to building healthier and safer communities*

Ensure sufficient financial resources for Ontario to expand public health efforts to protect the population, and limit future costs of cancer care, by improving target levels of vaccination against cancers caused by the human papillomavirus (HPV).

Vaccines are effective tools to prevent diseases, reduce healthcare costs and alleviate suffering. They offer economic benefits through reduced work absences, hospitalization and decreased demand for other expensive treatments, including visits to emergency rooms and physicians.

For instance, prophylactic vaccines are the most effective way to prevent HPV infection and HPV-related diseases, as there is currently no cure for an HPV infection. Seven HPV types are responsible for 90% of invasive cervical cancers in the world. Infection with high-risk HPV types is also linked to several other cancers.[23]

Since 2007, the federal government has supported provincial/territorial HPV immunization programs, which has allowed Ontario to provide an HPV vaccination program. This was initially for girls only, but as evidence emerged of the health benefits to males, the programs were extended to both genders. As a result, we have prevented a significant number of future HPV-related diseases and the financial and health/mortality costs associated with them.

[19] Premiers' meeting, Ontario, December 2, 2019: https://www.canadaspremiers.ca/wp-content/uploads/2019/12/COF_Communique-Dec2.pdf
[20] CMA's website, Senior Care: https://www.cma.ca/seniors-care
[21] CCSN and CARP's press release, June 2019: https://hriportal.ca/canadian-cancer-survivor-network-consider-needs-of-one-in-two-canadians-who-will-get-cancer-survivors-urge-mps-candidates-headed-to-campaign/
[22] Canadian Association of Retired Persons, Experts discuss need for health system to prepare for more senior cancer care, press release, September 30, 2019: https://hriportal.ca/experts-discuss-need-for-health-system-to-prepare-for-more-senior-cancer-care/
[23] Federation of Medical Women of Canada – HPV Prevention Week Press Release https://fmwc.ca/advocacy-hpvpw/

Despite recommendations from the Public Health Agency of Canada[24] that girls and boys between 9 and 26 be vaccinated, there remain wide variations across the country in the uptake of HPV vaccination. Canada has committed globally to achieving a 90% uptake rate of HPV vaccine but the national uptake rate at present is only 67%.[25] The rate in Ontario is only 61%, the lowest of any province.[26] According to the *2018 Cancer System Performance Report* of the Canadian Partnership Against Cancer, if HPV vaccine uptake increased from 67% to 90%, there would be a 23% reduction in cervical cancer cases and a 21% reduction in cervical cancer deaths.[27]

This is clearly an area where additional funding now could have a significant impact in preventing the costs of future cancer treatments and care by preventing cancers through more effective vaccination programs. Existing programs should be expanded and better publicized to ensure maximum future savings.

The Canadian Partnership Against Cancer (CPAC) is working with stakeholders to eliminate HPV related cancers in Canada within our lifetime. By taking a leadership role in this elimination strategy, Ontario could be one of the first jurisdictions in the world to eradicate cervical cancer.

Recommendation #4 – *Contributing to creating a more competitive business environment*

Ensure Ontarians have prompt access to beneficial innovative medicines by making new treatments available in a timely fashion from Ontario Public Drug Programs following the conclusion of letters of intent between pharmaceutical manufacturers and the pan-Canadian Pharmaceutical Alliance (pCPA).

Ontario Public Drug Programs and other public drug plans across Canada have benefited greatly in recent years from using their combined negotiation power to secure savings in prices of innovative medicines. Ontario has played a leadership role in the creation of and development of the pCPA, including hosting its national offices in Toronto. It has been reported by the Ontario Auditor General that savings are at least 30% off the list prices of publicly funded drugs at an aggregate level every year, translating to substantial annual savings for Ontario.[28]

These savings are offered by innovative pharmaceutical companies on the understanding that new treatments will be made available to patients through all participating public drug plans within a very short timeframe following the conclusion of negotiations with the pCPA and the signature of a letter of intent.

We encourage Ontario to invest the time and resources to actively take part in the pCPA negotiations and reimburse medicines within a maximum of one month following the conclusion of pCPA negotiations. This would help ensure patients in Ontario can access these medicines as quickly as possible and provide more commercial predictability for pharmaceutical companies.

---

[24] *Canadian Immunization Guide*: https://www.canada.ca/en/public-health/services/canadian-immunization-guide.html

[25] CPAC, 2018 Cancer System Performance Report: https://content.cancerview.ca/download/cv/quality_and_planning/system_performance/documents/2018_cancer_system_performance_report_enpdf?attachment=0&utm_source=Landing Page&utm_medium=Full Report&utm_campaign=Omnibus

[26] CPAC, 2018 Cancer System Performance Report: https://content.cancerview.ca/download/cv/quality_and_planning/system_performance/documents/2018_cancer_system_performance_report_enpdf?attachment=0&utm_source=Landing Page&utm_medium=Full Report&utm_campaign=Omnibus

[27] *Ibid.*

[28] Data based on Ontario's Auditor General Report, 2017: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_309en17.pdf

Recommendation #5 – *Contributing to building healthier and safer communities and contributing to creating a more competitive business environment*

Enable early access to life-saving medicines for Ontarians and help prevent a serious decline in Ontario's vital and vibrant health research ecosystem and life sciences industry by asking the federal government to revisit its pharmaceutical pricing reform.

This recommendation is in response to the regulatory amendments made by the federal government in August 2019 to change how the Patented Medicine Prices Review Board (PMPRB) regulates the prices of patented medicines.

This federal reform, which is untested and unprecedented in any jurisdiction, will introduce a complex and bureaucratic regime to drastically reduce the prices of patented medicines. These regulations, which are slated to come into force in July 2020, will lead to steep drug price reductions of 40-70%[29] and introduce significant business uncertainty for pharmaceutical companies.

If these changes are implemented, Canada and Ontario will lose its status as an early market for new medicines[30] and as a prime location for global clinical trials.[31] This means Ontario patients will not have access to new medicines or will have to wait much longer before accessing them, leading to poorer health outcomes and provincial health systems.

The reform will also have a negative financial impact on Ontario's health system:

- The treatment cost of patients who would have been on clinical trials sponsored by pharmaceutical companies will be transferred to hospitals and the broader health system.
- Lack of new medicines and delays in access could lead to additional expenses such as avoidable hospital admissions and readmissions.[32] Canada already faces nearly 2,000 ongoing drug shortages.[33]
- Research hospitals may lose important sources of funding for clinical trials,[34] which will negatively impact patients and clinicians.
- Patient support programs that help improve patient access to medicines and provide various services may close, which could mean the health system would have to cover the additional costs for some of these medicines and services.

In sum, reduced access to new medicines will have long-lasting and negative effects on health outcomes of Ontarians and the province's health system.

---

[29] These case studies were shared with the Steering Committee on Guidelines Modernization in December 2018: http://www.pmprb-cepmb.gc.ca/view.asp?ccid=1378&lang=en

[30] Skinner B., *Consequences of over-regulating the prices of new drugs in Canada*, Canadian Health Policy Institute, 2018 : https://www.canadianhealthpolicy.com/products/consequences-of-over-regulating-the-prices-of-new-drugs-in-canada.html; and Ernst & Young report, *An assessment of Canada's current and potential future attractiveness as a launch destination for innovative medicines*, 2019: http://innovativemedicines.ca/wp-content/uploads/2019/02/2019_01_29_-IMC_PhRMA_LaunchSequencing_vFINAL3.pdf

[31] Skinner B., *Patented drug prices and clinical trials in 31 OECD countries 2017: implications for Canada's PMPRB*, Canadian Health Policy Institute, 2019: https://www.canadianhealthpolicy.com/products/patented-drug-prices-and-clinical-trials-in-31-oecd-countries-2017--implications-for-canada---s-pmprb-.html?buy_type=

[32] Lichtenberg F., *The Benefits of Pharmaceutical Innovation: Health, Longevity, and Savings*, Montreal Economic Institute, 2016 : https://www.iedm.org/files/cahier0216_en_0.pdf

[33] See: https://www.drugshortagescanada.ca/rws-search?perform=1

[34] Skinner B., *Consequences of over-regulating the prices of new drugs in Canada*, Canadian Health Policy Institute, 2018 : https://www.canadianhealthpolicy.com/products/consequences-of-over-regulating-the-prices-of-new-drugs-in-canada.html

These changes will also have a profound negative impact on the important research and life sciences industry in Canada, which is a major contributor to Ontario's economy. This sector supports 200,000 jobs and contributes $58 billion to Ontario's GDP.[35] The reform is also at odds with the **government's Ontario Open for Business Action Plan**, which aims to "eliminate red tape and burdensome regulations so businesses can grow, create and protect good jobs in the province."[36]

The results of a recent survey of decision-makers at Canadian and global pharmaceutical companies show the devasting impacts of the reform, especially in the areas of cancer, rare disorders and rheumatology. Specifically, nearly all survey respondents said:[37]

- products will not be launched in Canada (91%)
- product launches will be delayed in Canada (96%)
- clinical research investments in Canada will be negatively impacted (94%)
- employment in Canada will be negatively impacted (96%)

Dr. Jason Field, President and CEO of Life Sciences Ontario, has summarized the problems as follows: "*The (federal) government simply has not listened to the very serious concerns of the life sciences research community and industry, not to mention patient groups and Canada's largest provinces, about the flawed nature of the new regulations and the serious negative impact they will have*."[38]

Merck strongly encourages the Government of Ontario to ask the federal government to revisit its pharmaceutical pricing reform. There is a way of ensuring reasonable drug prices while maintaining a strong health research ecosystem and early access to innovative medicines in Canada. Adopting a more balanced approach to pharmaceutical pricing would benefit Ontarians, as it would allow continued access to the latest medicines, help attract investments in health research and clinical trials and help grow the biopharmaceutical ecosystem.

Recommendation #6 – *Contributing to building healthier and safer communities*

Support the development of a national "addressing the gaps" pharmacare program for Ontarians within a sustainable health system that maintains public and private drug insurance coverage.

Merck agrees with the need to address gaps in access to medicines while maintaining public and private drug insurance coverage when considering a national pharmacare program. Implemented properly, this program would benefit Ontarians by contributing to the province's economic productivity and competitiveness, which would help balance the provincial budget. Merck supports Health Minister

[35] Deloitte. Accelerating Prosperity: The Life Sciences Sector in Ontario. February 2019: https://lifesciencesontario.ca/wp-content/uploads/2019/03/LSO-Economic-Study_Final-Report_28FEB2019.pdf

[36] Ontario government press release, December 2018: https://news.ontario.ca/medg/en/2018/12/proposed-changes-to-create-jobs-and-reduce-regulatory-burden-in-specific-sectors.html

[37] Research etc., Interim Quantitative Report, December 2019: https://lifesciencesontario.ca/news/new-data-demonstrates-that-federal-price-controls-on-medicines-are-already-driving-decisions-to-delay-or-not-launch-new-therapies-in-canada-reduce-clinical-trial-investments-and-stall-compassionate-a/

[38] Life Sciences Ontario, *Future of life sciences research in Canada seriously threatened by federal government's new patented drug pricing regulations*, press release, August 9, 2019: https://lifesciencesontario.ca/news/future-of-life-sciences-research-in-canada-seriously-threatened-by-federal-governments-new-patented-drug-pricing-regulations/

Christine Elliott's position that a full overhaul of pharmacare is not needed and that we should focus instead on specific solutions (e.g., solutions focused on rare disease drugs).[39]

The current Ontario public-private insurance mix of drug coverage works by providing Ontarians the option to have the coverage they desire through private insurance plans while offering coverage for others through public plans. The presence of the large private component in drug coverage frees public money for improved public drug coverage and other important aspects of healthcare. The benefits of a public-private mix in providing drug coverage was recognized by the Ontario government's change of the initial OHIP+ program for Ontario youth from its initial public-only nature to restoring the choice and flexibility of beneficiaries to choose either private or public coverage.

As the federal government conducts discussions on national pharmacare, it will therefore be important to ensure that residents of Ontario do not lose their choice of private coverage through the implementation of any such national program.

Addressing current coverage gaps for patients while maintaining the dual system of public and private drug insurance will help minimize public spending and maximize the availability of funds to allow the Government of Ontario to cover a wider range of treatments for patients. It is particularly important for the provincial government to support a more fiscally prudent approach when it comes to national pharmacare, especially given the government's commitment and efforts to improve the province's fiscal situation and achieve a balanced budget by 2023-24.

[39] Gibson, V., *Elliott says Ontario doesn't want full pharmacare overhaul, urges focus on drugs for rare diseases*, IPolitics, November 21, 2019: https://ipolitics.ca/2019/11/21/elliott-says-ontario-doesnt-want-full-pharmacare-overhaul-urges-focus-on-drugs-for-rare-diseases/