



September 28th, 2018

Dr. Eric Hoskins
Chair
Advisory Council on the Implementation of National Pharmacare Secretariat
Brooke Claxton Building
70 Colombine Driveway
Ottawa, ON K1A 0K9

Dear Dr. Hoskins and members of the Advisory Council on the implementation of National Pharmacare,

On behalf of Novo Nordisk Canada Inc. (NNCI), I would like to thank you for the opportunity to provide comments to the Advisory Council on the Implementation of National Pharmacare. We commend you on the open and inclusive consultation process that has been ongoing since earlier this summer, ensuring that the voices of all impacted by National Pharmacare be heard.

Novo Nordisk is the world's largest diabetes company, manufacturing over half the global supply of insulin. While our global headquarters are in Copenhagen, Denmark, we have strong Canadian roots. Novo Nordisk was established in 1923 after the founders, August and Marie Krogh, met with Dr. Frederick Banting and the University of Toronto team that discovered insulin. This led to an agreement to manufacture this life saving medication in order to make it accessible to patients. Since then, Novo Nordisk has been committed to finding a cure to diabetes, and in Canada, our 300+ employees serve Canadians daily by delivering vital medicines in diabetes, obesity, hemophilia and other severe chronic diseases. Beyond providing life-saving medicines, Novo Nordisk has worked to improve the quality of life for those living with these chronic diseases.

By way of this letter, you will find five key considerations when developing a National Pharmacare strategy. Those recommendations are based on my personal experience as an executive in our global headquarters, overseeing the innovative treatments launch sequence decisions, as well as the allocation of investment and resources globally on behalf of Novo Nordisk A/S. Further, this insight builds on the input that my colleagues and I have provided during the roundtables consultations.

National Pharmacare key considerations

1. Build on what is currently working and focus on improved patient outcomes:

Most notably, and as an over-arching theme, the importance of keeping Canada a "Tier 1" launch country for innovative therapies cannot be emphasized enough. At present, Canada holds this status among most innovative biopharmaceutical manufacturers, which means that we are one of the first countries in the world to launch new therapies, thereby providing Canadians with early access to innovative medical advances. Many of the European single payer markets have to wait several years to get the same product, and even direr, single-mindedly cost-driven markets such as Australia and New Zealand are often passed over altogether. This enviable position of Tier 1 status comes from the fact that half of our population sources their drugs through private insurance. This provides early experience and revenues for innovators, which in turn, enables an opportunity to offer significant rebates to the

public sector via negotiations with the pan-Canadian Pharmaceutical Alliance (pCPA). For patients, access to these treatments has the potential to significantly improve and save lives; for employers, this ensures a healthy, productive and competitive workforce, and for the healthcare system, and therefore, early commercialisation of these innovations allows reducing the fiscal burden on the public drug budget, but mostly realizes savings in the overall system down the line¹. Maintaining Tier 1 launch status will also ensure that Canada continues to be an attractive market for investment, including clinical trials and other forms of economic activity, currently valued at over \$19 billion per year².

A National Pharmacare that allows for a thriving innovative Canadian market will be able to deliver on its core objective: achieve improved access and deliver better health outcomes to all Canadians. If today, most Canadians enjoy extensive medication coverage through the mix of private insurance and public drug plans³, some Canadians, mostly vulnerable ones, fall between the cracks due to either a lack of coverage, unaffordable deductibles or co-pays, or a lack of education and access to the already existing government-funded programs. National Pharmacare should seek to build on the successes of the current system by focusing on expanding the breadth and quality of coverage in Canada, while ensuring to elevate access to the right treatment at the right time, with the right follow-up. While reducing the costs of pharmaceuticals in isolation is an honourable objective at first glance, National Pharmacare has a unique opportunity to shift the thinking towards a “Value-based healthcare” mindset; that is, seeking to improve health outcomes while significantly driving down the cost of delivering these outcomes compared to the status quo. To do so, a truly patient-centric model is required, whereby the healthcare delivery model rewards providers, hospitals, physicians and drug innovators based on achieved patient health outcomes⁴. By focusing on outcomes delivery and maintaining a combination of private and public coverage that fills the existing gaps, it will prevent a significant transfer of cost to the provincial healthcare budgets while preserving Canada’s Tier 1 status.

2. **Support, enable and foster innovation:** With recommendation 1 in mind, National Pharmacare should act as an enabler of innovation in the Canadian pharmaceutical market. An optimal implementation would allow for the recognition, by all government agencies, of the value of innovative medicines and their positive outcomes well beyond their impact on the drug budget. Such an approach would encourage an early and timely adoption of proven innovative health technologies, and will promote their appropriate use along the continuum of care. In addition, the value of incremental innovation in the field of chronic diseases should be recognized and adopted. In the diabetes space, over the past 100years, incremental innovation in insulin has led to significant health and safety improvements for people living with diabetes. The implementation of Pharmacare should provide the opportunity to periodically re-assess the available treatments for chronic diseases, to ensure that the technologies providing the best outcomes are made available to Canadians. In

¹ Conference Board of Canada Report Reducing the Health Care and Societal Costs of Disease: The Role of Pharmaceuticals <https://www.conferenceboard.ca/e-library/abstract.aspx?did=5598>

² Ernst & Young, Innovative Medicines Canada Data Analytics and Members’ Economic Footprint and Impact in Canada, 2017: http://innovativemedicines.ca/wp-content/uploads/2017/10/20171030_EY-REPORT_IMC_FINAL.pdf

³ Understanding the Gap. A Pan-Canadian Analysis of Prescription Drug Insurance Coverage. December 2017

⁴ <https://catalyst.nejm.org/what-is-value-based-healthcare/>

the case of the 3.5 million Canadians currently living with diabetes⁵, this will also ensure the best value, as measured by improved health outcomes, for the investment being made by governments in treating the disease.

3. **Adopt a long-term mindset:** The current healthcare system is mostly built to address acute care; however the prevalence of chronic diseases is ever-increasing. This requires developing fit-for-future solutions that will provide better quality care over sustained periods of time. To that end, Pharmacare should be intrinsically entrenched in the broader healthcare system so that health technologies become an integral part of healthcare delivery, patients' recovery as well as chronic diseases management. This requires implementing a sustainable and responsible funding system that will encourage new payment models for the broader healthcare system as well as find ways to remove silos at all levels of healthcare delivery and funding.
4. **Coordinate efforts to achieve more affordable medicines:** In an effort to make drugs more affordable to Canadians, the government is looking at updating a set of regulations regarding the Patented Medicine Prices Review Board (PMPRB). Described as a "paradigm shift", these changes, as proposed, will bring a high level of unpredictability and add several layers of complexity to an already complex environment. Using drastic regulations to drive down prices will potentially have drastic consequences for Canadian patients, by delaying or altogether eliminating access to innovative technologies. It will also deter private investments in the life sciences sector. In addition, Health Canada has engaged in a set of modernization programs that will impact the way drugs are being brought to Canada over time. Rather than a stand-alone program, National Pharmacare needs to be considered as part of a holistic dialogue on the future of the healthcare system. Instead of imposing radical regulations on an already heavily regulated industry, Pharmacare has the opportunity to achieve the government's objective, i.e. making drugs more affordable to Canadians, by building on its success with the pCPA and by further engaging in negotiations with the industry to secure high-value commercial terms. The solution proposed by the Advisory Council should clearly focus on today's and tomorrow's most vulnerable Canadians, and strive to decrease these inequities in drug access for these patients.
5. **Find trustworthy partners in the life sciences industry:** Our final recommendation is directly drawn from our Danish experience. Ten years ago, Denmark decided to embark on the mission of improving healthcare delivery and healthcare outcomes for their citizens. Along the way, the Danish government decided to not only reorganize its care delivery into excellence centers, but also to develop a long-term, trustful relationship with industry partners (innovative medicines manufacturers, medical technologies, start-up, etc.). Successful Private-Public projects include the Steno Diabetes Center⁶ - of which the Novo Nordisk Foundation was a founding partner - or the initial development of a digital health platform that was later given to the government and has now become the backbone of Danish citizens' medical records. This set of partnerships and changes has also elevated Denmark to becoming one of the leading nations in the delivery of

⁵ Diabetes Québec & Canadian Diabetes Association, "Diabetes: Canada at the Tipping Point - Charting a New Path" (2011), online: <http://www.diabetes.ca/CDA/media/documents/publications-and-newsletters/advocacy-reports/canada-at-the-tipping-point-english.pdf>

⁶ <https://www.sdcc.dk/>

healthcare⁷. It is Novo Nordisk's strong belief that striking this kind of open, honest and trustworthy relationship with the Canadian federal and provincial governments will allow us to find long-term, sustainable and feasible solutions to improve healthcare delivery for all Canadians. Industry partners have a role to play in supporting the government in achieving a better and more equitable healthcare system for all Canadians. It is our hope that the Canadian government in turn considers us as partners.

Denmark and Canada share many values, including a focus towards finding innovative and sustainable solutions to the issues facing our society. We hope that these recommendations will serve as a guide and inspiration not only for your final report but mostly for a system that will stand the test of time to deliver sustained better outcomes to both Canadians and their healthcare system.

I am more than willing to make myself available as a resource to you. As a Canadian who spent several years working at the global headquarters of a global biopharmaceutical company, I can tell you firsthand how pricing and investment decisions are made. I have also witnessed the impact of losing "Tier 1" status in different markets around the world, a situation that is absolutely not in the best interest of Canadians.

Thank you for the opportunity to pursue this dialogue and we look forward to continuing our collaboration.

Sincerely,



Brian Hilberdink

President
Novo Nordisk Canada Inc.

⁷ <https://www.inera.se/globalassets/aktuellt/moten-och-evenemang/konferens-sammanhallen-journal/6a-e-health-in-denmark.pdf>