



REPORT

International
Pricing and
Canada's
Generic
Prescription
Medicines

November 2023

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Data from EVERSANA's NAVLIN database shows that public prices for generic medicines that are benefits on provincial drug benefit plans in Canada are **45% lower than in the PMPRB11** comparator countries (weighted median).

These prices are available to all payers in Canada — government drug plans, employer sponsored drug plans, and Canadians who pay out-of-pocket for their prescriptions.*

Foreword

Canada's generic pharmaceutical industry supports improved access to prescription drug coverage for all Canadians. The pCPA / CGPA Agreements negotiated with Canada's provinces, territories and federal government continue to save Canadians billions of dollars in healthcare costs and Canadian generic drug prices are internationally competitive.

In 2022 (Q4), CGPA commissioned an international pricing analysis using the NAVLIN Global Database by EVERSANA. The parameters of the study and the results of the research are outlined in this report.

Also highlighted are the details of the pCPA/CGPA pricing agreement, the value of a resilient domestic industry and the actions needed to protect the supply of prescription medicines for Canadian patients.

*Prices apply to medicines that are benefits on public drug plans. Not every public drug program in Canada covers the same medicines. Pharmacy markups may vary.



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STUDY | Objective and Analysis

Objective:

To analyze how the Canadian generic pricing market compares to a basket of foreign markets (PMPRB11) which Canada leverages for pricing regulations.

Analysis:¹

- PMPRB11 vs. Canada ex-factory price ratio
- PMPRB11 vs. Canada public pricing ratio



EVERSANA®

Based in Milwaukee, Wisconsin, USA, **EVERSANA** has 40 locations worldwide and is a leading provider of global consulting, market research and data services to the life sciences sector. The agency works with more than 670 organizations, including innovative start-ups and established pharmaceutical companies.

NAVLIN by EVERSANA is a single, integrated platform and the industry's most comprehensive database of global pricing and market access intelligence.

Note:

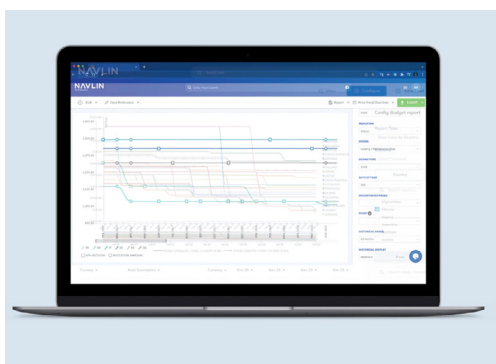
1. PMPRB11: Canada | Australia, Belgium, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, and the United Kingdom

EVERSANA | NAVLIN Global Database



The NAVLIN database is networked across more than 100 countries worldwide with more than 650+ global sources which are monitored daily for prices, HTAs and policy and tendering data.

The system has less than 24 hours speed for updates made from the time of publication with 5.5 million price points and 99.8% data accuracy.



PUBLIC PRICING

The **NAVLIN** data sources contain both the ex-factory and public pricing of generic prescription medicines.

The use of public pricing is the most accurate way to compare Canadian prices versus international comparator countries, because the public price is the actual and final price that is paid in these markets.

The use of public pricing is therefore the most appropriate pricing source for public policy makers to use when implementing new policies and regulations that impact generic drug pricing.

The use of ex-factory pricing has limitations, among them that the reported prices may not reflect the prices the consumer paid or what public and private plans reimbursed.

The next page describes the limitations inherent in using ex-factory pricing found in databases such as IQVIA MIDAS.®

PMPRB | IQVIA MIDAS® Database

The PMPRB's international price analyses use IQVIA data (MIDAS® database), which represents estimated manufacturers' ex-factory prices. **The IQVIA MIDAS® database may not provide prices paid by payers in these markets.**

In the PMPRB/NPDUIS's [Generics360 - Generic Drugs in Canada, 2018](#) (published 2019) the authors cite the limitations of the IQVIA MIDAS® Database used to compare Canada's generic prescription prices to international prices. **Among the limitations are:**²

- ▶ The international prices available in the IQVIA MIDAS® Database are estimated manufacturer ex-factory list prices.
- ▶ These prices may be different from other price points in the distribution chain, such as wholesaler or pharmacy retail prices. **Therefore the reported prices may not reflect the prices the consumer paid or what public and private plans reimbursed.***
- ▶ The methodology that MIDAS uses for estimating prices varies by country. It depends on the distribution system and the availability of public data at various points in the distribution chain.

- ▶ Canadian data is based on the national market and includes sales in the public, private, and out of pocket market segments. While public plans cover a broad range of generic medicines, the private sector may cover generics not reimbursed by public plans or prices that fall outside the provincial policies.
- ▶ This report does not measure the extent to which generic prices differ among provinces and payers. Provincial generic pricing policies may not be fully reflected in this report due to the nature of the national level analysis and the broad basket of generics included in the analysis.



2. PMPRB / NPDUIS Generics360 - Generic Drugs in Canada, 2018 (published 2019), page 4

* emphasis added.

NAVLIN STUDY | Results

Outcomes from Weighted Pricing Analysis

	Ex-Factory Pricing Analysis	Public Pricing Analysis
	PMPRB11 vs. Canada Price Ratio	PMPRB11 vs. Canada Price Ratio
MEAN	1.00272	1.55606
MEDIAN	0.93480	1.44815

How to Interpret Price Ratios: If the PMPRB11 vs. Canada Price Ratio is 1.44815, this means that average prices in Canada are ~45% lower than the average prices in the PMPRB11.

Ex-factory Price: Strength unit price at which the manufacturer sells the product to the wholesaler.

Public price: Price from the pharmacy to the patient (i.e., ex-factory price plus distribution margins / markups.) It does not include dispensing fees.

Price Selection: Prices were selected using the most common strength of each molecule. Strength per unit was leveraged as the price due to different fill sizes across markets. The strength per unit price was also leveraged in the pricing analysis for both Ex-Factory and Public Price points (current prices as of Oct '22).

Prices Excluded: All pricing in a given country for a molecule was excluded from the analysis if that country did not have both an ex-factory price and a public price (United Kingdom was excluded for all analyses).

Exchange Rate: All prices are in USD | AUD → USD 0.6471, EURO → USD 0.9805, CAD → USD 0.7296, JPY → USD 0.0069, NOK → USD 0.0928, SEK → USD 0.0904, GBP → USD 1.123.

PMPRB 11

	Australia
	Belgium
	France
	Germany
	Italy
	Japan
	Netherlands
	Norway
	Spain
	Sweden
	United Kingdom

These generic molecules represent 52% (\$3.1B) of the total annual generic spend in Canada (IQVIA drugstore: \$5.95B)

pCPA / CGPA | Pricing Agreement

In Canada, prices of generic pharmaceutical products are controlled through the **pan-Canadian Pharmaceutical Alliance (pCPA) Tiered Pricing Framework** and provincial / territorial legislation, regulation and policy.

Since 2014, the pCPA Generics Initiative has provided billions of dollars in savings to participating jurisdictions, employers that sponsor drug plans for their employees and Canadian patients. It has also provided much-needed market stability and predictability for generic pharmaceutical manufacturers attempting to operate in the fractured Canadian market.

A renewed three-year pricing initiative for generic drugs came into effect on October 1, 2023.

According to pCPA, previous joint efforts between pCPA and CGPA have resulted in savings of more than \$4-billion to participating drug plans over the past ten years, which will only continue to grow over the course of this new pan-Canadian agreement.

Because the prices negotiated by pCPA and CGPA are transparent and available to all payers in Canada, the additional savings to employer-sponsored drug plans and Canadian patients are estimated to be equal to that of Canadian governments.

pan-Canadian Tiered Pricing Framework



The most commonly prescribed generic prescription medicines are available at up to 90% off the price of the brand-name.

These medicines are used by millions of Canadians every day to treat conditions such as high blood pressure, high cholesterol, and depression.

pan-Canadian Molecules



DOMESTIC | Industry Savings

According to data from IQVIA, generic prescription medicines are dispensed to fill 75 percent of all prescriptions but account for only 22 percent of the \$39-billion Canadians spend annually on prescription medicines. Every day in Canada, an average of 2.2 million prescriptions are dispensed using generic medicines.

In Canada, the use of generics translates to savings of more than \$37-billion annually or more than \$2,500 in savings per household. As of 2022 the average price of a brand-name prescription had climbed to \$125.77, while the average price of a generic prescription is only \$22.33.

As these data clearly illustrate, the use of generic prescription medicines is key to the affordability of prescription drug coverage for Canadians.

Some of the most prescribed generic medicines are priced at a 90 percent discount off the price of the brand-name drug. That means up to 10 patients can be treated for the cost of treating one patient with the brand-name version.

CGPA also points out that the **Final Report of the Advisory Council on the Implementation of National Pharmacare** recommended mandatory generic substitution policies to encourage patients and prescribers to choose the most cost-effective therapies. It also recommended increasing patient and prescriber awareness about the equivalency of generic and brand-name prescription medicines.

75.0 %

Generics make up 75% of all prescriptions filled in Canada, but only cost 22% of all the money spent on prescriptions.

2.2 M

Every day in Canada, an average of 2.2 million prescriptions are dispensed using generic medicines.

37B \$

The use of generics translates to savings of more than \$37-billion annually.



Strategies such as charging lower co-payments for generic equivalents and addressing the negative impact of brand-name coupon cards are also important initiatives that were supported in the Council's report.

SUPPLY | Prescription Medicines

In Canada, generic prices are set as a percentage of the brand reference price through the pCPA Tiered Pricing Framework and provincial / territorial drug benefit plan rules. Given that generic prescription medicines are dispensed to fill three quarters of all prescriptions in Canada, further price cuts to generic pharmaceutical products in Canada will threaten the supply of medicines upon which Canadians rely.

In addition, due to inflation and the lack of a CPI price increase mechanism for generic prescription medicines in Canada, net prices for Canadian generic pharmaceutical manufacturers have been effectively cut by 13.1 percent over the past seven years.

Action Needed to Protect the Supply of Prescription Medicines for Canadians

There are increasing concerns worldwide, including in Canada, about the state of the prescription medication supply. It is the view of CGPA and its member companies that governments need to be more attentive to this growing issue.

In Canada, there have been 2,462 discontinued products reported since 2017, an alarming figure that should serve as a wake-up call to policy makers in Canada since the discontinuations are often a direct result of the inability to economically produce prescription medications in this country.

Similarly, in the European Union, it has been reported that 26 percent of generic medicines, 33 percent of antibiotics and 40 percent of cancer medicines are no longer available in European markets.

And in the United States, the lack of supply of generic medications, including for chemotherapy, is a growing concern. In fact, the U.S. government has assembled a team to find long-term solutions for shoring up the

pharmaceutical supply chain, at a time when the United States remains heavily reliant on medicines and drug ingredients from India and China. This is a clear demonstration that the U.S. government is taking the concerns so seriously that it considers the precarious supply chains that go into producing pharmaceuticals to be a national security concern.

Canada's reliance on active pharmaceutical ingredients from China and India, where production is far cheaper, is a growing concern in this time of geopolitical instability and increased diplomatic tensions. According to a February 2022 study by consulting firm **EY Canada**, almost all active pharmaceutical ingredients are imported into Canada, with 60 percent from China and India.

In June 2023, the federal government announced that **Health Canada has launched a consultation with Canadians** on how the government and its stakeholders and partners can better prevent and mitigate shortages of drugs and other health products, along with a series of stakeholder roundtables. This action is welcome, but must be coupled with real recognition of the economic factors behind these shortages.

The EY Canada study also shows that the number of generic medicines domestically produced has declined by 35 percent since 2019. Further price cuts will threaten Canada's ability to manufacture prescription medicines on Canadian soil, which runs counter to the objectives of the Government of Canada's Life Sciences and Biomanufacturing Strategy.

TENDERING | Risks to Supply

While CGPA supports efforts to improve drug coverage for Canadians, we caution about the pursuit of risky tendering schemes, such as those employed in jurisdictions such as New Zealand, with unknown savings results that could threaten the current and future supply of cost-saving generic pharmaceutical products in Canada.

By limiting the number of suppliers for a given medicine, tendering increases the risk of drug shortages and could lead to higher prices in the long-term as manufacturers are forced out of the market.

Tendering Will Lead to Less Domestic Drug Manufacturing and Threaten Supply

A study published in [CMAJ Open](#) on August 31, 2020 conducted by a team at the Centre for Health Evaluation and Outcome Sciences found that it was more likely for a drug to be in shortage in Canada if only one company was supplying the market.

In addition, pricing mechanisms such as tendering remove the incentive for generic pharmaceutical manufacturers to challenge weak and frivolous patents and bring new cost-saving generic prescription medicines to market.

Care must be taken to ensure that the most meaningful potential benefits of enhanced drug coverage for Canadians are not overshadowed by pricing schemes that reduce the current and future availability of cost-saving generic and biosimilar medicines. Any changes must be about improving patient access, care and outcomes, and ensuring a stable and reliable supply.



CONCLUSION | Moving Forward

In Canada generic prescription medicines are used to fill 75 percent of all prescriptions but account for only 22 percent of the \$39-billion Canadians spend annually on prescription medicines.

According to pCPA, previous joint efforts between pCPA and CGPA have resulted in savings of more than \$4-billion to participating drug plans over the past ten years, which will only continue to grow over the course of the new pan-Canadian agreement.

Policy makers should be cautious when evaluating Canadian generic pricing levels with international comparators, and ensure emphasis is placed on relevant and appropriate data sources.

The use of public pricing is the most accurate way to compare Canadian prices versus international comparator countries because the public price is the actual price that is paid by governments, privately sponsored plans, and Canadians who pay out-of-pocket for their prescriptions.

Canadian generic drug prices are internationally competitive. The data from EVERSANA's NAVLIN database shows that public prices for generic medicines that are benefits on provincial drug benefit plans in Canada are 45% lower than in the PMPRB's 11 comparator countries (weighted median).

The results clearly demonstrate that drug prices paid by Canada's public payers are significantly lower than public pricing in international comparator countries. Policy makers must recognize these results when making decisions related to generic pricing that may threaten Canada's access to prescription drugs.



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CGPA

Appendix | NAVLIN Study Sources & Methodology

Data Source by Country (PMPRB 11)

Country	NAVLIN	PMPRB
Australia	Pharmaceutical Benefits Scheme (PBS)	Pharmaceutical Benefits Scheme (PBS)
Belgium	Belgian Center for Pharmacotherapeutic Information (CBIP) National Sickness and Disability Insurance Institute (INAMI)	National Sickness and Disability Insurance Institute (INAMI)
Canada- Ontario	Ontario Drug Benefit Formulary (ODBF)	PMPRB data sources
France	Health Insurance Fund	VIDAL
Germany	Lauer Taxe	Lauer Taxe
Italy	CODIFA Gazzetta Official Italy Italian Medicines Agency (AIFA)	CODIFA
Japan	Japan Pharmaceutical Information Center (JAPIC) KEGG database	List of NHI price standard listed items
Netherlands	Health Care Insurance Board (CVZ)	G-Standard
Norway	Norwegian Medicine Agency (NoMA)	Norwegian Medicine Agency (NoMA)
Spain	BotPlus (General Council of Official Associations of Pharmacists) Spanish Ministry of Health	List of NHI price Spanish Ministry of Health
Sweden	Apoteket The Dental and Pharmaceutical Agency (TLV)	The Dental and Pharmaceutical Agency (TLV)
United Kingdom	NHS Business Services Authority (NHSBSA)	Monthly Index of Medical Specialties (MIMS)



Appendix | NAVLIN Study Sources & Methodology

Molecule Selection Methodology

1,427 Products	Filter 1: Pull list of molecules with the following criteria: (1) generic, (2) orally administered, (3) launched prior to Oct '21, and (4) in all markets of interest
1,229 Products	Filter 2: Filter product list to only include the following formulations: (1) Tablets and, (2) Capsules
329 Products	Filter 3: Filter product list to only include molecules that are publicly reimbursed in Canada, NAVLIN captures reimbursement prices through CADTH and ODB database
224 Products	Filter 4: Filter product list to only include molecules that are available within Canada and at least 2 other PMPRB11 countries, and share the same "strength" across markets
217 Products	Filter 5: Filter product list to only include molecules that have (1) ex-factory and (2) public pricing.



Appendix | NAVLIN Study Sources & Methodology

Pricing Analysis Methodology



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PRODUCTS

Step 1: Pulled all prices by SKU (Stock Keeping Unit);

Step 2: Calculated the average price of each generic in the corresponding country (this was due to multiple manufacturers launching the product);

Step 3: Calculated the average international price of each generic based on PMPRB11 for the 2 price types (ex-factory and public pricing);

MEAN:

Step 4: Calculated the pricing ratio of PMPRB11 vs Canada for each generic by dividing the average price of the generic's PMPRB11 price by the average price of Canada;

Step 5: Leveraged the annual sales per generic to calculate the market share per generic. An overall mean foreign-to-Canadian price ratio was produced using a weighted average, by annual sales, of individual product price ratios.

MEDIAN:

Step 6: Median was calculated in a similar way as the Mean. After step 3, the median international price was calculated for PMPRB11 for a given product;

Step 7: Calculated the median pricing ratio of PMPRB11 vs Canada for each generic by dividing the median price of the generic's PMPRB(11) by the median of Canada;

Step 8: An overall median foreign-to-Canadian price ratio was produced using a weighted average, by annual sales, of individual product price ratios.