

**MINISTRY OF HEALTH
INFORMATION BRIEFING NOTE**

Cliff #933448

PREPARED FOR: Honourable Michael de Jong, QC, Minister-**FOR INFORMATION**

TITLE: BIO Conference with Pharmaceutical Companies in Boston - June 18-20, 2012.

PURPOSE: Additional background information to be included as part of the Minister's Briefing binder prepared by the Ministry of Jobs, Tourism, and Innovation.

BACKGROUND:

The Ministry of Jobs, Tourism, and Innovation (JTI) has prepared an Information Briefing Note for the Minister of Health (Appendix 1). Details on the health and life sciences sector, including investments in BC, are covered as well as additional information for each pharmaceutical company (Appendices 2-10). CETA/IP is covered in Appendix 11 and Drug Shortages is Appendix 12.

The following provides additional information of issues facing large pharmaceutical companies identified by the Pharmaceutical Services Division, Ministry of Health.

DISCUSSION:

Threat of Generics - Large pharmaceutical companies are facing a reduced business climate brought on by the loss of patent exclusivity to their "blockbuster" drugs, and the resulting generic competition, on widely prescribed, high sales volume drugs. Examples include atorvastatin in 2011 (Lipitor[®] from Pfizer) and rosuvastatin (Crestor[®] from AstraZeneca), both cholesterol lowering agents, and most recently antiplatelet agent clopidogrel (Plavix[®] from Bristol-Myers Squibb and Sanofi).

In response to the loss of business due to generic competition, brand name pharmaceutical companies have shifted focus to new therapeutic areas and more specialized medicine in which fewer patients may benefit from treatment, but the price and resulting sales margin is much higher than traditional prescription drugs. Some of these products are acquired through licensing or acquisition of biotech companies.

Biologics and Increasing Product Prices - Newer, more complex agents made from biological processes ("biologics") have replaced traditional small molecule drugs. Infliximab (Remicade[®] from Janssen), a biologic that treats rheumatoid arthritis and Crohn's disease has replaced atorvastatin as PharmaCare's highest expenditure drug, with 2011/12 expenditures of approximately \$43 million.¹

The availability of these new classes of expensive pharmaceuticals presents a challenge to public and private drug plans which must balance limited budgets and the need to maintain access and equity for all plan members. For comparison, some drugs considered Expensive Drug for Rare Diseases (EDRD) may cost \$200,000 to more than \$500,000 per patient per year, as compared to typical biologic products (which may cost \$15,000 to \$25,000 per patient per year) or other typical drugs which costs BC PharmaCare \$1,000 per patient per year.

¹ Policy, Outcomes Evaluation and Research Branch, PSD June 12, 2012.

