



# MARKET INSIGHTS

## Beyond 2011



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### QUEBEC UPDATE

Quebec is undergoing its own transformation. This article highlights the changes and the implications for pharmaceuticals.

### INESSS

As of January 19, INESSS (French acronym for National Institute in Excellence for Health and Social Services) replaces the Conseil du médicament and AETMIS (Technology Assessment Bureau). Inspired by the National Institute of Health and Clinical Excellence (NICE) in the UK, this new government body is responsible for:

- Assessing clinical benefits of drugs, technology and social services
- Recommending to the health minister amendments to the drug formulary such as listing new drugs
- Developing and broadcasting clinical guidelines after or in consultation with healthcare professionals

The development of clinical guidelines adapted to the Quebec environment may lead to more restrictive listing in the future. Stay tuned.

### BAP 15: Is it safe?

The Quebec government instituted a series of pro-BioPharma policies including the “Fifteen Year Rule” commonly referred to as BAP15. With BAP 15, brand name products are reimbursed at the brand name price for 15 years after the product is first listed on the RAMQ formulary, even if a generic becomes available. In essence, the government and private payers will pay for either product.

In 2005, it was estimated that BAP 15 cost the Quebec government \$31 million. The incremental tax revenues generated by the BioPharma sector and the multiplier effect on the Quebec economy more than compensated for the cost of this program.

The patent cliff on brand name products and a progressive erosion of generic prices to a level of 25%

of brand by April, 2012 will increase the cost of supporting BAP 15.

The Minister recently estimated that the cost of BAP 15 delta to Quebec was \$169 million in 2009. Given the reduction in generic prices and value of patent cliff products, Pangaea estimates the delta to soar to over \$500 million by 2013. We do not believe that BAP 15 is sustainable either politically or financially. You may want to check your 2013 strategic plan assumptions. However, with the CETA (Comprehensive Economic and Trade Agreement) negotiations continuing with Europe, the need for BAP 15 may be more of an academic discussion than a pragmatic one.

The CETA negotiations continue to progress and could be signed and ratified by the end of 2011. The net result for Brand Pharma may be an extension of data protection and an extension on patent terms. This may provide the case for the Quebec government to discontinue this “Fifteen Year Rule.”



## Quebec Primary Care Reform

Last November, Health Minister Bolduc released a 5-year strategic plan. Among the priorities set by the Minister is greater access to primary care (the goal is to cover 70% of the population). The key

objectives are:

- Establish a network of 300 GMF (Family Health Teams) with increased presence and collaboration of other healthcare professionals and deployment of Primary Care Nurse Practitioners
- Increase the basket of services

and time spent for home care for the elderly

- Faster access to a specially trained nurse in oncology for newly diagnosed patients. **CPM**

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