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Sylvie Dupont
Secretary
Patented Medicine Prices Review Board
sylvie.dupont@pmprb-cepmb.gc.ca


Dear Ms. Dupont:

Thank you for the opportunity to take part in the PMPRB consultation process. Below please find my responses to the questions posed by the Board. My remarks are confined to the Reasonable Relationship Test as it applies to the introduction of a new lower strength drug product. The Board should revert back to its original position and require the price of the new product to be proportional to that of a higher strength product already being sold in Canada, rather than allowing the lower strength to be priced as high as the higher strength.

Research that I have done shows that when companies introduce new drugs at multiple strengths they only use flat pricing (the price does not vary with the strength) if there are other similar products already on the market that already use flat pricing. If there are no comparable products on the market then companies preferentially use monotonic pricing (the price increases at the same rate as the strength increases). The use of monotonic pricing makes it more difficult for provincial drug plans to predict expenditures. In the case of just two products in Ontario substantial savings would be possible if flat pricing was used. Olanzapine, a drug with perfect monotonic pricing, cost the Ontario Drug Benefit Program \$79 million in 2005–2006 and amlodipine with a price ratio of 0.48 generated spending of \$107 million over that same period.

I have enclosed a prepublication version of my study on this issue for the Board to examine.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joel Lexchin', written in a cursive style.

Joel Lexchin MD