

C O M M U N I Q U É

OTTAWA, June 22, 2006: The Minister of Health, the Honourable Tony Clement, tabled the 2005 Annual Report of the Patented Medicine Prices Review Board (PMPRB) in Parliament yesterday.

The report provides detailed information on: sales and price trends of all medicines in Canada, including international comparisons; patentees' compliance with the Board's Guidelines on Excessive Prices; enforcement activities; patentees' R&D spending; and various studies.

In summary, for 2005, total sales of all medicines amounted to \$16.1 billion. This represents a slight increase, 1.3%, over 2004, and is the lowest rate of growth in the last fifteen years. Manufacturers' prices of patented drugs, as measured by the Patented Medicine Price Index (PMPI), increased on average by 0.8% in 2005. The ratio of Canadian prices to the international median for comparator countries was again below parity, with Canadian patented drug prices being on average about 92% of the corresponding median international price.

Sixty-six new patented drug products were reported to the PMPRB in 2005 – 16 drugs were new active substances, bringing the total of patented medicines under the Board's jurisdiction to 1,109 in 2005. Enforcement activities also increased with the Board approving eight Voluntary Compliance Undertakings. The Board completed its hearing in the matter of LEO Pharma Inc. and the price of the medicine Dovobet. Furthermore, the Board issued four Notices of Hearing in early 2006.

Patentees reported total R&D expenditures of \$1.23 billion in 2005. R&D-to-sales ratios increased slightly from 2004 – 8.7% for all patentees and 8.8% for Rx&D members. A total of \$215.1 million was spent on basic research. While it represents 18.2% of current R&D expenditures, spending on basic research decreased by 3% from 2004.

Consultations on the review of the *Patented Medicines Regulations, 1994* were initiated to streamline the price review process and increase efficiency. Proposed amendments were published in the *Canada Gazette*, Part I, on December 31, 2005. With the participation of stakeholders, the Board also reviewed the issue of price increases for patented medicines. As a result, more pressing issues related to the review of introductory patented drug prices were identified and are currently the subject of further consultations.

In November 2005, the PMPRB received direction from the federal Minister of Health to monitor and report on non-patented prescription drug prices. The first report will be published in the coming weeks. In addition, a total of four studies under the National Prescription Drug Utilization Information System were published over the last eighteen months.

The PMPRB's work in 2005 builds on the solid foundation achieved in the past and through our continuing commitment to effectiveness, transparency and consumer protection. The initiatives undertaken in 2005 have set the course for the PMPRB's activities and priorities for the next year.

The 2005 Annual Report of the PMPRB is available on its Web site.

Reference: Sylvie Dupont, Secretary of the Board

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