

# Resignations at Canada's drug pricing panel raise independence questions

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A member of Canada's drug pricing regulator has resigned, stating the federal government has undermined the independence and credibility of the organization.

Dalhousie University health law expert Matthew Herder's resignation from the Patented Medicine Prices Review Board (PMPRB) comes after reports of federal interference in the arms-length regulator's work and the resignation of its acting chair late last year.

Following Herder's resignation, PMPRB executive director Douglas Clark also stepped down after almost a decade

the government, I no longer believe it is possible to serve the public good in this role," Herder stated.

The prices of patented medicines in Canada are among the highest in the world, trailing only the United States and Switzerland, Herder noted. Meanwhile, since 2002, the pharmaceutical industry hasn't kept its promise to reinvest 10% of Canadian sales in research and development in exchange for stronger patent protections.

Herder also decried the government's failure to follow through on its own reforms to lower drug prices.

Last year, the federal health minister announced that most of the reforms would be dropped, except for changes to the list of comparator countries.

That change alone was still forecast to slash drug spending by 19%, saving Canadians \$3 billion annually. However, consultations on guidelines to effect the change were halted shortly before they were due to conclude in December 2022.

Around the same time, *Reuters* reported that Innovative Medicines Canada, the group representing Canada's brand-name pharmaceutical industry, proposed to spend \$1 billion on local manufacturing, commercialization, and programs to improve access to drugs for rare diseases if the government shelved the pricing reforms.

Documents obtained by *The Breach* revealed that Duclos intervened on behalf of "stakeholders" to request the PMPRB suspend consultations following a flurry of lobbying activity by Innovative Medicines Canada.

A few days later, Mélanie Bourassa Forcier resigned from her position as acting chair of the PMPRB, and a decision was made to delay the new guidelines indefinitely, although it is unclear who made that call.

No press release or announcement was made, but at some point the PMPRB's website was updated to state that the new guidelines would not be implemented in January 2023, with no further details on the next steps.

Bourassa Forcier stated on Twitter that she was seeking legal advice before speaking about the reasons for her departure.

According to Herder, the government's request that the PMPRB suspend its

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at the drug pricing panel. Clark will stay on as a special advisor for a transition period. A staffing process to appoint his successor will launch shortly.

"It's time to let new leadership take a crack at advancing the public interest," Clark stated. "It was the best of times and the worst of times."

In an open letter to health minister Jean-Yves Duclos, Herder criticized the government's failure to curb excessive drug prices or ensure that the pharmaceutical industry meets its research and development commitments.

"In view of recent events, in particular, the lack of support from your office and

In 2017, the Liberal government pitched that it would save nearly \$13 billion in drug spending over 10 years, namely by changing the list of countries used to determine if Canada's prices are too high and by allowing the PMPRB to consider in their calculations the confidential rebates companies give to some jurisdictions, as well as the market value of a given drug.

However, Herder said the government repeatedly delayed bringing the regulations into law and failed to defend them effectively against a series of legal challenges, including failing to appeal a Quebec ruling that declared parts of the pricing reforms to be unconstitutional.

consultations undermined the drug pricing panel's credibility and interfered with its role as an independent arm's-length tribunal.

Health Canada told *CMAJ* that Duclos wrote to the chair of the PMPRB to share his views as part of the consultation process, and Health Canada also provided a submission to the PMPRB in that context. The statement also stressed the government's support for the PMPRB as a "strong, independent, quasi-judicial body that protects the interests of Canadian consumers."

However, Health Canada did not respond directly to questions about government failures to defend drug pricing reforms, bring down excessive prices, or hold the pharmaceutical industry to its R&D commitments.

"It is difficult enough for a sector-specific regulator to do its job in the face of a hostile industry," Herder wrote. "But when government adds its voice to that of industry, all that lies before the regulator is an endless tunnel with no light."

Former federal health minister Jane Philpott called Herder's resignation a big loss for the PMPRB and a "signal we are no closer to the roadmap laid out in 2017 to ensure lower drug prices."

"Makes me wonder if we will ever see universal pharmacare [and] if it happens, how much we'll be paying."

**Lauren Vogel, *CMAJ***

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