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Office of Pharmaceuticals Management Strategies
Strategic Policy Branch
Health Canada
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Response to: National Strategy for High-Cost Drugs for Rare Diseases

To: The Office of Pharmaceuticals Management Strategies at Health Canada,

BioAlberta is the central voice and champion for Alberta's life sciences sector. We are a member-driven, not for profit industry association for a sector of Alberta's economy that has over 200 biotechnology companies and employs over 15,000 people. Our ecosystem includes researchers involved in drug discovery and clinical trials, emerging companies who are commercializing the next modern and innovative therapies to keep Canadians healthy and safe, and global pharmaceutical companies on the leading edge of our health and innovation sectors.

Alberta has been a national leader in rare disease strategy since the inception of the Alberta Rare Diseases Drug Program in 2009, supported by a robust regional infrastructure that includes one of the most comprehensive health system data repositories in Canada (Alberta Health Services), organizations like the Institute for Health Economics that inform Alberta's health system policy and investment decisions by public and private partners, and local expertise in facilitating rare disease clinical trials and administering rare disease therapies at places like the Clinical Trials Unit at the Foothills Medical Centre in Calgary. Building upon this foundation in rare disease policy, BioAlberta has engaged with its members and other stakeholders to consider the issues and implications surrounding a national strategy for drugs for rare diseases, and we are grateful for the opportunity to provide feedback on this important matter to Health Canada.

BioAlberta is of the opinion that to properly address the key issues presented by Health Canada in this call for engagement on a national strategy for drugs for rare diseases, the following core objectives must be reached:

1) **Create a novel, pan-Canadian framework for decision-making on drugs for rare diseases.**
2) **Establish multiple, national, expert panels charged with reviewing clinical data and real-world evidence and authorized to make recommendations with respect to use and coverage.**
3) **Increase support for Canadian innovation in the private health biopharma sector.**
4) **Develop an outcomes/value- based approach to health technology assessment.**

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The balance of this submission will individually address each of the key issues described by Health Canada in its call for public engagement, detailing BioAlberta's position and providing recommendations.

Issue 1: How to improve patient access to high-cost drugs for rare diseases and ensure that access is consistent across the country.

It is critical to note that any discussion regarding access to drugs for rare diseases in Canada needs to be considered in context with the proposed regulation changes of the Patented Medicine Prices Review Board (PMPRB). BioAlberta has closely observed developments related to the PMPRB reforms from the beginning and has provided several responses to requests for consultation on this issue out of concern for the detrimental impacts the proposed reforms will have on the life sciences ecosystem and patient access to innovative, life-saving therapies – especially, therapies for rare diseases. BioAlberta maintains its position on this issue, which is that the proposed changes to PMPRB will result in reduced and delayed new drug launches in Canada, and undermine provincial governments' ability to ensure health accessibility and compete effectively for life science investment on a global scale. In Alberta, we have already seen reduced partnership investments and decreases in the number of clinical trials. As technologies advance and more and more pharmaceutical companies add rare disease drugs to their pipelines and portfolios, Canada needs to be seen as a welcoming and stable environment where rare disease clinical trials and drug launches can occur – the proposed PMPRB reforms have created a pervasive atmosphere of uncertainty that has damaged the confidence of pharmaceutical companies and created an ethics crisis wherein pharmaceutical companies have to consider whether to bring innovative rare disease medicines to Canada, where they are unlikely to receive coverage and be made available to patients after clinical trials have concluded.

Owing to their unique health economics, rare disease drugs should be exempt from the PMPRB framework. At a time when a global pandemic has caused governments everywhere to pause and seriously consider how crucial the life sciences sector is to patient access for new vaccines, we urge Health Canada to consider how crucial the life sciences sector is to patient access for novel rare disease therapies, and what effects the proposed PMPRB reforms will have.

With respect to providing equitable access to drugs for rare diseases, we believe that a novel, independently managed, pan-Canadian framework that is specialized for adjudication on drugs for rare diseases would be the most suitable option. Such a framework would avoid time-absorbing negotiations between governments and eliminate "postal code lottery" so that patients can access drugs for rare diseases regardless of where they reside in Canada and in a timely manner. Current processes involving CADTH that seek to fit rare diseases into existing health economic criteria used broadly for other drugs are limiting and inappropriate – rare disease drugs are simply not cost-effective under the same criteria that other drugs are cost effective, due to a variety of factors such as patient cohort size and wide variation in therapeutic outcomes.

As part of that framework, we propose a cost-sharing model anchored by a federal rare disease drug fund wherein provincial/territorial governments pay a portion of a rare disease therapy's cost with the balance paid

for by the federal government. Conventionally, private insurers have been there to pick up the pieces left over after public options are exhausted, though in some parts of Canada they are the insurer of first record. As essential stakeholders who are also trying to address the issues surrounding drugs for rare diseases, we recommend that private insurers be brought in as partners with the federal and provincial/territorial governments within a new financing framework, and that their participation be consistent across jurisdictions.

Creating a novel framework that ensures sustainable patient access to new treatments for rare diseases will require increased cooperation between regulators, governments, industry, health services authorities, private payers, and patients, and we encourage Health Canada to continue engaging with these stakeholders to determine a suitable approach. Given that Canada is one of the few developed countries that has not established a regulatory framework specific to rare diseases, we also strongly encourage collaboration with international regulators to build upon existing international best practices, adapting them to the unique needs of Canadians.

It is important to note that not only do provinces need equitable and timely access to funding for rare disease drugs, but they also need equitable and timely access to expertise. Not every province or territory has access to the resources needed to properly diagnose and treat patients with rare diseases. The establishment of provincial or regional nodes with experts that can administer these treatments will cut treatment wait times and decrease the need for patients and their families to travel interprovincially to seek appropriate clinical expertise.

A pan-Canadian framework for rare disease drugs must preserve provincial autonomy with respect to healthcare delivery. To ensure consistent and timely access to rare disease diagnostics, expertise, and therapeutics for all Canadians, we must not inadvertently create novel inequities that would constrain provinces with different priorities in healthcare delivery.

BioAlberta's recommendations: Reject the proposed PMPRB reforms, establish a pan-Canadian framework for drugs for rare diseases that safeguards provincial/territorial autonomy in healthcare delivery, and create nodes of clinical rare disease expertise and capacity.

Issue 2: How to ensure decisions on covering high-cost drugs for rare diseases are informed by the best evidence available.

To ensure that coverage decisions for drugs for rare diseases are informed by the best evidence available, we propose that national, impartial, disease group-specific, expert review panels be formed. These panels would need to be convened at a national level because there would likely be insufficient expertise at a provincial/territorial level. Similarly, a single, national panel would not have the level of diseases-specific knowledge to fully consider the contextual differences between so many rare diseases (which are, collectively, a large group); therefore, multiple, specialized panels are warranted. Composed of clinicians, patients, caregivers, ethicists, and health economists with experience in rare disease, these panels would review clinical and real-world evidence, determine whether there is merit for use, and make recommendations. As part of this review process, physicians would provide guidance on how the drug would be used and evaluated, taking into

consideration a Canadian context and the methods and resources available to administer therapies and monitor outcomes here. These panels would also review data on a given drug regularly, considering exit criteria, to avoid misuse of a drug. If real-world evidence for clinical efficacy is lacking, the assessment criteria for a drug would need to be reconsidered. Such criteria would need to be flexible, dependent on the drug and the disease state – a one-size-fits-all approach would not be appropriate. With data available from a single, unified healthcare system and existing support infrastructure in real-world evidence and health economics data analysis (e.g. the Alberta Real World Evidence Consortium, the Institute of Health Economics), Alberta is well-positioned to lead this discussion.

These expert panels should utilize real-world evidence from national and international disease registries in their regular review of rare disease drugs. Canada needs to take better advantage of the real-world data in disease registries, as there would be insufficient data in a national registry alone; Canadian data needs to be understood in context with international registries. Such registries already exist, so there is no need to reinvent the wheel and design a new one (pharma companies and other organizations have existing data systems). One way to collect that information could be a request for proposal (RFP) on national programs that collect data on rare diseases and real-world evidence.

BioAlberta's recommendations: Establish national-level expert review panels with the mandate to review data, define criteria, and make recommendations regarding coverage for rare disease drugs.

Issue 3: How to ensure spending on high-cost drugs for rare diseases does not put pressure on the sustainability of the Canadian health care system.

The national conversation to-date regarding drugs for rare diseases has placed extraordinary focus on sustainability and costs while neglecting other significant matters, such as patient access and long-term value to the healthcare system. Recent evaluations by Patient Access Solutions Inc. (PAS) on behalf of the Canadian Forum for Rare Disease Innovators (RAREi), and Innovative Medicines Canada (IMC) show that non-oncology rare disease drugs represent only a small fraction of overall public payer spending in Canada at 2%-3%, placing Canada at, or below, the current international average. So long as rare disease drugs are viewed myopically as an expenditure and not an investment, cost offsets and cost containment measures which undervalue the benefit of innovative medicines on patient outcomes and health systems will always be the prevailing narrative in strategic discussions, as opposed to long-term value and the fundamental principle of equitable access to life-saving medicines for all Canadians.

Of paramount importance to reducing costs is the need to support Canadian innovation in the private health biopharma sector. A healthy life sciences ecosystem will lead to the development and adoption of new rare disease treatments in Canada. In Alberta, we have already seen how this kind of support has helped two of our local companies begin domestic clinical trials for COVID-19 vaccines, and there are other such companies across Canada. Supporting our domestic capacity in the pharmaceutical and rare disease spaces and incentivizing local research and development will do more to promote a sustainable healthcare system than

any other cost-control method. Illustratively, other international jurisdictions (e.g. Europe, USA) have stimulated significant growth in rare disease research and development by implementing incentives such as extended IP provisions. Complementary with providing incentives, the removal of impediments that would stymie innovation in rare disease therapies must be strongly considered; the proposed PMPRB changes are a looming example of such an impediment which not only threatens industry development, but the lives of Canadians who urgently need access to life-saving therapies.

A complementary approach to flexible health technology assessment criteria informed by real-world evidence, as mentioned previously, would be the inclusion of innovative financing options that consider outcome/value-based payments for rare disease drugs. Outcomes-based agreements enabled by real-world evidence would address the gaps that exist in current evaluation methods for rare disease drugs which rely heavily on clinical trial data that can often be uncertain with respect to clinical benefit, due to small cohorts and variable disease progression among patients. The adoption of novel, outcome-based financing options for rare disease drugs should not result in their receiving greater scrutiny or inordinate demands for performance by comparison with conventional medications. An approach that is flexible enough to vary by company would promote creativity, offer greater value, and permit companies to work within the boundaries of their individual risk levels. Several European jurisdictions have already adopted outcomes-based contracting to which Canada can look for examples, such as the "Strategy of The Netherlands in the Field of Rare Diseases", "French National Plan for Rare Diseases", and Germany's "Act to Reorganize the Pharmaceuticals' Market in the Statutory Health Insurance System". Importantly, the lack of applicable data infrastructure and a reluctance to adapt current systems needs to be addressed if innovative financing models are to safeguard access and sustainability.

When we consider that roughly 10% of the Canadian population lives with a rare disease, the sustainability of a funding model for rare disease drugs is vital. As discussed earlier, one option would be to establish a national rare disease fund, supported by federal, provincial/territorial, and private insurer contributions. Any mathematical modeling schema that would be used in value-based decision making as part of such a funding model, like the Incremental Cost-Effectiveness Ratios currently utilized by health technology assessment agencies in Canada, must consider certain challenges and limitations, such as determining appropriate cut-offs, accounting for improvements in quality of life, and wide variations in treatment response.

BioAlberta's recommendations: Emphasise the pharmacoeconomic factors of rare disease drugs that offer value, develop incentives, remove barriers, and increase support for the private health biopharma sector in Canada, and implement an outcomes-based approach to health technology assessment for rare disease drugs.

Other issues to consider.

One issue not addressed in the call for engagement on a national strategy for drugs for rare diseases is the role of academic institutions in clinical trials. In Canada, approximately 30% of the cost of clinical trials go to the universities, which are under no mandate to utilize those overhead fees for any purpose related to the study, and in most cases they do not. In Alberta, the Clinical Trials Committee of the Health Research Ethics Board

of Alberta (HREBA) provides an alternative for companies to run a clinical trial without the 30% overhead that universities charge. This is something which attracts pharmaceutical investment to Alberta and could be modeled in other provinces to better position Canada as an ideal location for pharmaceutical companies to conduct clinical trials, increasing accessibility to new medicines.

To provide clarity and promote consistency within a pan-Canadian framework for rare disease drugs, we recommend that Health Canada establish clear qualifying criteria for what constitutes a "rare disease". This should include recommendations provided by the Canadian Organization for Rare Disorders (CORD) and existing guidelines used by the European Union.

While an international health emergency has currently focused government attention on the health biopharma sector, it must be acknowledged that a robust life sciences industry is an indispensable element of a thriving and diversified economy at any time. We urge Health Canada and the federal government to prioritize meaningful engagement with industry stakeholders to find solutions to key issues affecting Canadians – whether it be solving global pandemics, creating a national strategy for rare disease drugs, or solving some other challenge, the importance of including industry perspective in the development of strategic initiatives cannot be overstated. Regarding perspectives, we also recommend that Health Canada expand consultations to ensure that provincial patient advocacy groups and private payers are appropriately included in these discussions on drugs for rare diseases. It is important that these changes and framework are done with broad support and involvement.

Finally, BioAlberta reasserts that an independent framework to effectively evaluate and support reimbursement for drugs for rare diseases needs to feature a marked departure from our current system and its limitations. The lessons learned from this new framework could be tested and incorporated into the current, broader health technology assessment and reimbursement system in a manner that better serves Canadian patients and their need for access to innovative therapies.

We once again thank Health Canada for the opportunity to provide feedback on this important topic and welcome the prospect of taking part in future initiatives that impact our members in Alberta and across Canada.

Submitted on behalf of the members of BioAlberta,

Robb Stoddard

President and CEO