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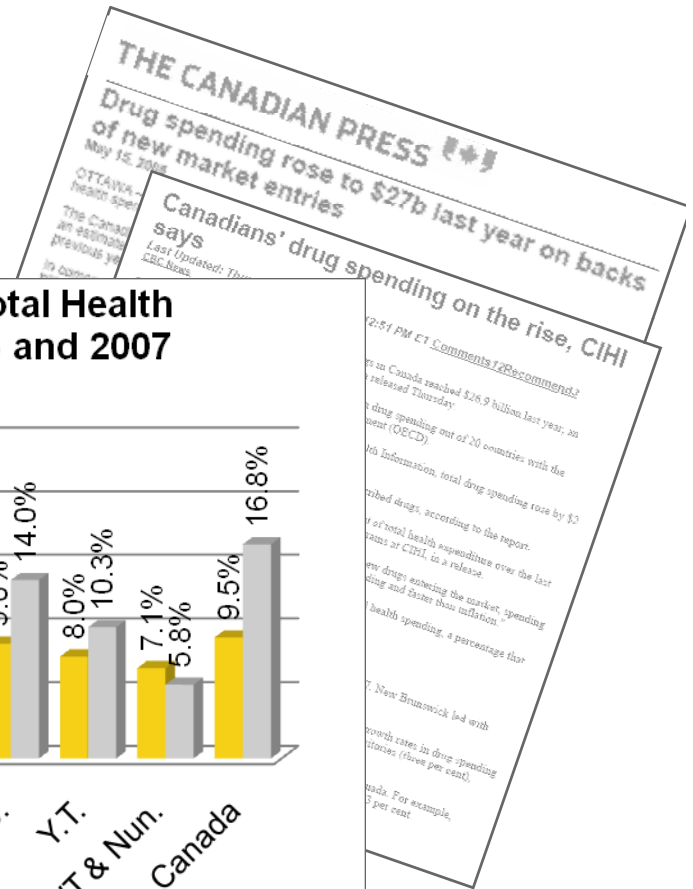
Successful Strategies for Gaining Optimal Product Acceptance in an Asymmetric Regulatory Environment

June 24, 2008

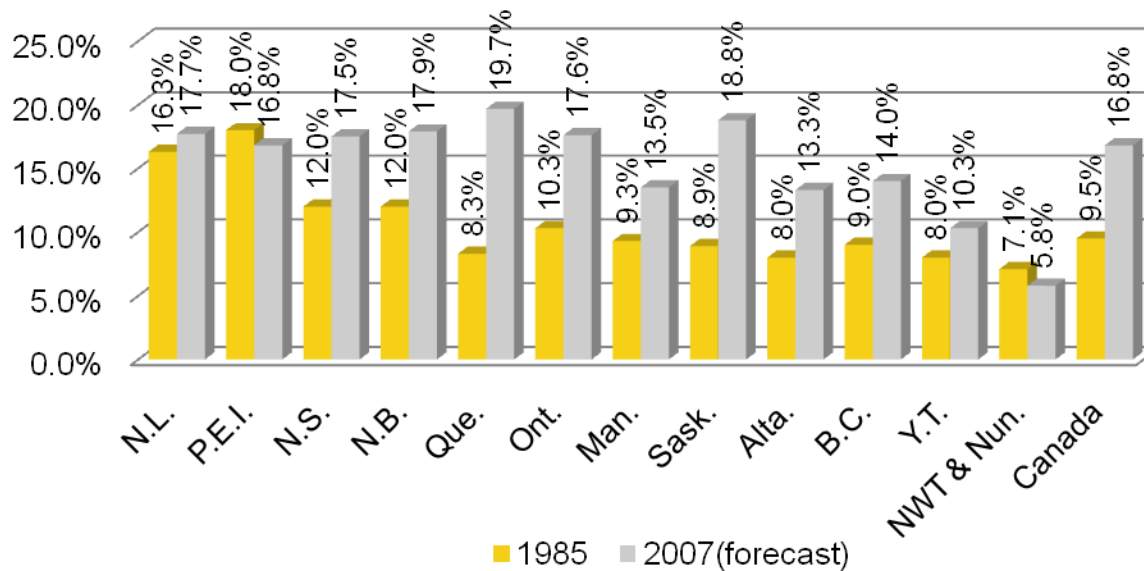


Reimbursement Environment

- Increased pressure to contain drug spending in Canada



Drug Expenditure as a Percentage of Total Health Expenditure by Province/Territory, 1985 and 2007



Source: CIHI, *Drug Expenditure in Canada, 1985-2007, 2008.*

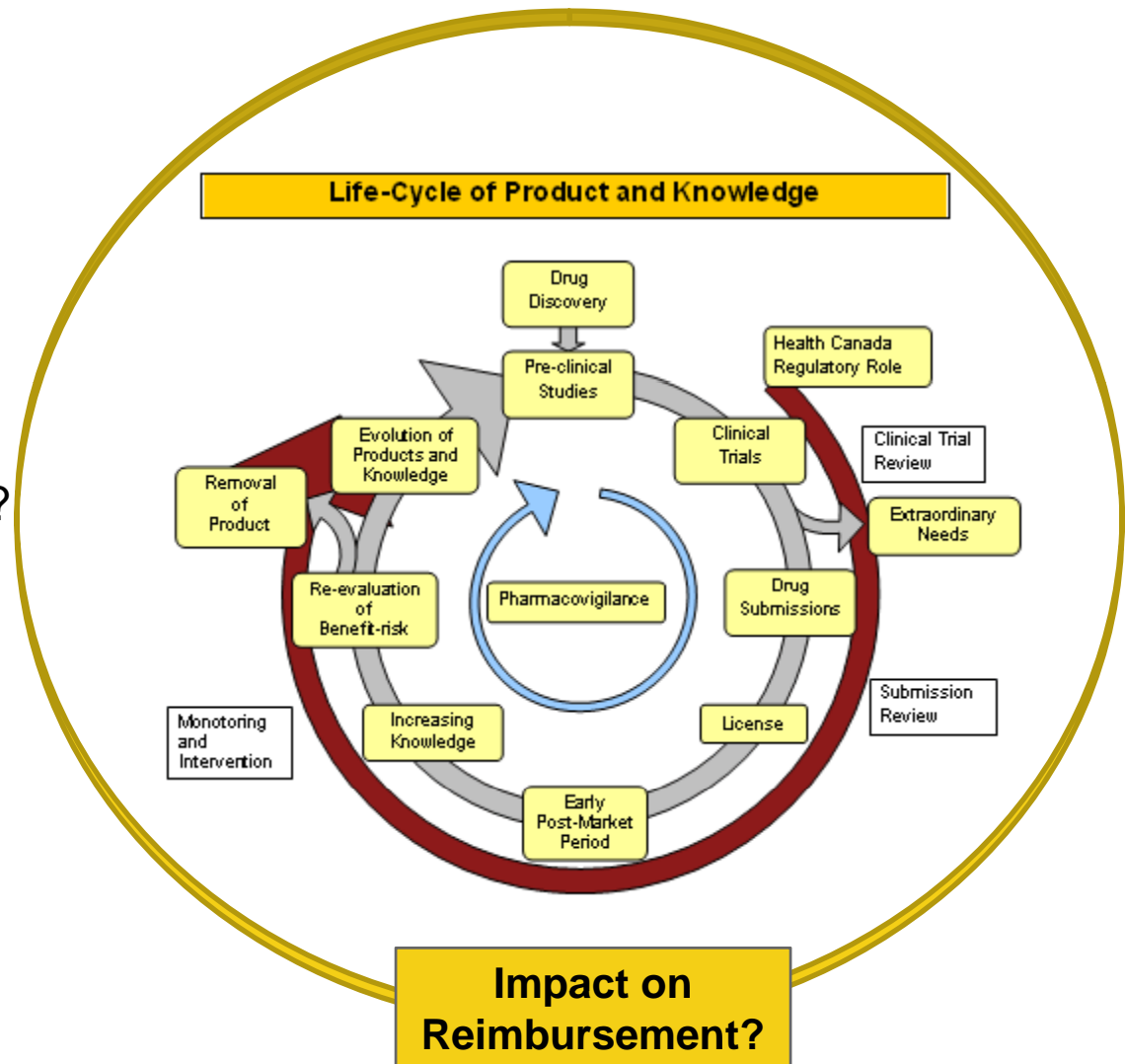


Increased Pressure on Marketing and Sales Forces

- Manage the current portfolio and leverage the pipeline for best reimbursement possible
- Optional Strategies:
 - Maximize sales, including late-stage life cycle management
 - Cultivate brand loyalty
 - Cut expenses on competed drugs and redirect efforts to on-patent products
 - Use PLAs to list a broad range of products, not just individual components of product line

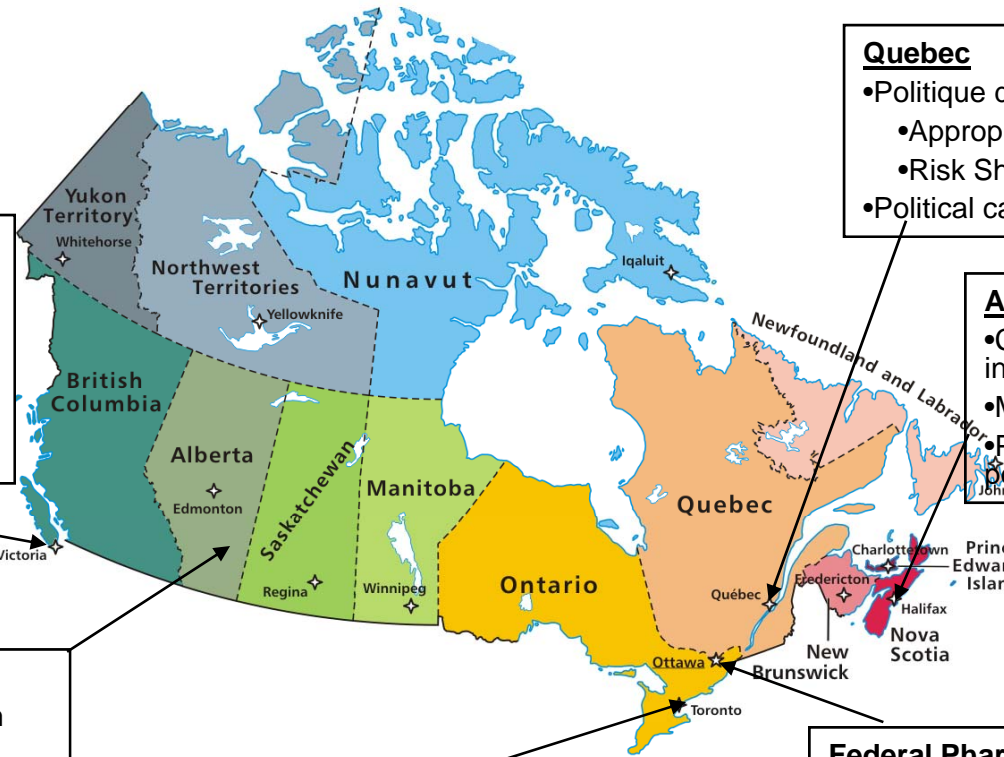
Emerging Dimension: Progressive Licensing

- Food and Drugs Act Modernization will bring progressive licensing into effect
- What will the impact be on reimbursement?
- Will reimbursement or access change as a product moves through its life cycle?



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Provincial Approaches to Reimbursement



British Columbia

- Pharmaceutical Task Force Report – what's next?
- Therapeutics Initiative (gone?)
- Reference Based Pricing
- Bulk-buying under consideration

Quebec

- Politique de Medicament (Bill 130)
 - Appropriate prescribing
 - Risk Sharing
- Political capital of innovative industry

Atlantic Canada

- Catastrophic drug coverage in most Atlantic provinces
- MAC Pricing
- Pharmacist prescribing powers

Alberta and the Prairies

- Western buying consortium
- Expanding scope of pharmacists
- Public funds for health research
- SK and AB – health system reform

Ontario

- Bill 102 fallout
- Ministry of Research and Innovation
- Balancing public policy between strong generic and innovative industries

Federal Pharma Issues

- Federal drug plan reimbursement
- Pricing/PMPRB
- IP issues
- PHAC influence on chronic disease management programs
- Science and Technology Strategy



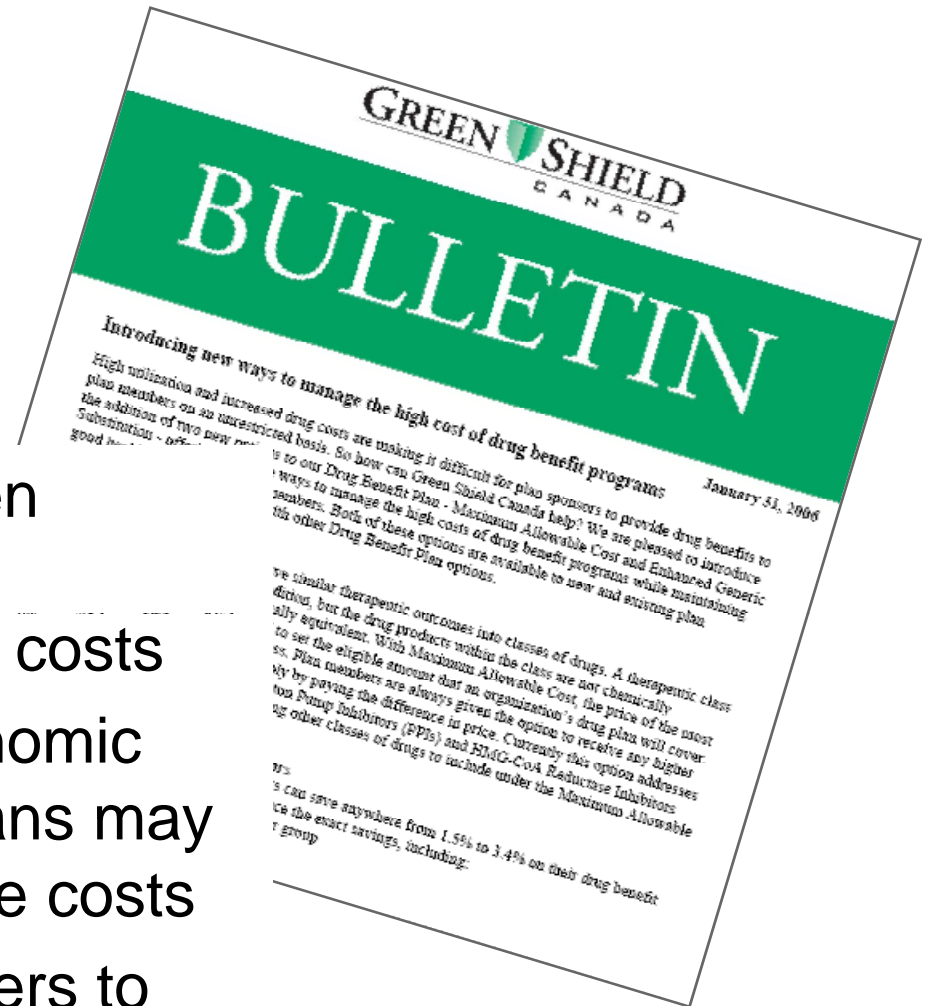
Provincial Reimbursement Tools

- Reality is that provinces moving away from the traditional models of reimbursement and purchasing and implementing more innovative, approaches
- CDR still receives the support from provinces, but opportunities for relying on HTA recommendations and cost-containment mechanisms are being explored



Private Payers

- Employers have been bearing the brunt of increasing drug plan costs
- If faced with an economic recession, health plans may be targeted to reduce costs
- Action by public payers to reduce prices may influence private payers to begin containing their costs





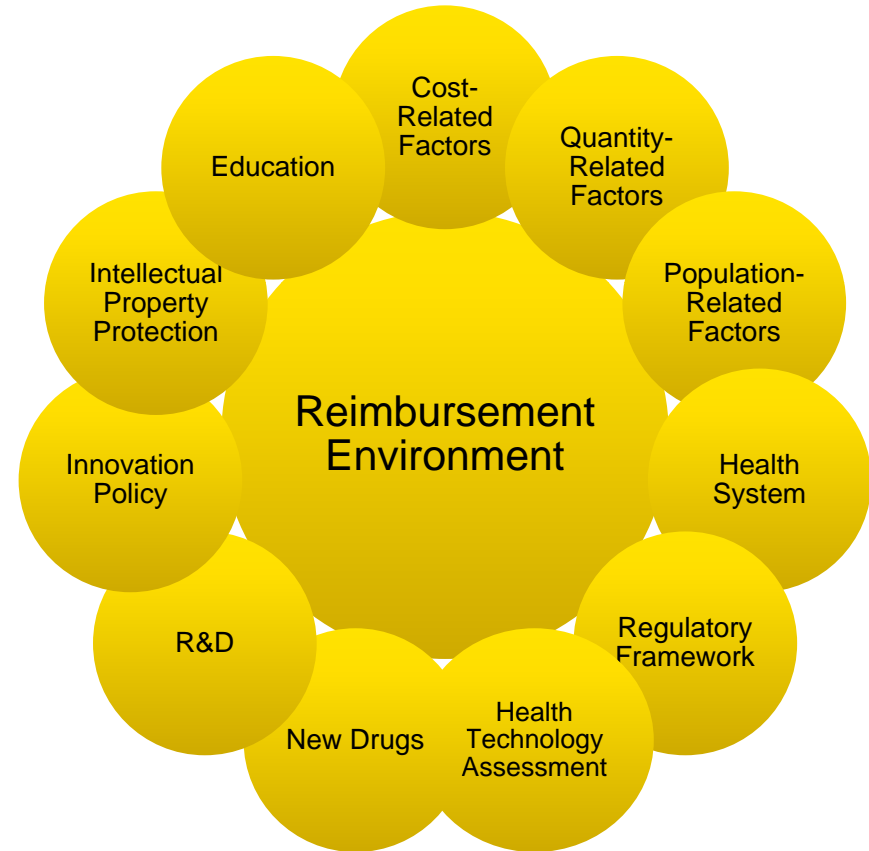
Product Listing Agreements

- Clinical: criteria for funding, appropriate use promotion
- Financial: Price discounts, price volume discount, cost off-sets, tendering
- Cost recovery payments
- Risk sharing provisions (risk sharing with price caps: soft and hard caps)
- Market or volume limitation recoveries
- Health outcome linked financial adjustments
- Drug non-performance refunds



Influencing Factors

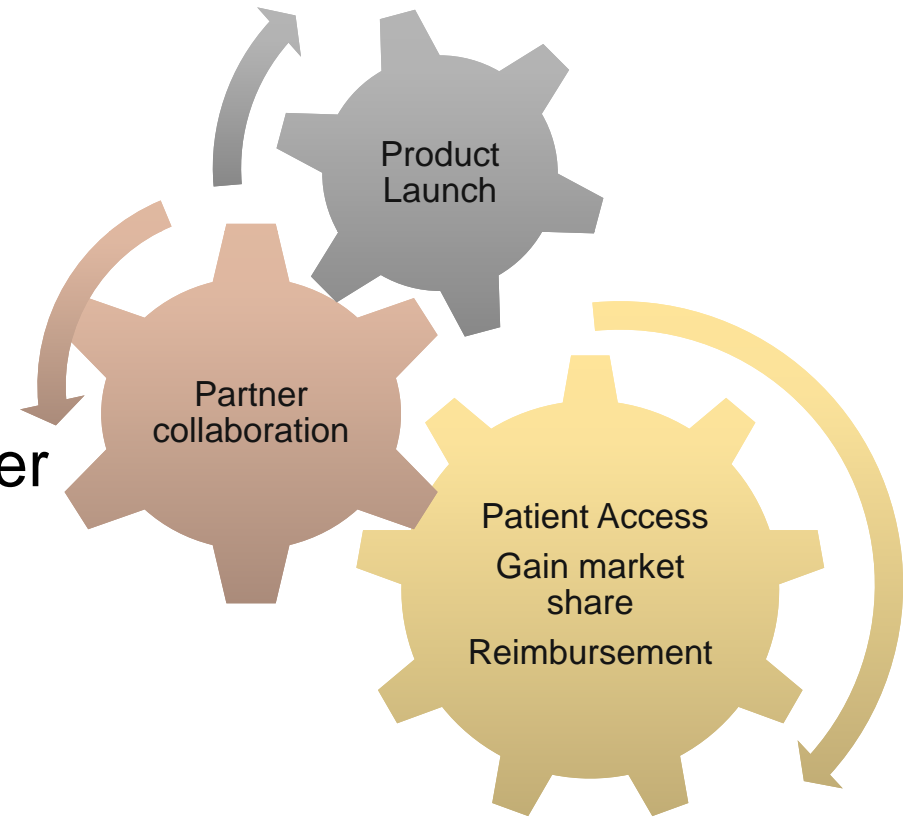
- Many factors influence the reimbursement environment
- Leverage the opportunities to increase reimbursement





Expanding the Pharmaceutical/Payer Relationship

- Disease management strategies
- Leveraging opportunities to collaborate / partner with governments





Conclusion

- Reimbursement world is rapidly changing
- Need to innovate the way that reimbursement is approached and be prepared for new tactics to work with payers (public & private) for product reimbursement



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