Janssen Inc.

19 Green Belt Drive
Toronto, ON M3C 1L9
1.800.387.8781 toll free 416.449.9444 tel
416.449.2658 fax

www.janssen.ca

Sent via mail /
Sent via e-mail to guillaume.couillard@pmprb-cepmb.gc.ca
Sent via fax to Board Secretariat – 613-952-7626

February 23, 2017

Dr. Mitchell Levine, MD, FRCPC, FISPE
Vice-chairperson
Patented Medicine Prices Review Board
Standard Life Centre
333 Laurier Avenue West
Suite 1400
Ottawa ON K1P 1C1

Dear Dr. Levine,

We write you in your capacity as chief executive officer of the Patented Medicine Prices Review Board, pursuant to subsection 93(3) of the *Patent Act*, in light of your dual role as Board member and the person at present responsible for the conduct of the work of the Board, the management of its internal affairs, and the duties of its staff.

We refer to the Board's report entitled "Market Intelligence Report, Biologic Response Modifier Agents, 2015", which was published by the Board in October 2016 (the "Biologics Market Intelligence Report"). We also refer you to our letter dated November 7, 2016 addressed to the Board's Executive Director, expressing Janssen's deep concerns about the "Biologics Market Intelligence Report", a copy of which is enclosed. We also attach a copy of the response to our November 7th letter from Mr. Clark on behalf of the PMPRB.

Following the exchange of correspondence between our respective organizations, we had an opportunity to meet with representatives of the PMPRB and NPDUIS in Ottawa on December 19, 2016, at which time we discussed some of the concerns outlined in our November 7th letter. While this meeting came to no particular resolve, it did lead to further insights that we feel are important to bring to your attention to prevent the further publication of similarly incomplete, biased and poorly researched information that significantly undermines the ability to make informed policy decisions that have significant ramifications for healthcare sustainability, and also pose a threat to the overall integrity of the PMPRB.

In the interests of all stakeholders who are involved in the delivery of healthcare to Canadians, the Board must adhere to its own stated desire to "cultivate a reputation as an honest broker and source of timely and impartial market intelligence for its stakeholders". Janssen encourages and supports the Board in its desired role to provide neutral, factual and accurate information to assist in informing decisions made in the Canadian healthcare sector, however, the subject "Biologics Market Intelligence Report" falls far short of this laudable goal. We believe this raises serious concerns about the role of the Board in all stakeholders' efforts to find solutions to the current challenges we face.

We recognize that the issues impacting the Canadian healthcare system have become far more complex since the establishment of NPDUIS by federal, provincial and territorial Ministers of Heath in September 2001. For example, while significant advancements of innovative medicines have provided great health benefits to patients, collaborations such as the pan-Canadian Pharmaceutical Alliance (est. 2010) have been created to increase Canadians' access to drug treatment option, lower and achieve more consistent drug pricing and improve the consistency of drug coverage criteria across the country.

We understand that pursuant to the Minister of Health's powers under section 90 of the Patent Act (Canada), NPDUIS was established in 2001 to provide "policy makers and public drug plan managers with critical analysis of price, utilization and cost trends, so that Canada's health care system has more comprehensive and accurate information on how prescription drugs are being used and on sources of cost pressures"[1]. It would seem that in order to uphold the NPDUIS mandate, reliable, accurate and robust data sources are vital to supporting meaningful research and analysis. It is in this context that we respectfully submit that the underpinnings of NPDUIS need to be seriously reconsidered.

It is of general concern that the conclusions and inferences made in the Biologics Market Intelligence Report reflect the inherent biases of the membership of the NPDUIS Advisory Committee which is narrowly constituted and predominately comprised of public payers. Of even greater concern is that the members of the NPDUIS Advisory Committee should have raised concerns about the conclusions and inferences made in the Biologics Market Intelligence Report prior to publication, as they are privy to confidential information gained through their product listing agreement negotiations with manufacturers that should have had them highlighting to NPDUIS the absence of important information from the report and its generally weak and partial analyses. This failure raises the question as to whether such issues were not proactively raised by members of the NPDUIS Advisory Committee as the verbiage contained in the Biologics Market Intelligence Report supports the public payers' larger cost containment policy objectives. For example, shortly after publication of the Biologics Market Intelligence Report, a provincial drug plan representative 'retweeted' a comment that the report demonstrates that Canadians are being 'ripped off' (see Tweet by Marc-Andre Gagnon dated October 26, 2016). Not only do we strongly object to such an inappropriate and incorrect statement being publicly endorsed by a government official, it is further evidence of the unfounded prejudice aimed towards our industry which is further instigated by the irresponsible research being published by the PMPRB.

If the desire is to have NPDUIS generate thoughtful, reliable, comprehensive and objective information that enables strong evidence-based decision making for the purpose of creating well-informed policies and successfully transitioning our Canadian healthcare system into the future, then we strongly contend that the composition of the NPDUIS Advisory Committee needs be substantively changed to reflect the diversity of stakeholders that have a material interest in the evolution of our healthcare system. We also strongly contend that parties who are the subject of future NPDUIS reports be provided with an opportunity to review and provide comment on

[1] "National Prescription Drug Utilization Information System." Patented Medicine Prices Review Board, 2016. Web. 14 December, 2016. http://www.pmprb-cepmb.gc.ca/en/npduis/about-npduis

draft reports prior to publication, as we believe this practice may have avoided some of the issues outlined in our November 7th letter. Lastly, as it relates to NPDUIS research, we ask that the impetus and purpose for generating a particular report be made fully transparent to the public so that the context within which the research was conducted is clearly understood and can be taken into account by its reader.

As a result of our December 19th discussion, we also wanted to recommend the Board undertake a thorough review of its social media practices, particularly those related to the use of Twitter®. While we gained your Staff's agreement to no longer include our company's name or products as a headline to capture interest in the Biologics Market Intelligence Report, we continue to question whether the current use of the PMPRB's Twitter® account is appropriate for a quasi-judicial body that must keep its commitment to the principles of impartiality and objectivity at the forefront. We therefore request that the Board review its Twitter® practices with its Head of Communications for the PMPRB to ensure that they positively reflect on the Board's reporting and regulatory mandates, and are compliant with the Federal Government's Policy on Communications and Federal Identity and its applicable directives.

Thank you for your attention to these matters.

Yours sincerely,

Chris Halyk
President

c. The Hon. Navdeep Bains, Minister of Innovation, Science and Economic Development
The Hon. François Philippe-Champagne, Minister of International Trade
The Hon. Jane Philpott, Minister of Health
Geneviève Hinse, Chief of Staff to the Minister of Health
Elder Marques, Chief of Staff to the Minister of Innovation, Science and Economic Development
Douglas Clark, Executive Director, Patented Medicine Prices Review Board

Janssen Inc.

19 Green Belt Drive
Toronto, ON M3C 1L9
1.800.387.8781 toll free
416.449.9444 tel
416.449.2658 fax

www.janssen.ca

November 7, 2016.

Douglas Clark
Executive Director
Patented Medicine Prices Review Board
Box L40, 333 Laurier Avenue West, Suite 1400
Ottawa, Ontario K1P 1C1

Dear Doug;

We read with interest the recently released report by the Patented Medicine Prices Review Board (PMPRB) entitled "*Market Intelligence Report*: Biologic Response Modifier Agents, 2015". In the report it states that the intent of these reports is "to inform policy decisions, aid in evidence-based decision making and to provide Canadians with a more comprehensive view of issues pertaining to pharmaceutical drug pricing and utilization in Canada and internationally." If this is the true intent, then the content of the above report is deeply concerning as it is far from being comprehensive and lacks important information that provides the necessary context required to truly understand the data that is described therein.

Even more concerning is that these reports are being used by stakeholders to make important decisions that have a meaningful impact on patients' lives. If the data within them are not reliable or the report is missing critical contextual information, then it is reasonably foreseeable that such information will result in decisions that produce negative outcomes. In its 2015 to 2018 Strategic Plan, the PMPRB states that it wants to "cultivate a reputation as an honest broker and source of timely and impartial market intelligence for its stakeholders". If this is the case, then respectfully, we are of the view that there is a great deal of work to be done which is why we felt compelled to share with you our feedback after considering the content of this latest report.

Firstly, we would like to address the issue of transparency. There is no clear description in the report as to why or for whom it was commissioned. With the issue of transparency being a priority for the federal government, it should be a basic requirement that the PMPRB disclose the reason a particular report was generated and identify the audience for whom it was written. In order to fulfil the mandate of reporting on pharmaceutical trends in an unbiased way, PMPRB needs to discuss the policy issue forwarded by the analyses. Understanding the goals the PMPRB is trying to achieve is important context for the reader when they are assessing the content of the report.

We are also concerned that there is important context missing from the report, including:

- Absent information about the challenges with comparing prices across jurisdictions;
- Absent information on the benefit these medications provide to patients and the healthcare system and how the cost relates to that benefit;
- Absent information on the epidemiology of the diseases which biologics treat, including the fact that the incidence of inflammatory bowel disease is higher in Canada than the comparator countries, thereby accounting for the increased use of biologics by Canadians.[1]

[1] http://www.isupportibd.ca/pdf/ccfc-ibd-impact-report-2012.pdf

- Absent information on the value (and savings) brought to the healthcare system from the manufacturer-supported infusion clinics, or the positive impact such patient support programs have on patient adherence or retention on medication;

As a result of this missing context, readers are left with an incorrect impression that the manufacturers of biologics in general, and Janssen more specifically, are actively engaging in pricing practices designed to overcharge payers and patients in Canada. This is simply not true.

Janssen is committed to pricing our products appropriately for the value they bring to patients and the healthcare system, and works diligently to ensure our prices are compliant with the PMPRB guidelines. The price of REMICADE® is not out of compliance with these guidelines. The report's characterization that the price of REMICADE® is the highest in the world is false and needs to be corrected. As you are well aware, accurate International Price comparisons are difficult due to the presence of multiple price lists, exchange rates which change over time, and the presence or absence of rebates/contracts within list prices. In fact, given that the specific price sources and exchange rates used to support the statements in the report are not cited, our analysts have been unable to replicate those international prices referred to in the report using publicly available sources. This includes using price lists outlined in the PMRPB Guidelines as "usual and customary sources". In the spirit of transparency and accuracy, the PMRPB needs to provide more detail about the price sources and exchange rates used in its report. The PMPRB should also conduct sensitivity analyses using the range of price sources and multiple exchange rate assumptions.

The report discusses the high use of biologics by Canadians, however, if the intent were to truly give Canadians a full picture of the current biologics market in Canada, far more work and context is required. Unfortunately, it seems the PMPRB failed to do its homework on the reasons why utilization of some biologics referred to in the report is higher in Canada than elsewhere in the world. Perhaps the PMPRB was not aware that Canada has the highest prevalence of Inflammatory Bowel Disease (IBD) in the world, and biologics including REMICADE®, Humira and SIMPONI have transformed the treatment paradigm and patient outcomes in the devastating inflammatory diseases.[2] [3] Therefore, it is not surprising that REMICADE® and biologics in general have high utilization in Canada. In addition to the positive clinical outcomes for patients, successful management of IBD with REMICADE® and other biologics results in significant decreases in spending in other high cost areas of the healthcare system, including decreased surgeries and hospital stays.[4] [5] [6] [7] [8] [9] [10] [11] [12] In reality, the value of REMICADE® and biologics is clearly demonstrated in this report, as the data shows an increasing number of patients benefiting from them over time. As one of the stated goals of this report is to inform policy, the PMRPB needs to clearly state that cost and price are one part of the evidence required for any decision-making process and to outline other variables that need to be considered, such as those described above. Context is critical. Without it, the logical conclusion of someone with no additional background in the area would be that no one should be paying for biologics because they are expensive. This does not seem representative of the type of balanced, unbiased analysis the PMPRB is striving to be known for.

---

[2] CÔté-Daigneault et al. 2015 United Eur Gastroenterol J. 3(5): 2538-2547

[3] Singh, et al. 2012 Arthritis Care Res. 64(5): 625–639.

[4] Jones et al. Poster presented at the International Society for Pharmacoeconomics and Outcomes Research 19th Annual Meeting. May 31-June 4, 2014. Montreal, QC, Canada. Abstract PGI26.

[5] Reinisch et al. 2007 Inflamm Bowel Dis 13:1135–1140.

[6] Reich et al. 2014 Aliment Pharmacol Ther 40(6): 629-638.

[7] Moore et al. 2014 Dis Colon Rectum 57: 83–90.

[8] Kaplan et al. 2012 Am J Gastroenterol 107:1879–1887.

[9] Park et al. 2014 Inflamm Bowel Dis 20(7):1242-9.

[10] van der Valk et al. 2014 Gut 63: 72-79

[11] Feagan et al. 2000 Am J Gastroenterol 95(8): 1955-1960

[12] Machado et al. 2016 BMC Musculoskeletal Disorders 17:298-308.

The report also infers that because REMICADE® is supplied in large part through manufacturer-supported infusion clinics in Canada, this somehow contributes to the price of REMICADE®. The report makes a point to mention several times that medicines purchased by and used in hospital settings are less expensive and provided more efficiently than through retail outlets. The BioAdvance system of infusion clinics was created due to limited public infusion services available for non-cancer infusions, making it impossible for patients to access REMICADE® even after Health Canada approval. Janssen is proud of the support services we provide to patients who are prescribed REMICADE®, including the provision of infusion services free of charge to patients and to our taxpayer-funded healthcare system. Each year thousands of infusions are given in BioAdvance clinics that otherwise would have been a cost to the healthcare system. Ministers of Health themselves have commented on the value that this infusion network brings to Canadians. Neglecting to include this information in the report leaves the reader with the impression that the manufacturer-supported infusion clinics are somehow negatively affecting the price of REMICADE® and do not provide value to the healthcare system.

The report does mention the limitation that the results are based on list prices and acknowledges the existence of agreements and contracts that lower the cost of these products for payers. Janssen works with private payers, individual provincial governments and the Pan-Canadian Pharmaceutical Alliance to deliver cost effective solutions and ensure patients and physicians have affordable access to our medicines. Therefore the prices listed in your report are not what the payers are paying and the costs and expenses attributed to the various plans are incorrect. We believe that the report should have gone a step further than it did, and stated that no conclusions can be drawn from these data, nor can they inform policy decisions, as using list prices is completely irrelevant in this context, and frankly, brings the entire report into question. Janssen has been working with the public payers to enable affordable access for REMICADE®, but recently pCPA has declined to engage in further negotiations. Interestingly a significant portion of the savings attributed to the use of biosimilars in this report could have already been realized had pCPA chosen to continue negotiations with Janssen. At Janssen, we support decisions that preserve choice for physicians and patients. We strongly believe the use of biosimilars in Canada should be based on what physicians determine is in the best interest of their patients and not driven by efforts to save costs that restrict treatment choice in any way.

It is stated that biosimilar uptake is lower than in other countries. Again, additional context needs to be added to this discussion in that the reader needs to know that Health Canada has not deemed biosimilar infliximab interchangeable with REMICADE®, clearly stating that they are not analogous to small molecule generics, where higher uptake is expected. Inflectra was only recently approved for the IBD indications in Canada so again, it is not surprising that uptake has been slower than in Europe. The PMPRB has again left out important context for policy makers and Canadians.

Finally, we are particularly concerned about the section in the report that discusses drug plan spending split out by individual companies. Janssen develops and supplies high quality, safe and effective drugs in a wide variety of therapeutic areas, including mental health, cancer, inflammatory disease, HIV/AIDs, diabetes, pain and hepatitis C. Given that Janssen is the largest pharmaceutical company in Canada and the public payers are responsible for paying upwards of 50% of all drug costs, it is not surprising that 6-12% of drug plan spending is used for Janssen products. It is unclear what the purpose was for even discussing the entire portfolio of a company's products in a report about biologics, unless it was to leave a misinformed impression with the reader that a company like Janssen is somehow charging the public drug plans too much for their products. Given that these data do not provide any insights into the cost and utilization of biologics in Canada, it appears that they were included to cast a negative light on Janssen's reputation.

As the content of the report is lacking in multiple areas, we request the following updates to this report:

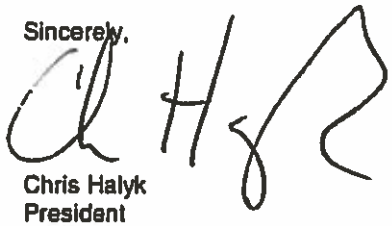
- Provide transparency as to which stakeholder(s) requested this information, and for what specific purpose
- For international price comparisons, conduct and include results from systematic sensitivity

analyses using various price sources and appropriate exchange rates.

- Correct the statement that the Canadian price of REMICADE® is the highest in the world
- Provide context on the value that REMICADE® and biologics bring to patients and the healthcare system and acknowledge that providing these products is a net benefit to Canadians
- Clearly state that no conclusions can be drawn from the cost information because of the existence of confidential listing agreements and contracts with both public and private payers
- Discuss the benefits of a patient support network that provides infusion services at no cost to the taxpayer-funded healthcare system
- Provide context as to why ~10% of public drug plan costs are for Janssen products and information on the value these products bring to Canadians

We will contact your office directly to set up a meeting to discuss this report in more detail and timelines for an updated version to be developed and released.

Sincerely,



Chris Halyk
President

cc: Julia Brown, Vice President, Government Affairs and Market Access, Janssen Inc.
Alaine Grand, Vice President, Law, Janssen Inc.
Carole Watson, Director, Strategic Pricing, Janssen Inc.
Tanya Potashnik, Director, Policy and Economic Analysis, Patented Medicine Prices Review Board
Imran Ali, Senior Manager, pan-Canadian Pharmaceutical Alliance
Federal/Provincial/Territorial Drug Plan Managers

Patented Medicine Prices Review Board
Conseil d'examen du prix des médicaments brevetés

Box L40, Standard Life Centre
333 Laurier Avenue West, Suite 1400
Ottawa, ON K1P 1C1

November 10, 2016

Chris Halyk
President, Janssen Inc.
19 Green Belt Drive
Toronto, ON M3C 1L9

RE: *Market Intelligence Report: Biologic Response Modifier Agents, 2015*

Dear Mr. ~~Halyk:~~ Chris

Thank you for your interest in the PMPRB's recent publication *Market Intelligence Report: Biologic Response Modifier Agents, 2015* ("*Market Intelligence Report*"). We welcome feedback from stakeholders on our work and are pleased to provide the following response to the concerns expressed in your November 7, 2016, letter.

As you know, the PMPRB is a consumer protection agency with a dual regulatory and reporting mandate. Part of its reporting role is to provide stakeholders with information on pharmaceutical trends. The National Prescription Drug Utilization Information System (NPDUIS) initiative is an integral part of the PMPRB's reporting mandate. Through this initiative, the PMPRB provides policy makers and public drug plan managers with timely, accurate and impartial information on drug price, utilization and cost trends.

The *Market Intelligence Report* was published under the NPDUIS banner and is subject to the same limitations and qualifications of all such reports past and future. While there may be any number of factors that influence health-care policy decisions beyond price, utilization and cost, it is not within the PMPRB's mandate or expertise to make value judgments in this regard. For instance, when we observe that Canadian consumption rates of biologic DMARDs are relatively high, nowhere do we imply that this is too high or too low. Similarly, nowhere do we imply that infusion clinics negatively affect prices of Remicade in Canada and we take no position in the report on their overall value or lack thereof to the health care system.

As reflected in the PMPRB's December 2015 strategic plan, which you allude to in your letter, and the June 2016 discussion paper on guideline modernization, transparency is extremely important to our organization and the studies conducted under the NPDUIS initiative are no exception. Detailed information on the creation and operation of the NPDUIS initiative is available on our website. In short, an Advisory Committee composed of representatives of the jurisdictions participating in the NPDUIS initiative supports the PMPRB in establishing research priorities, developing research

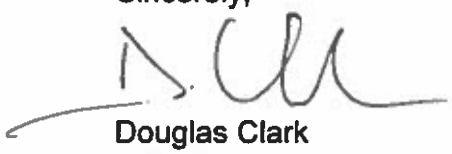
methodologies and interpreting analytical results. Accordingly, all NPDUIS reports contain the following disclaimer: "NPDUIS is a research initiative that operates independently of the regulatory activities of the Board of the PMPRB. The statements and opinions expressed in this report do not represent the position of the PMPRB with respect to any regulatory matter."

In so far as the intent behind the *Market Intelligence Report* is concerned, its content and scope was determined in consultation with the participating jurisdictions and reflects their analytical priorities. In terms of methodology, the PMPRB has reported extensively on how it conducts international price comparisons, including exchange rate conversion. All of the NPDUIS reports use data sources that differ from those used by the PMPRB for regulatory purposes. In the specific case of the *Market Intelligence Report*, the data is derived from a variety of publically available databases, including the MIDAS™ Database, which is an internationally recognized source for sales and utilization data and is referenced in many international studies.

While the prices relied on in the report do not necessarily reflect what public drug plans in Canada are actually paying, because of confidential rebates and discounts which are the industry standard globally, this limitation is understood by the participating NPDUIS jurisdictions and is acknowledged in all our studies. Notwithstanding these obvious limitations, it is interesting to note that in an era of imperfect pricing information, most countries continue to reference international public list prices as a mechanism to set prices and/or contain pharmaceutical expenditures. That said, should pharmaceutical manufacturers be willing to consider providing their confidential pricing information to the PMPRB in the context of future NPDUIS studies for an assessment of the impact this might have on market comparisons, we would be eager to have that discussion.

I trust that the foregoing is responsive to your concerns. The PMPRB consulted extensively with the participating NPDUIS jurisdictions in developing and interpreting the results of the *Market Intelligence Report* and we stand by the report's quality, accuracy and impartiality. While no updates are being contemplated to the study, to the extent you continue to have questions with respect to its methodology, we would be pleased to meet with you to explain this in more detail.

Sincerely,



Douglas Clark
Executive Director

Cc: Julia Brown, Vice President, Government Affairs and Market Access, Jansen Inc.
Alaine Grand, Vice President, Law, Jansen Inc.
Carole Watson, Director, Strategic Pricing, Janssen Inc.
Tanya Potashnik, Director, Policy and Economic Analysis, PMPRB
Imran Ali, Senior Manager, pan-Canadian Pharmaceutical Alliance
NPDUIS Advisory Committee Members