

Patented Medicines Costs of Private Insurers: PMPRB Implications.

Description

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Abstract

On July 1, 2020 the Government of Canada will implement sweeping changes to the Guidelines used by the Patented Medicine Prices Review Board (PMPRB) to regulate the prices of patented medicines. The new rules are expected to reduce average maximum allowable prices by 52% to 84% from the current regulated price ceiling. The government and the insurance industry have argued that the PMPRB needs the additional regulatory powers because the prices of patented medicines are causing a sustainability crisis for private insurers in Canada. This study tested the validity of that assertion. Total claims costs of private insurers from patented medicines were estimated using data from the Canadian Institute for Health information (CIHI) and the PMPRB. Costs were counted at manufacturers list prices, which are the target of the regulations. Patented medicines costs were compared to other extended health benefits covered by private insurers. The results show that the costs attributable to dental benefits are larger than the costs attributable to patented medicines. Over the most recent 10 years, costs for dental, vision and other professionals have grown faster than patented medicines costs. The findings challenge the legitimacy of one of the fundamental justifications for the new price regulations.

References

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