20SENSE

The 20Sense Report
Spotlight on the Canadian Specialty Pharmaceutical Market
June 2017 | **Issue 1**

The Canadian Specialty Pharmaceutical Market:
Joint Value Creation, Innovation and Operational Excellence Required

High-cost specialty pharmaceutical products accounted for 30 per cent of total Canadian private-plan drug spending in 2016.[1] With the new drug pipeline projected to be dominated by specialty medications in the coming years, this figure will only increase. Biologics, biosimilars, complex therapies, concerns about their high costs and payer sustainability are now the new normal in the pharmaceutical landscape. As the Canadian pharmaceutical industry ecosystems transition from the management of traditional simple molecule medications to supporting complex specialty therapies, the question you must ask is: **Are you and your organization taking the necessary steps to face these changes from a leadership position to successfully carve a path forward in this brave new specialty world?** 20Sense has identified key issues that pharmaceutical stakeholders should consider.

Understanding how to navigate this rapidly evolving landscape is critical. Learning from specialty market challenges in the United States, where the mantra “one size does not fit all”[2] is now the leading school of thought, Canadian specialty stakeholders must proactively search to innovate and lead in this country with carefully planned and executed strategic initiatives.

Manufacturers must examine and challenge traditional commercialization strategies to account for the new complexities of the specialty environment. Crucial to success will be the ability to identify and align with strategic specialty partners that best enhance the patient’s journey. New and innovative approaches to procurement, pharmacy, patient support programs, real-world evidence generation and data collection will be necessary to deliver optimized and sustainable outcomes – both for the benefit of patients and to meet business objectives.

Specialty service providers must challenge the status quo and shift traditional vendor relationships to become strategic joint value creation partners with manufacturers. This requires not only the therapeutic expertise and operational excellence to deliver pharmacy services, patient support programs and reimbursement activities, but also the vision and capabilities to maximize opportunities to generate mutual wins for all parties – while always delivering unmatched value and services to patients.

The complexity and challenges within the Canadian specialty pharmaceuticals market are only increasing, and patients are counting on industry stakeholders to continue to deliver new solutions for critical unmet medical needs. Joint value creation, innovation and operational excellence will be required to do just that.

1 Herbert, J. & Po, P., “Express Scripts Canada Drug Trend Report 2016” (2017).
2 DiMascio, S. (Producer), “How the Pharmaceutical Industry Can Achieve Sustainable Product Success in Specialty Pharmacy,” Ep. 48 of The Specialty Pharmacy Podcast, (originally aired February 21, 2017). https://www.csigroup.net/podcasts/pharmaceutical-industry-can-achieve-sustainable-product-success-specialty-pharmacy/

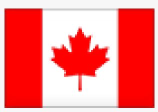
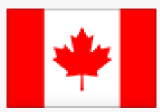
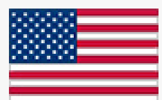
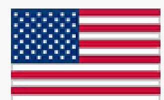
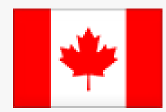
Canadian Specialty Pharmaceuticals Stakeholders:
Specialty Service Providers

What is a Specialty Service Provider?

Specialty service providers are organizations that partner with pharmaceutical manufacturers to support the delivery of specialty medications to patients across Canada's health-care systems. Often fully integrated in their offerings, specialty service providers typically devise holistic solutions encompassing logistics and wholesaling, specialty pharmacy, patient support program management and much more.

Who are the major Specialty Service Providers in the Canadian Marketplace?

The major specialty service providers present in the Canadian marketplace each have unique offerings and capabilities to support the many needs of the specialty pharmaceutical community. Here is a quick reference guide to the fundamentals of the major market players:

	Bayshore Specialty Rx	BioScript Solutions	Innomar Strategies AmerisourceBergen	McKESSON Canada	SpecialtyHealthNetwork SHOPPERS DRUG MART
Ownership					
Canadian Head Office	Mississauga, ON	Oakville, ON & Moncton, NB	Oakville, ON	Mississauga, ON	Mississauga, ON
Logistics & Wholesale Capabilities	✓ DEX Wholesale	✓ A&D Wholesale Mississauga	✓ Innomar Strategies	✓ McKesson Pharmaceutical Distribution	✓
Specialty Pharmacies	✓ 13 Provincially-Based Specialty Pharmacies	✓ 11 Specialty Pharmacies Across all Provinces	✓ 11 Specialty Pharmacies within Network Nationwide	✓ 15 Provincially-Based Specialty Pharmacies	✓
Patient Support Program Management	✓ Bayshore Programs	✓ NavieGo Programs	✓ Innomar Patient Assistance Programs	✓ McKesson Specialty Programs	✓

On the Pulse of the Specialty Market:
Biologics and Biosimilars

In preparation for the anticipated arrival of many biosimilars to the market in the next 24 months, Canadian pharmaceutical stakeholders have heightened their focus on biologics and biosimilars over the first half of 2017.

Provincial health agencies have begun formalizing their product-level positions on biologics and biosimilars. For example, the changes in late 2016 and early 2017 to infliximab reimbursement, which impacted originator biologic Remicade and biosimilar Inflectra in Alberta, British Columbia, Ontario and Quebec, highlighted broader questions about issues such as switching, interchangeability and pricing. Policy-makers continue to examine these key topics, as seen by the ongoing pCPA biologic/biosimilar consultations[1].

In the manufacturer community, the recently established Canadian Biosimilars Forum – a group of pharmaceutical manufacturer leaders in the biosimilar space including Amgen, Boehringer-Ingelheim, Coherus, EMD Serono, Merck, Pfizer, Sandoz and Teva – will certainly bring needed attention to industry-level topics and issues. The Forum is focused on maximizing the "positive impact of biosimilars on patients, on health systems and on the biosimilars industry itself"[2] in Canada.

In an industry with systems currently designed to manage the dynamics of innovator and generic products, many questions remain on the new and unknown operational challenges that will undoubtedly arise as biosimilars proliferate. What will the impact be on: procurement landscapes; hospital, retail and specialty pharmacies; and patient support programs? And will the value generated by these complex molecules offered at a lower price be enough to support the development of a sustainable model that will drive successful patient outcomes in therapeutic areas that require a high level of intervention, investment and management by health-care stakeholders?

We will surely see further engagement, leadership and innovation from all stakeholders in the coming months as the dynamics of biologics and biosimilars continue to evolve in Canada.

Essential Reading List:

Biologic Versus Biosimilar
New Canadian Forum Calls for Better Access to Biosimilar Medicines to Improve Health Care
Canadian Originator Biologics Coalition
Canada Attempts Biosimilar Balancing Act
CAHR MARKET ACCESS 201 Conference on June 13, 2017 with Panel 1 focusing on biosimilars
Health Canada's Fact Sheet on Biosimilars
What is a Biosimilar?

1 Bruce, F. "Canada Attempts Biosimilar Balancing Act," Scrip Regulatory Affairs / Informa, (February 17, 2017).
2 "New Canadian Forum Calls for Better Access to Biosimilar Medicines to Improve Health Care [press release]," Canadian Biosimilars Forum, (2016). http://www.newswire.ca/news-releases/new-canadian-forum-calls-for-better-access-to-biosimilar-medicines-to-improve-health-care-596664341.html

In the Next Issue

A deeper dive into:

- Real-world data collection
- Bill 92's impact on the Quebec specialty market
- Navigating specialty drug launch dynamics