



Opportunities and Challenges for Scientific Ingenuity in Health Care

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(Rx&D)



Rx&D - Who we are

- Rx&D represents over 20,000 men and women in the innovative, knowledge-intensive, pharmaceutical industry. Our members contribute to the investment of over \$1 billion annually in health R&D
- Rx&D member companies are the leading funder and performer of therapeutic products research and are the largest single source of health R&D research in the Canadian business enterprise sector*.
- In 2006, over 40% of R&D investments by Rx&D members (SR&ED eligible and non-eligible) were in basic research**.
- Every year, about one in 5 research dollars are invested in hospitals and universities***

*SOURCE: Statistics Canada Science Statistics, *Estimates of total spending on R&D in the health field in Canada, 1989 to 2006*, March 30, 2007

** Deloitte 2007 statistical survey of Rx&D member companies

*** PMPRB Annual Reports

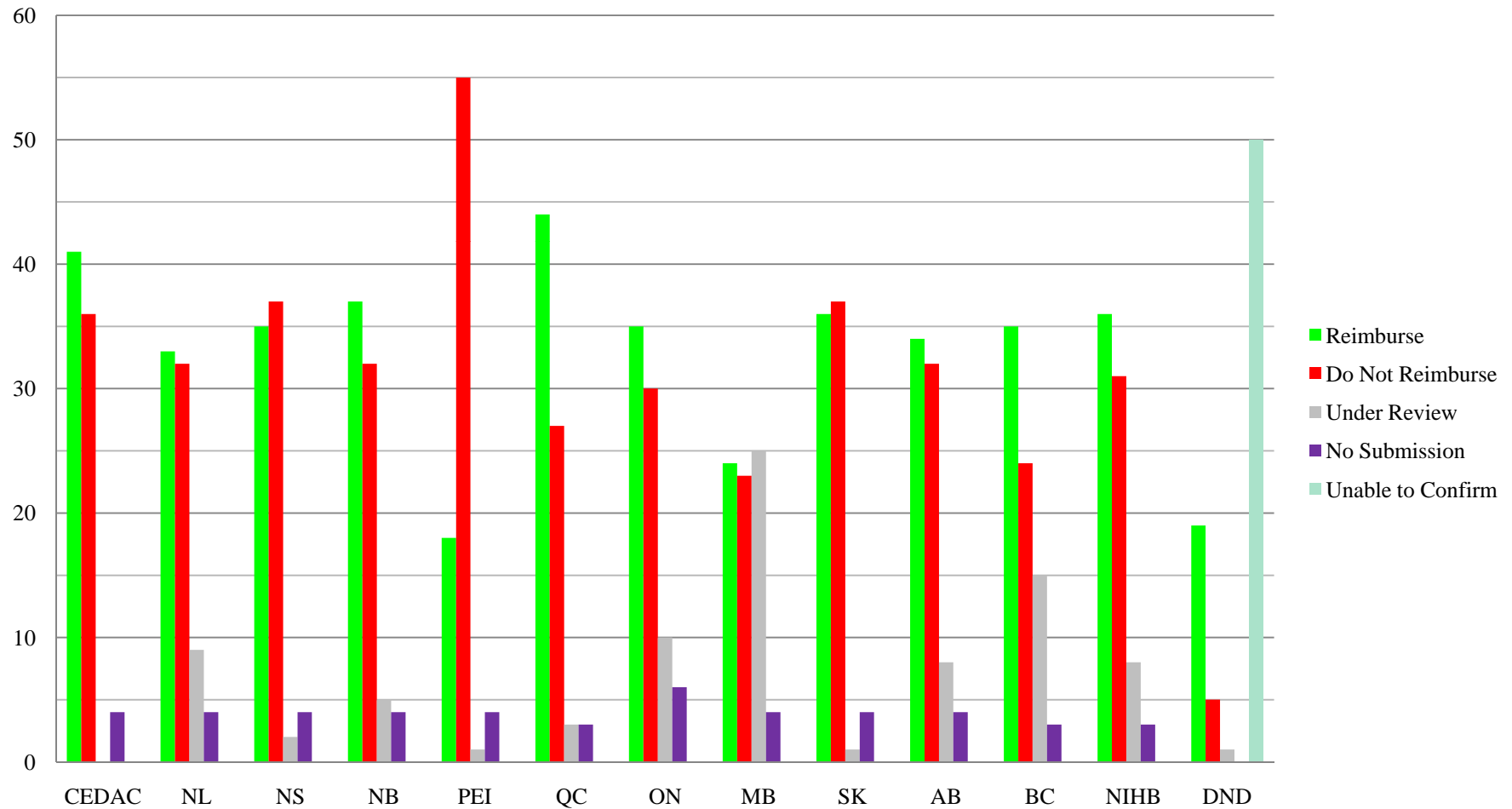
Challenges

1. Perception of innovative pharmaceuticals as a cost
2. Finding a place in therapy for innovative medicines
3. Discovering, developing and delivering innovative pharmaceuticals

Perception of Innovative Pharmaceuticals as a Cost

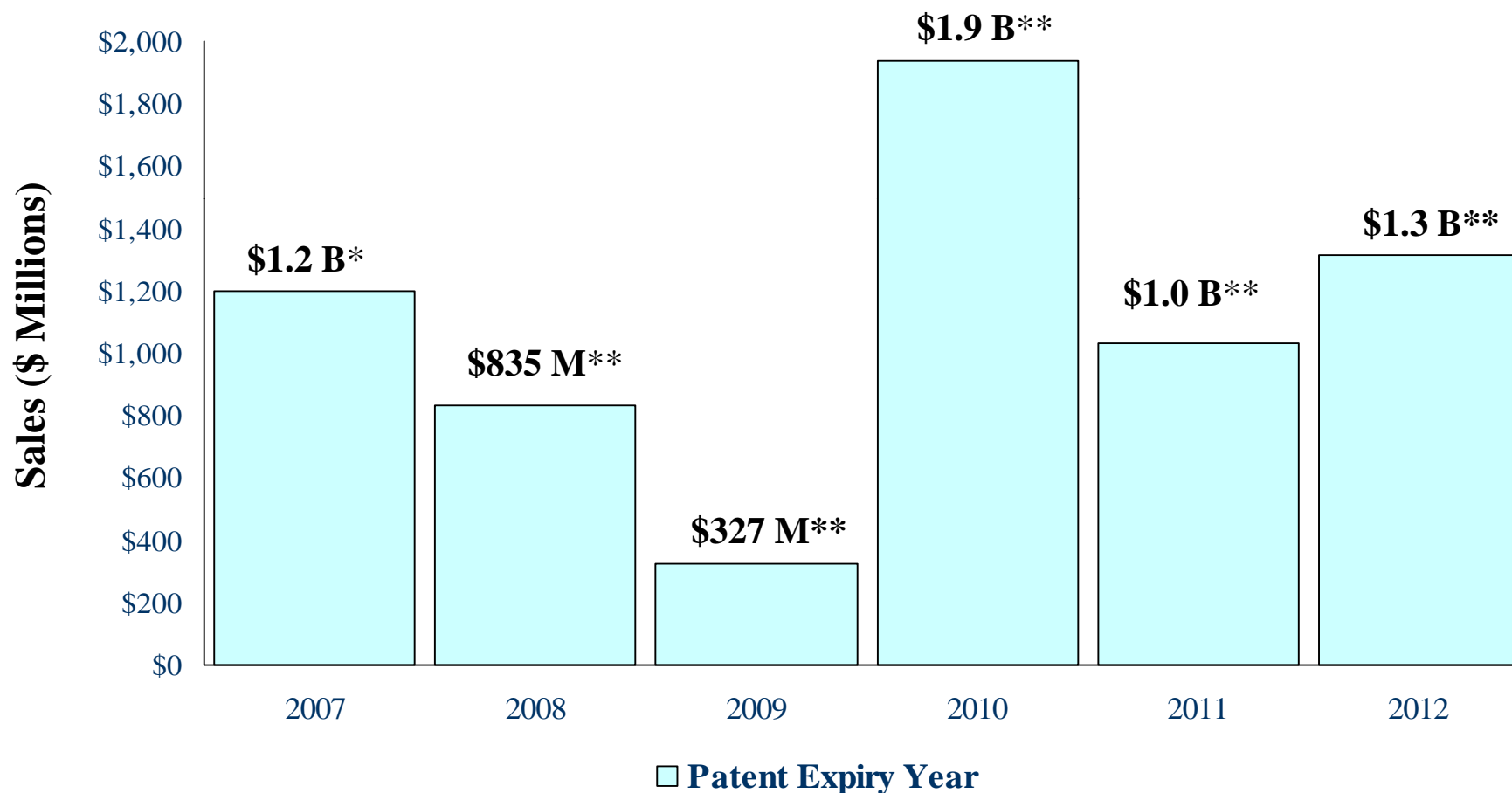
- Volume/utilization, not price, the source of drug expenditure growth
- Bulk purchasing or appropriate use?
- Benefit, not a cost

Finding a Place in Therapy for Innovative Medicines





Total Value of Brand Products and Year of Expected Patent Expiry



*Dollar value for 2007 is based on 2006 total sales data, Canadian Drug Stores and Hospital Purchases.

** Dollar values for 2008 through 2012 are based on 2007 total sales data, MIDAS.

Source: IMS Health. MIDAS. MAT December 2007.

Opportunities

1. Pharmaceutical Innovation
2. Why Innovation Matters
3. Together, we can create tomorrow's knowledge-based economy *today*

Pharmaceutical Innovation

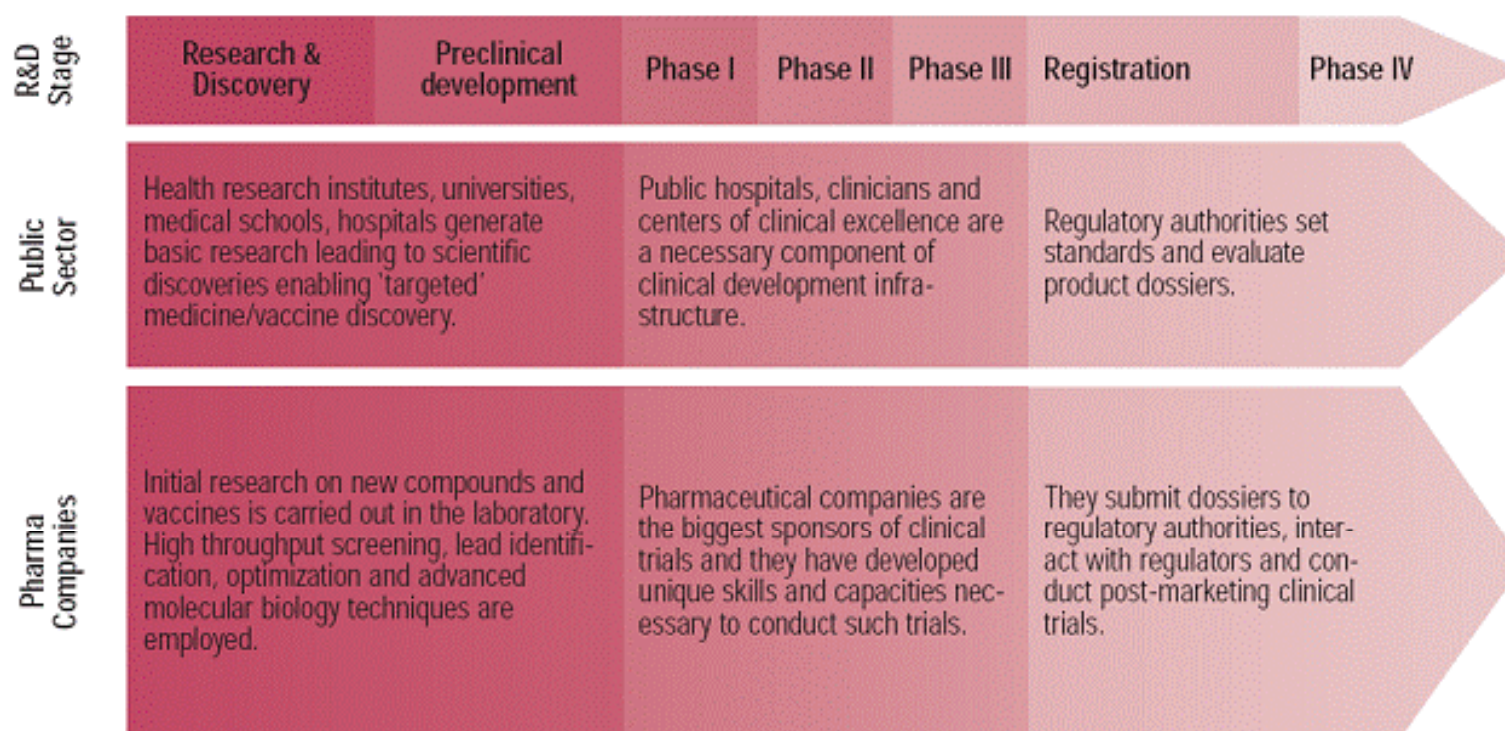
- Pharmaceutical innovation, like innovation in other research intensive industries and in basic research, usually occurs incrementally within the context of safety, efficacy and utility and through the collaborative efforts of industry, universities and governments.
- While both incremental and breakthrough pharmaceutical innovation have significantly improved the quality of care and quality of life for patients, new technologies and scientific developments are driving future innovation.

Why Innovation Matters

- **Social and Economic Benefits**
- **Gaps still remain in knowledge and treatment**

Discover, Develop, Deliver in Partnership

FIGURE 5. DIFFERENT PLAYERS AND THEIR ROLES IN PHARMACEUTICAL R&D



Together, we can create tomorrow's knowledge-based economy *today*

- **Can we adopt a shared definition of “value” or “innovation”?**
- **Enhance capacity and performance of health research in Canada**
 - Including research and program development in chronic disease prevention and management, optimal use of medicinal therapies
- **Encourage Innovation and Better Access to Appropriate Care**
 - Find a place in therapy for innovative medicines approved for use in Canada
 - Increase focus on health outcomes, not costs of health
- **Encourage Professional Collaboration to Increasingly Translate knowledge into medicinal therapies**
 - Creating a culture that encourages active collaboration based on the professionalism and expertise of researchers from the wide research community: academic and industrial.