



pan-Canadian
Pharmaceutical
Alliance

pCPA Corporation: Inaugural Report

Achieving greater value
for publicly funded drug
plans across Canada



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About the pCPA

The pCPA was established by provincial, territorial and federal governments to achieve greater value for publicly funded drug programs. Thanks to the combined negotiation power of participating jurisdictions, the pCPA increases and manages access to clinically effective and affordable drug treatments.

Our Vision

To demonstrate collective leadership through value-driven investments in effective treatments that improve the health of Canadians and preserve a sustainable publicly funded health system in Canada.

Our Mandate

To conduct collective, expert-informed negotiations and achieve the pCPA objectives:

- Increase access to relevant and cost-effective treatments.
- Achieve consistent and lower drug costs.
- Reduce duplication and optimize resource utilization.
- Improve consistency in funding decisions.

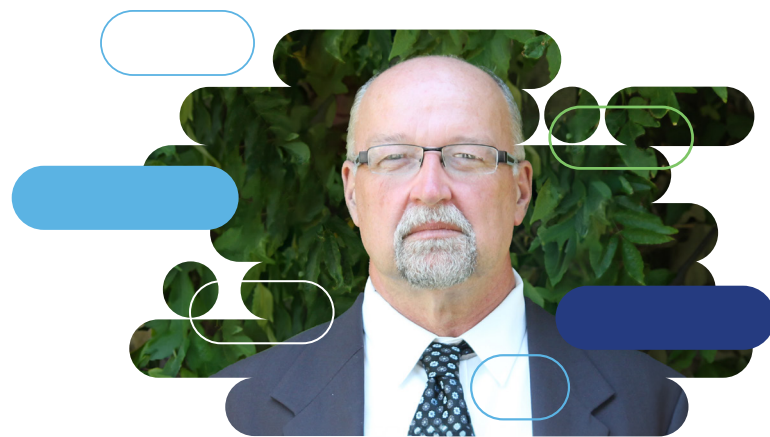
Land Acknowledgement

The pCPA recognizes the history, strengths and diversity of First Nations, Inuit and Métis Peoples. We acknowledge the ancestral and unceded territories of Canada's Indigenous Peoples, as well as their inherent and treaty rights. Our team is located across the country on several traditional territories, and we are grateful to stand, live and work on these lands.

We also acknowledge and recognize the many challenges and harms, past and present, experienced by First Nations, Inuit and Métis communities when accessing, or trying to access, Canada's healthcare system. The pCPA works toward improving health outcomes for all Canadians.



Message from Our Board Chair



On behalf of the Board of Directors, I'm pleased to present the pCPA's inaugural report. This important milestone is the culmination of the revitalization process that started in 2022. Without a doubt, this has been a landmark year for the organization.

The pCPA has a long record of achievements, and its new structure establishes the foundation for the pCPA to move forward as both a proactive and responsive stand-alone organization, more readily able to adapt to a changing environment.

The pharmaceutical landscape is indeed evolving rapidly. Incredible progress has been made in understanding and treating many conditions. This has led to the emergence of new types of therapies — biologics and biosimilars, gene therapies, CAR T-cell therapies as well as therapies to treat smaller populations of patients with rare diseases. Our environment is more sophisticated than ever before.

These promising, new, more complex drugs are oftentimes more expensive than previous medications. In fact, Canada's increasing spending on medicines — through public drug plans as well as people's private insurance plans and out-of-pocket spendings — is mostly related to new drugs. As the pCPA negotiates with manufacturers on behalf of member jurisdictions, achieving lower costs for these medicines is critical. We must ensure that our publicly funded health system remains sustainable, so that Canadians have better access to the drugs they need to be healthy.

New molecules certainly do offer hope to people living with various health conditions. The challenge that we face is that, unlike many of the drugs historically supported by public drug plans, the evidence of clinical and cost effectiveness is limited. While being attentive to the concerns and wishes of Canadians, the pCPA must also ensure access to medicines that add value to a Canadian health system that is facing broader challenges.

Becoming an independent organization will allow the pCPA to respond and adapt more swiftly to the challenges and opportunities faced by all our jurisdictions. Regardless of our governance structure, the pCPA is — and will remain — committed to serving the best interests of our public drug plans and their respective governments.

I would be remiss if I didn't acknowledge the leadership of Bob Nakagawa, the pCPA's transition lead and acting CEO, who spearheaded the incorporation of the organization. His vast experience leading health organizations has allowed the transition to be smooth and efficient. I also want to personally thank the Board of Directors and the pCPA team for their dedication and commitment to the organization and its mandate. As the saying goes, "If you want to go quickly, go alone. If you want to go far, go together." I'm excited for us to go far, together.

A handwritten signature in black ink, appearing to read 'M Moneo'.

Mitch Moneo

Message from Our Acting CEO



Bob Nakagawa: Hi Mitch, how are you?

Mitch Moneo: I'm good, Bob! How are you? How's retirement going?

Bob: I'm enjoying it! It's great to be able to have more flexibility with my time than I had when I was working full-time. I do miss being involved in pharmaceutical policy, though. That's why I'm thinking about a Board position, and I'd appreciate your perspective on it.

Mitch: That would indeed be a good opportunity, but I thought of you for something else: We need someone with assistant deputy minister (ADM) experience to serve as transition lead to set up the pCPA as a stand-alone organization. Would you consider responding to the request for proposals?

That's how it started. My happy detour from retirement.

Back when I was an ADM in British Columbia, I had been involved in some early discussions and negotiations that immediately preceded the pCPA. From the organization's inception, I've always seen the tremendous value of the pCPA to the Canadian taxpayer.

The pCPA was established in 2015, at which time Ontario generously and graciously agreed to house the organization's operations. While the pCPA's Governing Council (GC) was truly pan-Canadian, its staff was based in Ontario. An independent review conducted in 2019 recommended for the pCPA to establish itself as its own independent entity, to swiftly adjust to our ever-changing Canadian pharmaceutical landscape. A lot of work was done by the GC in determining the feasibility of the incorporation and in developing the implementation plan to would set the pCPA up for success, with the support of the member jurisdictions' deputy ministers. Yet they also needed someone to oversee the transition internally. That's when ADM Moneo and I had that pivotal conversation. It was a good fit. I was honoured to lead that change.

We rolled up our sleeves and in the months that followed, we incorporated federally, established a board of directors, developed a budget, and set up an organizational structure and a human resources plan. We also developed our staff structures, hired our leadership team and launched a search for the pCPA's first chief executive officer (CEO). We were pleased to welcome Douglas Clark to the team in September 2023.

We've accomplished a lot this past year. Working with a dream board of directors from sea to sea to sea has truly been a pleasure. It has been equally thrilling to help lay the foundations for the pCPA's next chapter. I'm looking forward to watching the organization realize its true potential in ensuring value in public drug spending for all Canadians.

I can see the main road up ahead. I'm delighted with where this detour took me.

**Bob Nakagawa, BSc (Pharm),
RPEBC, ACPR, FCSHP**

Year in Review

This past year has been one of transformation for the pCPA. It was the year we became an independent, not-for-profit organization. This important change will allow us to better respond to increasing demand as well as our evolving landscape, while still remaining as focused and committed to fulfilling our mandate and improving the health of Canadians.

Our new organization builds on the important work accomplished by our dedicated pCPA team and member jurisdictions. We are here today thanks to their hard work, support and wisdom.

1

Embracing a New Organizational Structure



The change to our new organizational structure was a thoughtful, deliberate process that started back in 2019. Our then Governing Council identified the value of the pCPA becoming an independent organization.

An organizational review was conducted that year to assess the pCPA's current and future roles. It recognized the importance of this rare collaboration of provincial, territorial and federal governments – a collaboration that has enabled the sharing of resources and expertise to achieve the pCPA's objectives. It also recommended that the pCPA become a stand-alone organization to better respond to the rapidly changing pharmaceutical landscape. This transition is anchored in our 2022–24 strategic plan.

Thanks to collective efforts from the pCPA Governing Council, the Government of Ontario (which had been hosting the pCPA since 2015), the pCPA Office team and our Transition Lead and Acting CEO Bob Nakagawa, our independent organization was established in late 2022, and the transition was completed in 2023. Our new organizational structure, along with an increase in internal capacity, will allow us to lead and support more negotiations on behalf of our member jurisdictions in the years to come.

2

Building the Leadership Team and Portfolios



Establishing the independent pCPA also meant recruiting the right leaders to spearhead our different portfolios and support the skilled individuals who allow us to fulfill our mandate. Our leadership team is now in place and working to ensure the organization is well-positioned to leverage the opportunities and address the challenges generated by our evolving ecosystem.

Communications, Engagement and Issues Management

The Communications, Engagement and Issues Management portfolio ensures that our stakeholders receive the information they need when they need it, and that our work is guided by their voices. The team also leads pCPA's responses to timely issues that impact the organization or our landscape.

The Communications, Engagement and Issues Management team is led by Genevieve C. Gagnon, a seasoned public affairs and knowledge translation strategist who has held leadership positions within various healthcare organizations.

Corporate Services

The Corporate Services portfolio provides the pCPA with critical operational support, including human resources, finance, information technology (IT) and compliance. This team was instrumental this past year in building the foundations for the pCPA to become an independent, not-for-profit organization.

The Corporate Services team is led by Gavrielle Tran, a chartered professional accountant (CPA, CMA) who has held leadership roles in government, membership-based organizations, and the business and non-profit sectors.

Negotiations and Outcomes

The Negotiations and Outcomes portfolio supports, develops and implements the pCPA's negotiation strategies and mandates, in collaboration with our provincial, territorial and federal partners. The team is at the core of our organization's mission, as they collectively aim for the best possible value for effective therapies that improve the health of Canadians.

The Negotiations and Outcomes team is led by Dominic Tan, who was previously the senior manager of the pCPA Office. He brings extensive experience in strategic leadership and drug-cost negotiation to the organization, including roles in provincial government. Dominic is also the pCPA's deputy CEO.

Strategy and Decision Support

The Strategy and Decision Support portfolio provides economic expertise in the development and assessment of strategic directions, policies and programs to improve value for drug plans. The team conducts the evaluations and analyses on which the pCPA relies to make informed decisions.

The Strategy and Decision Support team is led by Nisha Kassam, a practising pharmacist who has previously served in leadership positions in government, as well as the health technology assessment and regulatory sectors.

3

Increasing Capacity to Better Support Our Members



With the new organization, the Board recognized the need for increased capacity. The pCPA therefore hired additional staff members to help advance the goals outlined in our strategic plan. As we continue to build out our team across portfolios, capacity will steadily increase, and we will be well-positioned to lead more negotiation processes and expand our engagement with stakeholders on areas of shared interest and potential collaboration.

Looking Ahead

Welcoming Our New CEO



The Board was pleased to announce in the late summer that Douglas Clark would become the first CEO of the newly incorporated pCPA, effective September 2023.

Douglas is a seasoned executive with deep understanding and knowledge of the pharmaceutical landscape in Canada, including drug policy and regulation. He has an established network within our ecosystem and with the pCPA's member jurisdictions, as well as extensive experience leading a stand-alone organization governed by a board of directors.

"I'm thrilled to be joining the pCPA at this exciting and historic time. The establishment of the organization over a decade ago and its steady evolution into an independent body is a good news story that all Canadians can be proud of when it comes to the pricing and reimbursement of pharmaceuticals in this country," he says. "I believe strongly in the pCPA's mandate and its vast potential for improving the health of Canadians and the sustainability of our public drug plans. I could not be more excited to be joining this incredible team as we embark on a new chapter in our already impressive history, and I am looking forward to engaging with our various stakeholders."

Douglas has held leadership positions with the federal government since 2006, including nearly 10 years as the executive director of the Patented Medicine Prices Review Board (PMPRB). A gifted relationship builder, he has forged strong alliances with the PMPRB's partners in both the public and private payer communities. Douglas is also a respected team leader and mobilizer, and he is recognized for his diplomacy as well as his stakeholder relations and negotiations skills. Throughout his career, he has worked closely

with many of the pCPA's stakeholder groups, including provincial, territorial and federal governments and other organizations involved in the Canadian drug reimbursement process.

"Douglas has significant expertise leading an independent organization governed by a board of directors in the pharmaceutical ecosystem, with full financial and operational oversight. This vast experience will allow him to successfully steer the pCPA through change and take the organization to the next level. The pCPA Board members are looking forward to working alongside him," says Board Chair Mitch Moneo.

Earlier in his career, Douglas has served as senior assistant deputy commissioner – Civil Matters with the Competition Bureau, and director of the Patent and Trademark Policy Directorate, among others. He is a graduate of the University of New Brunswick's common law program and was called to the Ontario Bar in 1999. He is fluent in both English and French, which allows him to meaningfully engage in either language with stakeholders from across the country.

"I'm excited that the Board has hired Douglas as the CEO for the pCPA! The organization is in good hands," adds Transition Lead and Acting CEO Bob Nakagawa, who spearheaded the pCPA's incorporation process. "I'm confident that Douglas is the right person to lead the organization. He has the breadth of knowledge and skills required to complete the pCPA's revitalization and provide a vision for the organization's future. I look forward to seeing the great things that he and the pCPA team will accomplish in the coming years."

Continuing to Fulfill Our Mandate

In his first year as CEO of the pCPA, Douglas will help ensure that we have effectively laid out the foundations needed to efficiently operate as an independent, not-for-profit organization. It is those strong foundations that will allow us to establish goals, and to create the strategic and operational plans to reach those goals.

“My vision for the pCPA is that of a trusted intermediary between the pharmaceutical industry and public drug plans. It is my hope that the pCPA will play a critical role in improving sustainable access to clinically relevant medicines through value-driven negotiations and agreements that are consistent, efficient and fair,” Douglas says. Under his leadership, the pCPA will be delivering on the strategic priorities outlined in our 2022–24 strategic plan:

Operational Excellence

Operation excellence is part of an organization’s culture. It is about ensuring strong staff engagement and efficient, streamlined processes. As we grow our team, we’ll be focusing on improving productivity, both by promoting consistency in how negotiations are conducted and by formalizing pathways to expedite negotiations. We will also establish a strong performance measurement framework to measure success, foster continuous improvement and report on our work.

Working Better Together

Our team is the force behind the pCPA’s long history of achievements. We want to create an environment that allows staff to thrive – an environment where their leadership, contributions and successes are celebrated, where people feel connected, and where ideas and best practices are shared to inform collective wisdom and decision-making.

Purpose-Driven Partnerships

The pCPA and all the stakeholders that are part of our ecosystem ultimately want the same thing: better health outcomes for Canadians. With that common goal in mind, we will extend our engagement activities with various partners on initiatives that align with our strategic priorities. We will also focus on exchanging best practices on drug pricing models with international organizations, so we can learn from each other and better support our Canadian public drug plans.

Organizational Resilience

To effectively respond to our evolving landscape, Douglas will provide leadership to enhance the pCPA’s readiness for change. Our efforts will be informed by comprehensive environmental scanning and risk assessment systems, which we will leverage to find innovative ways to modernize our business activities and innovative ways to do work. We will find opportunities (sometimes in challenge) to continuously evolve, show agility and be adaptable.

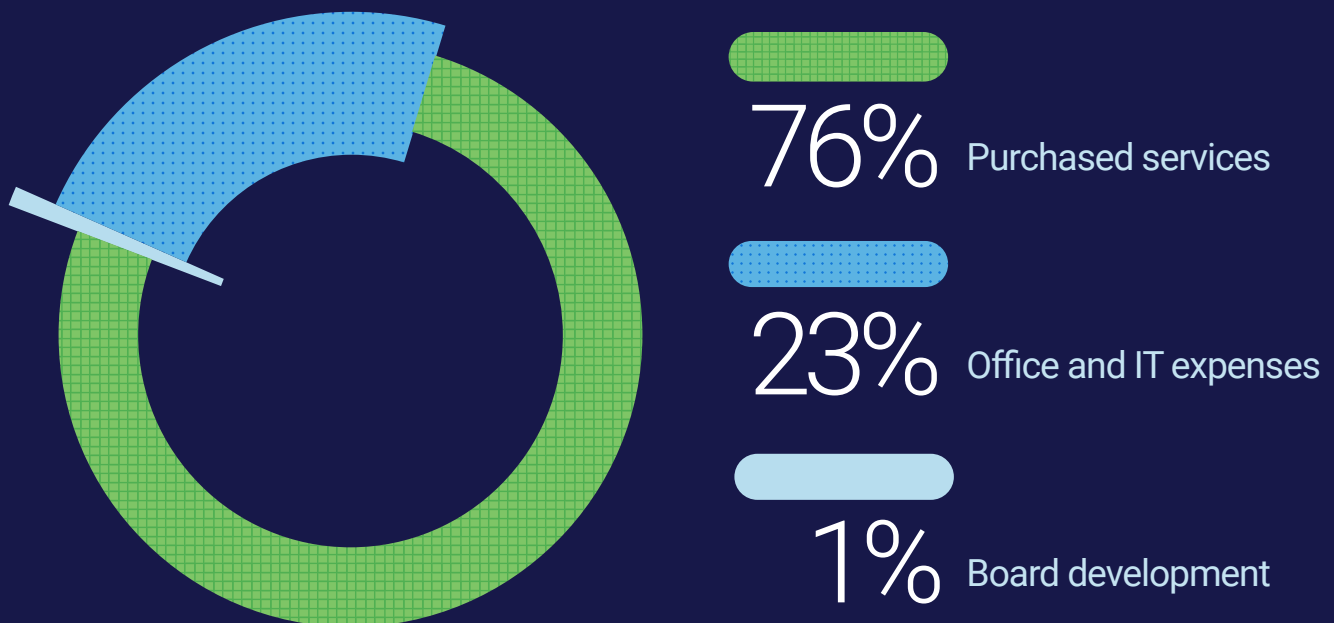
Financials

The pCPA is funded by all participating jurisdictions to support the organization's work and achieve its core objectives:

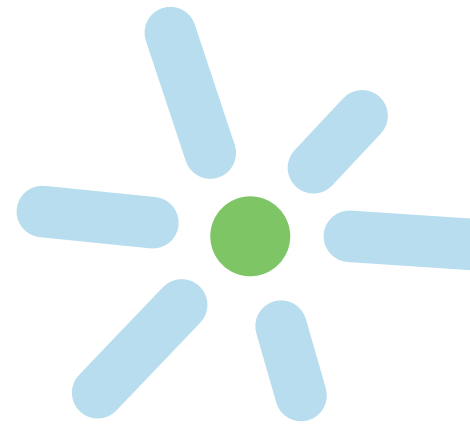
- Increasing access to clinically relevant and cost-effective treatments
- Achieving consistent and lower drug costs
- Improving consistency in funding decisions
- Reduce duplication and optimize resource utilization

This past year was a year a transition, with the pCPA Office still running its core operations as we established the corporation. To support us in building the newly independent pCPA, we secured the services of experienced consultants and contractors, who helped lay the foundations our stand-alone organization now stands on.

The pCPA's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the financial statements present fairly, in all material respects, the Corporation's financial position as of March 31, 2023, and its financial performance and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations. BDO issued their opinion on the financial statements on June 26, 2023 and is attached to the Corporation's financial statements, which can be made available on request.



Special Acknowledgements



The insights, contributions and perspectives of a diverse array of stakeholders, partners and supporters allow us to fulfill our important mandate. We thank everyone who contributed to the pCPA's many achievements this past year and before.

The important work that the independent pCPA will be leading moving forward would not have been possible without the vision of the Governing Council and the colossal amount of work accomplished by its members. They were instrumental in identifying the need for a stand-alone organization and in setting the transition in motion. We also would not be where we are today had it not been for the sustained support of the Government of Ontario, who hosted the pCPA Office for eight years.

Throughout the transition to our new organizational structure, our pCPA member jurisdictions and Board supported us in various ways – from ensuring we had the capacity to build the new pCPA, to supporting the negotiation processes that are at the core of our mandate, to providing guidance and governance support for our organization. The transition was also guided by the consulting firm Ernst and Young, who provided feasibility assessments and implementation supports.

We would be remiss if we did not acknowledge the critical contributions of the pCPA staff. Our team, both with the then pCPA Office and the new corporation, is passionate about the work that we lead. It is that

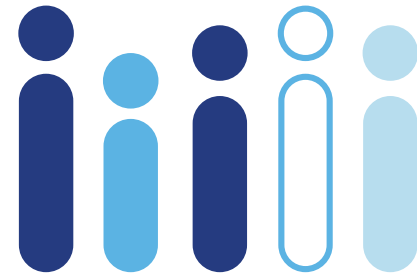
passion and dedication that allow us to achieve great results and meet the needs of public drug plans from across the country. Staff members have also been tremendously resilient and patient as we navigated this revitalization. We are grateful for their unyielding support and look forward to continuing our important work together.

The pCPA is one part of a greater Canadian drug reimbursement process. We want to thank Health Canada, the Patented Medicine Prices Review Board (PMPRB), Canada's Drug and Health Technology Agency (CADTH) and the Institut national d'excellence en santé et en services sociaux (INESSS) for their support now and before, and for the collegial environment we developed together to fulfill our respective missions.

Finally, we also want to acknowledge the patience and understanding of various stakeholders, including drug manufacturers and patient groups, during the transition to our new organizational structure. As we continue to build internal capacity, we will be better positioned to lead more negotiation processes, which will positively impact the health of many Canadians across the country.



Our People



Member Jurisdictions

pCPA member jurisdictions include public drug plans from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories, Nunavut, Non-Insured Health Benefits (NIHB), Correctional Services of Canada (CSC) and Veterans Affairs Canada (VAC).



Board of Directors

Mitch Moneo (chair)

Assistant Deputy Minister, Pharmaceutical, Laboratory and Blood Services Division British Columbia

Chad Mitchell (vice-chair)

Assistant Deputy Minister, Pharmaceutical and Supplementary Benefits Division Alberta

Greg Gettle

Assistant Deputy Minister, Ministry of Health Saskatchewan

Robert Shaffer

Assistant Deputy Minister, Insurance Division Manitoba

Patrick Dicterni

Assistant Deputy Minister, Drugs and Devices Division Ontario

Dominic Bélanger

Director, Drug and Pharmaceutical Services Québec

Eric Levesque

Associate Deputy Minister, Francophone Affairs, Pharmaceutical, Physician and Community Services (Division) Health New Brunswick

Natalie Borden

Senior Executive Director, Emergency Health Services, Benefit Programs and Eligibility Nova Scotia

Lori Ellis

Director, Health Workforce Planning and Pharmacy Services Prince Edward Island

Pam Barnes

Director, Drug Programs and Services Newfoundland and Labrador

Amy Riské

Assistant Deputy Minister, Innovation, Quality and Performance Yukon

Luke Spooner

Senior Project Manager, Pharmaceutical Management Northwest Territories

Carmine Nieuwstraten

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Audit and Finance Committee

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Pam Barnes Newfoundland and Labrador

CEO Search Committee

Mitch Moneo (chair) British Columbia

Robert Shaffer Manitoba

Natalie Borden Nova Scotia

Pam Barnes Newfoundland and Labrador

Luke Spooner Northwest Territories

Leadership Team

Bob Nakagawa

Transition Lead and Acting CEO

Dominic Tan

Deputy CEO and Senior Director, Negotiations and Outcomes

Genevieve C. Gagnon

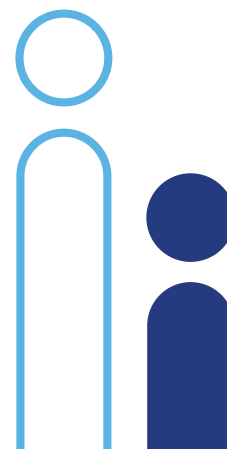
Director, Communications, Engagement and Issues Management

Gabrielle Tran

Director, Corporate Services

Nisha Kassam

Director, Strategy and Decision Support





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This report includes forward-looking statements. These statements reflect current expectations and assumptions regarding the future of the pCPA and that of the pharmaceutical environment. They should not be interpreted as assurance of future focus or work, as our rapidly evolving landscape might lead to new circumstances or priorities for the pCPA.