pCPA – Strategic Revitalization

Introduction

The pCPA was created by the premiers of Canada and was established in August 2010 as the pan-Canadian Pricing Alliance. In 2015 the Alliance was formalized with a new name (the pan-Canadian Pharmaceutical Alliance or pCPA), a new mandate, objectives, governance structure, and office. Quebec joined the alliance in 2015 followed by the federal drug plans in 2016.

One of pCPA's key roles is to conduct joint negotiations for brand name and generic drugs in order to achieve greater value for Canada's publicly funded drug programs and patients through its combined negotiating power. Since its establishment the pCPA has signed over 350 Letters of Intent with a wide variety of drug manufacturers. The pCPA has also developed brand name drug process guidelines as well as a pricing framework for generic drugs and a biologics-biosimilars initiative and processes. The pCPA estimates that its negotiation efforts have saved $2.58 billion annually.

The pCPA's Mandate and Objectives

The pCPA collaborates on a range of public drug plan initiatives to increase and manage access to clinically effective and affordable drug treatments. Its objectives are to:

- Increase access to clinically effective and cost-effective drug treatment options;
- Achieve consistent and lower drug costs for participating jurisdictions;
- Reduce duplication of effort and improve use of resources; and
- Improve consistency of decisions among participating jurisdictions.

pCPA Organizational Review

Ten years after its creation, the pCPA has evolved from a start-up to a more formal organization, facing new challenges and a changing pharmaceutical environment. In late 2019 the pCPA began an in-depth assessment of the organization to inform its revitalization. A consultant was engaged to assess the pCPA's current and prospective future roles. Important considerations included: understanding stakeholders' expectations, developments in international approaches to pharmaceutical negotiations and pCPA's organizational stability, capacity, and readiness to respond to future scenarios in changing regulatory and pharmaceutical environments. The evaluation addressed pCPA's performance against its stated mandate, included a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, and identified opportunities to strengthen its role, scope, mandate, capacity, governance, and accountability. The data collection phase of the evaluation included three surveys (*n* = 397) and interviews with jurisdictional representatives, the pCPA Office staff, patient and public representatives, pharmaceutical industry representatives, and clinicians.

Key Findings

The review of the organization determined that the pCPA has generally achieved its objectives of attaining cost savings for jurisdictions, increasing access to drugs, and supporting consistency among members. Further, it identified the pCPA as a rare collaboration among all provinces, territories and federal representatives and confirmed that the pCPA has low operational costs compared to the size of its operations, the value to its members, and savings achieved. It has enabled the sharing of resources and expertise in health economics and negotiation skills across the country. The predominant positive aspects of the pCPA that emerged were financial savings to member jurisdictions, collaboration, communication, consistency of decision-making among jurisdictions, enhanced negotiation and analytical skills and improved consistent pricing.

However, the evaluation also found a number of areas of concern or opportunity, including the organization's governance model, strategic and risk management planning, staffing structure, achieving negotiation timelines, decision-making processes, transparency, and key performance indicator (KPI) measurement processes.

Ideas for improvement to the current Governance Framework were noted by the consultant for six main areas of the organization: Strategic Management, Operational Management, Risk Management, Resource Management, Audit, Review, and Reporting, and Information and Technology.

Priority Initiatives

The pCPA's Governing Council has carefully considered the results of the evaluation and has decided to initially move forward with work in the three key areas noted below.

Governance and Organizational Structure

The current structure, which includes the pCPA Office hosted by the Ontario Ministry of Health, has been in place since 2015. It was chosen as a pragmatic starting point to launch the pCPA office in a manner that could be implemented quickly. Based on this most recent review, it is clear that the organization has outgrown this model. In conducting the review, the consultant considered a number of governance options and ultimately recommended that the pCPA become a stand-alone organization. A separate organization would allow the pCPA to consolidate and centralize its operational authority, redesign its Office structure, and ensure its

SWOT ANALYSIS

The SWOT analysis showed the pCPA's strengths were in its pan-Canadian approach, its ability to leverage a larger market to achieve better value, and improved sharing of expertise and resources. The greatest weaknesses noted included intrinsic differences between the 13 jurisdictions; less than optimal external transparency; and, issues resulting from the Office's location within one member government. Threats to the pCPA included a difference in approach to negotiations among jurisdiction members; a backlog of negotiations; the impact of the changes to the evolving regulatory environment; and increasingly higher drug costs and complex negotiations for smaller populations with limited evidence. Major opportunities were seen to build human resource capacity and expertise in negotiation; to further standardize processes: to develop robust KPIs to measure performance against guidelines and objectives; and, to create stronger analytic and clinical input to support improved file prioritization and decision making.

governance and accountability structures are fully aligned. It would also provide the opportunity to hire and house dedicated pCPA staff and to better coordinate the broader organization which includes allocated staff from jurisdictional drug programs.

pCPA member jurisdictions have accepted the recommendation in principle and are planning to undertake a feasibility assessment of the recommendation to transition the Office to a stand-alone entity.

Strategic Management

In conjunction with determining a new governance and organizational model, the Governing Council and the pCPA will be developing a formal strategic management plan for the pCPA. This plan will provide greater accountability, guidance, and role clarity to the pCPA organization. As well, it will ensure that the pCPA is well-positioned to meet emerging challenges in the pharmaceutical environment.

Operational Management

The review highlighted the need to build human resource capacity, to further standardize processes, and make other operational improvements. The report further recommends an enhanced performance and analytics function within the Office, expanded post-negotiation data collection and enhanced key performance indicators (KPIs). The pCPA's Senior Manager will be working with the Governing Council, the pCPA Office staff, the pCPA network, and key stakeholders to develop targeted solutions to deal with priority areas.

Stakeholder Input

The pCPA values the input that a variety of stakeholders provided during the pCPA review. Suggestions were made about improvements to and transparency of the pCPA's negotiations guidelines, procedures and processes; timeliness of negotiations and listing drugs on member formularies; reduction of bureaucracy and duplication of effort at the jurisdictional level; and, the creation, measurement, and regular reporting of KPIs. The information and ideas gleaned from the review process continue to be very helpful to the pCPA Office and to the Governing Council as it considers the evolution of the pCPA. The pCPA is committed to enhancing the transparency of the organization and to strengthening its engagement with patients, clinicians, pharmaceutical manufacturers, and other stakeholders.