



NEWS RELEASE

Federal government's proposed drug changes mean potentially lower prices but reduced access and innovation

August 16, 2022
For immediate release

VANCOUVER—Ottawa's drug pricing changes may result in lower costs, but will also likely reduce Canadians' access to life-saving pharmaceuticals and potentially discourage investment in Canada's pharmaceutical sector, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"The core issue is that Ottawa's changes to the *Patented Medicines Regulations* are intended to reduce prices, but will also likely result in delayed – or worse, limited – access to new life-saving medicines," said Kristina Acri, Chair of the Economics and Business Department at Colorado College, senior fellow at the Fraser Institute and author of *An Evaluation of the Proposed PMPRB Amendments*.

The Patented Medicines Prices Review Board's (PMPRB) recently announced amendments to the *Patented Medicines Regulations*.

The amendments notably change the group of countries used for comparison to determine drug prices in Canada. Specifically, Switzerland and the United States have been removed in favour of a set of countries that generally have lower prices, but also access to fewer new and innovative drugs.

These changes will have significant consequences for Canadians because the potential lower prices will discourage pharmaceutical companies from launching new products in Canada. Moreover, Ottawa's changes designed to reduce drug prices will also reduce the financial incentives to develop and manufacture new medicines, treatments, and cures in Canada.

Crucially, COVID-19 vaccines were effectively exempt from regular PMPRB pricing oversight, suggesting that the federal government is aware of the discouraging effect such restrictions have on innovation in the pharmaceutical industry.

"Affordability is important but so, too, is making sure Canadians have access to the best medicines in the world," Acri said.

"Ottawa's proposed changes to drive down drug prices will have an impact on peoples' access to new life-saving medicines, and Canadians should be aware of the trade-off the government is making."

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