

NEWS RELEASE

Ottawa's drug-pricing changes risk limiting patient access to new medicines

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For immediate release

VANCOUVER—The federal government's plan to lower the cost of patented pharmaceuticals in Canada through new regulations seriously risks limiting patient access to new innovative drugs, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Establishing drug prices has always been a balance between affordability and accessibility, but by markedly shifting the scales towards lower prices, Canadian patients will likely have less access to life-saving drugs," said Kristina Acri, Fraser Institute senior fellow, associate professor of economics at Colorado College and author of *Implications of the Proposed Changes to Canada's Pharmaceutical Pricing Regulations*.

Starting next year, the Patented Medicine Prices Review Board (PMPRB)—a federal body that regulates the prices of all patented medicines in Canada—will use new rules for establishing drug prices.

While the changes are meant to lower prices for patented pharmaceuticals, the study finds they will also delay—or limit entirely—access to new drugs for Canadian patients, particularly for expensive treatments such as biologics, a burgeoning class of medicines.

Why is that?

If the prices set by the PMPRB are too low, drug companies will likely decide not to make certain drugs available in Canada or delay their entry into the Canadian market.

Indeed, while drug prices in Canada are high compared to many other developed countries, Canadian patients have enjoyed greater access to new drugs. For example, of all new pharmaceuticals introduced between 2009 and 2014, 61 per cent were available in Canada, compared to less than 40 per cent in Japan, the Netherlands and South Korea. All three countries have lower drug prices than Canada, but also less access.

The proposed reforms to the PMPRB would see Canada use comparative prices from countries including Japan, the Netherlands, and South Korea to determine if Canadian patented drug prices are appropriate. The implications are clear—there would be downward pressure on prices that would result in lower levels of access as has been experienced in the reference countries.

"By altering the drug-pricing balance in favour of lower prices, the federal government will reduce access for Canadian patients to new medicines," Acri said.

"In the future, there could be potentially life-saving medicines only available to those Canadians wealthy enough to travel to the U.S."

This is the first study in a series being released this year on Canada's pharmaceutical drug pricing policy reforms.

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