



NEWS RELEASE

Lessons from the U.K., New Zealand and Australia indicate that government-run pharmacare limits access to new drugs, discourages innovation

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VANCOUVER—As Canadian policymakers grapple with a potential national pharmacare program, we should learn from the United Kingdom, Australia and New Zealand where publicly-funded pharmacare schemes have resulted in reduced access to new drugs for patients, drug shortages, higher taxes and less pharmaceutical innovation, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Government-run pharmacare programs in countries such as the U.K., Australia and New Zealand have produced unintended consequences for patients, so Canadians should be aware of the risks as policymakers here pursue potential reforms,” said Kristina Acri, professor of economics at Colorado College, Fraser Institute senior fellow and author of *The Unintended Consequences of National Pharmacare Programs in Australia, New Zealand and the UK*.

The study finds that government-run pharmacare programs in all three countries employ similar strategies to contain costs, which can result in the following:

- Patients have reduced access to new drugs, as pharmaceutical companies delay or even withhold new drugs (in certain markets) if the price regulated by government is too low.
- Potential drug shortages, as government-funded pharmacare programs tend to favour single suppliers, leaving patients vulnerable to shortages if the sole supplier runs out.
- Higher taxes, as previous research estimates government-run pharmacare in Canada would cost taxpayers up to \$13 billion per year.
- Less pharmaceutical innovation in Canada, because when government mandates lower prices, there’s less incentive for pharmaceutical companies to invest in research and development to create new life-saving drugs.

“Any new national drug plan should put the interests of patients first and not limit access to drugs or stifle the innovation that drives new treatments and cures,” Acri said.

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