Consequences of over-regulating the prices of new drugs in Canada

Description

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Canada’s federal government is in the end-stages of a process for implementing changes to the rules used by the Patented Medicine Prices Review Board (PMRPB) to regulate the prices of new medicines. Two of the stated purposes for the PMPRB regulatory changes are to significantly lower the cost of prescription drugs and to provide faster access to new drugs that are safe and effective. The purpose of this study is to examine whether the evidence supports the government’s assumption that it can preserve the availability of new medicines for Canadian patients while further depressing the prices of patented drugs. Using data from the PMPRB and the Organisation for Economic Co-operation and Development (OECD), a multi-variable linear regression analysis was conducted to test the statistical relationship between the number of new drug launches (dependent variable) across 31 OECD countries and three independent variables: the market price level for patented drugs, the per capita GDP and the total market size (population) in each country.