

Patented drug prices and clinical trials in 31 OECD countries 2017: implications for Canada's PMPRB.

Description

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ABSTRACT

The federal government is implementing changes to the rules used by the Patented Medicine Prices Review Board (PMPRB) to regulate the prices of new medicines sold in Canada. The regulatory changes are intended to further depress the prices of patented drugs. In its Regulatory Impact Analysis Statement, the PMPRB stated: "It is not anticipated that these amendments would generate adverse impacts on industry employment or investment in the Canadian economy." This study examined whether there is any empirical link between price and industry investment in clinical R&D. The analysis tested for statistical correlations between the geographic distribution of industry-funded clinical trials across 31 OECD countries and variation in drug price levels, controlling for differences in GDP and market size. A multi-variable regression analysis suggested that a lower price ceiling resulting from the PMPRB regulatory changes will likely cause a substantial decline in the number of industry-funded clinical trials in Canada. Analysis of other data suggest clinical trial activity could already be declining over time and the trend is linked to a simultaneous decline in the Canadian price level for patented medicines relative to competing markets in the 7 reference countries currently used by the PMPRB.

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