



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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News / Story reproduced with thanks:- **CBC News**

Drug spending in U.S., Canada about same: report

Direct link to the News/Story:-

<http://www.cbc.ca/health/story/2010/06/10/con-drug-costs.html>

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The report by the economic think-tank the Fraser Institute says that per capita spending on prescription drugs is nearly identical for Americans and Canadians.

In both the U.S. and Canada, consumers spent 1.7 per cent of their gross per capita income on prescription drugs. Looked at in terms of after-tax income the rate is 2.6 per cent for Canadians compared with 2.3 per cent for Americans.

That rate is based on Canadians being written an average of 14.2 prescriptions per year, compared with 12.7 for Americans.

Name-brand drugs in Canada are substantially cheaper than in the U.S., at an average of 53 per cent lower. The major difference is in the cost of generic substitutes, which come in 112 per cent cheaper in the United States. Americans also purchase more of the inexpensive generics instead of brand-name drugs.

'These policies have not resulted in personal advantages for Canadians.'-Mark Rovere, lead author of study

The Fraser Institute frames the study as showing a failure in Canada's interventionist model in prescription drug costs.

"Much of Canada's prescription drug policy is based on the assumption that greater government intervention in the market such as regulation of drug prices will provide more affordable access to drugs," notes Mark Rovere, lead author of the study.

"But our research finds that on average these policies have not resulted in personal advantages for Canadians compared to the United States," he said.

The Ontario government is currently facing a major battle with pharmacists as it attempts to bring down the cost of generic drugs in that province.