



# Canada

*Health Canada, Jean Pruneau*

In Canada, Federal/Provincial/Territorial governments share responsibility for pharmaceuticals. Overall, there are 18 separate publicly funded drug plans, and numerous private plans.

**Federal:** Health Canada regulates clinical trials and authorizes market entry based on assessments of a drug's safety, efficacy and quality, monitors the safety of products once they reach the market, and reviews the prices of patented drugs through the Patented Medicine Prices Medical Review Board (PMPRB). The federal government also provides drug coverage for populations under its jurisdiction (e.g., First Nations, veterans, Canadian Forces, federal inmates).

**P/Ts:** The provinces and territories (PTs) each provide public drug benefits for either all residents or specified groups such as seniors, social assistance recipients, and individuals with certain diseases or conditions. PTs also have the authority to regulate the market.

## Pricing

- **Price policies for pharmaceuticals**  
The prices of patented medicines are regulated by the PMPRB to ensure they are not excessive. Criteria are based on the degree of innovation and the international median price.
- **Wholesale Mark-ups**  
Although there is a rising trend in the use of wholesalers, it is not known how this has affected price.
- **Pharmacy Mark-ups**  
Mark-ups and dispensing fees vary considerably across the country.
- **VAT**  
Drugs are zero-rated and are therefore not taxed if prescribed by a physician. This exemption applies to production, distribution and sale.
- **Reforms – if applicable**  
The PMPRB is in the process of reviewing its guidelines for assessing excessive prices.

## Reimbursement

- **Positive lists**  
In general, drugs not listed on a formulary are excluded from the scope of coverage. However, some plans allow physicians to apply for special-use permission of drugs not listed.
- **Reference Price System**  
The majority of public drug plans utilize a reference price system. Some take the form of therapeutic price referencing (ex: British Columbia) while others take the form of maximum allowable cost (ex: Alberta).
- **Co-payment**  
Co-payment is the most common form of patient cost sharing. Deductibles are also frequently used.
- **Mechanisms for vulnerable groups**  
Mechanisms for vulnerable groups are utilized by many public drug plans; however, there is a high degree of variability across the country.
- **Reforms – if applicable**  
Individual PTs (Ontario, Quebec and Newfoundland and Labrador) have introduced legislations that set reimbursement price levels.