

From: Rosalie Wyonch
To: Healthcare Observers
Date: July 22, 2024
Re: **OZEMPIC: THE PERILS OF LIVING BESIDE THE US ELEPHANT**

In the last instalment of our examination of the [lessons of the Ozempic moment](#) we look at the complications of living next door to the largest and highest profit pharmaceutical market in the world and ongoing changes to US policy allowing for prescription drug importation from Canada.

Americans have been able to [get prescriptions filled](#) by Canadian pharmacies for years. If a Canadian physician co-signs a US prescription, it can be filled by a Canadian pharmacist and mailed to the US patient. In 2020, a [new pathway](#) was created for states and other entities to import drugs from Canada. In 2024, the FDA approved Florida's plan to import particular drugs from Canada for a two-year period, though the state will still need to meet additional requirements before implementation. Florida estimates that importing from Canada will save the state's Medicaid program up to \$183 million in the first year.

The size of the US market relative to Canada's means these policy changes could have [significant effects](#) on the availability and price of drugs in Canada. They are also an opportunity to expand Canada's life sciences and biotechnology industry and grow exports. The potential for profit is much higher in the United States since its prices for patented medicines are about three times higher than in Canada. The price differential creates an incentive for pharmaceutical firms to seek higher prices when launching new drugs in Canada or delaying launch altogether to protect against cheaper Canadian imports cutting into US profits.

Canadian prices are [limited by regulations](#) that make them comparable to prices in other countries (not including the US). Since price increases are restricted, shortages of medications and delays in accessing new medications in Canada are a likely result of large-scale US exports. If just [10 percent of US prescriptions](#) were filled from Canadian sources, Canada's drug supply would be exhausted in less than a year. Over time, manufacturing would expand to reduce the risk of shortages, but the delay in accessing new medications would likely remain. Canadians already wait about [two years](#) to access new medicines through public drug plans. [Wegovy](#) (semaglutide) was approved for obesity treatment by Health Canada in 2021, but only became available in Canada in May 2024.

Health Canada has [regulations](#) to protect Canadian drug supplies. Pharmaceutical companies can limit manufacturing contracts to sales and distribution within domestic borders, allowing them to supply both markets while protecting US profits. However, legal loopholes remain.

Ozempic, again, provides an illustrative case study. A physician licensed in Nova Scotia, based in Texas wrote [17,160 prescriptions](#) for semaglutide (the generic name) from December 2022 to February 2023. Most were provided to American who filled them in British Columbia. BC [stopped allowing](#) US residents to order semaglutide online as of April 2023 and by June 2023, sales of the drug dropped by [more than 99 percent](#). There had been no shortage of semaglutide in the province at the time, but the action was taken as a precautionary measure.

A complete prohibition of exporting pharmaceutical products to the US would be heavy-handed. It would preserve Canadian supplies in the short term but would restrict economic opportunity for Canadian pharmacists and the potential growth in domestic pharmaceutical manufacturing in the future. The current policy also has significant downsides: Exports are restricted along the supply chain while they remain much more flexible at the retail level. This distortion concentrates the economic opportunity at the pharmacy level.

Policymakers need to balance ensuring stable and resilient domestic drug supply chains with economic growth in the life sciences and biotechnology industry in the midst of ongoing disruptions. The price differential between Canada and the US provides ample economic opportunity in Canada, and significant potential for savings for US consumers. It is essential that it does not come at the cost of Canadians being unable to access essential medicines or having to wait even longer to access new treatments.

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