

THE PRICE OF PATENTED MEDICINES IN CANADA

In 1987, amendments were made to the Patent Act which raised the level of protection for the makers of innovative pharmaceuticals. At the same time, the control of price levels for patented medicines remained a central theme in the government's policy agenda. The Patented Medicine Prices Review Board (PMPRB) was created to monitor price levels set by Canadian pharmaceutical patent holders as well as their R&D activities.

From January 1987 until December 1990, the prices of patented pharmaceutical products that fall within the PMPRB's jurisdiction have increased at an average annual rate of only 3.1 percent which is considerably less than the rate of inflation. This clearly indicates that the PMPRB has been effective in controlling the prices of patented pharmaceutical products.

By contrast, from January 1983 until the creation of the PMPRB in December 1987, the wholesale price of drugs increased at an average annual rate of 7.1 percent. The rate of inflation was, on average, 4.3 percent per year during the same time period.

Price Trends in the Pharmaceutical Industry

Source: PMPRB, Third Annual Report, 1991