

State importation programs are unrealistic: diverting prescription drugs to American consumers would rapidly deplete the Canadian drug supply

## Description

**State importation programs are unrealistic: diverting prescription drugs to American consumers would rapidly deplete the Canadian drug supply**

**Brett J Skinner**

## ABSTRACT

**Summary:** Importation of Canadian drugs as a means of controlling or reducing the cost of providing prescription drugs to Americans has been a recurring political issue for more than 20 years. Differences in Canadian regulated prices and American market prices for patented medicines creates an opportunity for regulatory arbitrage whereby Americans purchase prescription drugs that were intended to be sold from multinational manufacturers through Canadian wholesale distributors and retail pharmacies to Canadian consumers. As of 28 AUG 2024, seven states — Colorado, Florida, Maine, New Hampshire, New Mexico, Texas and Vermont — have passed legislation stating their intention to establish State drug importation programs. Five States — Colorado, Florida, Maine, New Hampshire and New Mexico — have submitted proposals to the FDA. In January 2024, Florida's proposal was the first to receive FDA approval. Despite the policy intentions of these proposals, the rapid depletion of the Canadian drug supply from U.S. arbitrage-related prescription drug imports will cause the Canadian government to ban the export of drugs that were intended to be sold on the Canadian market. This reality shows the futility of efforts by American proponents to legalize and facilitate arbitrage-related prescription drug imports of prescription drugs from Canada. This study estimates the impact that U.S. arbitrage-related prescription drug imports will have on the Canadian supply of a sample of medicines that are likely to be targeted by American States represented by the prescription drugs listed for arbitrage-related prescription drug imports by the States of Colorado and Florida. The analysis demonstrates how long it will take to exhaust the entire Canadian supply of these drugs under the full weight of consumer demand from the United States.

**Authors credentials and affiliations:** Brett J Skinner PhD, is the Founder and CEO of Canadian Health Policy Institute (CHPI) and the Editor of Canadian Health Policy Journal.

**Disclaimer:** This study uses data obtained under license from the following IQVIA information service: IQVIA MIDAS®. Copyright IQVIA. All rights reserved. The analysis, conclusions and opinions expressed in this paper do not necessarily reflect the views of IQVIA.

**Disclosure:** Funding for the study was received from Innovative Medicines Canada and the Pharmaceutical Research and Manufacturers of America.

**Acknowledgements:** the French language version of this paper was translated by Yanick Labrie.

**Status:** Peer reviewed.

**Submitted:** 10 SEP 2024 | **Published:** 28 OCT 2024

**Citation:** Skinner, Brett J. (2024). State importation programs are unrealistic: diverting prescription drugs to American consumers would rapidly deplete the Canadian drug supply. *Canadian Health Policy*, OCT 2024. <https://doi.org/10.54194/PGGO7479>. [canadianhealthpolicy.com](https://canadianhealthpolicy.com).

## REFERENCES

Canadian Health Policy Institute (CHPI) (2024). Waiting for new medicines in Canada, Europe, and the United States 2018-2023. *Canadian Health Policy*, APR 2024. ISSN 2562-9492 <https://doi.org/10.54194/QQVC3893>, [canadianhealthpolicy.com](https://canadianhealthpolicy.com).

Colorado (2024). The Colorado State Importation Program: Section 804 Importation Plan. The Colorado Department of Healthcare Policy and Financing (February 7, 2024).

Florida (2023). The State of Florida's Section 804 Importation Program (SIP) Proposal for the Importation of Prescription Drugs from Canada. October 20, 2023.

Health Canada. (January 8, 2024). Statement from Health Canada on FDA decision on Florida bulk drug importation plan.

[NCSL] National Conference of State Legislatures. (2024). <https://www.ncsl.org/health/state-drug-wholesale-importation-programs>.

Patented Medicine Prices Review Board (PMPRB). (2024)

Shepherd M. (2019). New pathways for U.S. importation threaten Canadian prescription drug supply. *Canadian Health Policy*, September 2019. [canadianhealthpolicy.com](https://canadianhealthpolicy.com). | Shepherd M (2018) U.S. Drug Importation: Impact on Canada's Prescription Drug Supply. *Health Econ Outcome Res Open Access* 4: 146. | Shepherd M. The Effect of U.S. Pharmaceutical Drug Importation on the Canadian Pharmaceutical Supply. *Canadian Pharmaceutical Journal*, Vol 143, No.5, September/October 2010, 226-232.

Skinner, Brett J. (2019). Potential impact of U.S. demand on the Canadian supply of 46 prescription drugs. *Canadian Health Policy*, September 2019. [canadianhealthpolicy.com](https://canadianhealthpolicy.com).

Statistics Canada (February 2024). Table 17-10-0005-01 Population estimates on July 1, by age and gender.

U.S. Census Bureau, Population Division (December 2023). Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2023 (NST-EST2023-POP).

U.S. Congress. (2017). Improving Access to Affordable Prescription Drugs Act, H 1776, 115th Cong, 1st Sess (2017-1018). Affordable and Safe Prescription Drug Importation Act, H 1245, 115th Cong, 1st Sess (2017-1018). Affordable and Safe Prescription Drug Importation Act, S 469, 115th Cong, 1st

Sess (2017-1018).

U.S. Food and Drug Administration (FDA). (2022). Importation of Prescription Drugs Final Rule – Questions and Answers Guidance for Industry.

U.S. Department of Health and Human Services (HHS) (2020). Food and Drug Administration. 21 CFR Parts 1 and 251 [Docket No. FDA-2019-N-5711] RIN 0910-A145. Importation of Prescription Drugs. <https://www.hhs.gov/sites/default/files/importation-final-rule.pdf>.]