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

Description

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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.

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