THE INNOVATION LEGACY:
Building a Healthier Future

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Toronto, Ontario

CHPI
CANADIAN HEALTH POLICY INSTITUTE

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Executive Summary

The purpose of the conference was to highlight the role of pharmaceutical innovation in improving patient outcomes and strengthening Canada's economic competitiveness. It also aimed to examine policy barriers, such as regulatory delays, and global pricing pressures, and explore solutions to ensure Canada can sustain and attract future pharmaceutical innovation.

Approximately 90 participants were in attendance, including representatives from the following sectors and organizations: Canada's Drug Agency (CDA-AMC), Patented Medicine Prices Review Board (PMPRB), the Ontario government, the U.S. Consulate, the innovative pharmaceutical industry, patient groups, research institutions and other key health system leaders (e.g., Ontario Brain Institute, Genome Canada).

Key Themes

Pharmaceutical innovation significantly reduces mortality and health care utilization, yet Canada captures only part of this value. Without past pharmaceutical approvals, hospital days in 2022 would have reached 40 million rather than the actual 26 million, meaning 14 million hospital days were avoided. This is equivalent to savings worth twice the national spending on prescribed medicines that year. At the same time, pharmaceutical spending represents a much smaller share of health care budgets than is often claimed. Spending on patented medicines by the 10 provincial public drug plans, accounts for just 1.2% of overall provincial public health care costs, or fewer than two cents of every public health care dollar.

Despite these well documented benefits, Canada continues to underpay for and delay access to innovative medicines. Provincial public drug plans covered only 20% of the 196 medicines approved by Health Canada between 2019 and 2023, with coverage ranging from 27% in Ontario and Quebec to only 11% in British Columbia. An analysis of 87 top-selling medicines showed Canada finances only about 43% of its fair share of global innovation costs. These challenges are compounded by the U.S. most-favoured-nation (MFN) pharmaceutical pricing policy, which is reshaping global launch strategies and increasing the risk of delayed Canadian access. Because the U.S. now references net – not list –prices abroad, manufacturers may view Canada's lower prices as a potential threat to U.S. reimbursement. MFN pressures could also force disclosure of Canada's confidential negotiated prices, undermining provincial affordability mechanisms such as product listing agreements.

Key Outcomes

The conference reinforced a shared commitment across sectors and stakeholders to strengthening Canada's health innovation ecosystem. Participants highlighted that medical innovation must be treated as essential economic infrastructure, requiring a co-creation approach that brings together government, industry, researchers, and patient communities to reduce regulatory barriers and shift away from cost-containment measures as we adapt to new global pricing pressures. Government representatives also acknowledged that economic ambition must be matched by a stronger focus on improving patient outcomes, particularly by addressing Canada's long-standing delays in publicly funded access to medicines, which continue to hinder timely, equitable care.

Speaker and Panel Summaries

The Value of Medical Innovation

Dr. Brett Skinner, Founder and CEO, Canadian Health Policy Institute

Canada's provincial public drug plans cover only about 20% of the 196 medicines approved by Health Canada between 2019 and 2023, with coverage varying dramatically by province, from 27% in Ontario and Quebec to just 11% in British Columbia. For the small share of new medicines that are eventually listed, patients wait an average of 635 days (nearly two years) before gaining publicly

funded access. Despite assumptions that medication costs drive restrictive formularies, the data show that provincial public drug plan spending on patented medicines accounts for only ~1.2% of total provincial public health care spending, or fewer than two cents of every public health care dollar across 10 provinces. After accounting for rebates, co-pays and deductibles, and other indirect costs, net provincial public spending on patented meds is only about $3 billion, far below what is commonly portrayed in policy debates.

Evidence consistently demonstrates that medicines are a highly cost-effective health technology. In fact, a CHPI review identified 68 studies showing that pharmaceutical innovation reduces mortality, lowers system-wide costs and improves productivity. Provinces that spend more on new medicines or list more innovative therapies tend to have lower overall health care expenditures, with Ontario being the strongest example. If other provinces matched Ontario's performance, the system could avoid an estimated $21 billion in annual health care costs at an additional cost of ~$900 million in across nine provinces.

Finally, Canada significantly underpays relative to international peers. An analysis of 87 top-selling medicines shows Canada funds only about 43% of its fair share of global innovation costs. With U.S. MFN pharmaceutical pricing policies expected to drive upward convergence in global prices, the current Canadian approach that focuses on cost containment rather than value, will force us to reevaluate how we capture the benefit of pharmaceutical innovation.

Opening Remarks

Tyler Allsopp, Member of Provincial Parliament (MPP) for Bay of Quinte, Parliamentary Assistant to the Minister of Economic Development, Job Creation and Trade

MPP Tyler Allsopp set the stage for the day by emphasizing that the province's long-standing scientific strength, skilled talent base and research excellence position its life sciences sector as a global leader at a time when countries are competing intensely for investment and medical innovation. MPP Allsopp noted that the province generates more than $80 billion in annual life sciences revenue and $11.8 billion in exports, supported by more than 74,000 highly skilled workers across nearly 2,000 firms and an annual pipeline of 86,000 science, technology, engineering and mathematics (STEM) graduates. He also noted that since 2018, Ontario has secured more than $6 billion in new life sciences investments, bolstered by strategic government initiatives, including funding 20,500 additional STEM education seats

and launching a renewed provincial life sciences strategy with more than $200 million directed toward research infrastructure, wet labs, manufacturing capacity and next-generation technologies.

Most notably, MPP Allsopp emphasized that the province is coupling this economic ambition with a focus on improving patient outcomes, particularly by addressing Canada's long-standing delays in publicly funded access to medicines (nearly two years on average). He highlighted that in January 2026, Ontario became the first jurisdiction in Canada to fast-track access to breakthrough cancer therapies through the Funding Accelerated for Specific Treatments (FAST) pilot. He noted that as of February 2026, eight new cancer medicines already had been funded through FAST, reducing patient wait times by up to a full year.

MPP Allsopp profiled major innovative pharmaceutical industry investments, such as AstraZeneca's $820 million expansion of its global R&D hub in Mississauga, creating more than 700 new jobs, underscoring growing global confidence in Ontario's innovation ecosystem. He indicated that the province remains committed to strengthening domestic research capacity, accelerating made-in-Ontario medical innovations and ensuring that scientific progress translates into better patient outcomes and long-term economic growth.

Keynote address: The Virtuous Legacy from Past Access to Pharmaceutical Innovation in Canada, 1970–2022

Dr. Frank Lichtenberg, Professor of Healthcare Management at Columbia University Graduate School of Business; Research Associate, National Bureau of Economic Research

Dr. Frank Lichtenberg presented new findings from his updated study examining the impact of pharmaceutical innovation on mortality and hospital utilization in Canada between 2002 and 2022. Using a difference-in-differences research design, he compared diseases that experienced varying levels of treatment innovation over time, measuring how the number of medicines launched for each condition correlated with changes in premature mortality and health care use. His model incorporates lag periods of up to 30 years based on real-world evidence showing that medications require 12-14 years to reach peak utilization and additional years before full clinical benefit is realized. This long-term lens reveals that the largest impact on mortality occurs roughly 20 years after a product's

approval. Lichtenberg's estimates show that, without the pharmaceutical innovation that occurred during previous decades, years of life lost before age 75 in 2022 would have been 2.565 million, compared with the actual figure of 1.718 million. This indicates that pharmaceutical innovation prevented approximately 847,000 years of life lost in that year alone.

In addition to mortality benefits, pharmaceutical innovation significantly reduced hospital utilization. While Canadians spent 26 million days in hospital in 2022, Lichtenberg's counterfactual scenario, assuming no new treatments had been introduced during the preceding decades, indicates this number would have reached 40 million. This implies that past product approvals lowered hospital days by about 14 million, generating savings estimated at twice the total national spending on prescribed medicines in 2022. New provincial data further show that age-adjusted mortality rates for specific diseases are significantly lower in provinces that listed more relevant treatments on their formularies 4-12 years earlier, reinforcing the connection between access and outcomes. Lichtenberg concluded by noting that similar methods could be applied to measure impacts on work ability and quality of life - areas ripe for future Canadian research.

Panel 1: Innovation and Access to Pharmaceuticals in Canada

Moderator: **Rosalie Wyonch**, Associate Director of Research, C.D. Howe Institute

Panelists:

- **Dr. Frank Lichtenberg**, Columbia University
- **Chris Macleod**, National Chair, Canadian Cystic Fibrosis Treatment Society
- **Jon Feairs**, Head, Government Affairs Enterprise Policy and Strategic Projects, AstraZeneca Canada

The panel reinforced a central theme: improving access to innovative medicines is essential to reducing mortality, lowering hospital utilization, and improving patient quality of life, demonstrated both through Dr. Lichtenberg's data and Chris McLeod's lived experience with cystic fibrosis. Panelists noted that earlier public coverage and removing barriers to adoption were seen as key opportunities to reduce the burden of diseases, prevent avoidable hospitalizations and alternate level of care (ALC) pressures, and support patients' ability to work. Panelists also stressed that patient stories are uniquely powerful in making these benefits tangible, illustrating how innovative medicines produce dramatic reductions in hospital stays, increase productivity, and prevent long-term system costs.

A second major takeaway was that Canada's medication reimbursement system creates structural delays, driven by sequential review processes, siloed budgeting and what panelists described as a 'maximum administrative delay' culture. This system places patients at the end of a long chain of

decisions and suffers from a near-total absence of political accountability, in contrast to other health system metrics like emergency room (ER) wait times or primary care attachment. Price control policies were highlighted as a contributor to delayed launches, slower diffusion and reduced global competitiveness, especially as U.S. MFN reforms reshape worldwide pricing dynamics. The panel identified Ontario's FAST program and its life sciences strategy as emerging models for restoring political leadership in pharmaceutical policy and enabling earlier access, noting that overcoming fragmentation, aligning incentives across public and private payers and shifting toward value-based, system-level decision-making are necessary to unlock the full clinical and economic benefits of pharmaceutical innovation.

Panel 2: U.S. Tariffs and MFN Program: Impacts on Canada's Competitiveness

Moderator: **Bill Dempster**, President, 3Sixty Public Affairs

Panelists:

- **Dr. Bettina Hamelin**, President and CEO, Innovative Medicines Canada
- **Laurene Redding**, Head, Value, Access and Pricing and Patient Solutions, Gilead Sciences
- **Teresa Reguly**, Partner, Torys LLP

The panel highlighted that the U.S. MFN pricing policy is fundamentally reshaping global pharmaceutical launch strategies, with serious implications for Canada. Panelists explained that international price referencing, already complex across dozens of markets, has become significantly more disruptive now that the U.S. intends to anchor prices to net (not list) prices abroad.

As a result, manufacturers are reconsidering whether to launch in smaller markets like Canada, Europe, and parts of Asia, fearing that lower prices in those jurisdictions will cascade back into the U.S. market. Companies are already signalling that MFN is prompting them to avoid certain markets, delay launches or shift R&D toward jurisdictions like China with more favourable pricing dynamics. The discussion underscored that Canada has long underpaid for innovation relative to peers, and MFN is exposing the fragility of that model.

A second major theme was the growing legal, regulatory, and confidentiality risk associated with MFN. Canada's system relies heavily on confidential product listing agreements and negotiated net prices, structures that may no longer be viable if U.S. authorities require disclosure of net prices for MFN enforcement. Panelists noted this could undermine provincial negotiations, weaken Canada's ability to manage affordability through confidential rebates and create additional barriers to bringing new

medicines into the country. Some speakers also emphasized that Canada's broader access environment, including slow regulatory timelines, sequential review processes, outdated pharmacoeconomic thresholds and an absence of modernized IP protection, already deters investment. MFN magnifies these structural weaknesses, risking fewer clinical trials, delayed launches and reduced availability of innovative therapies.

Finally, the panel stressed that MFN represents a sentinel moment, demanding a coordinated national response. There was consensus that Canada needs a suite of reforms, not a single fix, including modernized health technology assessment, streamlined negotiations, stronger IP and data-protection frameworks and a re-evaluation of how Canada values innovation. Panelists also pointed to emerging opportunities, including ongoing consultations, and the Canada–U.S.–Mexico Agreement (CUSMA) review, urging stakeholders to think beyond short-term defensive measures and to co-create long-term solutions that strengthen Canada's competitiveness, protect patient access and ensure the health system can attract and sustain pharmaceutical innovation.

Closing Remarks

Daniel Tisch, President and CEO, Ontario Chamber of Commerce

Daniel's closing remarks emphasized that sustaining Canada's health-innovation ecosystem requires deeper collaboration, trust, and long-term thinking across governments, industry, researchers and patient communities. Reflecting on decades of progress, Daniel underscored that meaningful innovation thrives only when supported by strong economic foundations, including competitive business conditions, modern regulatory and trade frameworks, reliable health data and clinical trial infrastructure and a skilled talent pipeline. With global uncertainty, U.S. tariff volatility and shifting investment patterns influencing business confidence, Canada must treat health innovation as economic infrastructure, reduce regulatory and cost barriers, and strengthen talent development to remain competitive. Daniel argued that co-creation, not consultation, must define how Canada responds to emerging challenges, leveraging its uniquely high levels of public trust as a strategic advantage in building a resilient, world-class innovation ecosystem.

Resources

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