

European trade talks could hike N.S. drug costs

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As trade negotiators in Ottawa prepare for final talks with the European Union, Nova Scotia's Health and Wellness department is keeping an eye on the ball because Minister Maureen MacDonald could be getting a big bill.

The last round of talks for the Comprehensive Economic and Trade Agreement begin Monday. As The Chronicle Herald [reported](#) last week, they will include discussions over whether to boost major pharmaceutical companies' profits in Canada by giving them longer exclusive access to Canadian consumers and delaying competition from generic drugs.

For Nova Scotia's biggest consumer, the provincial government, the change would likely mean tens of millions of dollars annually in extra drug costs.

"We are keeping a close eye on them, as we would on anything that could affect the affordability and availability of prescription drugs for Nova Scotians who need them, and the cost to taxpayers," Health and Wellness spokeswoman Kristen Rector wrote in an email.

A study released last winter, commissioned by the Canadian Generic Pharmaceutical Association, looked at how much the proposal would cost across the country. The authors, economist Aidan Hollis from the University of Calgary and Paul Grootendorst, a University of Toronto pharmacy professor, estimated the Nova Scotia government would pay \$30 million per year more on prescription drugs for those covered in its health plans, while private buyers would pay nearly \$40 million more per year.

Those numbers are speculative, based on looking at brand name drugs already on the market and how their consumers would have been affected by the European Union's proposition. EU negotiators, according to a leaked 2010 trade document, asked for an extra two years of market exclusivity for

brand name drugs, as well as two other provisions.

In 2010, the province spent about \$300 million through Pharmacare, according to the Health and Wellness Department's website.

Last spring's Fair Drug Pricing Act capped the prices of generic drugs for Pharmacare members, which MacDonald said would save \$6 million in the first year. If the study on the Comprehensive Economic and Trade Agreement is anywhere near correct, those savings would be more than wiped out by the trade deal if the drug provision is included.

"Our recommendation to the Canadian government would be, tell the Europeans to take a hike on this one," said association president Jim Keon.

"This is a net loss for Canada."

Declan Hamill, who represents brand name drug companies as vice-president of legal affairs at Canada's Research-Based Pharmaceutical Companies, disagreed and dismissed the study because it was commissioned.

"If you start with, we'll call them, liberal assumptions, you end up with larger numbers," Hamill said.

There are economic advantages to the idea, he said. Cushier rules will encourage research in biologics, a fast-growing type of drug made with organic materials instead of chemicals. Biologics are more expensive to develop, he said, but are poised to take over the market.

After the passage of free trade agreements within North America, Canada also saw a boom in medical research investment, including some hefty grants to universities, Hamill said.

Nova Scotia has four negotiators working with Ottawa, but the province won't comment on the trade agreement. However, the question of drug costs has been raised publicly on Parliament Hill.

NDP deputy health critic Anne Minh-Thu Quach said she was present at a parliamentary health committee meeting where federal Health Minister Leona Aglukkaq said she was leaving the trade talks to the negotiators. During one question period, Aglukkaq "never answered" questions about the drug provisions, Quach said.

"The minister of health has stated in committee that she will not get involved in negotiations at all," said Quach.

"There will be a big impact on our health-care system, and the minister of health doesn't know what it is all about."

Conservative Nova Scotia MP Gerald Keddy (South Shore-St. Margarets) said communication about the talks is going smoothly.

"The Department of International Trade works closely with other departments in the federal government, just as Minister (Ed) Fast does with his cabinet and caucus colleagues and all members of Parliament through" the standing committee on international trade.