

INCREASING ACCESS TO INNOVATIVE MEDICINES

**Written Submission for the Pre-Budget Consultations
in Advance of the 2026 Ontario Budget**

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RECOMMENDATION 1

MITIGATE THE IMPACTS OF THE NEW U.S. DRUG PRICING APPROACH

RECOMMENDATION 2

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INTRODUCTION

Canada's healthcare system is being shaped by an increasingly complex global political landscape. In this environment, Canadian patients face growing risks to timely access to healthcare innovations¹ that save and improve lives.

Innovative medicines play an essential role in keeping Canadians healthy and relieving pressure on healthcare systems. A 2025 study by Dr. Frank Lichtenberg at Columbia University showed that sustained investments in innovative medicines reduced hospital days in Canada by 55 per cent in 2022, saving close to \$80 billion in hospital costs.

Despite the enormous cost-savings to the system, Canadians are still waiting too long for the medicines they need, and in some cases, they cannot access important new treatments at all. Currently, only 18 per cent of new medicines launched globally are available through Canada's public drug plans, compared with an OECD average of 28 per cent². Canadians also wait an average of two years to access new medicines through public drug plans, following Health Canada approval³.

Innovative Medicines Canada (IMC) represents the country's innovative pharmaceutical companies. Together, we are committed to improving the health of Canadians through the discovery, development, and delivery of innovative medicines and vaccines.

Our industry plays an important role in Ontario's health and prosperity: we support over 53,000 high-value jobs, invest \$588 million in in-house R&D⁴, comprising over 30 per cent of industry investments in Canada, and contribute \$9 billion to the economy each year. Canada is also a G7 leader in clinical trials per capita, with the majority occurring in Ontario, where industry sponsors 60-75 per cent of these trials.

A new U.S. drug pricing approach, known as "most-favoured nation (MFN) prescription drug pricing for American patients" threatens access to new medicines and R&D investment in Ontario. Governments must act swiftly. More favorable policies and regulations will help ensure Canada—and by extension, Ontario—remains competitive with other jurisdictions in the global life sciences sector.

Other countries are acting decisively. The U.K. has already reached a bilateral agreement with the U.S. on drug pricing. Canada—and Ontario in particular—risks falling behind without complementary measures to protect our access, investment, and competitiveness.

Collaboration between industry and government is more important than ever to develop policy solutions and regulations that position Canada as an attractive destination for future R&D and life sciences investment. This benefits patients, who get earlier access to innovative medicines through clinical trials, and Canadian scientists and clinicians, who benefit from access to cutting-edge scientific developments.

IMC has prepared this submission in advance of Ontario's 2026 budget to outline a path forward that prioritizes Ontario patients and improves their access to life-saving medicines and vaccines. IMC looks forward to engaging meaningfully with the Ontario government to develop solutions that benefit all Ontarians.

¹ Healthcare innovation in this context refers to: innovative treatments which use the best available science and technology; seamless care pathways, including better screening and diagnostics; and the expanded use of health data and real-world evidence to improve healthcare decision-making at the individual, system, and population levels.

² PhRMA (2023), Global Access to New Medicines Report.

³ Conference Board of Canada (2024), Access and Time to Patient: Prescription Drugs in Canada.

⁴ Canada invests \$3.2B in R&D, i.e., \$1.8B in in-house R&D and \$1.4B in outsourced R&D. Provincial breakdowns are available for in-house R&D only. Of the \$1.8B of industry investments in in-house R&D across Canada, \$588M are invested in Ontario per year.

RECOMMENDATION 1

MITIGATE THE IMPACTS OF THE NEW U.S. DRUG PRICING APPROACH:

In May 2025, the U.S. government issued an executive order introducing a new drug pricing approach that ties American prices to lower prices paid in eight peer countries. As a result, international scrutiny of pharmaceutical pricing has intensified, creating uncertainty for new product launches, as well as innovation and investment.

Smaller markets like Canada are particularly vulnerable to global pricing changes. However, this is not just a federal pricing issue. It has direct consequences for Ontario's patients and life sciences ecosystem. As Canada's largest province, Ontario will bear a disproportionate share of downstream impacts as the new U.S. drug pricing approach slows or disrupts patient access to new medicines.

Ontario has demonstrated leadership in advancing timely access and innovation through its Funding Accelerated for Specific Treatments (FAST) program, launched in the fall of 2025. This has made Ontario a critical partner in shaping federal investment approaches that support predictable launches and long-term system sustainability. The new U.S. drug pricing approach puts these gains at risk. Addressing it requires coordinated provincial and federal action to protect patient access and sustain investment in a sector that is critical to a strong, competitive economy.

Incremental, multi-year federal government funding to the provinces for innovative medicines would send a strong signal that Canada is committed to creating a favourable market for drug launches and investment.

Strong Intellectual Property (IP) protections are essential to maintaining Ontario's attractiveness as a destination for pharmaceutical innovation. Predictable IP protections are a foundational economic condition for pharmaceutical investment, influencing where companies locate R&D, clinical trials, manufacturing, and high-value jobs. Canada's current IP framework lags behind the U.S. and Europe, weakening Ontario's competitiveness. Weaker IP protections risk diverting investment, job creation, and clinical trial activity away from Ontario. The new U.S. drug pricing approach compounds this challenge by increasing uncertainty around future market conditions.

IMC asks the Ontario government to:

1.1 Collaborate with its federal counterparts to mitigate the downstream impacts of the new U.S. drug pricing approach by:

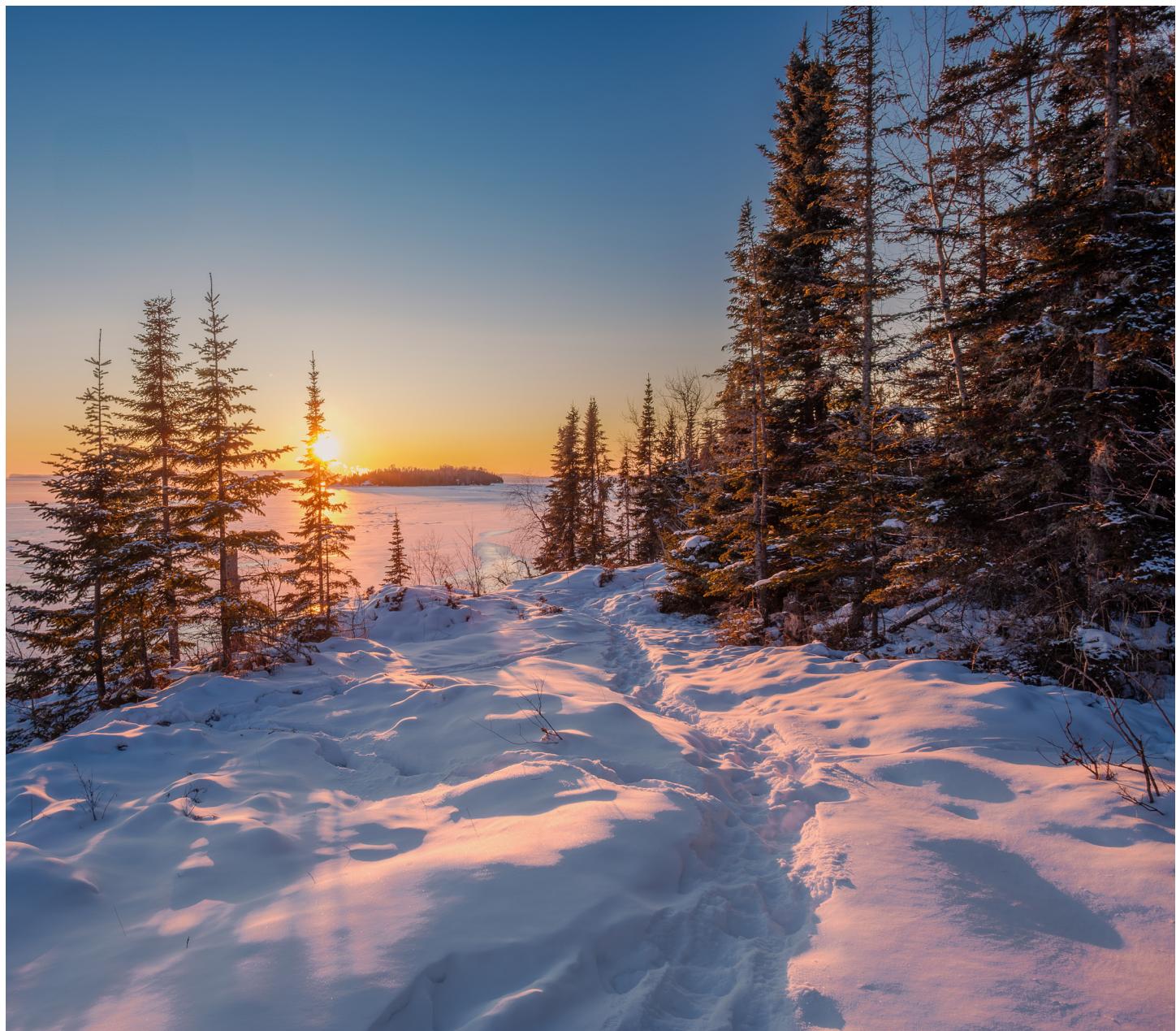
- Supporting fair, predictable, multi-year funding to provinces for innovative medicines and system sustainability in the 2026 federal budget.
- Reviewing Patented Medicine Prices Review Board (PMPRB) basket of countries to better reflect global market realities.
- Working with Canada's Drug Agency (CDA) to ensure drug cost-effectiveness assessments, including Incremental Cost-Effectiveness Ratio (ICER), better reflect patient benefits,

the value of innovation, and Canada's market attractiveness for launching new medicines.

- Elevating the above asks through the Council of the Federation (COF) or other federal, provincial, and territorial discussions.

1.2 Encourage federal action to strengthen IP protections by:

- Aligning Canada's IP framework more closely to the U.S.
- Enabling patent term restoration of up to five years to better align Canada with the U.S. and Europe.



RECOMMENDATION 2

CONTINUE TO ACCELERATE ACCESS TO INNOVATIVE MEDICINES BY EXPANDING THE SCOPE OF THE FAST PROGRAM:

Canadian patients wait approximately two years after Health Canada's regulatory approval to gain access to innovative medicines through public drug plans. Without improvements in timely access to new medicines, Ontario risks falling behind in delivering optimal health outcomes, improving population health, and creating an attractive ecosystem for life sciences investment. By reducing the time it takes for medicines to reach patients, Ontario can strengthen its competitiveness as a destination for research investment, clinical trials, and biomanufacturing. The uncertainty created by the new U.S. drug pricing approach could further slow launch decisions in Canada and provinces like Ontario.

IMC applauds the Ontario government on its successful implementation of the FAST pilot program to accelerate access to breakthrough cancer drugs by up to one year. Its approval of fast-tracked access to six new life-extending cancer treatments in January 2026 was an important milestone. Ontario's FAST program demonstrates the power of collaboration between government and industry—and sets a clear standard for the rest of the country. IMC is eager to observe the Ontario government's continued commitment to ensuring the success and expansion of the FAST program.

IMC asks the Ontario government to:

- 2.1** Maximize the success of the FAST program in partnership with industry.
- 2.2** Expand the scope of the FAST program beyond Project Orbis—an international initiative that fast-tracks regulatory review for promising cancer therapies—to other innovative oncology and non-oncology medicines.
- 2.3** Ensure that the expanded scope of the FAST program does not erode public listing timelines for non-FAST products.
- 2.4** Reinforce expectations for 30-day listing timelines following pan-Canadian Pharmaceutical Alliance (pCPA) negotiations to prevent delays at the provincial listing stage.

RECOMMENDATION 3

REFRAIN FROM ENGAGING WITH THE FEDERAL GOVERNMENT ON IMPLEMENTING PHARMACARE, UNLESS IT FOCUSES ON UNINSURED OR UNDERINSURED ONTARIANS:

All Canadians should have access to the medicines they need, when they need them, regardless of age, income, or postal code. Private drug plans remain a vital part of the healthcare landscape: 9.4 million Ontarians rely on private drug coverage, which provides access to nearly twice as many drugs and approximately three times faster than public plans.⁵ The federal government's Pharmacare Act's single-payer model risks reducing patient choice and delaying access to innovative medicines.

IMC does not support a single-payer model that would reduce treatment choices, slow access to new medicines, and cost billions without improving access to innovative medicines.

However, should the Ontario government engage with the federal government on a bilateral agreement on Pharmacare, IMC recommends a fiscally responsible, sustainable strategy that focuses on targeted support for uninsured and underinsured Ontarians. This approach would build on Canada's existing private and public drug coverage systems. A predictable and attractive market, including private payers, is essential for early access to cutting-edge medicines for Ontarians.

IMC asks the Ontario government to:

- 3.1** Refrain from engaging with the federal government on implementing Pharmacare.
- 3.2** If the Ontario government chooses to participate in bilateral discussions, focus the Pharmacare program on targeted support for Ontarians who need it most—the uninsured and the underinsured—rather than replacing existing private drug coverage.



⁵ 97.2 per cent of Canadians already have drug coverage.

CONCLUSION

IMC continues to work productively with all levels of government and stakeholders across Canada to support sustainable healthcare systems and ensure Ontarians have timely access to the innovative medicines and vaccines they need.

As the province develops its budget, IMC encourages the government to implement IMC's recommendations and advance policies that improve patient access to medicines and promote investment in innovation. By doing so, Ontario can:

- Help patients prevent or delay illness, live longer, and enjoy a better quality of life.
- Improve efficiencies in healthcare spending and healthcare human resources.
- Foster a robust domestic life sciences sector, drive economic development, and create jobs.

ABOUT IMC

IMC represents Canada's innovative pharmaceutical industry. IMC helps its members discover, develop, and deliver innovative medicines and vaccines, and contribute to the life sciences ecosystem across the country. Guided by a strict Code of Ethical Practices, IMC members work with governments, private payers, healthcare professionals, and stakeholders to contribute to the overall health of Canadians.





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