INNOVATIVE MEDICINES CANADA | MÉDICAMENTS NOVATEURS CANADA

PRESIDENT'S OFFICE | BUREAU DE LA PRESIDENTE

January 27, 2025

The Hon. Hedy Fry, P.C. MP
Chair, Standing Committee on Health
House of Commons
Ottawa, ON

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Dear Madam Chair, and members of the Standing Committee on Health,

IMC was honoured to appear before the Committee as part of its study on Antimicrobial Resistance (AMR). AMR is not a future threat—it is a present crisis. Without urgent action, an estimated 10 million lives could be lost to drug-resistant infections by 2050. Despite this growing threat, between 2010 and 2021, Canada secured access to only three of the 18 new antibiotics launched globally, putting patients and healthcare providers at a serious disadvantage.

The Canadian government has the opportunity to join jurisdictions such as the United Kingdom and Italy in implementing **pull incentives** that help address the market failures hindering the development and adoption of innovative treatments for drug-resistant infections.

The UK employs a subscription model in which the National Health Service (NHS) pays companies a fixed amount, ranging from £5 million to £20 million, based on the antibiotic's level of innovation. This model ensures companies can recoup their R&D investments while maintaining appropriate stewardship.[1] The limited use of antibiotics makes such pull incentives essential to create a viable market for these life-saving medicines.

Italy's model, announced during its G7 Presidency last year, allows manufacturers of new and recently approved antibiotics to access a national Fund for innovative oncological and non-oncological medicines (Fondo Farmaci Innovativi). In addition to the €100 million per year, this fund provides new products with immediate access to regional markets and exempts them from Italy's pharmaceutical payback

[1] *https://commonslibrary.parliament.uk/netflix-for-antimicrobials-the-antimicrobial-products-subscription-model/*

mechanism if national pharmaceutical spending exceeds the cap.[2] This incentive was formally implemented in July 2025.

We understand the Public Health Agency of Canada has been developing a pilot pull incentive, and we encourage the government to update this model to address concerns raised by the Canadian Antimicrobial Innovation Coalition, provincial governments, and front-line providers. To be effective, a pull incentive must:

- **Meet Canada's fair share of investment among G7 countries.** A 2025 Lancet EClinical Medicine study estimates this between $11 million and $21 million annually, depending on the investment scenario.[3]
- **Centralize supply of new antibiotics** under the pull incentive (similar to COVID vaccines), rather than leaving it to individual hospitals.
    - Innovative products can be costly and put pressure on hospital budgets. A federal procurement model would ease this burden and provide greater predictability for developers.
    - A national program would streamline processes such as HTA and stewardship guidelines, reducing the risk of a "postal-code lottery" for access to these drugs.
- **Address structural barriers** in Canada's regulatory and reimbursement systems that prevent appropriate valuation of new antibiotics.
    - Organizations such as the Patented Medicines Pricing Review Board (PMPRB), Canada's Drug Agency (CDA), and Institut national d'excellence en santé et en services sociaux (INESSS) do not currently recognize the broader societal value of these drugs, limiting the premium pricing necessary to incentivize advanced R&D.

As discussed at Committee, Canada's current regulatory and reimbursement framework undermines patient access to innovative medicines and vaccines and reduces Canada's competitiveness in attracting research investments, such as clinical trials. On average, it takes more than two years after Health Canada approval for a drug to be available on provincial formularies, placing Canada last in the G7 and second-to-last in the OECD. Canada's system is overly complex, and each step introduces potential delays (see Appendix A).

IMC is encouraged by Health Canada's regulatory innovations, including reliance and initiatives aimed at reducing delays in submission reviews. We encourage the government to continue cutting red tape and advancing regulatory reform while

[2] https://www.g7italy.it/wp-content/uploads/Co-chair-Summary_-G7-JFHMM_20241022.pdf

[3] https://www.thelancet.com/journals/eclinm/article/PIIS2589-5370(25)00418-3/fulltext?rss=yes

ensuring Health Canada has sufficient staff and scientific expertise to maintain its role as a world-class regulator.

However, regulatory improvements alone will not solve patient access challenges. The federal government must leverage all available policy levers, including working with the provinces and territories to ensure each step in the drug approval and reimbursement process is necessary and efficient. Reducing duplication, ensuring accountability for timelines, and speeding up access for Canadian patients must be priorities for all stakeholders.

Canada's innovative pharmaceutical industry stands ready to partner with government and other stakeholders to improve access and ensure that innovative treatments for health crises like AMR are readily available to Canadians.

Sincerely,

Dr. Bettina Hamelin, PharmD, EMBA in Healthcare
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Innovative Medicines Canada

Appendix A: Canadian Drug Access Pathway