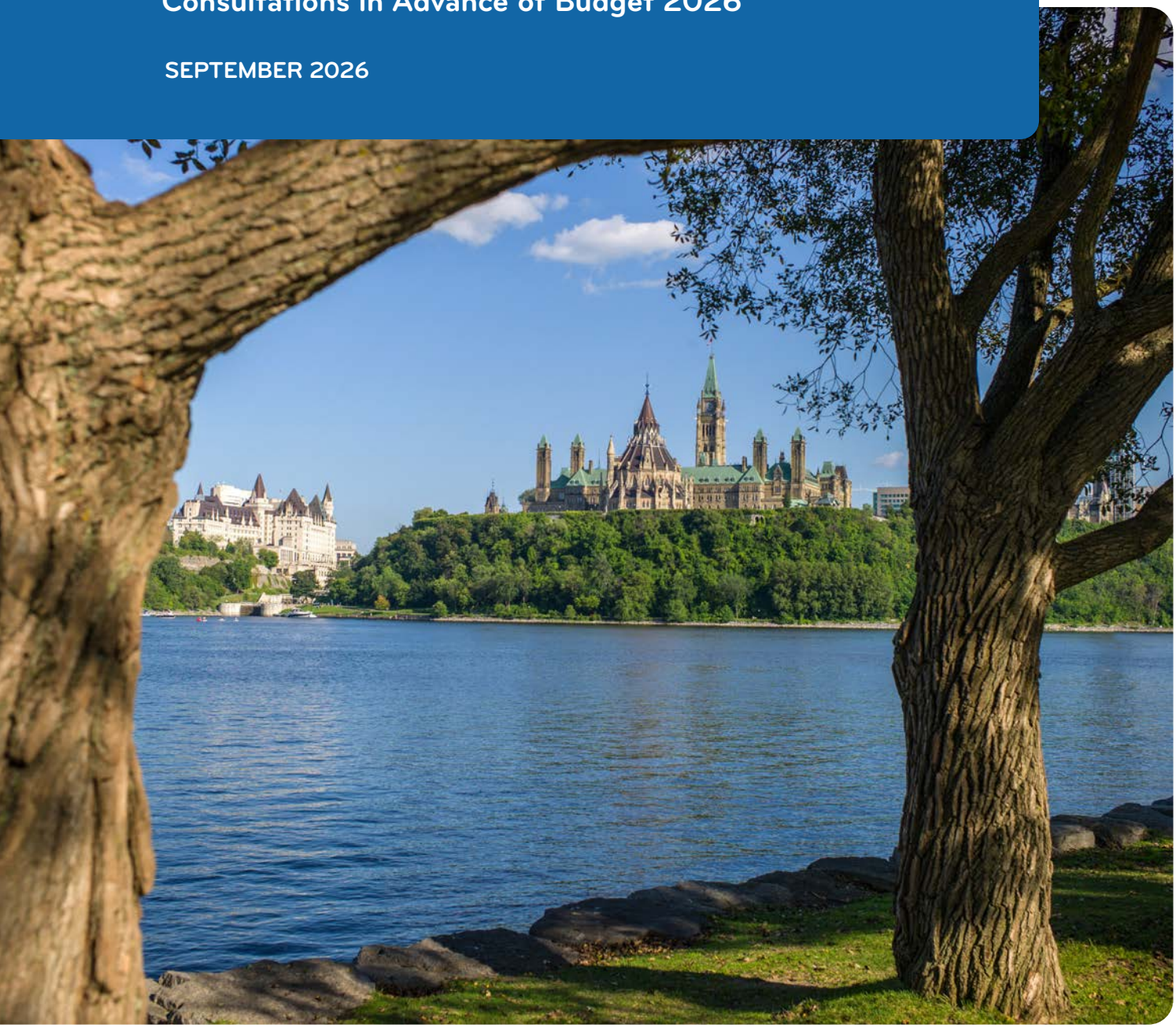
INNOVATIVE MEDICINES CANADA

INCREASING ACCESS TO INNOVATIVE MEDICINES

IMC Submission to the Government of Canada Pre-Budget Consultations in Advance of Budget 2026

SEPTEMBER 2026



INTRODUCTION

Over the past year, Canada has made important progress to support the life sciences sector. The Pharmaceutical and Life Sciences Sector Task Force, announced by Health Minister Michel in March 2026,[1] brought industry, regulators, and government together for a solutions-focused dialogue on Canada's global competitiveness and access to innovative medicines: the patented, breakthrough therapies that treat cancer, autoimmune disorders, and rare and infectious diseases.

On July 24, 2026, the task force published a report with 39 recommendations to the ministers of health and industry. Its co-chairs were direct about the scale of the response required, concluding that "**incremental change will not be sufficient to meet the moment.**"[2]

The recommendations come alongside Health Canada's incremental efforts to modernize the clinical trials framework with a proposed risk-based regulatory model.[3] On July 15, 2026, Health Canada also brought into force a Ministerial Reliance Order, drawing on the decisions of trusted foreign regulators in some cases.[4] Budget 2026 is an opportunity to build on this incremental progress with the ambition and investment needed during this time of profound global and domestic uncertainty.

The U.S. most-favoured nation (MFN) drug pricing policy, announced through an executive order in May 2025,[5] has triggered a global chain reaction that is shaping where and when medicines are launched. Under MFN, lower-priced markets like Canada risk being deprioritized unless they modernize their policy and market conditions.

This risk is not theoretical. Canadians are losing access to medicines right now. Recent examples include the first and only approved treatment for a rare neurodegenerative disease called Friedreich ataxia,[6] a breakthrough medicine for kidney disease,[7] and a therapy shown to extend survival in platinum-resistant ovarian cancer.[8] All three innovations are Health Canada-approved, yet Canadian patients still have no public access. This reflects a broader trend: at least 16 new medicines have not launched and over 30 have been delayed in Canada in 2026 so far due to MFN-related concerns.[9]

MFN pricing has exposed a longstanding vulnerability. Only 18 per cent of new medicines launched globally are available through Canada's public drug plans, against an OECD average of 28 per cent.[10] On average, it takes two years (736 days) after Health Canada's approval for a medicine to reach public plans, compared with 226 days for private plans. Canada ranks last in the G7 and 19th of 20 OECD countries for wait times following regulatory approval of new medicines.[11]

[1] Health Canada, "New Task Force to enhance Canada's competitiveness and improve access to innovative medicines," news release, March 18, 2026.
[2] Government of Canada, "Pharmaceutical and Life Sciences Sector Task Force: Report to the ministers of health and industry," July 24, 2026.
[3] Health Canada, "Modernizing the framework for clinical trials," April 23, 2026.
[4] Government of Canada, "Order Providing for Reliance on Decisions of, or Documents Produced by, Foreign Regulatory Authorities in Respect of Certain Drugs: SOR/2026-162," *Canada Gazette*: Part II, July 15, 2026
[5] The White House, "Delivering most-favored-nation prescription drug pricing to American patients," Executive Order, May 12, 2025.
[6] Biogen Canada, "Biogen Canada disappointed by outcome of pan-Canadian Pharmaceutical Alliance negotiations for SKYCLARYS™," news release, June 16, 2026.
[7] Cristina Howorun, "EXCLUSIVE: Drug companies choosing not to sell life-saving and life-extending medicines in Canada," *CityNews Toronto*, August 14, 2026.
[8] Ovarian Cancer Canada, "Negotiations to make ELAHERE available to Canadians end without agreement," statement, May 14, 2026.
[9] EY, "Innovative Medicines Canada: Launch Sequencing Survey Study," March 25, 2026. The results are based on a sample of 31 member companies.
[10] PhRMA, "Global Access to New Medicines Report," April 11, 2023.
[11] Innovative Medicines Canada, "Access to Medicine."

Canada still has many of the core strengths needed to be a global leader in life sciences and to address these policy challenges: world-class scientists, a growing life sciences sector, AI leadership, and more than 3,000 ongoing clinical trials. Yet it has not fully realized its potential due to addressable system barriers, including its drug evaluation and price negotiation processes which are overly focused on cost containment and undermine the cascading benefits of innovative medicines to patients, the health system, and the economy.

The innovative pharmaceutical industry plays a significant role in Canada's economic resilience and growth. It contributes $25 billion to the economy, supports nearly 150,000 high-value jobs, and invests up to $3.5 billion in research and development.[12] Few investments available to the federal government simultaneously keep people out of the hospital and in the workforce.[13] That is nation-building.

As the federal government develops Budget 2026 to build the strongest economy in the G7, IMC submits the following four recommendations to position the life sciences sector as a strategic asset and key economic driver, directly advancing the prime minister's Build Canada Strong strategy.

[12] Deloitte Canada, "From Health Outcomes to Economic Growth: The Value of the Innovative Pharmaceutical Industry," prepared for Innovative Medicines Canada, April 24, 2026.
[13] Frank Lichtenberg, "The Impact of Pharmaceutical Innovation on Mortality and Hospital Utilization in Canada, 2000–2022," *Canadian Health Policy Journal*, August 11, 2025.

RECOMMENDATION 1

IMPLEMENT A NEW PHARMACEUTICAL POLICY FRAMEWORK WITH APPROPRIATE FUNDING FOR NEW MEDICINES

Use the July 2026 federal Pharmaceutical and Life Sciences Task Force Report as a foundation to implement a comprehensive, new policy and funding framework that ensures Canadians have timely access to the medicines they need.

RECOMMENDATION 2

REFORM THE PAN-CANADIAN PHARMACEUTICAL ALLIANCE AND CANADA'S DRUG AGENCY

Reform the pan-Canadian Pharmaceutical Alliance and Canada's Drug Agency to ensure they are accountable, their polices reflect the full value of pharmaceutical innovation, and they enable more timely access to treatments.

RECOMMENDATION 3

REFORM THE PATENTED MEDICINE PRICES REVIEW BOARD

Address regulatory and trade barriers by reforming the Patented Medicine Prices Review Board to support continued pharmaceutical investment in Canada

RECOMMENDATION 4

EXEMPT MEDICINES AND VACCINES FROM LOCALIZATION POLICIES AND TARIFFS

Ensure localization policies, such as the Buy Canadian Procurement Policy Framework, do not apply to life-saving health products and maintain Canada's policy of not imposing tariffs on medicines.

RECOMMENDATION 1

IMPLEMENT A NEW PHARMACEUTICAL POLICY FRAMEWORK WITH APPROPRIATE FUNDING FOR NEW MEDICINES

IMC is calling for a comprehensive, new policy and funding framework to make Canada a global leader in life sciences. This would address the federal task force recommendations and ensure Canadians have timely access to life-saving medicines.

This recommendation aligns with a recent call by Canada's premiers for additional resources to address pressing pharmaceutical and health challenges. At the Council of Federation Summer Meeting in Charlottetown in July 2026, premiers warned that critical healthcare funding expires as soon as March 2027 and stated that "the federal government must step up as a full funding partner to address rising cost pressures, meet patient needs, and support healthcare professionals." They identified pharmaceuticals and drugs for rare diseases among the services they are responsible for delivering and require increased federal funding.[14]

IMC asks the federal government to:

1.1 Implement a comprehensive, new policy framework for pharmaceuticals in Canada with appropriate funding for new medicines to make the country a global leader in life sciences.

1.2 Ensure enhanced federal funding is paired with reform of the policies that determine how innovative medicines are assessed and valued in Canada. Without this, new money will be absorbed by a system that continues to undervalue innovation, and the structural barriers that keep medicines from patients will remain in place.

As discussed below, this requires targeted reforms to the three federally funded agencies responsible for drug price negotiations, evaluation, and patented drug price review, respectively: the pan-Canadian Pharmaceutical Alliance (pCPA), Canada's Drug Agency (CDA), and the Patented Medicine Prices Review Board (PMPRB).[15]

[14] Canada's Premiers, "Canada's Premiers United for Canadians," news release, July 22, 2026.

[15] The pCPA is a provincial and territorial body, with majority federal funding. The CDA is a joint federal-provincial-territorial body, with majority federal funding. The PMPRB is a federal quasi-judicial tribunal, funded entirely by the federal government.

RECOMMENDATION 2

REFORM THE PAN-CANADIAN PHARMACEUTICAL ALLIANCE AND CANADA'S DRUG AGENCY

Canada must reform the pCPA and CDA to ensure they are accountable, their policies reflect the full value of pharmaceutical innovation, and they enable timely access to treatments. It currently takes an average of two years (736 days) after Health Canada's approval for a medicine to reach public plans, compared with 226 days for private plans.

While provinces and territories administer their own plans, the federal government has direct levers here: it funds the Non-Insured Health Benefits (NIHB) program, one of the country's largest public drug plans, and supports the CDA and pCPA, whose price review and negotiation timelines shape access to medicines nationwide.

IMC asks the federal government to:

2.1 Evolve the pCPA's mandate beyond cost containment to recognize the value of innovation and align pricing with globally competitive benchmarks.

2.2 Reform the CDA to better assess the full patient, health system, and societal value of new medicines and therapies. As an immediate step, discontinue the CDA's practice of issuing price reduction recommendations—often as high as 70 to 90 per cent—based on outdated metrics that inform price points at or below generic-equivalent levels.[16]

2.3 Work with key federal and provincial agencies and stakeholders to implement a 365-day national standard for public listing of new medicines, from Health Canada's approval to listing on public drug plans. Encourage provinces to publish a public dashboard that tracks approval-to-listing times by province and medicine, so delays are easily visible.

Ontario has proven faster access is possible. Since launching its Funding Accelerated for Specific Treatments (FAST) program in October 2025, it has fast-tracked access to nine new life-extending cancer treatments to patients by listing them immediately after a positive CDA recommendation, rather than waiting until all the price negotiations are finalized. Funding FAST-equivalent pathways in every province and territory by 2028 would extend faster access to cancer and other high-need therapies across Canada.

[16] Nigel Rawson, "Reimbursement Recommendations for New Medicines in Canada: Current Trends in an Uncertain Era," *Canadian Health Policy Journal*, April 2006.

RECOMMENDATION 3

REFORM THE PATENTED MEDICINE PRICES REVIEW BOARD

The PMPRB was established nearly 40 years ago, and its mandate has not kept pace with the realities of pharmaceutical pricing and patient access in Canada.[17] As noted in the July 2026 task force report, "the Government of Canada should quickly consider whether the current model of international price referencing and price monitoring of list prices of patented medicines conducted by the PMPRB remains appropriate and relevant."[18]

IMC asks the federal government to:

3.1 At a minimum, restore the U.S. and Switzerland as comparator countries under the Highest International Price benchmark to address regulatory and trade barriers and help ensure pharmaceutical companies continue investing in Canada.

RECOMMENDATION 4

EXEMPT MEDICINES AND VACCINES FROM LOCALIZATION POLICIES AND TARIFFS

The needed reforms and associated funding must not be conditioned on localization policies that disadvantage non-Canadian companies and subsequently reduce access to innovative medicines. Canada must have an open market where multinational and domestic companies alike can thrive. The Buy Canadian Procurement Policy Framework, for example, may play a role in some industrial sectors but is not appropriate for life-saving health products.

IMC asks the federal government to:

4.1 Exempt medicines and vaccines from Buy Canadian procurement policies.

4.2 Ensure future funding and associated reimbursement policies do not involve localization criteria or requirements.

4.3 Maintain Finance Canada's 2025 policy decision to avoid tariffs on pharmaceuticals given alternative sources of supply are not always readily available.

[17] As highlighted by the federal task force, the U.S. Trade Representative noted in an April 2026 report that excluding Switzerland and the U.S. from the PMPRB's comparator basket artificially devalues innovative medicines in Canada. Government of Canada, "Pharmaceutical and Life Sciences Sector Task Force: Report to the ministers of health and industry," July 24, 2026.

[18] Government of Canada, "Pharmaceutical and Life Sciences Sector Task Force: Report to the ministers of health and industry," July 24, 2026.

CONCLUSION

IMC and its members look forward to continuing to work with the federal government to improve the availability of new life-saving medicines, reduce delays, and grow Canada's life sciences sector. By investing in access, reforming key policy institutions, delivering on service standards, and defending our innovation framework, Canada can become a global leader in life sciences. Together, with all levels of government and stakeholders, we can ensure a sustainable healthcare system and timely access to medicines and vaccines for all Canadians.

ABOUT IMC

Innovative Medicines Canada (IMC) is the voice of Canada's innovative pharmaceutical industry, representing more than 40 member companies. It advocates for policies that enable the discovery, development, and delivery of innovative medicines and vaccines to improve the lives of all Canadians. Guided by the Code of Ethical Practices, all IMC members work with governments, private payers, healthcare professionals, and stakeholders in a highly ethical manner.

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