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January 26, 2021

Senator Howard C. Anderson  
2107 Seventh Street NW  
Turtle Lake, North Dakota 58575-9667  
Sent via email to [hcanderson@nd.gov](mailto:hcanderson@nd.gov)

Dear Senator Anderson,

I am reaching out to you regarding two bills you recently introduced, SD 2209 and 2212. The design of a wholesale prescription drug importation program from Canada into North Dakota is of significant concern to Canada.

On both sides of the border, Canadians and Americans alike worry about the rising costs of prescription drugs. In fact, Canada's drug prices are now the third highest among Organization for Economic Co-operation and Development (OECD) countries – or about 25% above the OECD median. In recent years, drug spending has accounted for an increasingly large proportion of expenditures in the Canadian health care system, growing faster than any other component of health care. Expenditures on drugs have surpassed spending on physician remuneration to become the second largest cost in the health care system, after hospitals.

As North Dakota considers policy options to lower the cost of prescription drugs, including taking steps to allow drug imports from Canada, it is important to recognize that the Canadian market, while safe and secure, is too small to make a real impact on U.S. drug prices. To put this in perspective, the U.S. consumes 44% of the global prescription drug supply, compared to Canada's 2%. One U.S. study published in 2019 predicted that if 40% of U.S. prescriptions were filled using Canadian prescription-drug sources, the Canadian drug supply would be exhausted in 118 days. As a result, Canadian stakeholders, including healthcare practitioners, patients, pharmacists and industry, have expressed their concerns about the potential impact on Canada's supply of prescription drugs, and on Canadians themselves.

Attached to this letter, you will find a copy of the comments from the Government of Canada to the United States on the proposed FDA rule "*Importation of Prescription Drugs*", the final version of which was published by the U.S. on October 1, 2020. Following its examination of the U.S. rule, the Government of Canada determined that bulk importation by the U.S. of prescription drugs would worsen drug shortages in Canada, putting the health of Canadians at risk. The Government of Canada's priority is to ensure that Canadians have reliable and steady access to a safe, effective and affordable drug supply. Wholesale importation programs could

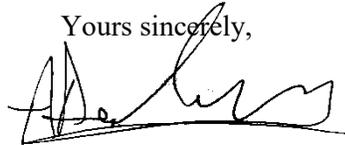
endanger the health and safety of Canadians by threatening the supply of prescription drugs. Accordingly, on November 24, 2020, the Minister of Health of Canada made an *Interim Order Respecting Drug Shortages* to allow the prohibition of exports if it this would cause or exacerbate a critical drug shortage in Canada.

In terms of pharmaceutical medicines, Canada is a price setter rather than a price taker. Canada's Patented Medicine Prices Review Board (PMPRB) sets introductory ceiling prices for brand-name drugs. It also limits the amount by which the makers of patented drugs can raise their prices every year. The maximum allowable price is determined in Canada by looking at the price of the same drug in other countries, the price of other similar drugs, or a combination of both.

Another body, the pan-Canadian Pharmaceutical Alliance (pCPA) conducts joint provincial/territorial/federal negotiations for brand name and generic drugs in Canada to achieve greater value for publicly funded drug programs and patients using the combined negotiating power of participating jurisdictions. Between 2013 and 2017, agreements reached by the pCPA have resulted in substantial savings.

I urge the North Dakota Legislative Assembly to re-examine SB 2209 and 2212 with a view to the development of domestic solutions that are more in line with those employed by other industrialised countries, including Canada. We would be happy to share with you and other legislators how we are working to address high drug prices in Canada, and connect you to relevant officials in this regard.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ariel Delouya', written over a horizontal line.

Ariel Delouya  
Consul General