Submission to Canada's Drug Agency (CDA-AMC)

Re: Consultation on the proposed advice on a national bulk purchasing strategy for prescription drugs and related products

Submitted by Life Sciences Ontario (LSO)
August 1, 2025

INTRODUCTION

Life Sciences Ontario (LSO) welcomes the opportunity to provide input into the consultation on the proposed advice on a national bulk purchasing strategy for prescription drugs and related products.

LSO is a not-for-profit organization that represents and promotes Ontario's vibrant and diverse life sciences sector. Members of LSO include life sciences companies, entrepreneurs, members of academia, and service providers from many different areas of the life sciences ecosystem, including biopharmaceuticals, agriculture, agri-food, the bioeconomy, medical devices, animal health, environmental technologies, and more. LSO's mission is to encourage commercial success throughout this diverse sector.

This submission is informed by a stakeholder roundtable convened by LSO on June 24, 2025, which brought together experts from across the sector to assess the implications of a national bulk purchasing strategy.[1] The discussion reflected a broad consensus on the importance of improving timely and equitable access to medicines, but also highlighted significant concerns about the potential unintended consequences of a centralized procurement model, particularly with respect to innovation, supply chain stability, jurisdictional autonomy, and patient and clinician choice.

Rather than responding to specific sections of the consultation webform, LSO is submitting a targeted set of policy recommendations.[2] These reflect our members' collective insight and experience, and are focused on ensuring that any future bulk purchasing initiative is clearly defined, practically implementable, and responsive to the realities of Canada's health and life sciences systems.

[1] https://lifesciencesontario.ca/wp-content/uploads/2025/07/Bulk-Purchasing-Roundtable-Outcomes-report-external.pdf

[2] Please note as well that the web-form does not allow for nuanced answers to complex questions, asking if we are in favour of a given concept and allowing only for YES/NO responses, and a requirement to complete one section before moving to the next. We recommend that CDA-AMC reconsider this approach to consultation and would be pleased to provide separate input on this issue if that would be helpful.

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Additional questions for consideration by the CDA, which arose from the roundtable discussion, are included in the annex and highlight areas that may warrant further clarification or dialogue.

RECOMMENDATIONS

1. Clarify the purpose and definition of bulk purchasing: The term "bulk purchasing" remains undefined in legislation or CDA documents. A national strategy must begin with a shared understanding of what bulk purchasing entails and what it is meant to achieve. Is the primary goal cost savings? Equitable access? Supply security? Without this clarity, the strategy risks being misapplied or overextended. It must also be distinguished from other mechanisms such as listing agreements, tendering, and reimbursement policies. The discussion paper takes a step in this direction with the introduction of a new term – pooled procurement; however, the objective of this initiative still requires deeper consideration.

2. **Avoid overcentralization that could undermine innovation and access**: Canada's public drug plans already operate with significant monopsony power, enabling them to negotiate substantial discounts on pharmaceutical products. Further centralization through a national bulk purchasing strategy may offer limited additional benefit while introducing new risks. These include discouraging pharmaceutical research and development investment in Canada, reducing therapeutic options available to patients, and delaying the availability of new and innovative treatments. In assessing any proposed strategy, it is essential to weigh short-term cost containment against the potential long-term impacts on patient outcomes, clinical choice, and the sustainability of Canada's life sciences sector.

3. Protect the viability of the supply chain: Distributors (not governments) are the entities that actually purchase and take title of drugs, operating on narrow margins. These intermediaries are essential to ensuring consistent access to medicines across Canada, including in rural and underserved regions. A poorly designed bulk purchasing policy that compresses margins or disrupts established supply channels could unintentionally destabilize the very system it seeks to strengthen. Any national strategy must include safeguards to protect the economic and logistical viability of the pharmaceutical distribution system.

4. Respect provincial jurisdiction: Health care is a provincial responsibility, and provinces already act as effective monopsonies within their own drug programs. Some have signed bilateral pharmacare agreements that differ in scope and timing, raising questions about how a national strategy can be applied fairly and consistently. A centralized approach risks entrenching regional disparities or triggering jurisdictional pushback. Any bulk purchasing model must be flexible enough to accommodate existing agreements and support collaboration without undermining provincial authority.

5. Preserve the role of private insurance: As the consultation paper notes, private plans often subsidize public programs by paying higher prices for the same medicines. This cross-subsidization supports the viability of the distribution system and helps maintain broad access, particularly for working-age Canadians. Private drug coverage currently supports roughly two-thirds of the population and plays a key role in ensuring access to a wider range of treatments. Participants in the LSO roundtable cautioned that shifting too aggressively toward a public-first model could reduce the perceived value of private insurance, prompting some employers to withdraw benefits and ultimately narrowing patient access. They also noted that manufacturers report average selling prices globally, across both public and private markets. Moving all patients into public plans could distort these averages, complicate international pricing strategies, and potentially increase costs for the public sector. Several provinces have acknowledged they may secure better discounts when private insurers are excluded from pooled negotiations. To avoid unintended consequences for patients, plan sponsors, and pricing dynamics, the strategy must carefully preserve the balance between public and private payers.

6. Assess legal and trade risks: A national bulk purchasing framework, particularly one that effectively consolidates purchasing power, raises significant legal and trade considerations. As discussed during the LSO roundtable, such a shift could be viewed as a de facto monopsony, potentially triggering concerns under Canadian competition law and attracting scrutiny from key trading partners. The United States, in particular, has expressed longstanding concerns about Canada's pharmaceutical pricing practices and may view additional centralization as a trade irritant. In this context, care must be taken to avoid unintended consequences for Canada's reputation as a viable market for life sciences investment.

7. Ground the strategy in Canadian realities: Roundtable participants emphasized that while models from countries like New Zealand or Norway are often cited in support of centralized procurement, they are not appropriate analogues for Canada. In the case of New Zealand, for example, the use of sole-supplier tendering through its national purchasing agency has contributed to fewer therapeutic alternatives and delayed access to innovative medicines for patients.[3] These nations operate under different governance structures and market conditions, and do not face the same intergovernmental and geographic complexities. Canada's federal-provincial-territorial framework, diverse population needs, and existing drug reimbursement systems require a tailored approach. Rather than importing international models, the strategy should build on Canadian experiences to develop a solution that aligns with Canada's unique policy and operational environment.

CONCLUSION

[3] https://www.fraserinstitute.org/sites/default/files/unintended-consequences-of-national-pharmacare-programs.pdf?utm_

Life Sciences Ontario supports efforts to improve access to medicines, support the long-term sustainability of Canada's health system, and improve the overall efficiency of drug spending and delivery. However, we urge caution in the design and implementation of a national bulk purchasing strategy. As outlined in this submission, there are significant risks that must be carefully considered. We encourage the CDA to engage stakeholders further, especially in areas identified through LSO's sector roundtable. A well-designed, flexible, and Canada-specific approach will be essential to achieving sustainable and equitable outcomes.

Thank you for the opportunity to contribute to this consultation.

Sincerely,

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ANNEX: FUTURE RESEARCH QUESTIONS AND AREAS TO EXPLORE

In alignment with the key objective of the roundtable, the dialogue led to the identification of future research questions and areas for further exploration. These have been organized according to the following key themes.

Scope

- What problem is bulk purchasing trying to solve (i.e., cost savings, increasing equitable access, security of supply)? Considerations for a bulk purchasing strategy differ based on the strategy's goal.
- How will bulk purchasing be implemented beyond what is in scope for the national pharmacare formulary and the provinces with existing bilateral agreements?
- What is the potential role for private insurers in bulk purchasing negotiations and what are the issues related to their involvement?

Policy and Governance

- What are the governance models that could support national bulk purchasing within a federal system?
- How do the existing bilateral agreements align with the principles of the Pharmacare Act? Can these be examined to inform what a bulk purchasing strategy might look like?

Economic Analysis

- What is the true cost savings potential of bulk purchasing beyond current pCPA mechanisms? What are potential unforeseen or added costs that could arise from bulk purchasing? Are there other areas in the ecosystem where savings could be found?
- What is the cost of covering the uninsured or underinsured population through existing provincial plans?

Comparative Studies

- How do bulk purchasing models in countries like Norway or New Zealand differ from Canada's proposed model (to be examined once a recommended model is developed)?
- What lessons can be drawn from the OHIP+ experience in Ontario and other provincial initiatives?
- What can be learned from Canada's existing bulk purchasing mechanisms such as hospital group purchasing organizations (e.g., HealthPRO), and public health procurement (e.g., vaccines, blood products) to inform a bulk purchasing strategy?
- What can be learned from past case studies of RFP or tendering initiatives for single-source therapeutic classes of medicines?

Legal and Regulatory

- What are the competition law issues regarding a national monopsony in drug purchasing?
- How enforceable are federal standards under the Canada Health Act and pharmacare legislation?

Access and Equity

- How would bulk purchasing affect rural and remote access to medicines and distributors' ability to serve those regions?
- How would a bulk purchasing strategy and the consolidation of supply of certain medicines impact patient choice and therapeutic alternatives?
- How would providing universally free medicines impact patient adherence to treatment and patient preference?
- Lower income Canadians do not always enrol in available stop-gap measures and available public plans due to administrative barriers. How would national pharmacare and bulk purchasing effectively address this equity issue?

Innovation and Industry Impact

- How could bulk purchasing affect research and development investment and market entry decisions by pharmaceutical companies? What would be its impact on smaller Canadian companies?
- What are potential long-term effects on Canada's attractiveness as a launch market?

Broader Trade Considerations

- Given the context of the Canada-U.S. trade relationship, how might the U.S. and other key trading partners react if Canada tries to further reduce prices?
- As the federal and provincial governments consider prioritizing Canadian-focused procurement, how could that lens or strategy be applied to bulk purchasing?