



Weekly Checkup

Importing Canadian Drugs is Not the Solution to High Drug Prices

CHRISTOPHER HOLT | FEBRUARY 22, 2019

Amid the national conversation around drug prices, **the idea of importing cheaper drugs from Canada is gaining renewed attention.** Politicians from President Trump and Senate Finance Chairman Chuck Grassley to President Obama and Senator Bernie Sanders have championed the idea. And according to a 2017 Kaiser Family Foundation poll, 72 percent of Americans support it. But buying drugs from Canada is hardly a new idea, and **there are reasons why it hasn't happened—and probably wouldn't work.**

The “solution” is in the news again this week after Florida Governor Ron DeSantis [called](#) on state lawmakers to pass legislation allowing Floridians to purchase prescription drugs from Canada. Maine tried this several years ago but was blocked by federal courts. Vermont is currently in the process of implementing its own proposal but faces similarly bleak legal headwinds. Still, with so much support for the idea, why hasn't the federal government moved to legalize purchases of medication from north of the border?

The legal history starts with the Prescription Drug Marketing Act of 1987, which made it illegal for anyone except the manufacturer of a drug to import it into the United States. Then, as part of the Medicare Modernization Act of 2003, **Congress authorized the Secretary of Health and Human Services (HHS) to allow importation of drugs from Canada if the Secretary personally certified that doing so would be safe and would significantly reduce drug costs for Americans. No HHS Secretary has been willing to make that certification.**

The safety argument has long been the primary pushback. Canadian drugs are beyond the regulatory and safety inspection regime of the Food and Drug Administration (FDA), and as such their composition and safety are indeterminable. Safety concerns are legitimate, but mostly in regard to bad actors in the online pharmacy space, selling products that are not what they claim to be. Safety concerns, however, may no longer be sufficient to forestall action given the political climate.

Yet there still is a question about the effectiveness of allowing importation. As AAF president Douglas Holtz-Eakin [recently testified](#) before the Senate Finance Committee, **drug companies won't be eager to have their drugs sold back to the U.S. market at lower rates.** There is no incentive for companies to sell Canadian pharmacists enough medication to meet both domestic demand and supply U.S. patients. Senator Sanders attempts to address this objection in his recent drug importation bill by prohibiting manufactures from restricting drug supplies to Canadian pharmacies that have been authorized—by the United States—to sell drugs to the United States. Exactly how the U.S. Congress has the authority to set policy for the Canadian drug market is a little fuzzy, however.

A second sticking point is probably the Canadian government itself. In an [interview](#) with *Politico*, Canadian health economist Steve Morgan argued that **U.S. efforts to procure medications more cheaply via Canada could lead to drug shortages and higher prices there**, an opinion seconded by former FDA Commissioner Mark McClellan in the same article. **There seems to be little incentive for Canadian officials to play along with the drug importation scheme** that many U.S. policymakers are advocating.

Ultimately, accessing cheaper drugs from Canada is the kind of solution that lawmakers love: It's popular, looks bold, is relatively easy to explain on the surface, and avoids the political pitfalls of making difficult tradeoffs that come with attempting to address the underlying problem. **It's a dodge, not a solution.**

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