

# Intelligence MEMOS



From: Jessy Donelle, Jacalyn Duffin, Jon Pipitone and Brian White-Guay  
To: Canada's Healthcare Policymakers  
Date: June 18, 2018  
Re: **DRUG SHORTAGES IN CANADA ARE A PROBLEM IN NEED OF IMMEDIATE SOLUTIONS.**

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In our recent C.D. Howe Institute [report](#) we provide one of the first assessments of the extent of the problem and argue that a stable supply of a diversity of medicines is necessary to ensure quality of care, keep healthcare costs down and reduce delays or disruptions to access for the entire population.

Since 2010, Canadian patients, physicians and pharmacists have been wrestling with drug shortages, mainly for generic drugs, which make up around 70 percent of Canadian prescriptions. Approximately 1,000 shortages have been reported annually, affecting 1,250 products during a recent three-year period. The shortages appear to have affected at least 10 percent of all active drugs available in Canada.

This is a significant problem that over time affects all Canadians. As a result of shortages, pharmacists and physicians are forced to substitute products or look for alternative treatments with different medications that might not suit fully the intended clinical indication and patient condition.

The precise causes of Canadian drug shortages are unknown and little has been done to conduct root-cause analysis or explore the consequences of Canada's limited capacity to supply its needs for medicines with locally manufactured active ingredients and finished products.

But there are comprehensive policy solutions to address the shortage problem, and key responses include:

- **Measure shortages and heed early warning signs:** Health Canada should provide annual reports on the drug shortage problem in an effort to define it, explain it, and help provide solutions to mitigate the risks associated with shortages. This information should be publicly available and reliable.
- **Identify the "medical necessity" of drugs affected by shortage:** More clear definition of necessity could help prioritize continued supply solutions for these medicines for all Canadians seeking care and identify the products that should belong on an eventual Essential Medicines list.
- **Consider nation-wide procurement policies, with provincial health ministers taking the lead.** This would optimize procurement practices for reliability of both supply and cost.
- **Encourage increased self-reliance in the manufacture of active ingredients and finished drug products, especially for those considered of medical necessity.** Canada has a high level of expertise able to achieve such a goal in a timely fashion given the right incentives.

We urge Health Canada to provide annual reports on the drug shortage problem in an effort to define it, explain it and, above all, solve it. Only when the causes are identified can solutions be found.

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