



For immediate release

## **New Report:**

### **Fraser Institute Study on Canada/US Drug Prices Uses Flawed Methodology and Data Collection**

***“Striking similarity” in positions of Fraser Institute and Brand Name Drug Companies***

---

**TORONTO, December 1, 2008** – A report released today by a research team led by Professor Joseph D’Cruz of the Rotman School of Management at the University of Toronto reveals that the methodology and data collection employed by the Fraser Institute in its study *Canada’s Drug Price Paradox 2008* does not meet minimum requirements for serious public policy research.

Professor D’Cruz’s report was prepared for the Canadian Generic Pharmaceutical Association (CGPA).

The principal claim in the Fraser Institute report *Canada’s Drug Price Paradox 2008*, which examined prescription drug prices in Canada and the United States, is that prices of Canadian generic prescription drugs are twice as high as the prices for generic drugs in the United States. The paper was published on the Fraser Institute’s website and distributed widely to news media in Canada and the United States on June 16, 2008.

“The Fraser Institute’s report is riddled with methodological shortcomings and it is presented in a manner that makes it impossible to replicate, which is a fundamental requirement for scientific validation,” said Professor D’Cruz. “Such a flawed analysis is an unacceptable basis for the formulation of public policy regarding the pricing of generic pharmaceutical products.”

The Fraser Institute paper’s claims on generic drug prices are based on Canadian retail prices obtained from IMS Health, with US retail prices derived from the Costco® website. “Purchasing data from IMS Health for Canadian prices and then surfing the Internet site of Costco® in the US is not an acceptable form of data collection for serious public policy research,” Professor D’Cruz said.

The Fraser Institute’s study states: *“The resources of this project did not permit the mass primary collection of data on US retail prices on a scale that would achieve a representative sample size that could be extrapolated to the entire market.”*

IMS Health is the most recognized source for prescription drug sales information in the world and is based in the United States. Other price comparison studies have used IMS Health data for markets around the world.

(more)

Professor D’Cruz and his team also conducted a content analysis of various documents from Canada’s Research-based Pharmaceutical Companies (Rx&D), the lobbying arm of brand-name pharmaceutical companies in Canada, and publications on pharmaceutical issues published by the Fraser Institute. The analysis revealed a striking similarity in the advocacy positions and claims of Rx&D with those advanced by the Fraser Institute.

The D’Cruz team then examined the Federal Lobbyist Registry for registrations by Rx&D and its member companies (both “in-house” and “consultant” lobbyists). This analysis found 163 individual brand-name lobbyists with 2,396 separate entries on the Lobbyist Registry that dealt with issues raised in Fraser Institute publications, including price controls on patented drugs, the cross-border prescription drug trade, and provincial listings of new drugs.

The Fraser Institute is registered as a non-profit organization and acknowledges that the organization “*receives charitable donations from research-based pharmaceutical companies.*”

“Given the congruence of positions taken in the Fraser Institute’s publications and those of Rx&D and brand-name drug companies, serious questions arise as to whether the Fraser Institute is truly an ‘*independent international research and educational organization*’ as it claims to be,” Professor D’Cruz said.

Copies of the report are available at [www.canadiangenerics.ca](http://www.canadiangenerics.ca).

### **About the Canadian Generic Pharmaceutical Association**

The Canadian Generic Pharmaceutical Association (CGPA) represents Canada’s generic drug industry – a dynamic group of companies that specialize in the production of high quality, affordable generic drugs and fine chemicals and in conducting the clinical trials required for government approval of generic drugs. The industry plays an important role in controlling health-care costs in Canada. Generic drugs are dispensed to fill 50 per cent of all prescriptions but account for only 22 per cent of the \$20-billion Canadians spend annually on prescription medicines.

### **For more information, please contact:**

Jeff Connell  
Director of Public Affairs  
Canadian Generic Pharmaceutical Association (CGPA)  
Tel: (416) 223-2333  
Mobile: (647) 274-3379  
Email: [jeff@canadiangenerics.ca](mailto:jeff@canadiangenerics.ca)