



Trudeau's Drug Price Overhaul Threatens This Company

Description

After more than 30 years, Canada is making a big step to lower drug prices. Prime Minister Justin Trudeau is set to overhaul drug pricing in the country. However, this plan of the Trudeau administration could cost drug makers, including **Bellus** ([TSX:BLU](#)), billions in sales.

Trudeau seems to be pushing new regulations as a way to fend off a conservative challenger in the upcoming election. But according to Health Minister Ginette Petitpas Taylor, the move is part of a broader revamp.

In the U.S., President Donald Trump has a proposal to align U.S. pharmaceutical costs more closely with Canadian prices and other large countries. Among the developed nations, the U.S. pays more on average for prescription drugs.

The proposal would pave the way for patients to buy medicines in Canada at a cheaper cost. But many Canadians are against Trump's plan.

Health care would be an important political issue since, according to a poll, 50% of Canadians list health care as one of their top three concerns.

Issue of prescription drugs

Although Canada has universal health care, prescription drugs are not covered. Although the government regulates prices, patients have to pay more for brand-name medicines. According to a government advisory panel, just 10% of Canadians fill their prescriptions — the other 90% can't afford to do so.

The new universal drug-coverage proposal of the Trudeau administration would be called national pharmacare. But a group consisting of five drug companies is challenging the policy changes in court.

Industry groups believe that national pharmacare would only make it harder for Canadians to access innovative new therapies.

Rising star

Bellus is the most promising stock in the healthcare sector. This \$526.5 million biotech firm is one of the [top performers](#) on the **TSX** so far in 2019. Bellus is up 164.7% year to date, and analysts are forecasting its current price of \$9.74 to triple or quadruple in the next 12 months.

Back in April, the U.S. Food and Drug Administration (FDA) accepted Bellus' Investigational New Drug (IND) application. As such, the Quebec-based firm could begin the phase two study for BLU-5937. If the results of the study show high efficacy to reduce coughing, the drug would have massive long-term potential.

Bellus has a strong cash position to undertake more research and development in 2019; BLU-5937 is one of the innovative new therapies industry groups are talking about.

For Bellus, the drug could be a best-in-class therapeutic for the treatment of chronic cough — a blockbuster drug that could rake in billions in sales.

According to Bellus President and CEO Roberto Bellinis, BLU-5937 is just one of many essential drugs the company is developing. In the pipeline are drugs for the treatment of sarcoidosis, Phelan McDermid syndrome and Alzheimer's disease.

Political impact

The healthcare issue would be a significant issue when Prime Minister Trudeau and his challengers begin their political debates. We're not sure whether Trudeau's plan would prove to be unaffordable. Let's also hope that there won't be a cut in the government's healthcare spending.

Nevertheless, hold tight if you're interested in Bellus. This stock has substantial [upside potential](#) and could deliver very high returns. However, the company could face pressure because of politics. We're hoping the impact won't be enough to stifle the growth of TSX's rising star.

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