

# Private sector becoming the key to research funding in Canada



**Ann Silversides**

## In brief

THE PRIVATE SECTOR, and drug companies in particular, are beginning to play a much stronger and visible role in funding health care research in Canada. The implications of this change were discussed at a recent conference.

## En bref

LE SECTEUR PRIVÉ EN GÉNÉRAL, et les sociétés pharmaceutiques en particulier, interviennent de plus en plus, et plus visiblement, dans le financement de la recherche sur les soins de santé au Canada. Les répercussions de ce changement ont fait l'objet des discussions d'une récente conférence.

**T**he pharmaceutical industry is funding an increasingly significant proportion of the health research taking place in Canada, and the executive director of the Canadian Health Services Research Foundation says this raises important questions about public research priorities.

However, notes Jonathan Lomas, "an egregious lack of reasonable data on health research," combined with an absence of clear public priorities, means it is difficult to know the implications of this shift in funding. He made the comments during the 11th annual conference of the Centre for Health Economics and Policy Analysis, held recently at McMaster University.

In recent years the pharmaceutical industry has climbed from fourth to first place in terms of the amount of funding it provides for health research. At the same time, said Lomas, the proportion of funding from universities has dropped precipitously. He based his comments on a Statistics Canada report on research and development in the health care field. The report, a proprietary document, is the federal agency's "best guess" at research funding, since data were not provided by the health care field itself.

Lomas said the report had additional limitations. For example, its estimates of private, for-profit funding of research deal with only pharmaceutical — and not medical technology — companies, and the role of private foundations is not considered. "Still, it's apparent that something quite big is happening when it comes to sources of research funding," said Lomas.

In 1996, 29% of health research in Canada was conducted in private settings, the Statistics Canada report indicates, compared with only 9% just 2 decades earlier. Meanwhile, by 1996 only 56% of health research was conducted at universities, considerably less than the 77% that took place there in 1976.

In addition, universities' sources of funding have also changed. Private, for-profit firms were funding 12% of university-based health research in 1996, compared with 2% in 1976. Both government and not-for-profit funding at universities dropped to (respectively) 70% and 18% in 1996, from 73% and 25% in 1976.

Since the mid-1980s, pharmaceutical industry funding of health research in Canada climbed from under 15% of the total to more than 30%. Meanwhile, from 1976 to 1996 overall spending on health research (in 1997 dollars) increased dramatically, to \$1.7-billion annually from \$250 million.

Lomas said this increase is tied to the stronger patent protection given to pharmaceutical products by the federal government beginning in 1987. In exchange,

## Features

## Chroniques

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CMAJ 1998;159:397-8



## “Uneasy marriage” links public, private research

A complex mix of public- and private-sector alliances is emerging in the health care field and “it’s time to spike the notion that there can be an easy synthesis of values,” a recent health policy conference was told.

Fiscal and ideologic forces are making these alliances a “fait accompli,” said John Langford, a professor of public administration at the University of Victoria. “But from an ethical point of view, the marriage is not easy,” he told the 11th annual conference of the Centre for Health Economics and Policy Analysis.

Langford said there is an endless set of terms to describe new linkages between the public and private sectors: alliances, partnerships, joint ventures, cosponsorships and licensing agreements. These arrangements, which he described as forms of alternative service delivery, are intended to fund, manage, deliver or produce services for the public, but they raise a number of issues. Langford said procedural fairness, “one of

the bedrocks of the public service,” is not necessarily a goal shared by the private sector.

In the private sector, an emphasis on cost-containment and performance standards might mean that for-profit organizations that administer publicly funded research programs practise “application dissuasion.” As an example, he cited American HMOs that give bonuses to employees who have the greatest success reducing the number of claims.

Langford and others at the conference stressed that the new linkages between the public and private sectors mean that the public sector must employ highly skilled staff to manage and monitor the alliances.

“Without the capacity to define requirements, evaluate performance and replace contractors, the harm done [by these alliances] may well exceed the benefits . . . and efficiency will be reduced to cost minimization,” warned François Champagne, professor of health administration at the Université de Montréal.

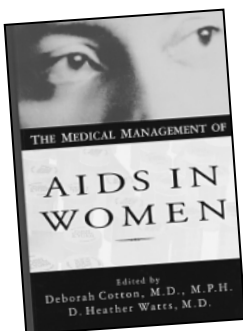
the companies pledged to conduct more research here.

To address the concern that “he who pays the piper calls the tune,” said Lomas, “a clear set of publicly accountable national priorities” for health research is needed. “If we create that, then we can comment on the appropriateness of the balance” of current research.

Lomas said control of the cost and use of pharmaceuticals is an increasingly important issue. Indeed, these concerns were a key reason behind the National Forum on Health’s 1977 recommendation that Canada introduce a national prescription drug program.

Meanwhile, there is evidence that research outcomes can be influenced by those who fund the research. Lomas referred a 1998 study (*N Engl J Med* 1998;338:101-6) that considered the financing and outcomes of research involving calcium-channel antagonists. The study found that 100% of the authors of positive research reports had received some drug company financing, compared with only 67% of authors of neutral reports and 43% of the authors of negative reports. Lomas said the study underscored the need for medical journals to set clear conflict-of-interest guidelines. ?

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\$118.95 (CMA members), \$139.95 (Nonmembers)

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