

Canada 2020

POLICY LAB

National Pharmacare Initiative

Policy Lab

Resource Library

Executive Summary

On May 29th, Canada 2020 convened a five-hour policy lab on National Pharmacare, in response to the government's Budget 2018 commitment to create an Advisory Council on the Implementation of National Pharmacare. In the Budget, the government cites the high costs of drugs and the statistic that one in ten Canadians cannot afford the prescription drugs they need as reasons why a National Pharmacare plan is needed.

The Policy Lab brought together 42 stakeholders and experts from government, academia, and industry to share information and resources on the topic of National Pharmacare. The discussion was held in camera and participants collaboratively designed a set of resolutions. A lively discussion and debate took place to determine which of the resolutions had a broad consensus of support. For resolutions that lacked a broad consensus, Canada 2020 noted these as issues to resolve and summarized the debate that took place in the room.

At the end of this document, we have attached a backgrounder on National Pharmacare that describes the current Canadian research on the issue.

Pharmacare Policy Lab Resource Library

TITLE: Let's talk about the patients the pharmacare debate has forgotten (blog)

AUTHOR: Adam Kassam

LINK: https://www.huffingtonpost.ca/adam-kassam/lets-talk-about-the-patients-the-pharmacare-debate-has-forgotten_a_23303058/

DESCRIPTION:

Kassam argues that rehabilitation patients are not included in the conversation and that pharmacare recommendations are ill-fitted for rehabilitation patients. The pharmacare debate is very strongly centered around medication, but the author suggests that rehabilitation is just as integral and should be part of the conversation. In short, the author suggests that the national pharmacare plan should include drugs as well as non-pharmacologic options to improve the overall quality of life for all Canadians.

TITLE: The Council of Canadians Acting for Social Justice - Pharmacare

AUTHOR: The Council of Canadians

LINK: <https://canadians.org/pharmacare>

DESCRIPTION:

In 2016, Canadians spent \$30 billion on over 600 million prescriptions. Many Canadians are forced to choose between paying for their prescription or rent and food. The Council advocates for pharmacare, specifically a universal drug coverage program, to provide all Canadians with access to drugs they need. Pharmacare would also mean that Canadian employers would not have to pay for insurance packages for their employees.

TITLE: Federal Cost of a National Pharmacare Program

AUTHOR: Office of the Parliamentary Budget Officer

LINK: [http://pbodpb.gc.ca/web/default/files/Documents/Reports/2017/Pharmacare/Pharmacare EN 2017 11 07.pdf](http://pbodpb.gc.ca/web/default/files/Documents/Reports/2017/Pharmacare/Pharmacare_EN_2017_11_07.pdf)

DESCRIPTION:

The PBO finds that Canadians spend on average 28.5 billion dollars a year on prescription drugs. This cost is borne by a combination of public and private payers. Currently, the federal government's role in pharmacare is largely regulatory based. Health Canada is the federal department in charge of approving new pharmaceutical sales in Canada. The Patented Medicine Prices Review Board ensures that patented drug prices are not excessive. Provinces

oversee covering drugs and medical services. This review varies from province to province as each province covers different drugs. For instance, Quebec covers about 79% of prescription drugs as being paid by public funds whereas Alberta covers around 99%. The PBO predicts that universal drug coverage would decrease the price of medicine in Canada and would also lead to a behavioural change. The PBO believes that Canadians would adhere to their drug plans leading to increased consumption. The PBO estimates the net federal cost of pharmacare is estimated to be \$19.3 billion. They further estimate that Canadian spending on drugs will decrease by 17.1% while the number of prescribed drugs will increase by 10.9%.

TITLE: Why your pharmacist can't tell you that \$20 prescription could cost you only \$8.

AUTHOR: Robert Pear

LINK: <https://www.nytimes.com/2018/02/24/us/politics/pharmacy-benefit-managersgag-clauses.html?mtrref=www.google.com>

DESCRIPTION:

The article outlines that many pharmacists are facing 'gag clauses' that are preventing them from informing customers on lower drug prices if they paid cash instead of using their health insurance. Elected officials have either implemented or are implementing legislation to stop these practices that force customers to pay more for their prescription drugs.

TITLE: Good governance and decision-making on drug coverage

AUTHORS: John Adams, Nigel Rawson

LINK: <http://policyoptions.irpp.org/magazines/january-2018/good-governance-anddecision-making-on-drug-coverage/>

DESCRIPTION:

This article outlines the role of the CADTH (Canadian Agency for Drugs and Technologies in Health) which is to provide decision makers with evidence to decide the best use of drugs. However, according to the authors these decisions limit access of Canadians to innovative life-saving medicines. They argue that the CADTH does not follow good governance principles and in turn affect Canadian lives. Their review process delays access to drugs and limits what is covered in public plans.

TITLE: Estimated cost of universal public coverage of prescription drugs in Canada

AUTHORS: Steven G. Morgan, Michael Law, Jamie R. Daw, Liza Abraham and Danielle Martin

LINK: <http://www.cmaj.ca/content/187/7/491>

DESCRIPTION:

The CMAJ (Canadian Medical Association Journal) estimates that universal public coverage of prescription drugs in Canada would reduce total spending on prescription drugs by \$7.3 billion. The private sector would save \$8.2 billion. Government spending would increase by \$1 billion. There have been many recommendations over the years to encourage the government to implement coverage of prescription drugs. Currently, the federal drug plans cover First Nations and other targeted groups. Most other coverage comes from the provinces or out-of-pocket. Employers and Unions would save as they would no longer have to provide health coverage for their employees. The CMAJ proposes to use the savings generated through the single-payer system to invest in research and development.

TITLE: Shaping the Future of Health and Healthcare

AUTHOR: World Economic Forum

LINK: <https://www.weforum.org/system-initiatives/shaping-the-future-of-health-andhealthcare>

DESCRIPTION:

The WEF examines how to provide affordable quality healthcare to the 2050 world of 9.7 billion people. The WEF poses interesting questions such as: What is considered basic care? Should prevention be considered? Or maintenance of health?

TITLE: Rethinking Pharmacare in Canada

AUTHORS: Steven G. Morgan, Jamie R. Daw and Michael R. Law

LINK: https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Comme ntary_384_0.pdf

DESCRIPTION:

The authors conclude that provincial pharmacare coverage should be expanded to include all Canadians regardless of income, age or employment and should cover medicine with proven value. Canada has a universal public health insurance program but does not cover prescription medicine. The commentary also recommends a single-payer approach to pharmacare. The authors argue that single-payer would simplify the system for Canadians and make it less

costly on the administrative side. If Canada were to offer universal health coverage for medically necessary prescription drugs with little to no patient charges, they believe it could lead to lower health spending elsewhere. The authors state that the UK pays less for prescription drugs (per capita) and yet has a higher rate of investment in research and development than Canada. The authors' two main recommendations are as follows:

The policy challenge is therefore to build incrementally toward the system that we know will provide greater access, financial protection and efficiency: a universal system of pharmacare that is comparable to and integrated with the other elements of medicare. Steps in that direction might include universal coverage for drugs with known value propositions in terms of reduced public spending on hospitals – such as universal coverage for cost-effective cardiovascular medicines (Dhalla, Smith et al. 2009; Choudhry, Avorn et al. 2011). Another option might include universal first-dollar coverage of generic medicines acquired under tendering processes – in provinces or nationally – that could save enough money to render the expansion of coverage revenue neutral to government (Morgan, Hanley et al. 2007; Law and Morgan 2011).

TITLE: The Economic Case for Universal Pharmacare

AUTHORS: Marc-André Gagnon with the assistance of Guillaume Hébert

LINK: <http://www.nsn.ca/site/media/nsnu/universal-pharmacare-report.pdf>, https://cdn.iris-recherche.qc.ca/uploads/publication/file/R_C3_A9gime-universel-dassurance-m_C3_A9dicaments1.pdf

DESCRIPTION:

The authors argue that current drug insurance plans are economically inefficient, which they illustrate by comparing Canada to other OECD (Organisation for Economic Co-operation and Development) countries. The authors state that Canadians spend more per capita on drugs than anywhere else and that our public plans lack in coverage and do not cover a large part of the Canadian population. They believe that Canadians are not getting enough in return for the money given to the biopharmaceutical industry. The authors argue that if Canada were to adopt a universal pharmacare program with first-dollar coverage it would lead to \$3 billion in savings if all other biopharmaceutical policies remained the same. If, instead, those policies were to be changed to be closer

to the OECD countries, Canadians would save around \$4.5 billion. They conclude that a national pharmacare program will need to strike a balance between federal and provincial jurisdictions as health policies are in the provincial jurisdiction.

TITLE: Universal Pharmacare & oral health care for adults and seniors living with low income

AUTHOR: Registered Nurses' Association of Ontario

LINK: http://rnao.ca/sites/rnao-ca/files/Universal_pharmacare_oral_health_care_for_adults_and_seniors_living_with_low_income.pdf

DESCRIPTION:

The Nurses' Association believes that universal pharmacare and oral health care are universal human rights; these are currently not guaranteed as human rights in Canada. In their view, the lack of universal pharmacare leads to low-income Canadians having to pay out of pocket or go without medication or simply having to sacrifice basic necessities to pay for prescription drugs. RNAO would like to see oral health included in a universal pharmacare coverage.

TITLE: National Pharmaceuticals Strategy

AUTHOR: Federal/provincial/territorial ministerial task force

LINK: https://www.canada.ca/content/dam/hc-sc/migration/hc-sc/hcssss/alt_formats/hpb-dgps/pdf/pubs/2006-nps-snpp/2006-nps-snpp-eng.pdf

DESCRIPTION:

This is the national pharmaceutical strategy progress report from 2006. Pharmaceutical management can be summarized in themes: access, safety, effectiveness and appropriate use, and system sustainability. Access to pharmaceuticals is highly dependent on where people live. Provinces have to make choices to decide what is covered or not by public coverage. Pre-market testing is not accurate enough and decision makers need access to more unbiased and accurate information. Public funds need to be spent efficiently, as this would encourage competition and reduce prices for Canadians.

TITLE: The Future of Drug Coverage in Canada

AUTHORS: Steven G. Morgan, Danielle Martin, Marc-André Gagnon, Barbara Mintzes, Jamie R. Daw, Joel Lexchin.

L I N K : http://pharmacare2020.ca/assets/pdf/The_Future_of_Drug_Coverage_in_Canada.pdf

DESCRIPTION:

Canada has a medicare system, but it does not cover prescribed medicine outside of hospitals. Current coverage is a mix of public and private coverage, meaning that Canadians across the country have different access to basic prescribed drugs. Many Canadians do not have any medical insurance, leaving them uninsured and forcing them to pay out of pocket. The report encompasses 4 key pillars to an effective pharmacare plan in Canada: access, fairness, safety, and value for money, based on the following principles:

- o All Canadians should have equitable access to medically necessary prescription drugs.
- o No individual or group should be financially disadvantaged by their health needs.
- o Prescription drugs should only be funded, prescribed and used in accordance with the best available evidence concerning risks and benefits.
- o The cost of medicines should be managed to achieve maximum value for money from the perspective of Canadian society.

The report outlines how provinces can act quickly by negotiating patent drug prices and setting a price ceiling on generic drugs. It is in their jurisdiction and they have the capabilities to act quickly; and this would benefit provincial health benefits greatly.

Their final recommendation is for a fully implemented Pharmacare: a public drug plan that is universal, comprehensive, evidence-based and sustainable, by 2020.

They conclude that there needs to be two sustainable systems working simultaneously. The current medicare system and a public pharmacare program. This would ensure fair access to necessary health care providers and medicine for all Canadians.

TITLE: A lesson from abroad – healthcare lessons from Australia

AUTHOR: Nadeem Esmail

LINK: <https://www.fraserinstitute.org/sites/default/files/health-care-lessons-fromaustralia-rev.pdf>

DESCRIPTION:

In Australia, the federal government funds ambulatory and outpatient care through 'Medicare Australia'. State-level governments, on the other hand, regulate health care providers and fund hospital care. One recommendation made by this report is that there should be a cost-sharing scheme for universally accessible health care, with some limits in place, but these limits should not affect low-income Canadians.

TITLE: Universal prescription drug coverage in Canada: long-promised yet undelivered

AUTHOR: Steve G. Morgan, Katherine Boothe

LINK: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5094297/pdf/10.1177_0840470416658907.pdf

DESCRIPTION:

According to the authors, one in ten Canadians cannot afford to fill their prescriptions and our per-capita expenditure for pharmaceuticals is among the highest of OECD countries with universal health converge. The Canadian government provides coverage for a very small portion of the population, indigenous people and veterans; this contributes to 2% of our total drug expenditure. This paper also describes the barriers in place that have been preventing the effective implementation of pharmacare in Canada. The first being that the federal government lacks jurisdiction so there needs to be a high degree of cooperation between provincial and federal governments. The second barrier is the fact that within governing parties members have different views on pharmacare.

TITLE: Understanding the gap – a pan Canadian analysis of prescription drug insurance coverage

AUTHORS: Greg Sutherland and Thy Dinh

LINK: <http://innovativemedicines.ca/wp-content/uploads/2017/12/20170712understanding-the-gap.pdf>

DESCRIPTION:

About 5.2% of Canadians live without drug coverage. About 4.1 million Canadians can get insured through public coverage but have not enrolled. This could be for many reasons. First, it could be because they do not require coverage, or they are comfortable paying out of pocket. It could also be a result of lack of awareness of the eligibility criteria or how to enroll. The authors argue that of the 8.5 million Canadians who solely rely on public coverage, it seems that only a small percentage feel the financial burden of having to pay out of pocket for what is not covered by public plans. There are currently 22.5 million Canadians enrolled in private insurance. Most of them also benefit from cost sharing. Some provinces have public coverage that requires their population to pay more for an expansive drug plan than private insurance would. According to the Nanos survey 0.5% of Canadians say that they face hardship when having to pay for medicine due to cost.

TITLE: Myth buster: A national drug plan

AUTHOR: Canadian Health Coalition

LINK: <http://www.healthcoalition.ca/wp-content/uploads/2017/09/Pharma-Mythbuster.pdf>

DESCRIPTION:

According to the CHC, if the federal government were to pay for the cost of medication for provinces, employers and taxpayers, the cost of ensuring medication for everyone would be around \$11.5 billion per year. The CHC also makes the argument that workers would be more inclined to change jobs as they would not fear losing their insurance if Canada had a national pharmacare plan. They argue that Canada could increase its amount of research and development, which is currently lower than the UK and New Zealand who have universal drug coverage.

TITLE: The consequences of patient charges for prescription drugs in Canada: a cross-sectional survey

AUTHOR: Law, MR et. al.

LINK: <http://cmajopen.ca/content/6/1/E63.full>

DESCRIPTION:

The authors find that “5.5% (95% confidence interval 5.1%-6.0%) of Canadians reported being unable to afford 1 or more drugs in the prior year, representing

8.2% of those with at least 1 prescription. Drugs for mental health conditions were the most commonly reported drug class for cost-related nonadherence. About 303000 Canadians had additional doctor visits, about 93000 sought care in the emergency department, and about 26000 were admitted to hospital at the population level. Many Canadians forewent basic needs such as food (about 730000 people), heat (about 238000) and other health care expenses (about 239000) because of drug costs. These outcomes were more common among females, younger adults, Aboriginal peoples, those with poorer health status, those lacking drug insurance and those with lower income.”