



## Pharmacare

**RNAO believes that a national pharmacare program covering all medically necessary drugs, without means testing, user-fees and/or co-payments is the way to go. Do you agree with RNAO?**

Canada is the only developed country with a universal health-care system that lacks pharmacare.<sup>1</sup> Canadians are hit by a double whammy: not only do most people not have access to public drug coverage, but the absence of the common purchasing of pharmacare means that they face some of the highest drug prices in the Organization for Economic Co-operation and Development (OECD) - about 35 per cent higher than the OECD median.<sup>2</sup> Canada has the highest per capita drug expenditure in the OECD after the US.<sup>3</sup>

In the absence of a national pharmacare program, some Canadians rely on a patchwork of existing drug plans,<sup>4</sup> while the rest have to pay out of pocket or obtain private insurance. Currently, the Ontario Drug Benefit Program covers senior citizens and those receiving social assistance, while the Trillium Drug Program subsidizes those whose drug costs are high relative to their income.<sup>5 6</sup> In 2015, 40.8 per cent of Ontario prescription expenditures were covered by the provincial government, with the federal government covering 1.1 per cent and the Workplace Safety and Insurance Board paying 0.6 per cent. The rest is paid for privately - 57.5 per cent.<sup>7</sup> Confidentiality considerations make the breakdown of provincial figures unavailable, but nationally 35.0 per cent of prescription drug expenditures are paid by private insurers while 21.8 per cent are out-of-pocket.<sup>8</sup> Public drug spending in Ontario also consumes 9 per cent of the health budget – up from 1.2 per cent in 1975.<sup>9</sup> The province is championing pharmacare and this is evident through the Minister of Health and Long-Term Care, Dr. Eric Hoskins, who has written op-eds calling for a national pharmacare program,<sup>10 11</sup> and who has been working with his health counterparts to that same end.<sup>12</sup>

A commentary written for the C.D. Howe Institute neatly summarizes the case for pharmacare in Canada:<sup>13 14</sup> It would deliver equitable access to medicines; it would protect the ill from exorbitant costs for drugs; and it would result in a net saving of money. The savings come from reduced administrative, marketing and regulatory costs due to a single-payer system. Savings also come from: pooling of risk over larger populations; from value-for-money testing; from use of purchasing power to reduce drug prices; and from more rational use of health system resources (uninsured services tend to be underused because of affordability concerns, which leads to an increased risk of costly health complications).

A related study makes the case against means testing and co-payments for pharmacare.<sup>15</sup> A 2010 economic analysis by Gagnon and Hébert quantified the potential savings of a comprehensive first-dollar pharmacare programs for Canadians at up to \$10.7 billion annually (or 42.8 per cent of total spending on pharmaceuticals).<sup>16</sup> A 2015 Canadian Medical Association Journal article provided a range of estimates of saving: \$7.3 billion expected, with savings ranging from \$4.2 billion to \$9.4 billion (worst-case scenario to best-case scenario). Expected savings to the private sector would be \$8.2 billion, with net costs to government rising by about \$1.0 billion.<sup>17</sup>

An important component of a national pharmacare program would be a national or nation-wide<sup>18</sup> evidence-based formulary and guidance on optimal prescribing.<sup>19 20</sup> This would pool information on safety, effectiveness and cost, which is particularly important when it comes to dealing with the growing pool of drugs targeted at rare diseases, where the evidence is based on very small samples and where manufacturers supply the studies while exerting strong lobbying pressure for coverage of very expensive drugs.<sup>21</sup>

An impressive list of health and other organizations is calling for a national pharmacare program: RNAO,<sup>22 23</sup> Canadian Federation of Nurses Unions,<sup>24 25 26</sup> Canadian Nurses Association,<sup>27</sup> Canadian Medical Association,<sup>28 29</sup> Standing Senate Committee on Social Affairs, Science and Technology,<sup>30</sup> Canadian Health Coalition,<sup>31 32</sup> Canadian Association of Retired Persons,<sup>33 34</sup> Canadian Doctors for Medicare,<sup>35 36</sup> Union des consommateurs,<sup>37</sup> the Canadian Association of Community Health Centres, the Association of Ontario Health Centres, the Association of Family Health Teams of Ontario, Unifor, the College of Family Physicians of Canada, Health Providers Against Poverty, the United Steelworkers, the Canadian Diabetes Association, the Phoenix Centre for Families and Children, the National Council of Women Canada, The Canadian Treatment Action Council, the Council of Canadians, the Canadian AIDS Society, the Association of Local Public Health Agencies, the National Union of Public and General Employees, the Canadian Union of Public Employees, 25 in 5: Network for Poverty Reduction, Planned Parenthood Toronto, the Human Development Council, the Child Poverty Action network, Alternatives North, and the Centre for Social Justice.<sup>38</sup> There are very active campaigns for a national pharmacare program, including the Campaign for National Drug Coverage of which RNAO is a founding member (and which has a long list of endorsing organizations,<sup>39</sup> only some of whom are listed above),<sup>40</sup> and the Campaign for a National Drug Plan.<sup>41</sup> Newspapers such as the Toronto Star have also called for a national pharmacare program and not just some national bulk buying arrangement.<sup>42</sup>

Members of the public agree. According to a May 2013 poll by EKOS, 78 per cent of Canadian respondents supported a universal public drug plan for all necessary prescription drugs.<sup>43</sup> Support was even stronger in a July 2015 Angus Reid poll in which 91 per cent of those polled supported the concept of pharmacare in Canada, and 87 per cent supported adding prescription drugs to the universal health coverage of Medicare. Moreover, 23 per cent of respondents were

in households that had one or more members who were not taking medicines as prescribed because of the cost.<sup>44 45</sup>

With the October 2015 election, the federal context has changed and pharmacare advocates are now looking to Ottawa for leadership on this issue given the interest across the country. On January 20 and 21, 2016, federal and provincial/territorial health ministers met in Vancouver to lay the groundwork for a new Health Accord, and they promised to work together on drug policy.<sup>46</sup> The federal House of Commons Standing Committee on Health has been holding hearings on the development of a national pharmacare program,<sup>47</sup> and this represents a good current opportunity to implement a pharmacare program that would provide universal access to essential medications, without means testing, user fees and/or co-payments.

## References:

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<sup>3</sup> Ibid.

<sup>4</sup> Canada Online. (2014). *Provincial Prescription Drugs Insurance Programs*. Retrieved September 15, 2016 at <http://canadaonline.about.com/od/prescriptiondrugsprograms/>.

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<sup>7</sup> Canadian Institute for Health Information. (2015). *National Health Expenditure Trends, 1975 to 2015*. Table G.6.1: Expenditure on Drugs by Type, by Source of Finance, Ontario, 1985 to 2015. Percentage calculated by RNAO. CIHI suppresses provincial-level data on private insurance payments, so we don't know the breakdown between out-of-pocket expenses and private insurance.

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