Multiple issues examined

As part of its analysis, the committee looked at Canada’s current drug coverage challenges, and the access issues under today’s mix of 70 public and 33,000 private plans, in particular. While the vast majority of the population has some type of coverage for prescription drugs through public or private insurance plans, some gaps exist. For example, 21 per cent of Canadians have no full or partial coverage through provincial or territorial drug programs, but eligibility requirements leave some people with hefty out-of-pocket costs. Although 70.5 per cent of Canadians have full or partial coverage through private drug plans sponsored by unions, associations and employers, witnesses noted employment didn’t guarantee drug coverage, as low-wage and part-time workers are least likely to have drug benefits through the workplace. About two per cent of Canadians have no coverage at all.

Witnesses linked the financial burden of out-of-pocket costs to poorer health outcomes: almost one in four Canadians report not filling a prescription because of the cost; a scenario that can lead to other costs since non-adherence contributes to higher rates of hospitalization and even premature death. “In Canada, non-adherence is estimated to cost between $7 billion and $9 billion per year,” Dr. Monika Dutt, past chair of Canadian Doctors for Medicare, told the committee.

Variations in formularies from one plan to another create further inequities and gaps in coverage. On the public side, plans differ in decisions to list expensive specialty drugs such as biologics, oncology medications and drugs for rare diseases. And public catastrophic drug plans typically require substantial deductibles before coverage kicks in. Many private plans, on the other hand, have open formularies and few restrictions on the number and type of drugs prescribed. As well, privately insured plans tend to offer greater and more timely access to medications than the public plans. Witnesses noted one way to harmonize prescription drug coverage is through a common national formulary.

On the issue of rising drug costs, witnesses pointed out that Canadians face higher drug prices than people in other Organisation for Economic Co-operation and Development countries and identified some of the options for achieving greater cost savings. While the pan-Canadian Pharmaceutical Alliance negotiates reduced drug prices on behalf of governments, only generic discounts are accessible to both public and private plans so far. Witnesses stressed that further reductions are possible if the alliance negotiates prices on behalf of the entire market. They also called for more transparency in negotiations.

Why not reform the existing system?

After the February budget, Finance Minister Bill Morneau suggested a national pharmacare system would be a “fiscally responsible” effort aimed at filling in the gaps, rather than providing drug coverage to those already covered by existing plans.

Joe Farago, executive director of private payers and investment at Innovative Medicines Canada, explained, the existing approach provides benefits to almost 23 million workers through private insurance and typically offers greater breadth in terms of the number of drugs covered and quicker access to new therapies than public programs.

“Drug coverage is a vital component of employer-sponsored benefits plans,” said Farago. “They help keep employees healthy and productive. Are employers willing to trade off the coverage they have now for a public plan? Many of those individuals who are doing well on private insurance see the value of Canada’s dual system but recognize the importance of filling in the gaps to ensure all Canadians have

Universal pharmacare is an idea that has been kicking around for decades in Canada. Yet despite numerous studies calling for a universal single-payer pharmacare program to ensure all Canadians have access to prescription drugs, the country’s drug system remains a patchwork of public and private plans.

This spring, the House of Commons’ standing committee on health added another report to the growing pile, but not everyone agrees with the report’s conclusion. Many proponents believe universal pharmacare would deliver better health outcomes and be more cost-effective, while others worry about potential costs, access to new drug therapies and the impact on the private drug benefits industry.

Two months before the committee’s report came out in April, the federal budget included the announcement of an advisory council, led by Dr. Eric Hoskins, to study the implementation of a national pharmacare program. That development, together with the committee’s report, has got the attention of private drug plan sponsors, says Karen Millard, Canadian research and compliance leader for Willis Towers Watson.

“Everyone wants drug coverage to be more equitable, sustainable and affordable. Although the [health] committee viewed universal pharmacare as the best way forward, we hope Dr. Hoskins will consider many options. Our plan sponsor clients understand that significant change is likely but also that it is too soon to tell what measures will be implemented.”

The health committee’s report

The health committee spent two years studying the development of a national pharmacare program as an insured service under the Canada Health Act. The 128-page report outlined current challenges and gaps in coverage, and provided an in-depth examination of potential costs and savings if most drug spending fell under one public payer. The report offered 18 recommendations on how to expand the Canada Health Act to include prescription drugs dispensed outside of hospitals, the development of a common voluntary national formulary, improving drug pricing and reimbursement processes, and better data and information systems.

The committee heard from more than 100 witnesses representing a wide range of drug system stakeholders, including insurers, academics, patient groups, unions, health-care professionals, generic and brand pharmaceutical companies, employer groups and various government agencies. It also commissioned the parliamentary budget office to estimate the cost of providing universal prescription drug coverage.

The committee considered two distinct options: a universal, single-payer public prescription drug program, or reforming the existing system with targeted efforts to address gaps in coverage. While witnesses’ views ran the gamut, the committee voted unanimously in the end for the first option. In its view, expanding the Canada Health Act to include prescription drugs dispensed outside of hospitals as an insured service is the best way forward.

“The basic concept of universal, single-payer pharmacare is to provide comprehensive public coverage for Canadians’ medicine needs,” says Don Davies, the New Democratic Party’s health critic and the health committee’s vice-chair.

“Just as we have done for doctors and hospitals, it is most efficient and effective to provide prescription coverage to everyone through a single-payer system.”

2% of Canadians have no drug coverage at all

Source: Report by the House of Commons’ standing committee on health, April 2018

70.5% of Canadians have full or partial drug coverage through programs sponsored by employers, unions or associations

21% of Canadians obtain public drug coverage through provincial or territorial drug programs

Universal pharmacare is an idea that has been kicking around for decades in Canada.
Whatever approach is chosen, it should be done in steps to ensure the plan sponsors, employees and supporting vendors have time to adjust.

Sonya Felix is a Vancouver Island-based freelance writer.