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## For Your Information<sup>®</sup>

### Canada Moves Closer to National Pharmacare

This *FYI* provides details on the recommendations from the final report of the Advisory Council on the Implementation of National Pharmacare and the next steps in the implementation of a national pharmacare program.

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#### A prescription for Canada: achieving pharmacare for all

The Advisory Council on the Implementation of National Pharmacare (council) released its final report on June 12, 2019. In *A Prescription for Canada: Achieving Pharmacare for All* (report), the council calls for:

- A universal, public pharmacare program
- A new, arms-length drug agency to create a national formulary and oversee the program
- A detailed strategy and process for funding and access to drugs to treat rare diseases

#### The case for national pharmacare

Canada is currently the only country that provides universal health care, but not universal prescription drug coverage. Coverage is instead provided by a patchwork of over 100 federal and provincial pharmacare programs, as well as by private insurance plans. The council found that the current system produces significant gaps in prescription drug coverage and contributes to the rising cost of medications.

- **Coverage.** As government plans typically serve vulnerable groups, and as private coverage is largely offered by employers, approximately 20% of Canadians have no or not enough prescription drug coverage. This poses cost barriers that can result in people not taking their prescribed medications, leading to negative health consequences. For example, the report cites a study stating that the elimination of out-of-pocket costs for drugs used to treat diabetes,

cardiovascular disease, and chronic respiratory conditions could reduce annual emergency room visits and hospitalizations by 220,000 and 90,000 respectively and result in annual cost savings of up to \$1.2 billion.

- **Cost.** The number of payers makes it harder to effectively negotiate for lower drug prices with drug manufacturers, increasing the costs for all parties in the system. The report notes only the United States and Switzerland pay more per person per year on prescription drugs than Canada.

## Pharmacare program details

To address concerns about access and cost-effectiveness, the report recommends establishing a universal, single-payer, public pharmacare program in collaboration with the federal, provincial, and territorial governments. Details of the steps in the creation of the proposed program are:

- **Create Canada Drug Agency (CDA).** As announced in the 2019 Federal Budget (and discussed in Buck's [March 19, 2019](#) issue of *For Your Information*), the CDA will be an arms-length agency governed by the various levels of government and featuring patient representation.
- **Create national formulary.** The CDA's first order of business is the creation of a national formulary. The initial formulary will cover essential medicines, which are estimated to cover half of all prescriptions. The report recommends that the initial list of drugs be available through the program beginning January 1, 2022, with a full formulary implemented by January 1, 2027.
- **Develop rare disease strategy.** The federal government should work with provincial and territorial governments and patients on a national strategy for expensive drugs for rare diseases by January 1, 2022. This will include a distinct pathway to consider which of those drugs should be funded for which patients, replacing various provincial/territorial exceptional access programs. The 2019 Federal Budget announced \$500 million in funding to help create this strategy.

As the pharmacare program will be publicly funded, the various levels of government must collaborate on creating a new financing arrangement. The report recommends that the federal government pay for the incremental costs of the program.

While the report does recommend prescription copayments, they are to be limited to \$2 for essential medicines and \$5 for other prescriptions, up to a maximum of \$100 per household annually. Copayments will not be paid by low-income seniors, social assistance benefit recipients, and individuals with disabilities.

## In closing

The government has announced that it is reviewing the report and will work with the provinces, territories, and other stakeholders to “consider next steps.” With the next federal election taking place October 21, 2019, pharmacare will feature prominently in the campaign platforms of all political parties. The outcome of the election will clearly impact the future, and content, of any upcoming program.

If implemented, a national pharmacare program, including coverage for rare diseases, has the potential to be transformational for employers and plan sponsors, and life-changing for many Canadians. For more details on the report, and information on how its recommendations may impact you, talk to your Buck consultant or contact the Knowledge Resource Centre at [talktous@buck.com](mailto:talktous@buck.com) or +1 866 355 6647.

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