

MEMO

From: H+K Strategies Ottawa
Date: June 12, 2019
Subject: Final Report on the Implementation of National Pharmacare

Overview

This morning, Dr. Eric Hoskins, Chair of the Advisory Council on the Implementation of National Pharmacare, and Dr. Vincent Dumez, Member of the Advisory Council, delivered the Council's [final report](#) in accordance with its Terms of Reference. The final report recommends the federal government adopt a **universal, single-payer, public prescription drug coverage program**.

The government established the Council in Budget 2018 with a mandate to provide independent advice to the Minister of Health and the Minister of Finance on how to best implement national pharmacare in a manner that is affordable for Canadians and their families, employers and governments. In March of this year, it released an interim report recommending the federal government create a national drug agency to manage prescription medications by negotiating prices, develop a comprehensive and evidence-based national formulary, and invest in drug data and information technology systems.

The Council has concluded that national pharmacare must embody five principles:

1. Universal: all residents of Canada should have equal access to a national pharmacare system;
2. Comprehensive: pharmacare should provide a broad range of safe, effective, evidence-based treatments;
3. Accessible: access to prescription drugs should be based on medical need, not ability to pay;
4. Portable: pharmacare benefits should be portable across provinces and territories when people travel or move, and;
5. Public: a national pharmacare system should be both publicly funded and administered.

Key Findings & Recommendations

Dr. Hoskin's final 184-page report and 60 recommendations summarize the input received through months of consultation and engagement and concludes that a universal, single-payer, public pharmacare model in Canada is the best way to reduce drug costs for Canadians, and provide equitable and fair access to an estimated one in five uninsured or underinsured. The model would require a \$15 billion annual investment but once fully implemented, the report predicts the amount spent on prescription drugs in Canada would fall by \$5 billion a year and provide significant savings to families, employers, and employees. The final report recommends a phased approach to implementing national pharmacare beginning now until 2027.

Canadian Drug Agency

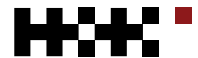
National pharmacare would start with the creation of a Canadian Drug Agency. Preliminary funding for an agency was announced in the 2019 federal budget. The agency would be responsible for developing a comprehensive, evidence-based national formulary. The national formulary would provide a framework for a consistent approach to drug approval, formulary listing and patient access. It would also act as a baseline for harmonizing drug coverage across Canada.

Because it will take time to choose the right drugs and negotiate prices for them, the initial formulary would be a carefully chosen list of essential medicines covering most major conditions and representing about half of all prescriptions. By January 1, 2022, a detailed national strategy and distinct pathway for funding and access to expensive drugs for rare diseases would be implemented.

The federal government has already committed \$500 million per year for this critically important initiative. Over the subsequent five years, additional prescription drugs would be added to the national formulary as prices and supply arrangements are negotiated with manufacturers. The full, comprehensive national formulary would be in place no later than January 1, 2027.

National Formulary

The council believes the formulary must be based on the best evidence available, with preference given to drugs that both maximize health benefits and offer good value. The formulary will include drugs for common conditions, as well as those for more complex, serious illnesses. It should also include a limited number of medical devices and supplies associated with taking prescription drugs. The report recommends appointing a group of experts to determine which drugs should be included on the national formulary and the conditions for their use. As an arm's length agency, the Canadian Drug Agency will be able to choose drugs based on evidence, rather than based on private sector interests or government pressure.



Implementation and Financing

The report calls for strong leadership and funding by the federal government and recommends creating a new federal funding transfer to ensure the federal government covers the additional costs of the program. According to Dr. Hoskin's, this would incentivize provinces to opt-in to national pharmacare by agreeing to national standards and funding parameters of pharmacare. Each jurisdiction would develop its own transition plan, outlining a timeline for opting in and aligning their coverage with the national pharmacare standards.

The report further recommends the federal government enshrine the principles and national standards of pharmacare in federal legislation, separate and distinct from the Canada Health Act, to demonstrate its ongoing commitment to working with the provinces and territories and guaranteeing a dedicated funding arrangement.

Private Insurance

The report recommends Canadians and employers continue to be able to purchase private drug insurance as a form of supplementary insurance to national pharmacare.

Ensure low copayments

Drugs on the essential medicines list would carry a co-payment of \$2, while other drugs would cost \$5. Under this model, no household would pay more than \$100 per year. Canadians on social assistance would be exempted from the co-payment.

Improve access to expensive drugs for rare diseases

The council recommends the federal government work with provincial and territorial governments and patients to immediately develop a national strategy for expensive drugs for rare diseases to support better and more consistent access to these drugs.

Government and Opposition Response

Federal Health Minister Ginette Petitpas Taylor thanked Dr. Hoskins and the Members of the Advisory Council on the Implementation of National Pharmacare for their hard work in producing their final report. She expressed the government's agreement that Canada "must move toward universal pharmacare," though did not commit to a specific model of universal pharmacare. Instead, the government has committed to implementing national pharmacare in a way that is affordable for Canadian families, employers, and governments by building on the foundations for national pharmacare as laid out in Budget 2019. To do so, the Liberals would work with provinces, territories, the health care sector, Indigenous peoples, employers, and all Canadians to make prescription drugs more affordable and ensure all Canadians have access to the medications they need. The Minister will be expected to publish a response to the Report in the coming months.

The NDP is supportive of a universal, single-payer, national public pharmacare system though they have taken issue with the Council's recommendation that there be co-payments, and that it be phased in over eight years. While the NDP supports the recommendations from the Report of the Advisory Council, they are calling for "bold action" and a more "ambitious" plan that eliminates co-payments to reduce all barriers to medication access. NDP Leader Jagmeet Singh has said that the NDP plan will cover every Canadian and save families an average of \$500 per year and save the Canadian economy \$4.2 billion per year through lower drug costs.

The Conservative Party of Canada opposes a universal, single-payer national pharmacare program. They would focus their response on affordability of medicines by expanding bulk purchasing and addressing "gaps" in the system. Conservative Leader Andrew Scheer responded to the tabling of the report by claiming Canadians will be skeptical of the report given it was led by a former Minister of Health under Kathleen Wynne's "disastrous" Ontario government, and arguing that the Liberals will have to increase taxes on Canadians to pay for a universal, single-payer public pharmacare system. Scheer noted that Liberals have been promising a national pharmacare plan since 1997.

What's Next

As the 2019 federal election nears, each of the Parties have begun setting out their policy positions and platform commitments to distinguish themselves from one another. A key theme for the upcoming election has revealed itself to be affordability, with the NDP and Conservatives having both rolled out policy positions on taxes, the cost of living, and government programs.

While pharmacare may represent an important wedge issue within affordability, it is unlikely to become a ballot-box issue. Public-opinion polling conducted by Pollara in 2018 found that prescription medication was a top-of-mind issue to only 9% of voters while implementation of universal pharmacare was top-of-mind to only 5% of voters. It should therefore be anticipated that the Parties will continue to press on this issue through a lens of increasing affordability for prescription drug purchases.