



Medicine for All – the NDP Plan for Pharmacare

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WITHOUT PHARMACARE, our health care is more expensive for individuals and their governments. Pharmacare is unfinished work of Medicare coverage for Canadians.

Today, Canada is the only wealthy country in the world with a universal healthcare system that lacks universal prescription insurance coverage. Canadians pay the 3rd highest prices in the world for prescription drugs.

For decades, every major report on the Canadian health care system has recommended universal pharmacare to deliver the same benefits we enjoy from Medicare – better healthcare, greater equality, and lower costs.¹



The cost of a medical care plan is not a new cost to the people of Saskatchewan. The people of this province now are spending \$18 million to \$20 million a year for medical care. This is not a new cost. It is a different distribution of the cost – that is all. This money had to be paid before.”

– Tommy Douglas, October 1961

Coverage for prescription drugs has been recommended by:

1964	1997	2002	2018
The 1964 Royal Commission on Health Services	The 1997 National Forum on Health	The 2002 Royal Commission on the Future of Health Care in Canada	The House of Commons Standing Committee on Health report of 2018

Yet today, Canadians contend with a patchwork of programs and coverage, with insurance status often tied to full-time employment, and out of reach for those who are unemployed, work part-time, are self-employed or hold down contract jobs. Even people who work full-time increasingly don't have access to health benefits.

For ten years, instead of addressing the growing costs of drug coverage, the Conservatives made the situation worse by reducing health care transfers to the provinces and undermining efforts towards a national approach to pharmaceutical pricing.

And since 2015, the Liberals have stalled, promising lower drug costs but delivering delays and more of the same piecemeal system that is failing Canadians and costing us more.

¹ Canadian Institute for Health Information, 2018. <https://www.cihi.ca/sites/default/files/document/nhex-drug-infosheet-2018-en-web.pdf>



The cost of drugs has doubled in the past 15 years. It's costing more to the system, and it's costing more to the individual. So we need to deal with the cost and availability of drugs. If you don't get the right drugs, you won't get better. So you end up back in the public health care system. You go back to the hospital, where it costs us all. And that's why we need a national drug program."

– Linda Silas, *president of the Canadian Federation of Nurses Unions, February 2014*

The need is clear - as Canadians from coast to coast to coast face a growing income gap, the loss of employer benefits and increasingly precarious work, too many in our communities are forced to make the choice between medically necessary drugs, and other essentials like shelter and food, and even those with access to private coverage are feeling the squeeze on the family budget:

- One in five Canadians – 7.5 million – either has no drug coverage at all, or is covered by programs that provide them little benefit because of deductibles and co-payments.²
- Almost one million Canadians have reduced spending on food and heat in order to afford their medication.³
- Currently, each province offers different levels of drug coverage for different populations, creating significant inequalities between regions.
- Nearly two million Canadians reported not being able to afford one or more drugs in the past year, often resulting in additional doctor visits and hospital admissions.⁴
- Canadian adults are 2 to 5 times more likely to report skipping prescriptions because of costs than residents of comparable countries with universal pharmacare systems, like the United Kingdom.⁵
- It's estimated that hundreds of premature, preventable deaths occur each year among working-age Canadians unable to afford their prescription medicines.⁶
- The consequences of people not taking needed medication often makes people sicker and adds more costs to our publicly funded health care system.

The time is now. We need bold, visionary federal leadership on pharmacare – and Jagmeet Singh and the NDP have the courage to take on the pharmaceutical and insurance industry to get us there.

² Statistics Canada, 2016 Canadian Community Health Survey.

to the Advisory Council on the Implementation of National Pharmacare." September 28, 2018.

³ Law et al. "The consequences of patient charges for prescription drugs in Canada: a cross-sectional survey," CMAJ Open, February 13, 2018.

⁴ Law et al. Ibid.

⁵ Morgan, Steve and Augustine Lee. "Cost-related non-adherence to prescribed medicines among older adults: a cross-sectional analysis of a survey in 11 developed countries," BMJ Open. 2017.

⁶ Canadian Federation of Nurses Unions, "Body Count: The human cost of financial barriers to prescription medications." 2018.

The results we want for all Canadians:

- Quality prescription drug coverage for everyone, regardless of your job, where you live, your age, your health status or how much money you make.
- Access to necessary medicines in the same way that we have access to medical and hospital care – free at the point of care, financed by a universal, public insurance system.
- A system where you need your health card – not your credit card – at the pharmacy till.
- Lower overall expenses as a result of pooling purchasing power across the country.
- Significant savings for employers and a boost to economic growth.
- A healthier Canada where no one has to decide between the medicine they need and other essentials like rent and food.

Our plan to make sure all Canadians get the health coverage they need:

New Democrats will create a national pharmacare program that provides universal, public, comprehensive coverage to everyone in Canada.

This program will be targeted to begin in 2020, and will roll out immediately to cover everyone in Canada with the same high-quality benefits no matter where they live.

Our approach will deliver enormous cost savings to governments, business, individuals and families – and it will go a long way to controlling the skyrocketing costs of prescription drugs in our healthcare system.

In addition to providing quality coverage for Canadians who are currently uninsured, our plan would save families that currently do have private drug coverage an average of \$550 per year, and it would save employers approximately \$600 per employee with extended health benefits.

A national pharmacare program will make life more affordable for everyone, and will make good on the promise of Canada as a country where your bank account doesn't determine the quality of your health care – something we can all be proud of.

How we'll get to prescription drug coverage for all

The federal government would adopt legislation modeled on the Canada Health Act and provide an annual pharmacare transfer to the provinces and territories. Federal contributions would be contingent on universal coverage and participation in the national formulary.

Decisions over what drugs to cover would be made by an arm's-length body that would negotiate with drug companies to secure the best prices possible for Canadians. It's estimated that these system-wide savings could be over 30%.⁷

The pharmacare program would be comprehensive. The arms-length body tasked with developing the national formulary and negotiating with manufacturers will be instructed to include medications judged safe and effective by scientific evidence, and based on the best value for money.

The pharmacare program would cover commonly-prescribed drugs used to treat conditions like high blood pressure, cholesterol, asthma, diabetes, allergies, migraines, prescription birth control, drugs for reproductive health, medications for mental health conditions, and specialized pharmaceuticals, such as drugs to treat cancers, HIV, inflammatory disease, and more.

The experts who will be responsible for determining which drugs are covered by the national plan will include representation from each province and territory. This group will be protected from industry pressures and political considerations, to ensure that decisions about what drugs to cover are made in the interest of public health first and foremost. It will also hear from patients and work with medical bodies to support and share information about evidenced-based best practices for prescribing. The body would work with the provinces to establish a common national approach towards the reimbursement of drugs for rare diseases – so that patient access isn't determined by where they live or what kind of private insurance a family has, as is currently the case.

It's important that pharmacare spending be transparent and accountable to Canadians. To that end, pharmacare spending and the decisions of the national formulary will be subject to regular audits by the Auditor General.

Who is helped when you're covered with your health care, not credit card

A universal, comprehensive national pharmacare plan has benefits for everyone in Canada: from families to employers, those who currently have private coverage and those who don't, and provincial governments dealing with soaring front-line health care costs.

All Canadians – even those who currently have private insurance – will benefit from a system that reduces overall drug costs, provides the same portable coverage for everyone regardless of where they live, and that puts an end to deductibles and co-pays that cost families thousands every year.



The NDP pharmacare plan will save households that currently have insurance coverage approximately \$550 per year in premiums and user charges – and make sure that no one in the country is left without coverage.”

– Dr. Steve Morgan, *Professor of the UBC School of Population and Public Health.*

⁷ “Estimated cost of universal public coverage of prescription drugs in Canada,” Steven G. Morgan, Michael Law, Jamie R. Daw, Liza Abraham and Danielle Martin. CMAJ April 21, 2015 187 (7) 491-497.

Businesses will also see significant savings under a national pharmacare program. The Conference Board of Canada estimates that Canadian businesses now pay on average \$8,330 in premiums for each full-time equivalent employee per year.⁸ As our population ages, these costs are only going to increase, jeopardizing the coverage that many Canadians rely on today. A national pharmacare program would remove drug coverage from the bargaining table, providing certainty for employees and a boost to the bottom line for businesses. It would put coverage decisions in the hands of an accountable public system that can better manage costs and pool related financial risks.

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The burden of Canada’s incomplete and inefficient system of public drug coverage falls heavily on businesses, especially the small and medium-sized enterprises that comprise the backbone of Canada’s economy. With rising costs of medications, many businesses are seeing their bottom lines erode and some find they simply cannot afford to provide insurance plans for their employees.”

– BC Chamber of Commerce

(<http://www.bcchamber.org/policies/economic-benefits-universal-pharmacare-businesses>)

Why this is better than a “fill the gaps” approach

A well-constructed national pharmacare program will improve health outcomes, save individuals, employers and the public system money, and build on the best traditions of Canadian Medicare – where no one is left behind because they can’t afford to pay.

That’s why so many health care experts have recommended a public, universal and comprehensive pharmacare program rather than one that’s built on the current patchwork system of private insurance. That fragmented system has been shown to drive up costs by reducing purchasing power, increasing administration costs, and putting powerful pharmaceutical companies in the driver’s seat as drug prices spiral upwards. In fact, drug expenditures as a percentage of health care spending are now growing faster than spending on doctors or hospitals⁹ – a trend that’s putting unnecessary strain on public plans and making insurance more and more expensive for employers.

The NDP is committed to the core principles of a real pharmacare program: a system that is public, universal and comprehensive. A single-payer system is the best way to make sure that we’re using purchasing power to get the lowest prices for drugs, while keeping the system universal – so every single resident of Canada is covered fully and equally – ensures fairness.

⁸ Conference Board of Canada. (2015, November 9). Providing Employee Benefits Continues to Be a Significant Cost for Employers (press release). Retrieved from http://www.conferenceboard.ca/press/newsrelease/15-11-09/providing_employee_benefits_continues_to_be_a_significant_cost_for_employers.aspx

⁹ Canadian Institute for Health Information, 2018. “National Health Expenditure Trends, 1975 to 2018.”

This is a system that doesn't leave anyone out, and will save Canadians at least an estimated \$4.2 billion per year.¹⁰

In contrast, the Liberals are planning to maintain the current fragmented, costly private system.

Finance Minister Bill Morneau has been clear that they are interested in an approach that “deals with the gaps, that doesn't throw out the system that we currently have”¹¹. That means:

- keeping regressive premiums that come out of the family budget
- co-pays and deductibles that cost families with legitimate health needs hundreds, sometimes thousands, every year
- businesses will continue to foot a large portion of the bill for this out-of-control component of health insurance
- billions of dollars will continue to be wasted on duplication, administration and inefficiency
- by entrenching a major role for private insurance, this approach will actually stall progress towards a universal, public coverage for all

This patchwork approach may help increase the profits of big pharmaceutical companies and insurance corporations, but it won't deliver affordable, guaranteed coverage for every Canadian.

Only the NDP plan for true universal pharmacare will deliver the savings and the coverage Canadians need.

FURTHER BACKGROUND

Cost

The Parliamentary Budget Officer has projected that the total cost of such a national pharmacare program would be \$23.7 billion in 2020 – representing a \$4.2 billion savings each and every year over the current amount being spent on drugs in Canada. Under our plan, the federal government share of the program (i.e., the spending that is additional to what the provinces already spend on existing drug plans) will be \$10 billion per year.

Our plan assumes that provincial governments will continue to spend roughly the same amount that they are currently spending on their own drug coverage programs. This represents approximately 60% of the total cost of the national program. The remaining 40% will be provided by the federal government, which will be covered by budgetary reallocations and the raising of some new revenues.

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[...] arguments to integrate the present patchwork of public and private schemes unfortunately often prove to be euphemisms for arrangements where profitable enrollees stream to the private sector, while the needs of high-risk patients are left to public drug programs. A “fill the gaps” or “plug the holes” approach would result in a high-cost, inefficient system [...]

– Universal Pharmacare and Federalism: Policy Options for Canada, Flood et al, September 2018, Institute for Research on Public Policy

¹⁰ Parliamentary Budget Officer, 2017. “Federal Cost of a National Pharmacare Plan,” P. 2

¹¹ Bruce Campion-Smith, “Bill Morneau downplays a universal pharmacare program”. The Toronto Star, February 28, 2018.

It is important to note that although the amount of new federal spending is significant, this will represent a huge savings over the total amount of money currently spent on drugs in Canada – and that savings will primarily be felt by businesses that currently pay for insurance for employees.

Who is covered

All Canadian citizens and permanent residents of Canada. Refugee claimants will continue to have access to coverage under the Interim Federal Health Program.

Our plan will not cause anyone to lose coverage.

Which drugs are covered

The formulary would ultimately be determined by an arm's length agency that evaluates drugs for coverage based on what is scientifically proven to be safe and effective, and based on the best value for money.

This body would be insulated from marketing and political pressures – decisions must be based on clinical evidence and value for money. Patients will be able to appeal the body's priority-setting decisions, to ensure that their voices are heard. Finally, to maintain transparency and accountability, the formulary decisions of the body will be subject to regular reports by the Auditor General.

Existing resources that could help scale up this decision-making body quickly include the Canadian Agency for Drugs and Technologies in Health¹², a non-profit organization that was created by the federal, provincial and territorial governments to make recommendations about what public drug plans should cover, and the Pan-Canadian Pharmaceutical Alliance¹³, which currently undertakes drug price negotiations on behalf of federal, provincial and territorial benefit plans.

Co-pays

As studies have shown that even small co-payments are a barrier to access, medications covered under the formulary will always have at least one no-cost option. If there is a generic available but an individual chooses to have the brand name instead, there would be a \$5 co-payment, with extensive exemptions for vulnerable populations.

¹² See <https://www.cadth.ca/>

¹³ See <http://www.canadaspremiers.ca/pan-canadian-pharmaceutical-alliance/>

Private Insurance

Under this system, private insurance would continue to exist and would likely evolve to cover brand name co-payments under the public plan, drugs not on the national formulary and medical services like massage, chiropractic and physiotherapy.

Implementation timeline

An NDP government would begin working with the provinces on the implementation of pharmacare immediately, with a target start in late 2020.

Jurisdiction

The federal government has a leading role to play in the development of a national pharmacare program through its existing power to regulate and approve drugs and patents, as well as the prerogative of federal spending power.

The strongest national system is one in which all provinces participate, so that bulk price negotiations and purchasing are maximized.

Provinces will receive funding contingent on providing universal coverage for a comprehensive basket of medicines without co-payments or deductibles, with decisions about what to cover made by the federal arms-length body to allow for the benefits combined negotiating and purchasing power.¹⁴

Quebec

Quebec has been a leader on pharmacare since putting in place a prescription drug insurance system in 1997. Until now, the federal government has not been a partner in ensuring that Quebecers have access to the medicine they need. Given the high costs of the current Quebec drug plan – Quebec spends \$200 more per person than the rest of Canada to provide prescription drug coverage to everyone in the province¹⁵ – Quebecers may see significant advantages in participating in a federal pharmacare program that provides universal, public coverage and reduces costs for everyone. In respect of the unique status of Quebec within the federation, as always, if Quebec opts out of the federal program it will receive full compensation to use towards a comparable system.

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¹⁴ Marchildon, Greg and Andrew Jackson, January 2019. "Charting the Path to National Pharmacare in Canada", p. 12.

¹⁵ Marc-André Gagnon, <https://www.sciencedaily.com/releases/2017/10/171010105636.htm>