

National Pharmacare: An Rx for Change?

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In Canada, five national commissions have recommended national Pharmacare since its original contrivance in the 1960's. Canada currently pays the third-highest costs for prescription medicine in the world, yet leaves one-fifth of Canadians struggling to pay for prescription medicine (Hoskins, E., 2019, p.7). In the current system, provincial and territorial governments carry the responsibility for funding and administering outpatient prescription drugs through a patchwork of both public and private insurance plans that vary considerably. Healthcare workers, politicians, pharmaceutical companies, and outspoken Canadians continue contentious debate both in favor and opposition of a national Pharmacare program. Despite potential financial challenges and implications associated with the introduction of a universal and single-payer Pharmacare program, the myriad of health and economic benefits and proposed budget solutions provide compelling support for the implementation of such a system.

Evidence Supporting Healthcare

Granting Canadian citizens universal and uniform access to prescription drugs yields considerable economic, health, and safety benefits. Despite 10% of Canadians report not filling a prescription in the past 12 months due to financial reasons, Canada's per capita spending on drugs is 43% higher than the average amongst international Organization for Economic Cooperation and Development peers (OECD, 2023). This discrepancy can be attributed to Canada's diluted bargaining power and inefficacy in cost-containment measures (Gagnon, MA., 2021, p.1). As the current fragmented system relies on a medley of private and public insurance plans that negotiate directly with pharmaceutical companies, these manufacturers charge exorbitant prices. This results in price heterogeneity and inequitable access across provinces and territories. The unification of all provinces and territories into one mediator negotiating on behalf of the nation would consolidate bargaining power and result in the regulation of excessive drug prices.

The aging population of Canada and innovative drugs such as personalized medicine forecast inevitable increases in national drug expenditures and it is imperative to control these costs. National surveys indicate that cost-related non-adherence, or the inability to take a prescription due to cost, is estimated to be two to five times higher in Canada than in similar countries with universal pharmacare (Lopert, R. et al., 2018). A recent study estimated national drug expenditure savings of up to 14 billion dollars with the implementation of a single-payer system; overall enhanced drug prescribing practices that reduce adverse reactions and hospitalizations (\$5 billion), direct savings in administrative costs that stem from the nature that private insurers pay higher costs (\$2 billion), and improved adherence from formerly inaccessible drugs (up to \$9 billion) (Minhas, R. et al, 2016, p.168). The increased drug adherence to prescription drugs emerging from equitable access in this system would additionally promote better health outcomes overall and reduce unnecessary hospitalizations, wasted time, and wasted resources.

Another influential factor to consider is the safety and efficacy of prescribing medicine. Loose regulation and prescription of drugs in Canada from the diverse compilation of insurers has negative consequences. Vulnerable populations are at particular peril. For instance, an estimated one in three Canadian seniors receive prescription drugs with known adverse risks. With proper prescribing, one in three hospitalizations may be prevented. (Morgan, S.G., 2015, p.11). Canada also lacks a national formulary for children and youth, who have separate and unique drug requirements. This is dangerous since pharmacists modify adult medications to create doses for children in a practice known as compounding which may elicit adverse effects and even death (Gudeman, J., 2013, p.5). A national system with a unified formulary that bears management and responsibility for safe and appropriate medicine uses would improve health

outcomes in the population. This would help doctors and practitioners in prescribing practices and accessing unbiased, accurate information to infer better judgements for patients. With the implementation of a national Pharmacare and evidence-based formulary, further benefits can be extrapolated from the improved health outcomes, such as increased work productivity and holistic economic benefits.

Evidence Opposing Pharmacare

Such radical changes improvised for Canada's fundamental pharmaceutical structure inevitably draw criticism. Many opponents argue national Pharmacare and formulary would reduce access to new innovative drugs, decrease pharmaceutical innovation, and would result in extensive tax hikes. With the enactment of a formulary, patients may experience longer waits to access needed medication. For instance, the United Kingdom has legislated policies that dictate covered prescriptions. As a result, English patients must unnecessarily wait long times for approval of certain medications that were otherwise approved in other European countries (Labrie, Y., 2015, p.2). One could argue that implementing Pharmacare in Canada could pose similar restrictions and delay treatment and result in poorer health outcomes for patients; the provision of a national formulary does not always equate to improved access. In New Zealand, another country that has devised a national Pharmacare program with a formulary, a massive portion of approved drugs in this formulary were not reimbursed by the insurance plan. One study found that 75% of practitioners "wanted to prescribe a drug in the previous six months that was not reimbursed" (Labrie, Y., 2015, p.3). Evidently, developing a national formulary ensues futile efforts if reimbursement for costs does not entail. Even though reformers in favor of Pharmacare perpetually incentivize Canadians with benefits of the proposed approved medication list, this potential ineffectiveness must be acknowledged.

With price controls that come with the program, decreased pharmaceutical innovation would proceed. As pharmaceutical companies have less role in financial decisions and bargaining, fewer investments would be made in financing research and development. When analyzing European countries that have implemented price controls, it can be seen that this price control results in reduced research and development innovation, especially in comparison to the United States (Lybecker, K., 2019, p.1). Especially with Canada's aging population and poor healthcare ranking in comparison to other high-income countries (McAlister, F., 2018, p.1), novel treatments and medicines are needed. If research and development suffer, the health outcomes of Canadians will subsequently decline. This can lead to adverse indirect effects on the economy and further perpetuate social inequalities that underlie this issue.

The actual costs of enacting such a system must be carefully analysed. Although some Pharmacare activists have argued that the government would save billions of dollars with the implementation of a national drug plan, it is important to note that these estimates come with limitations and some level of subjectivity is necessary when determining the extent of variation within these parameters (Minhas, R. et al, 2016, p.169). While these estimates seem promising, it is also important to distinguish their accuracy and feasibility as not all Canadians agree with the initial tax hikes that are essential to support a publicly funded drug benefit program. In fact, a majority of Canadians surveyed indicated resistance to funding a national Pharmacare through an increase in GST or income taxes (Angus Reid Institute, 2015, p.2), which the Parliamentary Budget Officer has eagerly proposed. The latter has also encouraged the removal of financial barriers such as cost-sharing and co-payments. Similarly, a study found that "completely removing drug-cost sharing increased drug use" and uncertainty in whether these increased drug uses were essential (Laba, T. et al, 2020, p.977). However, there is no doubt that current private

insurance plans do provide adequate coverage to at least some proportion of paying Canadian citizens with no difficulty or opposition. Hence, there is less merit in enacting such radical systemic changes as many opposing factors must be acknowledged.

Challenges and Solutions of National Pharmacare

While applying revolutionary changes to a country's entire system poses a multitude of barriers, they nonetheless can be overcome through collective attempts and proposed solutions. A significant deterrent to implementing a public drug benefit program includes initial costs. The Parliamentary Budget Officer (PBO) estimated that an incremental public spending of 7.3 billion dollars would be required, which translates to an increased public plan spending of approximately 65 % (Hoskins, E., 2019, p.92). This statistic accounts for underlying factors such as population growth, inflation, and the introduction of innovative drugs. As mentioned above, a vast proportion of Canadians oppose such a large initial startup cost that would be funded by public taxes.

Another challenge that arises is the feasibility of collaboration of provincial and territorial governments in enacting such a complex system. The 1867 Constitution Act states that it is the individual responsibility of provinces and territory governments to administer and finance prescription medications. Furthermore, the multiplicity of private insurers brings challenges because political negotiations can be timely and expensive with no guarantee of a common consensus. One survey found that 85% of respondents were "concerned about the federal government's ability to administer the proposed plan efficiently and effectively" (Minhas, R. et al, 2016, p.169). Public political debate exists between the Bloc Quebecois, Conservatives Party of Canada, and the New Democratic Party as the latter argues for more collaboration between the

federal and provincial government, while the former two argue that national Pharmacare would violate provincial autonomy in delivering these services (Wang, 2023, p.1).

The Hoskins Report Advisory Council, which reports on the implications of a national Pharmacare, has diligently devised thorough solutions to financing Pharmacare and coordinating efforts that ensure sustainability and cooperativity amongst all levels of government. Addressing the financing concern, the council considered the outweighing long-term fiscal benefits and generated revenue despite significant startup costs. The council deduced that the most equitable way to finance Pharmacare would be through general government revenue, a means by which other healthcare resources are currently funded (Hoskins, E., 2015, p.95). This would ensure that a new tax would not be created and that Canadians would equitably contribute taxes proportional to their means.

Furthermore, the council acknowledged the need for intergovernmental arrangements and framed federal-provincial-territorial fiscal agreements based on three key notions. The federal government must ensure economic responsibility in ensuring that all costs are covered and necessary contributions to costs incurred by the provinces and territories. Secondly, this funding must be proportional to the individual needs of each jurisdiction. These needs may vary by size, demographics, and other social determinants of health. Lastly, this intergovernmental planning must be orchestrated with shared decision-making. All political parties and governments must play active roles in determining the next course of action with shared cross-disciplinary goals (Hoskins, E.,2019, p.94).

So now what?

As the burden of disease grows and the population ages, Canada's current system undeniably mandates substantial change. The millions of Canadians without access to pharmaceuticals undergirds the leadership responsibility that the federal government must address with a multifaceted approach. Not only does this multifaceted and complicated approach require intent from a political lens, but collaboration from Canadian citizens with the same aspirational vision of equitable access and improved quality of life. Regardless of the final decisions made and their outcomes, a considerable proportion of the population will remain unsatisfied. Nonetheless, implementing a national Pharmacare program not only permits improved healthcare access, but is a fundamental step towards ensuring equitable and comprehensive healthcare for all Canadians.

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