

National Canadian Pharmacare: Pros, Cons, and Challenges

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Abstract

This paper was originally written for Dr. John Calvert's HSCI305 course *The Canadian Health System*. The assignment asked students to first discuss the evidence supporting or opposing the establishment of a national Canadian pharmacare plan and secondly, to discuss any challenges in implementation if such a program were to be implemented. The paper uses APA citation style.

Introduction

Canada is the only country in the world with universal health care that excludes prescription coverage. Prescriptions, nonetheless, make up a large portion of Canadians' healthcare with one half of Canadians requiring at least one prescription medication (Canadian Pharmacist's Association, n.d.). Per the Canadian Pharmacist's Association, "prescription drugs and vaccines can prevent and manage disease, reduce hospital stays, replace surgical treatment, and enable patients to function productively in their communities." However, while there is considerable evidence supporting national pharmacare, there are limitations and concerns brought up by additional evidence against such a program. This can ultimately lead to challenges with implementation and start-up which can affect the feasibility of a national pharmacare program.

Evidence Supporting Pharmacare

The evidence supporting a national pharmacare program is extensive. Per Stanbrook, 2015, "universal pharmacare has been recommended by virtually every national study and Royal Commission from the time medicare was first introduced in Canada to the 2002 Romanow Report." Firstly, the benefit to individual families and patients who are low-income would be life changing. The Heart and Stroke foundation describes that one in four Canadians either cut pills or don't fill their medications due to costs. These medications can prevent worse health outcomes which can be affected by early treatment with prescriptions. For example, blood pressure maintenance medications can prevent more catastrophic problems later in a patient's life (Heart and Stroke Foundation, 2019). In addition, individuals have more employment options. When individuals do not feel trapped in a job, because they fear losing their extended prescription health coverage, they are able to pursue other career options (Health Canada, 2020).

Further to individual costs, there are also larger scale areas where costs can be improved. One of these benefits of a national pharmacare plan is increased bargaining power. When one entity provides prescription coverage nationally, they have more power to negotiate lower medication costs, as the pharmaceutical companies are required to compete for lower costs to sell their products in the Canadian market (Stanbrook, 2015). Currently, Canadians pay the highest drug costs, behind the USA and Switzerland, in the world (Lancet, 2019). In total, with a national pharmacare plan it is estimated that the total savings in both private and public costs of prescriptions filled in retail pharmacies in each province would be between 9% to 13%. If only essential medications were covered, an estimated \$4.27 billion would be saved for patients and private drug sponsors (Steven G. Morgan et al., 2017). If medications that are not considered essential were to be covered, there could be a total savings of approximately \$7.3 billion (Steven G. Morgan et al., 2015).

Evidence Opposing Pharmacare

Unfortunately, no program can come without its drawbacks. As such, there is also a variety of evidence opposing a national pharmacare plan. One that comes to mind first is the effect that a public system may have on prescribing practices. A study by Laba et al. showed that when cost-sharing was newly eliminated for a group of British Columbians that drug expenditure and prescription numbers relatively increased by 16% and 19% respectively. Another study on Canadians over 65 showed that in a pool of six provinces, 37% of this population filled one or more prescription that was potentially inappropriately prescribed. This translated to an additional cost of about \$75 per older Canadian which equals \$419 million in overspending (S. G. Morgan et al., 2016). By one estimation, a national pharmacare program could cost an additional \$1.23 billion per year (Steven G. Morgan et al., 2017) to the Canadian government.

In addition to overprescribing, there could also be other implications for prescribing practices caused by national pharmacare. For instance, the coverage of particular drugs may discourage physicians from exploring other prescription options further than are publicly covered but may be of more benefit to their patient. While so-called “reference drugs” which would be widely covered by a public program may work well for most patients, other individuals may require different, more expensive options, to fit their needs (Dixon, 2015). By having a government monopoly, access to some drugs could be restricted. A great example of this is the United Kingdom where medications that have not been approved, but have been and are recognized as effective elsewhere in Europe, have likely contributed to the UK’s low cancer-survival rates compared to other industrialized countries (Labrie, 2015).

Canadians’ opinions also show that there is varying support for a pharmacare program. While 79% of Canadians do support a national pharmacare

program, 70% of Canadians are against increasing the national GST from 5% to 6% to pay for the program (Abacus Data, 2015; Labrie, 2015). When asked about who the pharmacare program should cover, Canadians were split 31% in favour of covering all Canadians, 46% in favour of only covering Canadians who do not currently have coverage elsewhere (public or private), and 23% in favour of only covering Canadians in extreme circumstances. A large majority of Canadians also “said they would be concerned if a national pharmacare program replaced their current plan with a public plan that had fewer options, if it increased costs to governments because patients use more prescription drugs than they do now, and of the ability of governments to administer the plan efficiently and effectively” (Abacus Data, 2015).

Implementation Challenges

With a program and an idea which can be so complex challenges are inevitable. An initial challenge would be the logistical set up of such a program. A primary problem would be the issue of collaboration and separation of jurisdiction between provincial and federal governments (Lancet, 2019; Health Canada, 2020). Healthcare is currently a provincial jurisdiction, so funding arrangements and administration controls need to be negotiated between the two levels of government. Another start up challenge would be making the decisions on which medications to cover; “creating the requisite national drug agency, formulary, and strategy will take time” (Lancet, 2019). It may not be feasible to cover all medications all at once at the introduction of such a plan, so which ones get covered first?

Public consultation also brought up several more challenges that may arise. Participants in this initiative brought up issues such as methods for income testing, if this were to be an income-based system, and the fact that personal costs and income may change year to year which leads to changes in medication affordability year to year. They also brought up concerns of longevity – a national pharmacare program needs to be predictable and reliable and not affected by politics or changing governments. They also highlighted the need for coverage of medical devices, such as insulin pumps, culturally competent prescription care and coverage, and lastly, for an overhaul to Canada’s record-keeping system which is currently extremely disjointed between provinces (The Advisory Council on the Implementation of National Pharmacare, 2019).

Opposition to a national pharmacare plan will also present a challenge to its establishment. While overall the savings with such a program could be extreme, costs which are not currently paid for by the government will begin to be, which will increase public expenditures and may increase taxes or affect other areas of spending. Some may also say that there is no guarantee that the estimates of savings are correct – is it worth the risk (Dixon, 2015)? And, of course, there would be opposition from pharmaceutical and insurance companies who will be

losing large parts of their income and businesses (Duckett & Peetoom, 2013). Disjointed opinions make it difficult to create a solution that works for all Canadians.

Conclusion

Ultimately, there are both pros and cons to the implementation of a national pharmacare program. There are several sides from which to look at such a complex issue and many different parties who are affected. An effective national pharmacare program must address any concerns and mitigate the potential challenges, all while continuing to maintain the integrity of the intention and the benefits of the initiative: to provide better, more comprehensive healthcare for Canadians.

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