

CADDRA Summary: Advisory Council on the Implementation of National Pharmacare Report

The recommendations published by the Advisory Council on the Implementation of National Pharmacare last month will directly affect CADDRA members and affiliates practicing in Canada, if implemented.

The report provides a high-level overview of the creation of a new Canadian Drug Agency where the agency's first task would be to create a national formulary – the list of drugs to be covered by national pharmacare. The report does not mention any specific names of medications such as those prescribed in the treatment of ADHD.

The following CADDRA summary provides an overview of the Advisory Council's findings and its recommendations to achieve savings, consistency and equitable access to prescription drugs for all Canadians based on their need and not their ability to pay.

Executive Summary

The Advisory Council recommends that Canada implements a national pharmacare program that is universal, single payer and public. The report finds that there is a high level of consensus among Canadians to have access to prescription drugs based on their need and not their ability to pay, and delivered in a manner that is fair and sustainable.

Furthermore, the report also found that even though many Canadians have some form of coverage, Canada relies on a confusing patchwork of over 100 public prescription drug plans and over 100,000 private plans — with a variety of premiums, copayments, deductibles and annual limits. There are significant gaps in coverage and over 7.5 million citizens — one in five Canadians — either don't have prescription drug insurance or have inadequate insurance to cover their medication needs. Here's what else the report found:

- One in five households reported a family member who, in the past year, had not taken a prescribed medicine due to its cost;
- Nearly three million Canadians said they were not able to afford one or more of their prescription drugs in the past year;
- People with insurance also struggle to afford their prescriptions because of copayments, coinsurance and deductibles. Of the three million people who could not afford their medications, 38% had private insurance coverage and 21% had public coverage but it did not cover enough of their costs;

- Almost one million Canadians cut back on food or home heating in order to pay for their medication; and
- Almost one million Canadians borrowed money to pay for prescription drugs.

The Council looked carefully at a range of models in place internationally and in Canada that could serve as a guide for a national pharmacare plan. The Council observed that countries with high performing health systems include prescription drug coverage as part of their publicly funded universal health care plans.

The report states that, by joining forces, drug plans could increase their bargaining power with pharmaceutical companies, resulting in lower drug prices. The Council recommends that the federal government work with provincial and territorial governments and stakeholders to establish universal, single-payer, public pharmacare in Canada.

Provinces would implement the program according to federal standards. The Council recommends creating a new federal funding transfer for this purpose, so that the federal government would foot the bill for the additional cost of the program.

All Canadians would have access to a list of drugs from a national formulary. Drugs on the essential medicines list would carry a co-payment of \$2, while other drugs would cost \$5. No person or household would pay more than \$100 per year.

People on social assistance, the federal Guaranteed Income Supplement or federal disability benefits would be exempted from the co-payment.

The Council concluded that the best plan for Canada is to organize a universal prescription drug coverage the way universal health care is set up. The government enact national pharmacare through new legislation embodying the five fundamental principles in the Canada Health Act:

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

Creation of a National 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 new agency would be an arms-length organization, with strong patient representation, accountable to Canadians both directly and through the federal, provincial and territorial ministers of health. It would be governed collaboratively by the federal, provincial and territorial governments and would have patient representation on the board.

National Strategy on Appropriate Prescribing and use of Drugs

Canada's health care providers decide which drugs their patients should be taking and how much they need. The Canadian Drug Agency should develop a strategy on better prescribing and use of medication. This strategy would complement the development of the evidence-based national formulary and could include initiatives to support

- Better prescribing by health care professionals through prescribing guidelines, assessment, feedback and tools; and
- More appropriate use of drugs by prescribers and patients through targeted education and public awareness campaigns.

The Council recommends that:

- The Canadian Drug Agency create and implement a national strategy on appropriate prescribing to support prescribers and help patients better understand the pharmaceutical treatment choices available to them.
- Federal, provincial and territorial governments regulate pharmaceutical industry payments to health care providers, institutions and patient groups, beginning with mandatory public disclosure of all such payments.

Creation of a National Formulary

Among the national drug agency's first tasks would be to create a national formulary of drugs to be covered by national pharmacare. The agency would approve drugs for the formulary, based on efficacy and value. The initial formulary would include essential medicines covering most major conditions and representing about half of all prescriptions. These would be available through national pharmacare beginning January 1, 2022.

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 scheduled to be in place by January 1, 2027.

The agency would also be mandated to provide guidance on the appropriate use of drugs and monitoring their safety and effectiveness once they are on the market. According to the Council, concentrating these operations in one organization would make pharmacare more efficient and speed up access to new drugs, as well as improve consistency in access to prescribed drugs across Canada.

Council Recommendations:

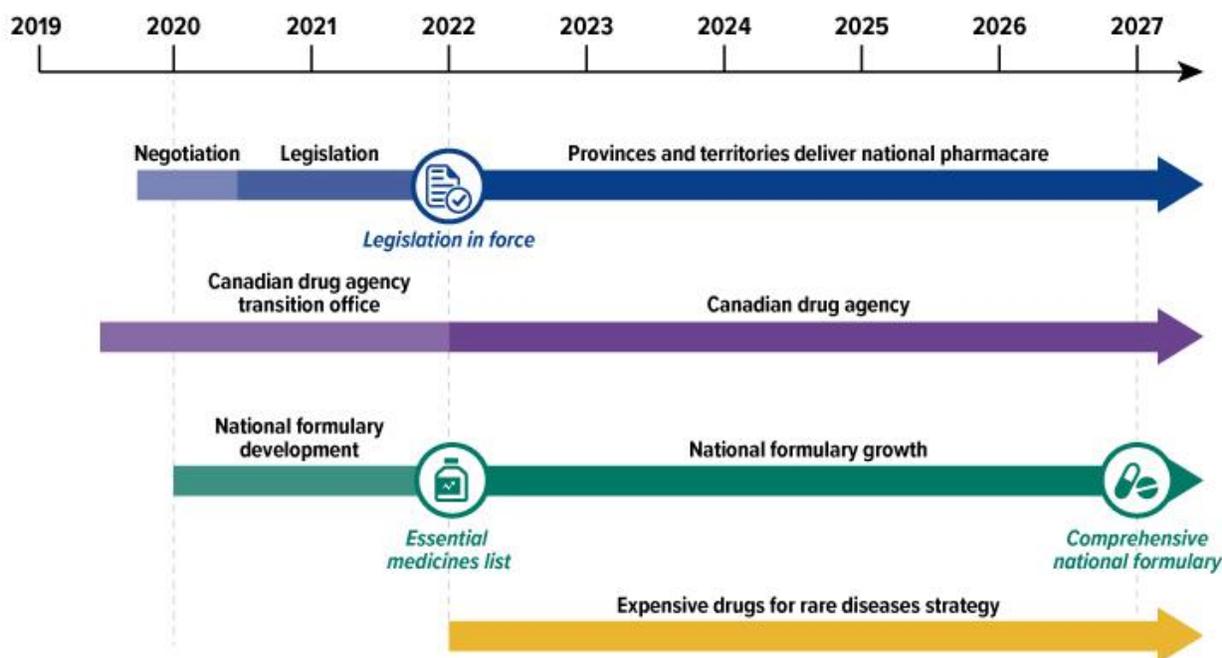
The National Formulary should:

- Be evidence-based and comprehensive.
- Include prescription drugs that treat physical and mental health conditions.
- Provide appropriate treatment options for different age, race, ethnicity, sex and gender identity, among other factors, to respond to the needs of all Canadians.
- Include prescription drugs that respond to the specific and unique needs of children and youth.

The Council also recommends:

- A strategy be developed to address the availability of approved drugs and formulations for them.
- Federal, provincial and territorial governments launch national pharmacare by offering universal coverage for a list of essential medicines by January 1, 2022.
- Governments expand the initial formulary step-by-step toward a fully comprehensive formulary to be in place no later than January 1, 2027.
- The Canadian Drug Agency create a framework to determine the order in which prescription drugs will be evaluated, negotiated and listed on the national formulary as it expands. The framework should prioritize products that are already covered by most public drug plans, respond to national population health priorities and reduce variability in access across the country.

Timeline for Pharmacare Implementation:



Supporting Health Care Providers

The report states that national pharmacare means prescribers can finally have confidence their patients will fill their prescriptions. Doctors and other prescribers will no longer have to ask patients whether they have private insurance, and then modify their prescription accordingly. Removing the cost barriers Canadians face when they have prescriptions to fill will make it easier for them to maintain their health or get better, reducing the need for them to visit their doctors or be admitted to hospital, according to the Advisory Council.

Who will National Pharmacare Cover?

The Council recommends all Canadian residents be eligible for national pharmacare to ensure everyone has access to the drugs they need to maintain their physical and mental health.

What Drugs will National Pharmacare Cover?

The council recommends national pharmacare provide coverage for a national list of prescription drugs and related products (a national formulary) to ensure all Canadians have equal access to the medicines they need to maintain or improve their health.

What Costs will Patients Pay?

The Council recommends out of pocket costs for all products listed on the national formulary not exceed \$5 per prescription, with a copayment of \$2 for essential medicines, and an annual maximum of \$100 per household per year to ensure that patients face few barriers to access.

People receiving social assistance, government disability benefits or the federal Guaranteed Income Supplement benefit would be exempt from copayments.

Government Collaboration

The Council recommends provinces and territories deliver national pharmacare in a manner that meets or exceeds agreed-upon national standards, in exchange for federal funding. It recommends the federal government work collaboratively and in partnership with provincial and territorial governments to begin the implementation of national pharmacare in 2020, even if not all jurisdictions are in a position to opt in at the outset.

Legislation

The Council 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 partnership on national pharmacare and provide for a dedicated funding arrangement.

The council recommends the federal legislation outline how governments will work together and share costs, list federal responsibilities, and include the steps required for provincial and territorial governments to opt in to national pharmacare.

Conclusion

National pharmacare would introduce a new pillar to its universal health care system, the first major change in more than 50 years.

The Council sees substantial and immediate benefits for Canadians. When patients go to the pharmacy with their prescription and their health card, they will pay no more than \$2 or \$5, depending on the medication. A straightforward antibiotic will cost \$2. For a drug that is tens of thousands of dollars, the copayment will be \$5.

The maximum households will pay for prescription drugs in one year is \$100. Since the average Canadian household spends about \$450 on prescription medicines now, that means Canadian families will save, on average, \$350 per year.

In summary, the report states that national pharmacare will replace a patchwork of thousands of plans that are nearing their financial breaking point (and yet leaving

millions of Canadians unable to get the medicine they need) with one that is sustainable, fair and equitable, where all Canadians have access to prescription medicines based on need, and not their ability to pay.

For complete version of the report, please click the following links:

English:

<https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/final-report.html#4>

French:

<https://www.canada.ca/fr/sante-canada/organisation/a-propos-sante-canada/mobilisation-publique/organismes-consultatifs-externes/mise-en-oeuvre-regime-assurance-medicaments/rapport-final.html>