



INFORMATION REPORT

TO:	Mayor and Members Public Health Committee
COMMITTEE DATE:	June 3, 2024
SUBJECT/REPORT NO:	Canada's Pharmacare Plan: Impact on Population Health (BOH24011) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
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COUNCIL DIRECTION

At the February 5, 2024 Public Health Committee meeting, "Staff were directed to report back to the Public Health Committee with an information report on Pharmacare", to provide further information on the current status of pharmacare in Canada and the potential impact on the leading causes of death in our community.

This Information Report satisfies the requirement for Item #2024-D, respecting Pharmacare, which can be removed from the Public Health Committee Outstanding Business List.

INFORMATION

In Canada, there is recognition of the rising cost of prescription drugs and the lack of coverage among different populations. Many Canadians face financial barriers to accessing essential medications that are critical in treating communicable and chronic diseases which results in negative health outcomes.¹ From a public health perspective, this problem not only affects the overall health of the population but also has the

¹ Government of Canada. (2019). A Prescription for Canada: Achieving pharmacare for all. <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/final-report.html#summ>

potential to exacerbate existing health disparities, as those with fewer resources are disproportionately impacted by this issue.¹

Medication coverage in Canada currently comprises a patchwork of over 100 publicly funded plans and 100,000 private plans. This system has been described as fragmented, inequitable, and inefficient, leaving many Canadians without adequate coverage.¹ Even for those with coverage, navigating the patchwork of public and private drug plans can be complicated and may impact their ability to access appropriate treatments.¹ One in five Canadians struggle to pay for their prescription medicines and three million Canadians don't fill their prescriptions because they can't afford to.¹ With living expenses rising faster than wages and private coverage becoming more restrictive and harder to access, out-of-pocket medication expenses are an increasing burden for many Canadians.^{1, 2}

The rising expense of medication has been felt at all levels. In 2019, Canada spent \$34.3 B on prescription medications, making it one of the fastest-growing healthcare expenses and the second-largest healthcare cost after hospitals.¹ Of the \$34.3 B, public programs accounted for 43.6% of spending, private plans covered 36.9% of expenses and the remaining 19.9% was paid for by Canadian households.³ More information on groups eligible for coverage from public and private plans can be found in Appendix "A" to Public Health Committee Report BOH24011.

The rise in medication spending has fuelled the recent surge of interest in pharmacare. Proponents of universal pharmacare suggests overall costs can be reduced. A single-payer model allows for more cost-effective practices, such as purchasing in bulk and negotiating price agreements.¹ It has been projected that a pharmacare program could decrease overall spending on prescription medication by \$5 B compared to the status quo while offering universal public coverage for all Canadians.¹ In addition to cost savings, it may also reduce the financial burden on Canadian businesses, which currently spend about \$750 per employee annually; and on households, which pay an average of \$450 out-of-pocket each year for prescription medications.¹

Healthcare providers often encounter challenges related to prescribing the most appropriate medications when considering affordability and coverage. Additionally, they need to deal with the poor health outcomes and complications that result from cost-related non-adherence to treatment plans.¹ A 2019 study examined providing prescription medication coverage on the healthcare utilization and overall spending

² Wellesley Institute. (2019). Who Benefits: Gaps in medication coverage for Ontario workers https://www.wellesleyinstitute.com/wp-content/uploads/2019/12/Coverage-Gaps-for-Ontario-Workers_EMBARGO_27.11.19.pdf

³ Hofmeister, M., Sivakumar, A., Clement, F. et al. (2022). Trends in Canadian prescription drug purchasing: 2001–2020. <https://joppp.biomedcentral.com/articles/10.1186/s40545-022-00420-4>

when providing medication coverage for diabetes, cardiovascular disease, and chronic respiratory conditions. The study projected 220,000 fewer emergency room visits and 90,000 fewer hospitalizations each year, saving up to \$1.2 B annually.¹ These savings would increase further as coverage expanded to a broader range of medications.

The idea of implementing a pharmacare policy in Canada dates to the inception of universal healthcare in Canada and interest has fluctuated over time. In recent years, there has been increasing political alignment on the issue leading to the development of the Advisory Council on the Implementation of National Pharmacare in 2018 (Advisory Council).¹ The Advisory Council explored international models of pharmacare including soliciting feedback from patients, healthcare professionals, academics, employers, and government officials across the country.¹

The work of the Advisory Council resulted in recommendations that the federal government collaborate with provincial and territorial governments and stakeholders to establish a universal, single-payer, public pharmacare system.¹ Specifically, that new legislation should:

- Function similar to universal healthcare and embody the same fundamental principles of the *Canada Health Act*;
- Be implemented using a stepwise approach in partnership with provinces and territories;
- Ensure low co-payments that do not create a barrier to access;
- Include a strategy to improve access to expensive drugs for rare diseases; and,
- Be led at a federal level.¹

On February 29, 2024, Bill C-64 (*Pharmacare Act*) was introduced.⁴ The initial phase of this policy provides coverage for diabetes treatment and contraception, with plans for gradual expansion towards a more comprehensive pharmacare model. This model is aligned with the 2019 recommendations from the Advisory Council.^{1,5} The timeline for implementation is unknown and dependent on the legislative process and the speed at which the bill passes through each stage. Funding is also unknown currently and is dependent on negotiations with the provinces and territories, as well as bulk-purchasing agreements with pharmaceutical companies.⁵

⁴ Government of Canada. (2024). Government of Canada Introduces Legislation for First Phase of National Universal Pharmacare <https://www.canada.ca/en/health-canada/news/2024/02/government-of-canada-introduces-legislation-for-first-phase-of-national-universal-pharmacar.html>

⁵ Acri Née Lybecker KML. (2021) The Challenges of Canadian Pharmacare Are More Complicated Than Acknowledged Comment on "Pharmacare in Canada". <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7947897/>

It is important to understand that different audiences will define this problem differently. Implementing a universal pharmacare program in Canada has also been met with criticism. The most common concerns include:

- **Financial Feasibility:** There are concerns that the program could put an unsustainable strain on government budgets, leading to deficits or tax hikes;
- **Complexity:** There are concerns that pharmacare could create an additional level of administration and complexity to pre-existing public and private coverage programs. This includes concerns that it would eliminate "more generous" private drug plans, reducing access to more expensive drugs;⁵
- **Limit Access to Medications:** There are concerns that pharmacare could restrict access to certain medications through a formulary-based system or ration drugs, potentially limiting options for some patients;^{5,6} and,
- **Reduced Pharmaceutical Innovation:** There are concerns that stricter regulations and reduced profitability for the pharmaceutical industry could lead to fewer new drugs being developed and brought to market.⁵

To address these concerns, alternative policy solutions have been considered. These alternative options focus on enhancing current programs as well as developing new programs to address gaps in the system. Alternative approaches include:

- **Targeted Public Programs:** Offering targeted public programs that provide coverage for specific populations or health conditions. This approach would focus on the greatest barriers to medication access and address current gaps in the system;⁷
- **Catastrophic Coverage:** Offering prescription drug coverage to eligible individuals and families who are spending a high proportion of their income on out-of-pocket costs for prescriptions, often due to chronic illnesses or rare diseases;⁷ and,
- **Public Insurance:** Offering public insurance to those who are not eligible or cannot afford a private group insurance plan to reduce out-of-pocket expenses for those without coverage.⁷

These approaches address affordability and access using various mechanisms. The distinct difference between these approaches and a pharmacare approach is the universality of the policy. From a public health perspective, these approaches may

⁶ Gagnon MA. (2021). Understanding the Battle for Universal Pharmacare in Canada Comment on "Universal Pharmacare in Canada".

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7947898/>

⁷ Wellesley Institute. (2018). Finding the Way Forward: Equitable access to pharmacare in Ontario <https://www.wellesleyinstitute.com/wp-content/uploads/2018/10/Finding-the-Way-Forward-Equitable-Access-to-Pharmacare-in-Ontario-.pdf>

improve the health of the population, however since not applied to all Canadians, it has the potential to lead to further health inequities.

In 2015, recognizing the importance of a national pharmacare program to improve population health outcomes, the Association of Local Public Health Agencies submitted a resolution to the Government of Canada and the Province of Ontario advocating for the development and implementation of a national, universal pharmacare program.⁸ While a pharmacare program won't directly influence services at the local public health unit level, its impact on population health will be evident through the reduction of health inequities and improvement of health outcomes for communities.

CONCLUSION

A universal Pharmacare program is an example of healthy public policy that would enable all Canadians to access quality, safe and cost-effective medication, improve health outcomes and generate cost savings. It can enable reasonable access to health care services without causing barriers. Pharmacare can also enhance health system integration and cut costs by replacing the current fragmented landscape of 100 publicly-funded prescription medication plans across Canada.¹ From a public health perspective, the issue of pharmacare revolves around ensuring equitable access to essential medications for all Canadians. A lack of coverage can negatively impact the health of the entire population and has the potential to widen existing health inequities.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report BOH24011

Public and Private Prescription
Medication Coverage in Canada

⁸ Association of Local Public Health Agencies. (2015). National Universal Pharmacare Program, https://cdn.ymaws.com/www.alphaweb.org/resource/collection/CE7462B3-647D-4394-8071-45114EAAB93C/A15-2_Universal_Pharmacare.pdf