

**Public Interest Alberta  
Seniors Task Force  
POSITION PAPER ON PHARMACARE**

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**Purpose**

The purpose of any pharmacare plan should be to maximize the health of all citizens through the appropriate and safe provision of medications. The effectiveness of any pharmacare plan should be assessed by the extent to which it achieves this purpose through a transparent system of accountability.

**Scope**

Ultimately, a pharmacare plan should cover all appropriate pharmaceuticals prescribed by doctor or other approved prescriber.

**Organization**

While most Canadians would fight any government effort to dismantle Medicare, few realize that, of all the developed countries with universal, single-payer health systems, Canada is the only one that does not include coverage for prescription drugs.<sup>1</sup>

Other countries have found it both more economical and more efficient to operate their own, single-payer, pharmacare programs as an integrated part of their health care system. When government is the major buyer of prescription drugs, it has more influence in setting prices, thereby reducing the cost of pharmaceuticals. It also gives patients access to medications that they can afford to take as prescribed, thereby reducing hospitalizations and the burden they place on the health care system.

Canadians pay about 30% more for prescription drugs than the average in the OECD (Organization for Economic Co-operation and Development) countries, and an economic analysis shows that the rational implementation of universal pharmacare, with first dollar coverage for all prescription drugs, would not only make access to medicines more equitable in Canada and improve health outcomes, but also generate savings for all Canadians of up to \$10.7 billion in prescription drugs.<sup>2</sup>

Like health care itself, such pharmacare plans in other countries are usually funded primarily out of general government revenue generated from progressive taxation, with only moderate co-payments from patients who can afford them.

The need for universal, single-payer, pharmacare becomes clearer as our current fragmented system comes under pressure from the growing percentage of our population that is comprised of seniors. In Canada, 80% of prescription drugs are taken by 20% of the general population<sup>3</sup>, and many of that 20% are seniors who rely on medications to treat chronic conditions, maintain their independence, and mitigate the challenges of aging.

Governments' response to this population bulge is to abandon drug plans based on age and move to means-tested, income-based plans, a form of charity that is totally inconsistent with the principles of the Canada Health Act. But ignoring the problem of seniors drug needs doesn't make it go away. This is clearly the wrong way to address the sustainability of our current system. The system needs to be changed by integrating prescription drug coverage into our existing health care system.

The First Minister's Meeting in 2004 promised a 10-year plan that included a National Pharmaceutical Strategy. However, Canada is still limited to a venue-based plan that only provides some medications to patients in hospitals and in publicly funded nursing homes.

The provinces, being responsible for the delivery of most health care, rely on a messy combination of government plans that cover select groups based on a variety of factors, including age, financial status or particular health conditions. Otherwise, we rely on private insurance plans operated by or for employment groups, or on individual or group private insurance plans, or on paying out-of-pocket, or, as a last resort, on simply going without required medications.

Currently, the provinces use a variety of ways to partially fund whatever coverage is provided for prescription drugs. These plans involve deductibles, co-payments and in some cases premiums, all of which penalize people for being sick and dissuade them from accessing the medications they require. It also seriously inhibits the health system's ability to select the most appropriate therapies and control the prices we all pay for pharmaceuticals.

Because this fragmented system involves such high costs for administration, marketing and regulation; and because it wipes out the bargaining power that other countries and jurisdictions enjoy in purchasing pharmaceuticals, it costs Canadians much more than a universal, single-payer system and leaves many of us without coverage.

Another major shortcoming of our current system is the additional and un-necessary burden on our health care system because so many people cannot afford the cost of medications needed to keep them healthy or manage chronic conditions. This problem is compounded by the lack of access to costly new medications.

Pharmaceuticals are a crucial and integral part of health care and, if we believe in the core principle of Canada's health care system -- that health care should be provided on the basis of need rather than on ability to pay -- then the provision of prescription drugs should be an integral part of our health care system.

It is worth noting, however, that Medicare did not start on a national basis in Canada, but rather as a provincial initiative that eventually grew into a national system. Accordingly, one or more provinces may have to lead the way and we call on all provincial governments, but particularly the Government of Alberta, to work at integrating the provision of prescription medications to all citizens into our Medicare system.

#### REFERENCES

<sup>1</sup> Steven Morgan et al, *Rethinking Pharmacare in Canada*, C.D.Howe Institute (No. 384, p. 1)

<sup>2</sup> Marc-Andre Gagnon and Guillaume Hebert, *The economic Case for Universal Pharmacare*, (CCPA, 2010, p. 5 - 11).

<sup>3</sup> Morgan, op. cit., p.13.

Prepared by:

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Public Interest Alberta  
September, 2013

