



Benefits Alliance response to [The Parliamentary Budget Officer \(PBO\) Cost Estimate of a Single-payer Universal Drug Plan](#)

October 20, 2023

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Benefits Alliance is a not-for-profit organization representing employee benefit plan advisors and employer benefit plan sponsors nationally. Our member advisory firms work with more than 10,000 organizations who collectively employ over half a million Canadian who together with their families, represent well over one million Canadians.

We support a hybrid pharmacare model of coverage delivery where the private and public sector each play a role.

1. Continue to allow private drug plans to be primary payer for medications not funded by Medicare.
2. Publicly funded drug coverage safety net for all Canadian via a standard minimum formulary of essential medicines.
3. Consistent catastrophic drug program across the country, based on a core drug formulary and standard out of pocket costs.
4. Modernized approach to the Canada Health Act so that government funded programs reimburse high-cost drugs for all Canadians regardless of the type of patient coverage.
5. Ensure 'one price' for drugs regardless of jurisdiction or payer type.

1) The Numbers don't Add up!

Actual 2024-2025 projected starting point and ongoing: What is the real starting point and future costs associated?

PBO estimates total drug expenditures under Pharmacare to be \$33.2 billion in 2024-25 increasing to \$38.9 billion in 2027-28, however we feel that \$48.5B is a more realistic starting point for this program:

- Total spend in 2021-2022 was \$36.6B PLUS
 - Annual increase at 5.3% for 3 years, the actual spend in 2024-2025 is projected at \$42.7B PLUS
 - Behavioural impact – add in 13.5% as per PBO
 - Brings total spend in 2024/2025 to **\$48.5B**
- Cost as presented by PBO excludes ~40% DIN costs that are currently paid by private plans (as from [CLHIA response to PBO](#) , there are 7,000 DINs not covered by RAMQ formulary)
 - We believe the savings will not materialize due to public pressure to expand the proposed drug formulary because of the reduced coverage compared to private plans.
- How will the federal government fund the new pharmacare program?
 - Private plans currently pay \$14.7B for prescription drugs.
 - Will private plan sponsors (employers) be expected to fund some cost of universal pharmacare via a payroll tax?
 - This would mean that they would still be funding reduced drug coverage and have less control over what coverage they want to provide their plan members (employees)
 - Will plan sponsors (employers) be permitted to offer top up drug coverage for their plan members (employees) to supplement the government drug coverage? They are currently prohibited from doing so on other Medicare services (e.g., physician fees)
 - Has the PBO considered the lost provincial tax revenue paid by private plans on insurance premiums?

2) We don't need national pharmacare to reduce drug prices.

- Establish legislation that ensures 'one price' for drugs regardless of jurisdiction or payer type.
- Existing programs that reduce drug prices, such as pCPA and insurer product listing agreements should be extended to all Canadian payers (public, private and cash).

3) Canadians shouldn't have to wait for coverage of innovative new drugs!

Standard of Care for Canadians:

- Private drug plans tend to cover more drugs more quickly when compared to public plans:
 - [Time between Health Canada approval to first available on a provincial formulary took 829 days](#)
 - [Private drug plans cover new drugs within 226 days](#)
 - [Private plans cover ~50% more drugs than public](#)
 - [Canada ranks 18 out of 20](#) among OECD countries for the time between approval and public reimbursement.

- These delays and reduction in drugs covered will dramatically impact the cost, standard and quality of care for Canadians who previously had private coverage.
- Government funded programs should reimburse high-cost drugs through a new national pharmacare system, regardless of the type of patient coverage.
- Unfortunately, the new [federal strategy for drugs for rare diseases](#) excluded patients with private coverage

4) 27M Canadians have better drug coverage today than National Pharmacare proposal!

Most Canadians already eligible for prescription drug coverage:

- [27M Canadians](#) currently enjoy substantially better drug coverage through employer sponsored drug plans than the RAMQ coverage proposed in PBO report.
 - [Private plans cover 7,000 DINs more drugs than the propose RAMQ formulary](#)
- According to the [Conference Board of Canada](#):
 - 97.2% of Canadians eligible for prescription drug coverage. Insurance available through:
 - public prescription drug plans
 - private group and individual plans
 - 2.8% gap in prescription coverage (uninsured)
 - People not eligible for a public plan
 - Not enrolled in a private plan
 - Unemployed or retired.
 - Recommend programs that improve access for patients who need it:
 - An Essential Medicine Plan for the elderly, unemployed – those that are not currently covered by a provincial or a private drug plan.
 - Consistent catastrophic drug program across all provinces that covers high-cost drugs based on patient out-of-pocket costs relative to family income.

Will universal pharmacare impact Canadians' access to innovative new drugs?

- [Currently only 43.8% for medicines submitted to the FDA and/or the EMA in 2020 were submitted to Health Canada.](#)
- Canada represents only 2% of the global pharmaceutical market. If pharmaceutical companies see Canada as more challenging, they may simply choose not to launch here.