



B R I E F I N G
N O T E

for Members of
Parliament

ISSUE BACKGROUND

Pharmacare has been extensively debated in Parliament since the current Liberal government took office. In 2018, the government commissioned the Advisory Council on Implementing National Pharmacare, led by former Ontario Health Minister Dr. Eric Hoskins, to study and recommend how pharmacare should work in Canada. In its final report (known as the Hoskins report), the council recommended a program that is public, universal, single payer, portable, and comprehensive.

In March 2022, the federal government committed to passing a Canada Pharmacare Act by the end of 2023, as part of its supply-and-confidence agreement with the opposition New Democratic Party. Progress since, however, has been slow.

The NDP introduced a private member's bill (C-340) on June 13 that would create the legislative framework for a pharmacare system that is public, universal, and single-payer. Bill C-340 is modeled on the recommendations of the Advisory Council on Implementing National Pharmacare, which showed that such a system could save billions in total drug costs while extending comprehensive drug coverage to all Canadians.

The federal government has responded that it will introduce its own legislation to the House of Commons in the fall but has not said how its pharmacare bill will differ from Bill C-340.

SUMMARY

- Inflation, sky-high drug prices, and inadequate drug coverage are imperiling Canadians' access to medically necessary prescription drugs, forcing millions to choose between paying the rent, buying groceries, or filling their prescriptions. Out-of-control drug costs are also a major drain on our public health care system.
- Canada's current patchwork system of public and private drug insurance plans is inefficient, unjust, and unsustainable. A universal, public pharmacare system can extend drug coverage to all Canadians while generating \$5-\$11 billion in annual savings on drugs through greater purchasing power.
- The federal government is expected to table legislation for a Canada Pharmacare Act in the fall, as per the March 2022 supply-and-confidence agreement.
- As an MP, it is imperative that you push for a national system of drug coverage that is public, universal, and single-payer – as recommended by the Advisory Council on Implementing National Pharmacare in 2019.

CONSIDERATIONS

1. Our current patchwork system is hurting Canadians

- Canada's "dual-payer" or "mixed" public-private drug insurance system – comprised of more than 100 provincial drug insurance programs and more than 100,000 private drug insurance plans – provides coverage for prescription drugs that is "fragmented, uneven, unequal and unfair," according to the Advisory Council on Implementing National Pharmacare.¹
- Canadians are struggling to afford life-saving and life-sustaining drugs, leading to thousands of preventable deaths per year and putting pressure on hospitals and ERs.
 - As of November 2022, there were 3.4 million people – 11% of Canadian adults – who cannot afford to take their medications as prescribed, a number that is rising as inflation persists.²
 - Rates of "cost-related non-adherence" in Canada are two to five times higher than in countries that have universal, public drug insurance.
- An estimated 7.5 million people (one in five Canadians) are un- or under-insured.
 - Young workers, those holding part-time or precarious employment, recent immigrants, and racialized people are disproportionately impacted.
- Even with insurance, many Canadians struggle to afford their prescription drugs.
 - More than half (59 per cent) of Canadians who are unable to fill their prescriptions have either private or public insurance coverage but nonetheless cannot afford their drugs due to high copayments, coinsurance, or deductibles.
- Provincial governments' finances are being strained by rising drug costs for public drug plans and in-hospital treatments (annual spending increased by 5.6 per cent and 7.1 per cent respectively).³
 - These out-of-control drug costs risk crowding out other much-needed investments in public health care.

- Existing drug coverage is eroding, as public and private drug plans increasingly shift costs, raise premiums, and limit coverage in response to rising drug prices.
 - Some of the largest insurance providers warn that rising drug costs are making workplace benefits financially unsustainable and leading to higher premiums for employers and workers.⁴

2. Our unsustainable patchwork system cannot be fixed by adding another patch

- Lobby groups for the pharmaceutical and insurance industries have been pushing for a pharmacare act that is neither public, single-payer, or universal.
 - They argue for limiting coverage to the uninsured or helping provinces fill jurisdiction-specific gaps, based on the claim that these approaches represent more "affordable solutions."⁵
- In fact, the Advisory Council on Implementing National Pharmacare found that it is our "fractured" public-private system that is unaffordable and unsustainable.
- The Advisory Council concluded in its final report that "a 'fill the gaps' approach was unrealistic since, like our current mixed public/private system, it would do little to lower drug prices or create fairness or uniformity in access across the country."

3. Only a public, single-payer pharmacare system can help lower drug costs

- A national pharmacare program covering all 40 million Canadians will consolidate Canada's purchasing power vis-à-vis global pharmaceutical companies, allowing us to get better prices on medications. This would effectively scale up what the pan-Canadian Pharmaceutical Alliance does for provincial drug plans.⁶
- Pharmaceutical companies charge significantly more for the same drugs in Canada than in other countries with single-payer pharmacare systems, because we

do not have purchasing power facilitated by a national drug program.

- Relative to countries with public pharmacare, Canadian prices are over 50 per cent higher for top-selling brand name drugs⁷, and 61 per cent higher for primary care drugs used to treat common illnesses.⁸
- The International Monetary Fund and the U.S. House Oversight Committee have denounced pharmaceutical industry pricing as “unsustainable, unjustified, and unfair,”⁹ and driven by market power rather than research and development or manufacturing costs.¹⁰

4. Public pharmacare will generate billions in savings relative to the status quo

- The Advisory Council calculated that public pharmacare would save Canadians \$5 billion per year in drug costs relative to the status quo, due to lower drug prices. Other estimates of the savings from pharmacare are higher (\$7.3-\$11 billion per year) since they expect drug cost savings to be greater (30-40 per cent rather than the Advisory Council’s very conservative 10 per cent estimate).¹¹
- Canada currently spends more per capita on prescription drugs than every other OECD country, except the U.S. and Switzerland. If Canada were to adopt a system like Australia’s (the most expensive single-payer national pharmacare system on a per capita basis), the program would enhance access to medicines for all Canadians while costing us \$8 billion per year less than our governments, employers, and households currently pay for prescription drugs. If Canada adopted the British system, we would save more than \$12 billion every year.¹²
- Providing universal drug coverage for essential medicines will also generate billions in savings for provincial governments on downstream health care costs associated with cost-related non-adherence (ER visits, hospitalizations) – as much as \$4.2 billion annually, according to a recent study.¹³

5. Finding the fiscal room for public pharmacare is not difficult

- Finding the fiscal room for the comprehensive pharmacare program envisioned by the Hoskins report is possible without raising taxes. For instance, phasing out fossil fuel subsidies (\$14-\$18 billion) or cracking down on tax havens and stepping up compliance efforts on wealthy individuals (\$14 billion) would free up enough public funds to easily pay for pharmacare.¹⁴
- Providing universal coverage for a list of 136 essential medicines (covering approximately half of all prescriptions) as a first step toward public pharmacare will cost just \$3.5 billion per year in additional public funding. Gradually expanding the list of drugs covered to create a comprehensive public pharmacare system (covering 87 per cent of all prescriptions) will cost \$15 billion per year, according to the Hoskins report.
- However, increased federal-provincial spending on prescription drugs under a comprehensive public pharmacare system will be more than offset by reductions in annual private insurance costs for businesses, governments, and employees (\$16.6 billion) and out-of-pocket costs for households (\$6.6 billion).
- If the federal government decided to pay for pharmacare through increased taxes, middle class households would still see annual net benefits of \$400 to \$500 in most scenarios, while lower income households end up between \$300 and \$400 better off on average than they were without pharmacare, a 2018 analysis found.¹⁵
 - Employers would save between \$1 billion and \$3 billion a year despite paying slightly more in taxes, thanks to pharmacare eliminating private insurance costs for drug coverage. Only households making more \$199,000 per year would pay more under most scenarios.

6. There is strong popular support for public pharmacare and a clear path to get there

- The report of the Advisory Council on Implementing National Pharmacare lays out a clear and achievable path to implementing public, universal pharmacare over a five-year period.
- The Advisory Council also found “a surprising level of consensus” among both popular and expert opinion in favour of a public pharmacare system, rooted in “a strongly held, shared belief that everyone in Canada should 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.”
- Numerous polls before and since show the same. A January 2023 poll found that 87 per cent of Canadians say they want pharmacare. A 2020 poll shows that 6 out of 10 Conservative voters are pharmacare supporters.¹⁶
- Strong majorities support paying for pharmacare through a wealth tax or increased corporate income tax, rather than GST or personal income tax increases on middle income brackets.¹⁷

CONCLUSION

Your constituents are counting on you to stand up to pharmaceutical and insurance industry pressure and champion a *universal, public, single-payer pharmacare system*, like the one outlined in **Bill C-340**.

Public pharmacare will bring down out-of-control drug prices, strengthen our public health care system, and, most importantly, save lives.

Further information is available at publicpharmacare.ca

RECOMMENDATIONS

- Support legislation to create a public, single-payer, universal pharmacare system that will ensure all Canadians have access to the medicines they need.
- Declare your support for public pharmacare in your next community newsletter and/or on social media.
- Raise the issue of public pharmacare at your next caucus meeting and discuss with colleagues and ministers the necessity of a pharmacare system that covers all Canadians, consolidates purchasing power, and lowers drug prices.

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