

Fully Public National Pharmacare: A Priority

Brief submitted to the Department of Finance Canada as part of the pre-budget consultations in
advance of the 2021 Budget

[UNION DES CONSOMMATEURS LOGO]

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The Union des consommateurs: Strength in numbers

The Union des consommateurs (UC) is a not-for-profit organization representing 14 consumer advocacy groups.

The UC's mission is to represent and defend consumer rights, with a focus on the interests of modest-income households. The UC's actions are based on the values cherished by its members: solidarity, fairness and social justice, as well as improved living conditions for consumers from economic, social, political and environmental standpoints.

The UC's structure allows the organization to monitor a broad range of consumer issues while developing considerable expertise in specific areas. Its activities are nationwide in scope and are informed and legitimized by its member associations' grassroots work and establishment in their respective communities.

The UC mainly operates at a national level, representing the interests of consumers before various political and regulatory bodies, in the public arena or through class actions.

Introduction

The purpose of this brief, submitted as part of the pre-budget consultations in advance of the 2021 budget, is to present the UC's principal recommendation.

Whereas:

- the federal government has studied pharmacare extensively since it was first elected;¹
- the Standing Committee on Health has held many meetings to study the development of a national pharmacare program and released a unanimous report in March 2018 entitled *Pharmacare Now: Prescription Medicine Coverage for all Canadians*;²
- the federal government's 2019 budget laid the groundwork for national pharmacare;³
- the Patented Medicine Prices Review Board has started to undergo a significant review;
- the Advisory Council on the Implementation of National Pharmacare released a final report with clear findings (and telling title: *A Prescription for Canada: Achieving Pharmacare for All*);⁴
- the House of Commons Standing Committee on Finance recommended including universal, public pharmacare in the March 30, 2020 budget (cancelled due to the COVID-19 pandemic);⁵
- the March 2020 NDP motion, calling on the federal government to carry out the recommendations of the Advisory Council on the Implementation of National Pharmacare and immediately begin negotiations with the provinces to that end, received unanimous support; and

¹ Including a pan-Canadian consultation entitled *Towards Implementation of National Pharmacare — Discussion Paper*, online: <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/discussion-paper.html>.

² Available online, along with all briefs submitted to the Standing Committee on Health and a summary of meetings held by the committee, at <https://www.ourcommons.ca/Committees/en/HESA/StudyActivity?studyActivityId=8837577>.

³ Radio-Canada, "Ottawa franchit une étape dans la création d'une assurance médicaments nationale," 2019, online: <https://ici.radio-canada.ca/nouvelle/1159305/budget-morneau-ottawa-assurance-medicament-sante>. [French only]

⁴ Canada, Advisory Council on the Implementation of National Pharmacare, final report, *A Prescription for Canada: Achieving Pharmacare for All*, June 2019, online: <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmacare/final-report.html>.

⁵ Report of the Standing Committee on Finance in advance of the 2020 budget, online: <https://www.ourcommons.ca/DocumentViewer/en/43-1/FINA/report-1/page-48>.

- the pandemic is exacerbating the critical need for all Quebeckers and Canadians to have adequate prescription drug coverage.

We recommend that the next budget provide for the rapid development of a fully public, national pharmacare plan.

Implementing national pharmacare

Since prescription drugs are no longer only used to cure diseases but also prevent illness and replace surgeries, people are increasingly reliant on their medication, making access to prescription drugs a right-to-health issue.

Quebec has had pharmacare since 1997. The province's plan is the only universal one in Canada: in theory, every Quebecker is covered for their prescription drug purchases. On January 1, 1997, Quebec launched its basic prescription drug insurance plan (RGAM) to provide reasonable and equitable access to medication for all Quebecers. Since then, approximately 40% of them have received coverage under the government's public plan, and 60% under private group insurance plans offered by their employers.

However, because the RGAM is a hybrid (public-private) system, Quebecers still face problems regarding access to prescription drugs. In 2015, the province's Health and Welfare Commissioner announced that 12% of Quebecers still could not afford the medication they need.

Quebec's hybrid system creates various inequalities and makes it difficult to control spending. The UC has regularly noted this in our work and we, along with many experts, have documented the situation extensively over the years.⁶ Our findings are summarized below.

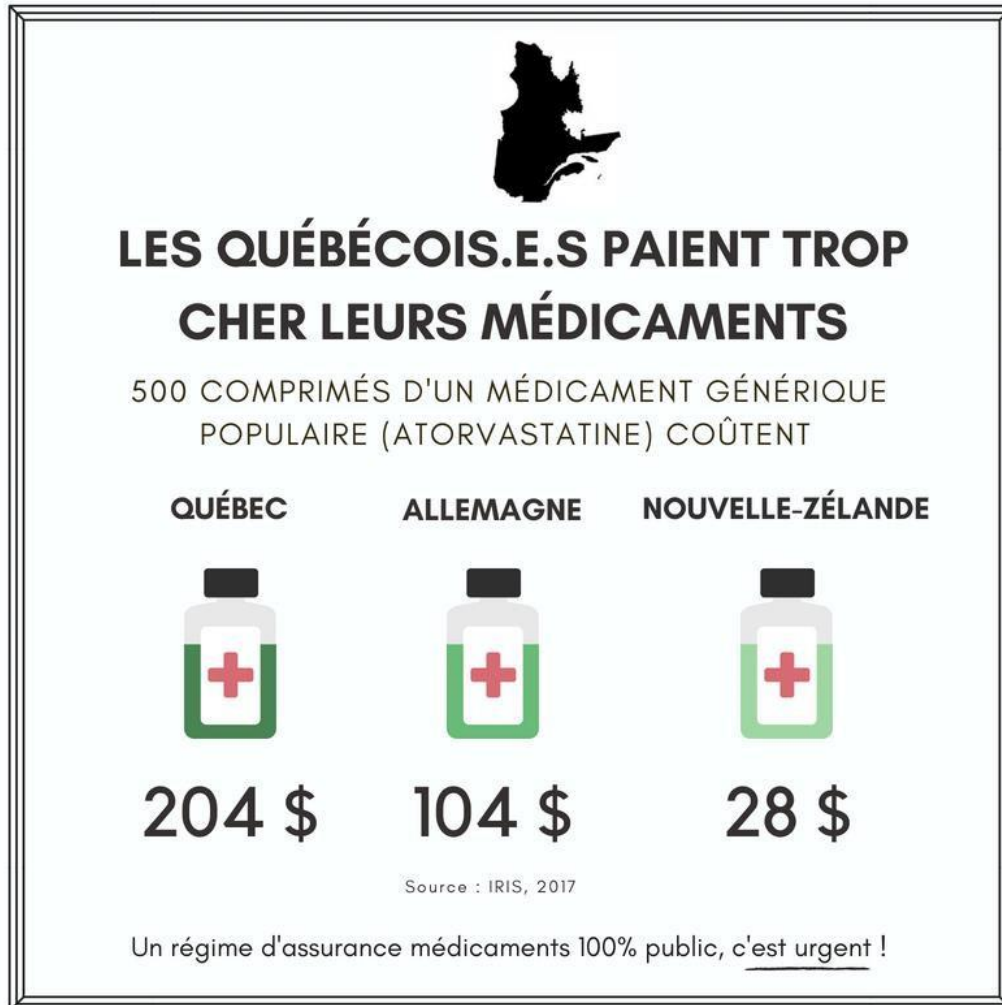
⁶ As far back as 2009, we released a brief entitled *Pour un régime public universel d'assurance médicaments au Québec*, which described the faults of the current system. Online: https://uniondesconsommateurs.ca/pour-un-regime-public-universel-dassurance-medicaments-au-quebec-juin-2009/?sf_action=get_data&sf_data=all&_sft_documents=memoires. [French only]

In 2017, the Institut de recherche et d'informations socio-économiques (IRIS) released a report that once again speaks to the urgency of reforming Quebec's public-private system: Gagnon, M.-A., Vadeboncoeur, A., Charbonneau, M. and Morgan, S., IRIS, *Le régime public-privé d'assurance médicaments au Québec : un modèle obsolète?*, December 2017, online: <https://iris-recherche.qc.ca/publications/assurance-medicaments>.

Table 1: Inequalities in Quebec's Pharmacare System

Public plan	Private plans
37% co-insurance (compared with 0% to 20% in most private plans).	9% tax on premiums.
Premiums are set according to a sliding scale, but maximum amounts are reached very quickly (at incomes of \$16,460 for a single person and \$26,670 for a couple).	Unlike in the public plan, children do not receive free coverage.
	Unlike in the public plan, dispensing fees are not regulated.
	Unlike in the public plan, premiums are not calculated based on income, but on the overall health status of employee groups. Part-time employees therefore pay the same premiums as everyone else.
	Administration costs are much higher than in the public plan.
	People lose coverage if they change jobs. Some pay several deductibles per year.
	There are privacy issues. For example, a new employee with a medical condition requiring many prescription drugs increases everyone else's premiums the following year and is therefore easily identifiable.

That is why we have been leading a major campaign since 2009 to demand a fully public pharmacare plan in Quebec. As part of this campaign, we have created numerous tools, spoken during conferences, organized seminars, written articles, and more.



A sample campaign infographic

[TRANSLATION:

Quebeckers pay too much for prescription drugs.

500 tablets of Atorvastatin, a popular generic medication, cost

Quebec: \$204

Germany: \$104

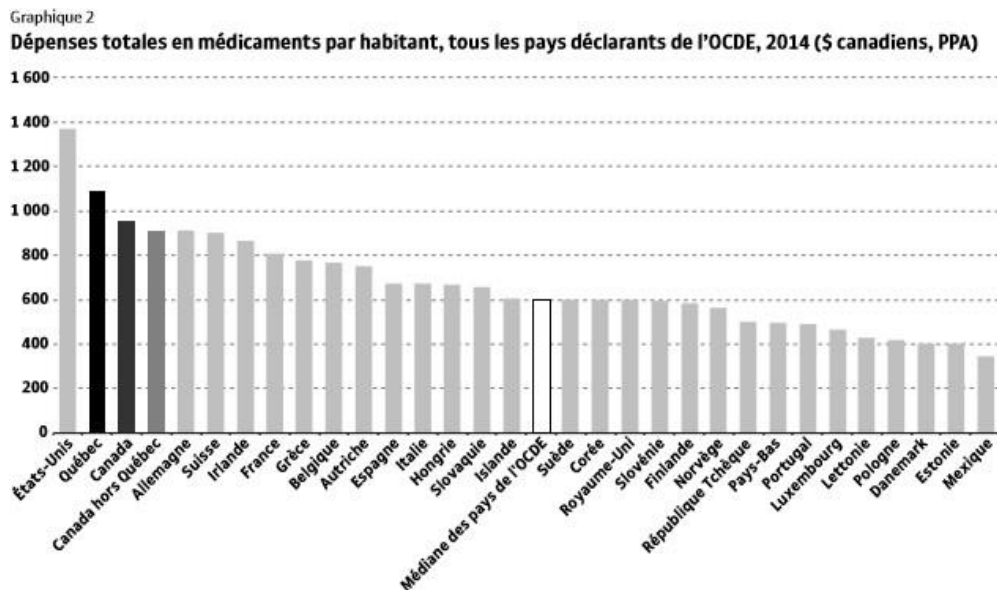
New Zealand: \$28

Source: IRIS, 2017

A fully public pharmacare plan is urgently needed!]

Here are some telling facts that fuel our commitment to this issue:

- Canada is the only developed country with universal, public health insurance that does not include prescription drugs, resulting in significant, well-documented consequences.
- Our per capita drug spending is among the highest in the world and is increasing uncontrollably. For example, according to the IRIS, in 2014, total prescription and non-prescription drug spending was \$1,087 per person in Quebec, compared to \$912 in the rest of Canada and the OECD median of \$603.



SOURCES OCDE, OECD Health Statistics 2016, Paris, Organisation for Economic Co-operation and Development, 2016 ; National Health Expenditure Trends, 1975 to 2016, Ottawa, Canadian Institute for Health Information, 2016, www.deslibris.ca/ID/10090272, consulté le 26 octobre 2017.

[TRANSLATION:

Figure 2: Total per capita drug spending among all OECD reporting countries, 2014 (Can\$, PPP)

United States, Quebec, Canada, Canada except Quebec, Germany, Switzerland, Ireland, France, Greece, Belgium, Austria, Spain, Italy, Hungary, Slovakia, Iceland, OECD median, Sweden, South Korea, United Kingdom, Slovenia, Finland, Norway, Czech Republic, Netherlands, Portugal, Luxembourg, Latvia, Poland, Denmark, Estonia, Mexico

Sources: ... accessed October 26, 2017.]

- Two people who walk into the same pharmacy with the same prescription will walk out with two very different bills, depending on whether they are covered under a public plan or a private one. This is unacceptable.
- In the workplace, the cost of prescription drug insurance is a major barrier to improving working conditions. Actuarial data show that in Quebec, 6% to 12% of payroll is spent on

group insurance plans. This uptrend is essentially due to prescription drug coverage and outpaces both inflation and increases in salary.⁷

- We've heard accounts from people forced into debt to buy their medication, or who cut their pills in half to make their treatment last longer. And some employee groups cancel their group insurance because their drug premiums are too high, leaving them without disability insurance.

Quebec's hybrid system is clearly unfair because it goes against the objectives set by the province's *Act Respecting Prescription Drug Insurance*. This situation is extremely concerning.

Whether in Canada or Quebec, there is a broad social consensus that the status quo is unsustainable. We are working closely with many social stakeholders⁸ to bring about change and have garnered the support of more than 534 groups and thought leaders, who are urging that fully public pharmacare be included in the next budget.⁹ Incidentally, Quebec's former minister of health and social services, Jean Rochon, who created the hybrid system in 1997, supports our endeavour.

Together, these 534 supporters represent millions of people who are calling for Quebec to finally implement universal, public pharmacare to meet the needs of Quebecers, significantly reduce per capita costs and make our health care system more efficient.

Impact of the pandemic

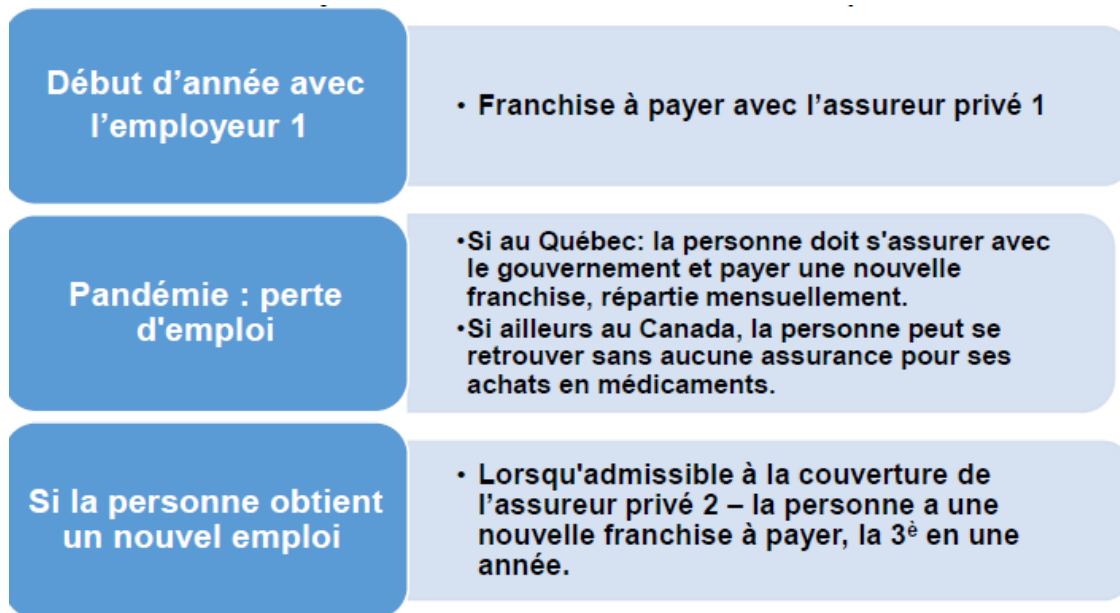
The current pandemic only reinforces the need for immediate action on this issue. The demand for prescription drugs is increasing, and many workers lost their drug insurance coverage when they lost their jobs. This situation forces them to pay several deductibles per year, in Quebec or elsewhere in Canada, and leaves them without coverage for their prescription drug purchases. In Quebec, where coverage is mandatory, switching from a private insurer to the Régie d'assurance maladie du Québec brings about a new monthly deductible. Then, in the same year, when an employee becomes eligible for coverage from a new employer, they will have to pay another deductible. This is an additional financial burden for households that have already been hit hard.

⁷ Comeau, Y., *Si la tendance se maintient*, SAI Actuarial Services, presentation during the FTQ seminar on retirement and insurance, Montreal, 2018, p. 4. [French only]

⁸ See, for example, the joint statement we delivered in Ottawa on March 1, 2019, alongside other major Quebec organizations: https://uniondesconsommateurs.ca/un-front-uni-quebécois-reclame-quottawa-mette-en-place-un-regime-dassurance-medicaments-public-et-universel/?_sft_documents=actualites&sf_paged=2. [French only]

⁹ The full list of supporters is available on our website: <https://uniondesconsommateurs.ca/campagnes/pour-un-regime-dassurance-medicaments-entierement-public/>. [French only]

Figure 2: Paying Two or Three Deductibles in One Year During the COVID-19 Pandemic



[TRANSLATION:

Start of year with employer 1

- Deductible to pay with private insurer 1.

Pandemic: Loss of job

- If in Quebec: person must sign up for coverage from the government and pay a new monthly deductible.
- If elsewhere in Canada: person could find themselves without coverage for their prescription drug purchases.

If the person finds a new job

- When the person becomes eligible for coverage by private insurer 2, they must pay a new deductible (for the third time that year).]

Hospital access during lockdown was compromised for many weeks, making access to prescription drugs in non-hospital environments even more important. In the event of a second wave and return to lockdown, this situation will repeat itself as too many drug insurance plans provide unequal access to Canadians.

In addition to the above, the case for fully public pharmacare that was made before the COVID-19 pandemic is just as relevant today, if not more so.

Compliance with provincial jurisdiction and federal transfers

Respecting provincial jurisdictions is paramount to us, but the federal government must fulfil its funding role to enable a reform of Quebec's pharmacare system. By insufficiently increasing the

Canada Health Transfer, the federal government is jeopardizing the viability of the provinces' health care systems. According to Quebec's last budget, the federal contribution to provincial health spending was 22.6% in 2016–2017 and is expected to drop to 19.6% in 2026–2027. Ottawa must assume its financial responsibilities to the provinces and must not give the provinces responsibilities without the funding required to fulfill them.

Conclusion

Our organization has additional demands for the federal government, including a crackdown on tax evasion and tax avoidance, as advocated for by the Échec aux paradis fiscaux collective, of which we are a member.¹⁰ The collective's 12 concrete solutions should lead to firm commitments from the government. The pandemic only exacerbates this need.

However, we want to focus this short brief on what we believe is the top priority during the pandemic. The federal government's stated intentions to move forward with a fully public, national pharmacare plan have given us hope for the achievement of an important milestone on an issue we have been following closely since 2009, if not before then. The COVID-19 pandemic should further strengthen the government's determination to act, even if doing so requires additional investments as a first step. Our prescription drug spending must be controlled, and public access to medication guaranteed by best practices, which as of now decisively favour national, public pharmacare.

Accordingly, the purpose of this brief is to reiterate our support for Canadian legislation that would establish a national pharmacare plan that is universal, publicly administered, accessible, fair, sustainable, independent and respectful of provincial jurisdiction. This brief also aims to offset powerful opponents (in terms of their means, not their arguments).

In closing, 2021 must be the year Canada officially introduces universal, public pharmacare.

¹⁰ Collectif Échec aux paradis fiscaux, *12 travaux pour la justice fiscale au Canada*, 2019, online: <http://www.echecparadisfiscaux.ca/solutions/>.