



School of Population and Public Health,
University of British Columbia,
Vancouver, Canada
steve.morgan@ubc.ca

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When will Canada have national pharmacare?

Canadians support it, public health demands it, now policy makers must deliver it

Steven G Morgan *professor*

Canada's universal healthcare system, often referred to as Medicare, provides universal, public insurance for medically necessary physicians' services and hospital care, including inpatient prescription drugs.¹ Prescriptions filled outside hospitals are not part of this system, forcing Canadians to rely on an incomplete and uncoordinated patchwork of public and private drug plans.² That might soon change. Canada's federal government is debating a bill that would take the first step towards universal, public coverage of prescription drugs, legislation that has been long called for and often promised by government.³ But implementation of a "national pharmacare" system will face formidable opposition.

Current system is problematic

Presently, Canada's federal government, 10 provincial governments, and three territorial governments offer more than 100 different public drug plans for population subgroups that vary across the country.⁴ Each of these public drug plans has its own eligibility requirements and terms of coverage.³ Collectively, federal, provincial, and territorial drug plans finance 43% of total prescription drug expenditures in Canada; voluntary private insurance, held by around two thirds of Canadian workers, finances 37%, leaving 20% to be paid out-of-pocket by uninsured and underinsured Canadians.⁵

This patchwork system of coverage has well documented problems. First, it leaves one in five Canadians without coverage or facing large out-of-pocket costs.⁶ As a result, roughly one in 10 Canadians skip prescriptions because of financial barriers, compromising their health and generating at least C\$1bn (£600m; €700m; \$700m) annually in preventable healthcare costs.⁷

Second, Canada's reliance on independently financed and managed private and public drug plans is inefficient. Whereas Medicare's administrative overhead is about 1%, private health plans in Canada dedicate 14% of their costs to administration, including profit margins.⁵ Moreover, having multiple insurers covering different segments of the population diminishes Canada's pharmaceutical purchasing power, resulting in higher drug prices than in countries with universal, public prescription drug financing.⁸ A year's supply of atorvastatin, for example, currently costs C\$64 in Canada but only C\$4 in New Zealand, where the drug is acquired through competitive national supply contracts.⁹

Finally, having commercial companies managing prescription drug cover can inflate prices and impede evidence based and accountable decision making. This is because, as in other countries, Canadian drug prices are determined through confidential

negotiations between drug manufacturers and institutional purchasers, notably private and public drug plans.¹⁰ In such systems, private insurers can profit from margins between inflated list prices and the confidential net prices they actually pay, making it impossible to determine the extent to which decisions concerning pharmacy cover are made in the interest of insurance company shareholders rather than patients.¹¹

First steps

Over the past 50 years, numerous commissions have recommended that Canada adopt a universal, public pharmacare system aligned with its broader public healthcare system,³ the latest being in 2019.⁷ Canada's current Liberal government created the latest commission and subsequently campaigned in two federal elections on promises to move national pharmacare forward.^{12,13} In February 2024, it introduced bill C-64, which proposes to launch the first phase of national pharmacare with universal coverage of selected contraceptives and treatments for diabetes, including insulin.¹⁴ The government also proposes developing an essential medicines list, laying the foundation for, but stopping short of committing to, subsequent stages of the national pharmacare programme.⁷

These are symbolic but small steps in the right direction. The focus on contraception frames national pharmacare as a women's issue and as a human rights issue, while the focus on diabetes treatments addresses the irony that insulin, a Canadian invention, is not currently affordable for all Canadians. However, national pharmacare is a big undertaking that may be obstructed by domestic politics and is certainly resisted by powerful commercial interests at a time when public support for the current government, in power since 2015, is at an all time low.¹⁵

Domestically, some provinces oppose national pharmacare because, although national standards for Medicare are enforced through partial funding from the federal government, healthcare technically falls under provincial jurisdiction in Canada. To overcome this opposition the federal government may need to fund all of the cost of medicines under a national pharmacare programme.¹⁶ This is not without precedent, as the federal government has been funding the cost of nationally procured but provincially distributed covid-19 vaccines, tests, and treatments.

The predictable commercial opposition comes from drug and insurance industries that oppose a universal, public pharmacare programme because it would eliminate the role of financial middlemen and

reduce drug prices.¹⁷ These are powerful lobbies, but their opposition can be overcome with political will. A government that wants a national pharmacare programme to succeed will quickly implement evidence based and publicly accountable processes for determining which treatments will be covered, and apply iron clad pricing and supply contracts with the manufacturers of those treatments. Early success with contraceptives and diabetes treatments would create public support for expanding national pharmacare as recommended by the government's commission.⁷

The public interest in Canada's national pharmacare is undeniable: a universal public programme would improve access to medicines, facilitate evidence based pharmaceutical management strategies, reduce strains elsewhere in the healthcare system, and substantially reduce drug costs.⁷ But Canada is a complex federation, and powerful corporate interests benefit from the fragmented nature of its mix of private and public funding for prescription drugs. Pharmacare will not come to Canada overnight. The government is taking small, symbolic steps forward and, with a federal election looming in 2025, the future of national pharmacare will be in the spotlight and effectively on the ballot.

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