

Time to act on national pharmacare program

Hamilton Spectator and Straight Goods – June 28, 2002

By Dr. Gordon Guyatt

"A dog's breakfast" is how a group of British Columbia researchers recently described drug coverage across Canada. These researchers found that provincial drug plans cover different groups of patients, demand radically different user fees for the populations they cover, and cover different drugs.

Take the issue of "deductibles," the amount users have to pay before the government insurance plan kicks in, and co-payment, the portion of the fee you have to pay with every prescription you fill. Every province has a plan for people over 65 that includes a co-payment, but the amount varies. Furthermore, the size of the deductible varies widely, and five provinces have "first dollar" coverage -- that is, no deductible at all. Financial barriers to prescription drugs represents a serious problem in Canadian health care. About 15 per cent of our population lacks any type of drug coverage. These "working poor" make too much to qualify for provincial drug programs, cannot afford private insurance, and work in non-unionized jobs where private insurance is not one of the benefits. Because health status varies with income -- in general, the poorer you are, the sicker you are -- people without drug coverage are the ones who need it the most.

Even for those who are covered -- typically the elderly and those on social assistance -- financial barriers have increased. Quebec, Ontario and British Columbia are among the provinces that have raised deductibles and co-payments. Ontario seniors with incomes of less than \$16,000 now pay \$2 for every prescription. Those who receive more than \$16,000 pay a \$100 deductible, and a co-payment of \$6.11 per prescription.

For those on limited incomes, these charges present a real barrier, with serious consequences. In a landmark study, researchers found that a 1996 Quebec government decision to impose co-payments for prescription drugs led to a 9 per cent drop in the use of essential drugs in the elderly and a 14 per cent drop in those on welfare. The reduction in use resulted in more emergency room visits, hospitalizations and nursing

home admissions.

Relative to other countries, Canada does badly in ensuring access to needed drugs for its elderly and disadvantaged. In comparison to other industrialized countries that are part of the Organization for Economic Co-operation and Development (OECD), Canada ranks near the bottom of the list.

Because spending on drugs is the most rapidly growing segment of our health-care expenditures, the situation is growing more and more serious. Ten years ago, we spent 9 per cent of our health-care dollar on drugs; it's now up to 15 per cent, more than we spend on doctors. The Canada Health Act ensures that financial barriers don't stop us from consulting a physician. But that guarantee is of limited help if we can't afford the medication that our physician prescribes.

In 1997, the National Health Forum, a group of health policy experts, addressed the problem. They recommended a national pharmacare program modelled on the principles of national medicare that covers physician and hospital services. While the federal government has taken no action in response to National Health Forum recommendations, an additional push in the form of a recommendation from Roy Romanow may create the political will needed for the new program.

The benefits of a national pharmacare program would go beyond satisfying our commitment to ensure all Canadians have access to needed health care. Total spending on drugs, and total spending on health care, would likely decrease. In comparison to private for-profit drug insurance, a federal program would have no need to advertise or make a profit, and could take advantage of economies of scale. The result would be far lower administrative costs.

Further savings would come from the enormous bargaining power of a single purchaser. Australia has a national pharmacare program, and has succeeded in keeping its costs well below the OECD average. Finally, if we kept deductibles and co-payment low enough, universal access to needed drugs would decrease costly serious illnesses and long-term disability.

With all these benefits, what's to stop national pharmacare? One serious concern is our international trade agreements. The current rules allow

foreign insurance companies to complain that a national drug insurance program constitutes expropriation of their business. They will appeal to an international tribunal that has consistently ruled in favour of companies making similar complaints. The result is that Canada may well have to reimburse these companies for their lost business.

Fortunately, however, foreign companies are still relatively minor players in the Canadian drug insurance market. If we act fast, the risks remain small.