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National Pharmacare in Canada: Considerations & Implications for Stakeholders

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Executive Summary

Canada is the only OECD country with universal public health coverage but not a publicly funded drug program, more often referred to as National Pharmacare. The topic of National Pharmacare has surfaced many times over the decades, and is currently under intense debate. This paper explores the implications of a Pharmacare program, its scope, coverage, eligibility model, and the trade-offs involved, while highlighting the impact on key stakeholders. It provides key considerations for how Pharmacare could be implemented within a multijurisdictional landscape; however does not delve into the merits or faults of universal healthcare models.

Canada's prescription medication expenditure in 2021 was approximately $37 billion, with public coverage accounting for 43% of the total expenditure ($16.1 billion), private insurance accounting for 37% ($13.6 billion), and out-of-pocket payments by patients accounting for 20% ($7.4 billion). The total prescription expenditures in Canada saw a 5-year average growth rate of 5.6% between 2015-2021.

Current approaches to public drug programs vary across provincial and territorial jurisdictions, each with their own eligibility, coverage, and cost co-sharing mechanisms. In this paper we examined provincial examples (British Columbia, Ontario and Quebec) along with international examples (France, United Kingdom and United States) to surface potential approaches that could be helpful for Canada to consider before embarking on a national public drug program. The program models across these jurisdictions can be categorized as:

1. predominantly a universal single payer system,
2. distinct public and distinct private payer system or,
3. a mixed public/private system, where public regulations require private plans to provide a minimum level of coverage and aim to limit out-of-pocket costs.

We also examined Pharmacare from the lens of multiple stakeholders impacted by a Pharmacare program. Key stakeholders, including patients, families, insurance providers, pharmacies, pharmaceutical manufacturing companies, provincial and territorial governments, and federal government and agencies, will be considerably impacted by a Pharmacare program.

The implications for these stakeholders will depend on the specific Pharmacare model adopted – either "full-public coverage", which would provide every Canadian with substantially similar drug coverage and is akin to the universal single payer system noted in other jurisdictions; or a "fill-in-the-gaps" model, which would provide coverage for those Canadians who do not have private coverage or may not be eligible for public programs. This latter approach is similar to what was observed in other jurisdictions where there is an interplay between public and private plans. Under the latter model, alignment of public plans could bring considerable efficiencies and cost savings across Canada.

The proposal for a national Pharmacare program in Canada signifies a notable leap forward in our country's discourse on patient access to prescription drugs and its overall role in the healthcare system. Understanding the intricacies of various potential Pharmacare delivery models will allow all stakeholders and the federal government to adopt a thoughtful approach in planning their strategic and operational priorities in the near and long-term, while ensuring the universal health needs of Canadians remain at the forefront.

Introduction

The path to Pharmacare in Canada is currently one of the most hotly debated issues. Canada is the only OECD country that has universal public health coverage, i.e., a single-payer model, without a universally publicly funded drug program[1]. The health system faces numerous challenges, including the continued introduction of high-cost innovative medications, an aging population, and an increase in the prevalence and incidence of disease. These challenges are expected to persist and intensify in the coming years and combined with constrained fiscal capacity across healthcare systems and a mismatch of supply and demand of clinical staff, will continue to mount pressure on decision makers.

Over the past six decades, five separate commissions have recommended expanding universal public health coverage to include universal access to prescription medications, with the aim to improve access for all Canadians, particularly those of low and modest incomes and to help address the continuing escalating costs of prescription medications. In 2023, the federal government committed to the implementation of a national Pharmacare program which will require several system changes and has left many stakeholders questioning what this would mean for them.

The scope of a universal Pharmacare program, its coverage and eligibility model, and the trade-offs involved must be carefully considered. This paper provides Canadian and international examples of public drug coverage models and outlines some of the implications of a universal model on key stakeholders.

What would need to be true to succeed and meet the ambitions of a National Pharmacare Plan:

- Improved access for all Canadians, including improved prescription adherence rates
- A funding model that ensures the program is fiscally sustainable
- Stakeholder alignment and cohesion on roles
- Improved buying power resulting in lower overall drug costs
- An innovative market that drives research and development in the field

Why the Focus on Pharmacare and Why Now?

Currently, there are over 100 public drug plans managed by federal, provincial, and territorial governments and several thousand private drug plans in place across Canada. National Pharmacare would result in a consolidation/rationalization of drug plans, resulting in opportunities to streamline processes and garner monetary and non-monetary efficiencies - ultimately benefiting Canadians, who by in-large would see improved access and reduced out-of-pocket costs.

In 2021, total expenditure on prescription medications was close to $37 billion, which includes public coverage reaching $16.1 billion (43% of total expenditure, mainly for seniors and lower-income Canadians), private insurance reaching $13.6 billion (37% of total expenditure, mainly through employers or private coverage), and out-of-pocket payments by patients reaching $7.4 billion (20% of total expenditure)[2,3]. Due to increased demand for prescription medications and a significant rise in the number of high-cost drugs, Canada's spending on prescription drugs has grown from $2.6 billion (adjusted for inflation) or 0.5% of the gross domestic product (GDP) in 1985 to $37.2 billion or 1.7% of GDP in 2023[3]. Total prescription expenditures in Canada saw a 5-year average growth rate of 5.6% between 2015-2021[4].

The demand for prescription medication will continue to increase as Canada's population continues to grow, Canadians continue to age, and the incidence and prevalence of disease in Canada continues to rise. Any forward-looking plan must balance its desirability with its feasibility and sustainable viability for future generations.

The March 2022 Liberal/NDP Supply and Confidence Agreement included passing a Canada Pharmacare Act by the end of 2023, developing a national formulary of essential medications[5], and establishing a bulk purchasing plan by the end of the agreement, which is expected to last until June 2025. Timelines have been adjusted given other federal government priorities, though this remains an area in which near term changes are expected.

The 2023 Fall Economic Statement released by the federal government suggests that there are budget limitations for new programs such as Pharmacare as Canadians worry over affordability of other daily essentials and are grappling with the housing crisis. Despite ongoing efforts by the Liberal and NDP parties to reach an agreement on legislation, challenges persist due to financial constraints. These challenges raise concerns about the feasibility and timelines of implementing a universal Pharmacare program[6].

At the time of this paper's publication date, the revised deadline to present a Pharmacare bill to parliament that has been negotiated between the Liberal and NDP party is March 1, 2024[7] and the Supply and Confidence Agreement is at risk.

Current Coverage Approaches in Canada

Eligibility, coverage and cost co-sharing (e.g., deductibles, co-payments, contributions, etc.) models of publicly funded drug programs vary across provincial and territorial jurisdictions. While these programs provide eligible citizens with drug coverage, there are differences which greatly impact both access and costs. Any future national drug coverage program introduced in Canada will need to consider existing models as a potential baseline for universal coverage.

British Columbia

In British Columbia, residents have access to **universal, income-based, public coverage** and can select any number of 12 plans to help them pay for prescription medications and medical supplies. For most plans, people must be enrolled in the Medical Services Plan of B.C. (MSP). The principal plan, Fair Pharmacare, helps B.C. residents pay for many prescription drugs and dispensing fees, and some medical devices and supplies. A deductible (i.e., the amount that citizens need to spend each year on eligible prescription costs before Fair Pharmacare starts to help with these costs) is calculated based on income. The less one earns, the lower the deductible and therefore, the more the support provided by the program.

Ontario

In Ontario, the Ontario Drug Benefit (ODB) program provides **public coverage for certain population groups or via a needs-based approach**. Eligible individuals include: individuals under 25 years of age without private drug coverage, individuals over 65 years of age, recipients of social assistance (Ontario Works or Ontario Disability Support Program), residents of long-term care homes, homes for special care, people receiving home care, and those who have high drug costs relative to their income. Under the ODB program, eligible individuals pay a co-payment which is based on their income, for each eligible prescription drug they receive. Those with high drug costs relative to their income can apply for coverage via the Trillium Drug Program.

Quebec

Quebec's general drug insurance program (RGAM) provides a **mixed public-private** system ensuring the public has a minimum level of coverage for pharmaceutical services and medications. The plan covers individuals over 65 years of age, social assistance recipients, and individuals who are not eligible for or do not have a private group insurance plan with an employer. Private plans are required by government to provide basic coverage, i.e., coverage that is at least equivalent to that of the public plan.

International Approaches

In addition to the above Canadian provincial examples, various international models exist that provide approaches to consider for a universal public drug program. This analysis aims to provide an overview of international public drug program models and is designed to offer a high-level perspective on a potential Canadian version. Aspects that may be unique to or differ in Canada (i.e., drug approval process, establishing drug prices, establishing and managing drug formularies, determining eligibility, etc.) and the complex interplay between them will need to be contended with when building and deploying any Canadian version of a National Pharmacare program.

France

Overview and Key Features

- France established universal health protection on January 1, 2016, covering healthcare costs, including drugs, for individuals who work or reside in the country on a stable and regular basis[8].
- Drug reimbursement is contingent upon inclusion in the drug formulary, the list of drugs that are reimbursable by the public healthcare system, and must be prescribed by a registered medical professional.
- The drug reimbursement model ensures universal access to essential medications with high coverage levels, limiting out-of-pocket expenses and protecting against financial hardship related to healthcare costs.
- Essential medications, typically those with established therapeutic benefits, receive higher levels of reimbursement, while nonessential or less proven medications receive lower reimbursement rates.

Private Insurance for Drug Coverage in France

- Private insurance, often referred to as "*mutuelles*," complements the public healthcare system. These policies can cover expenses not fully reimbursed by the public system, such as co-payments or the cost of medications that may not be on the official list.

United Kingdom

Overview and Key Features

- In primary care, any medicinal product commercially available in the UK is, in principle, eligible for reimbursement. The main exceptions to this rule are "blacklisted" products (i.e., drugs that have been reviewed and have been deemed unsafe, ineffective for some or all patients, or are not cost-effective in primary care) by the National Health Service (NHS) in the Drug Tariff (the list of drugs eligible for reimbursement in primary care, updated monthly) or products for which the NHS has placed conditions on reimbursement.
- Prescription Prepayment Certificates (PPCs) enable individuals to pay a fixed fee for a defined period, granting them access to their medications without additional charges, safeguarding against significant out-of-pocket expenses. The current prescription charge is £9.35 per item.
- In Scotland, Wales, and Northern Ireland, NHS prescriptions are provided free of charge. In England, exemptions to prescription charges are available based on factors including age, socioeconomic status, and health conditions.
- The NHS employs cost-sharing mechanisms to heighten patient awareness and accountability regarding prescribing costs, discouraging unnecessary prescription drug consumption.
- Various exemptions and PPCs are in place to support patients belonging to specific age groups and socioeconomic statuses, ensuring accessibility for those in need.

Private Insurance for Drug Coverage in the UK

- Private health insurance in the UK can provide coverage for medications not covered by the NHS (i.e., those that are blacklisted which represents 18 drugs as of October 2023[9]), as well as additional healthcare services, such as dental and optical care.

United States

Overview and Key Features

- The U.S. healthcare system does not provide universal coverage and can be defined as a mixed system, where publicly financed government Medicare and Medicaid health coverage coexist with privately financed (private health insurance plans) market coverage.
- While both federal and state healthcare plans in the U.S. (Medicare and Medicaid) offer coverage for prescription drugs, compared with other high-income countries, the United States spends the most per capita on prescription drugs[10]. This is largely due to unregulated drug pricing and inability to negotiate pricing or listing agreements with manufacturers. As of January 1, 2023, a new prescription drug law has taken effect, empowering Medicare to directly negotiate prices with manufacturers for certain high-cost, brand name drugs.
- Medicare beneficiaries can opt for outpatient prescription drug coverage, which is administered through private plans in partnership with the federal government, providing an additional coverage option.

Private Insurance for Drug Coverage in the U.S.

- Private insurance companies in the U.S. offer a range of prescription drug coverage options, often through employer-sponsored plans or individual policies. These plans can offer a broader array of medications and may cover additional expenses not included in government programs. In 2017, total U.S. retail prescription drug spending was $333 billion (USD). Among all payers, private health insurance accounted for the largest share of drug spending, at 42%, followed by Medicare at 30%, and Medicaid at 10%. Patient out-of-pocket costs represented 14% of total retail drug spending[11].

Takeaways

These national and international jurisdictional examples illustrate a range of approaches to realizing comprehensive drug coverage. Each approach reflects unique considerations around reimbursement models, cost-sharing mechanisms, and eligibility criteria, all which provide valuable insights for Canada's potential implementation of a National Pharmacare program. The programs across these different jurisdictions can be encapsulated within three distinct categories, each with its unique attributes and operational mechanisms:

A) **The Universal Single Payer System:** This model represents a comprehensive approach where the majority of claims and costs are covered by public plans. It's a system that aims to ensure accessibility for all citizens, irrespective of their financial capabilities or health/drug needs.

B) **The Distinct Public and Private Payer System:** This model introduces a nuanced approach where coverage is determined by defined eligibility criteria such as age, needs-based assessments, out-of-pocket costs, etc. Here, certain populations are covered by public plans, while others secure coverage through private plans or pay for prescription medications directly out-of-pocket. This system offers a blend of public and private participation, allowing for a diversified approach to drug coverage.

C) **The Mixed Public/Private System:** This model presents a balanced blend of public and private participation. Here, public regulations mandate private plans to provide a minimum level of coverage and strive to limit out-of-pocket costs. This system fosters a cooperative environment between public and private entities, aiming to provide comprehensive coverage while also mitigating the financial burden on individuals.

Each of these models presents a unique approach to the delivery of a Pharmacare program, offering a range of possibilities for stakeholders to consider. The Universal Single Payer System is, as the name implies, a "full-public coverage" model, whereas the other two systems offer a "fill-in-the-gaps" approach.

1. Different models imply different levels of spending on pharmaceuticals per capita: In both universal models (i.e., France and the UK), health spending and pharmaceutical spending is lower ($766 USD/capita in France and $517 USD/capita in the UK[12]), while in a mixed system (i.e., USA), spending is higher ($1,432 USD/capita in the U.S.). This can partly be explained by France and the UK's centralized public bargaining processes leading to lower spend on drugs, whereas the U.S. currently does not have such bargaining processes. In Canada, where we have the three distinct models, a version of a predominantly universal single payer system of British Columbia, per capita costs are $235 CAD; in Ontario, a distinct public and private payer system, per capita costs are $495; and in Quebec, a mixed public/private system, per capita costs are $544. These differences can partly be explained by formulary design, dispensing practices, cost-sharing mechanisms and other population demographics[2].

2. The trade-off of models with lower levels of healthcare and pharmaceutical spending (i.e., France and the UK), is longer wait times for approving new drugs' reimbursement eligibility due to lengthier processes such as price setting for new drugs. Although this may be considered a risk to a universal Pharmacare model, France and UK data indicates that it may not have a significant effect on important indicators of overall population well-being such as average life expectancy[13].

3. Canada should evaluate the effectiveness of various provincial and international models by conducting a comprehensive analysis of existing models. This assessment should analyze the impact of introducing new drugs into the country, impact on key stakeholders, financial savings (or costs) across stakeholders, and most importantly, monitoring the impact on health outcomes of Canadians (i.e., life expectancy, health adjusted life years, disability adjusted life year).

Key Stakeholders

While many stakeholders will be impacted by a universal Pharmacare program, this paper targets a subset of stakeholders to show potential impacts and considerations.

- Patients and Families
- Pharmacies
- Pharmaceutical Manufacturing Companies
- Insurance Providers
- Provincial and Territorial Governments
- Federal Government and Federal Agencies

Key Stakeholders
Patients and Families

The implementation of a universal Pharmacare program holds significant implications for patients and families across Canada. It has the potential to reshape access to medications and impact the healthcare landscape. By increasing access to medications, patients and families without public or private coverage can experience improved overall health outcomes and equity[14]. In 2020, it was noted that 1.1 million Canadians were not eligible for drug prescription coverage[15].

In a survey conducted in 2021, 21% of adults in Canada reported not having prescription insurance to cover medication costs[16]. Non-adherence due to cost was reported by 17% of people without insurance coverage which is almost 2.5 times higher than those with coverage (7%)[9]. New data from Statistics Canada, released January 2024, indicates that women and racialized Canadians have less access to insurance coverage, resulting in disproportionate rates of non-adherence and adverse health outcomes[17]. Improved access to medication can also help prevent hospitalizations and emergency room visits, which can be costly[18] both for patients and the healthcare system as a whole.

While there are many possible approaches to Pharmacare in Canada, it is crucial to examine the potential outcomes and considerations under the two potential models: "full public coverage", which would provide every Canadian with substantially similar drug coverage and a "fill-in-the-gaps" model, which would provide coverage for those Canadians who do not have private or public coverage.

Under a system of "full-public coverage", patients and families stand to benefit from improved access to medications without bearing a significant financial burden. Nevertheless, it is essential to acknowledge that concerns may arise regarding potential wait times for specific novel medications and introduce potential limitations on choice (i.e., due to limited medications that may be listed on a national drug formulary).

In the "fill-in-the-gaps" model, patients and families without public or private coverage would experience improved access to medications. One of the challenges with the "fill-in-the-gaps" approach is that it may lead to inequalities and differences with existing public and private programs, and it would limit Canada's ability to consolidate buying power to negotiate better drug prices and introduce, yet another drug plan.

Indigenous Communities

A successful implementation of a national Pharmacare program necessitates a collaborative approach, particularly with Indigenous organizations and groups. It is critical that the government consults and meaningfully partners with Indigenous communities to determine their perceived system gaps and desired outcomes. Recognizing nationhood, autonomy and Indigenous health practices that are unique to their communities is an essential step towards fostering an inclusive and effective healthcare system.

Existing discrepancies between provincial formulary and the federal NHIB (non-insured health benefits) formulary presents a considerable challenge. The introduction of a new Pharmacare plan may exacerbate these discrepancies, potentially hindering individuals from accessing the drugs they need. This could inadvertently create a divide in healthcare access among different groups of Canadians. Therefore, upfront focus on user journeys should take place to address and mitigate these discrepancies in the design and implementation of a new program.

In addition, the national Pharmacare program should consider the inclusion of alternate and traditional therapies in the national formulary. This would ensure a more comprehensive coverage, catering to the diverse healthcare needs and preferences of the Canadian population. By adopting this holistic approach, the program can ensure that all Canadians, have access to the healthcare products and services they require.

Key Stakeholders
Pharmacies

Pharmacies play a pivotal role in ensuring patients have safe and reliable access to the medications they require.

Under the "full public coverage" model, pharmacies are poised to undergo substantial shifts in their operational dynamics. This may include streamlining billing and reimbursement processes, ultimately contributing to a more efficient workflow. With an anticipated surge in patient volume, pharmacies will likely experience an upswing in prescription volumes. Consequently, this heightened demand may necessitate adjustments in inventory management to ensure a seamless supply chain and modifying staffing levels to ensure patients can be adequately cared for. It is worth noting that while this model may enhance prescription volumes, pharmacies may face downward pressure on pharmacy margins as the reimbursement offered by a federal program may be less than existing public or private drug plans.

Under a "fill-in-the-gaps" model, pharmacies will continue to play a vital role in providing medications to patients. In this model, patients who previously did not have public or private coverage would now benefit, and as such, like the case under the "full public coverage" model, pharmacies could anticipate a surge in patient volumes and prescriptions.

Regardless of the model introduced, pharmacies will need to contend with and adhere to potential new regulations that govern prescriptions dispensed to eligible patients (i.e., pricing and reimbursement requirements, exception processes, documentation guidelines, etc.).

Key Stakeholders

Pharmaceutical Manufacturing Companies

Pharmaceutical manufacturers play a critical role in ensuring the availability of medications in the country.

One of the key objectives of Pharmacare, mainly under the "full public coverage" model, is to consolidate Canada's buying power and negotiate more competitive prices with industry[19]. While lower costs may seem like a worthwhile objective, this can also negatively impact Canada's attractiveness as a market – especially given it is a relatively small market to begin with and as such, may not have the required leverage to attract novel therapies at prices lower than seen in other markets around the world (i.e., pharmaceutical sales in Canada have a 2.1% share of the global market[20]). However, the heightened demand for medications could stimulate overall sales, potentially mitigating some of the downward pricing pressures. Canada will need to find the right balance to ensure optimal negotiated pricing while not deterring entry of innovative medicines.

Under a public plan, prioritizing lower-cost generic drugs may further lead to diminished revenues for manufacturers of brand-name products. Canada has announced renewed interest in developing its generic manufacturing industry supported by the Bio-manufacturing department at Innovation, Science and Economic Development Canada.

High-volume contracts with manufacturers of generics, serving as lower-cost substitutions, may offer opportunities to increase revenue for these companies. Under the "fill-in-the-gaps" model, drug manufacturers would continue to experience the current public and private dynamics, specifically when seeking formulary listings and negotiating product listing agreements.

Depending on the level of coverage and the formulary of drugs, manufacturers of brand, generics, biologics and subsequent entry biologics may need to adapt their market strategies to accommodate the nuances of public and private coverage offerings. This highlights the importance of flexibility and adaptability within the pharmaceutical industry in response to the evolving landscape of national Pharmacare.

Key Stakeholders
Insurance Providers

The impact of a National Pharmacare program on the insurance industry is contingent upon the specific Pharmacare model adopted. Pharmacare has the potential to bring about significant changes, potentially altering the role and relevance of insurance providers and others that support the industry.

In the context of "full-public coverage", insurance providers will no doubt experience a decrease in demand for private drug coverage. This may necessitate strategic shifts in their business models, including diversification of offerings or a heightened focus on supplementary health services not covered by public programs. There is a potential for substantial job displacement within the industry across Canada, which may be an unintended consequence of a Universal Pharmacare program.

Some critics of Pharmacare have pointed to the fact that most public formularies cover a narrower list of medications than private plans and worry that Pharmacare may limit patient access to prescription medications. However, under this model, insurance providers would assume a complementary role in the healthcare system, providing coverage for medications not covered by the public program.

Under the "fill-in-the-gaps" model, the impact to insurance providers is the risk that existing customers begin to opt out of their existing drug plan coverage. Employers that currently offer benefit plans to employees under an employer sponsored drug plan may determine that it is more cost-effective to cancel or lapse on current policies and let their employees seek coverage under a federal model. It is unclear at this time how the federal government envisions funding a federal program, either one that offers full public coverage or one that fills-in the gap; however, should a new employer tax be an option – employers may evaluate the costs versus benefits of their existing drug coverage from insurance carriers against a potential net new tax expense.

Key Stakeholders

Provincial and Territorial Governments

As integral partners in the implementation of this initiative, provincial and territorial governments play a crucial role in ensuring effective delivery, accessibility, and financial sustainability of Pharmacare and its integration with the local health system.

Provincial and territorial governments will need to collaborate closely with the federal government to facilitate the seamless implementation of Pharmacare and ensure that existing programs are not redundant. This will include aligning formularies, eligibility criteria, deductibles and co-payments, income thresholds, etc. to reduce the disparities and ensure equitable access. Moreover, they may deliberate over the possibility of relinquishing their provincial programs, such as pan-Canadian Pharmaceutical Alliance (pCPA) in favour of a federally administered system or potentially entering into cost-sharing agreements with the federal government, recognizing that some provinces/territories have greater fiscal constraints and therefore greater motivations.

Reduction in System Spending
At the provincial and territorial level, one of the expected impacts of greater medication access is on system-wide healthcare spending. For example, improved access to diabetes medications will lower the acute and chronic care costs associated with the disease. The improved health status may also reduce the cost of social services and financial assistance programs. The enhanced access to drugs for all Canadians holds the potential to drive systemic efficiencies, and improve access to data and data sharing, leading to optimized resource allocation for provinces and territories.

Requirement for Funding Equity
Provincial and territorial governments are likely to advocate for equitable federal funding considering factors such as population size and demographics, the existing drug program infrastructure, and unique drug program dynamics specific to each province. This ensures that funding allocations are tailored to the individual needs and circumstances of each jurisdiction. Additionally, provinces may seek adjustments to the Federal Health Transfer as part of the negotiation process. By contrast, in exchange for additional directed funding, the federal government will seek to impose parameters on the use of funds to ensure the objectives of the program are met.

The engagement of provincial and territorial governments in the National Pharmacare program underscores their pivotal role in shaping the program's success and effectiveness. Their contributions are instrumental in realizing the program's objectives of public administration, accessibility, comprehensiveness, universality and portability for all Canadians, key pillars of Canada's universal healthcare program. Continued effective engagement of these stakeholders will remain pivotal through the implementation phase of Pharmacare.

Key Stakeholders

Federal Government and Federal Agencies

The establishment of a National Pharmacare program, along with its associated governance, processes and procedures, has the potential to induce changes across various levels of government and their associated agencies. It is expected that the federal government will play a lead role in establishing program standards and aligning funding to achieve these standards. Federal agencies, such as the Canadian Drug Agency (CDA), Canada's Drug and Health Technology Agency[21] (CADTH), Patented Medicine Prices Review Board (PMPRB) and others, are likely to serve as drivers for the successful execution and management of a National Pharmacare program. Their responsibilities encompass the program's conceptualization and maintenance (i.e., drug formulary design, eligibility, copay/coinsurance, cost management principles, etc.), negotiation of drug prices, and safeguarding the Pharmacare program's fiscal viability and long-term sustainability. Furthermore, existing drug programs under Federal jurisdiction (i.e., Non-Insured Health Benefits, Veterans Affairs Canada, Interim Federal Health Program) will also require evaluation as they would offer competing access to that of any new Pharmacare program.

Collaborative efforts with provincial and territorial governments and Indigenous organizations would be pivotal in ensuring the program's efficacy and widespread accessibility.

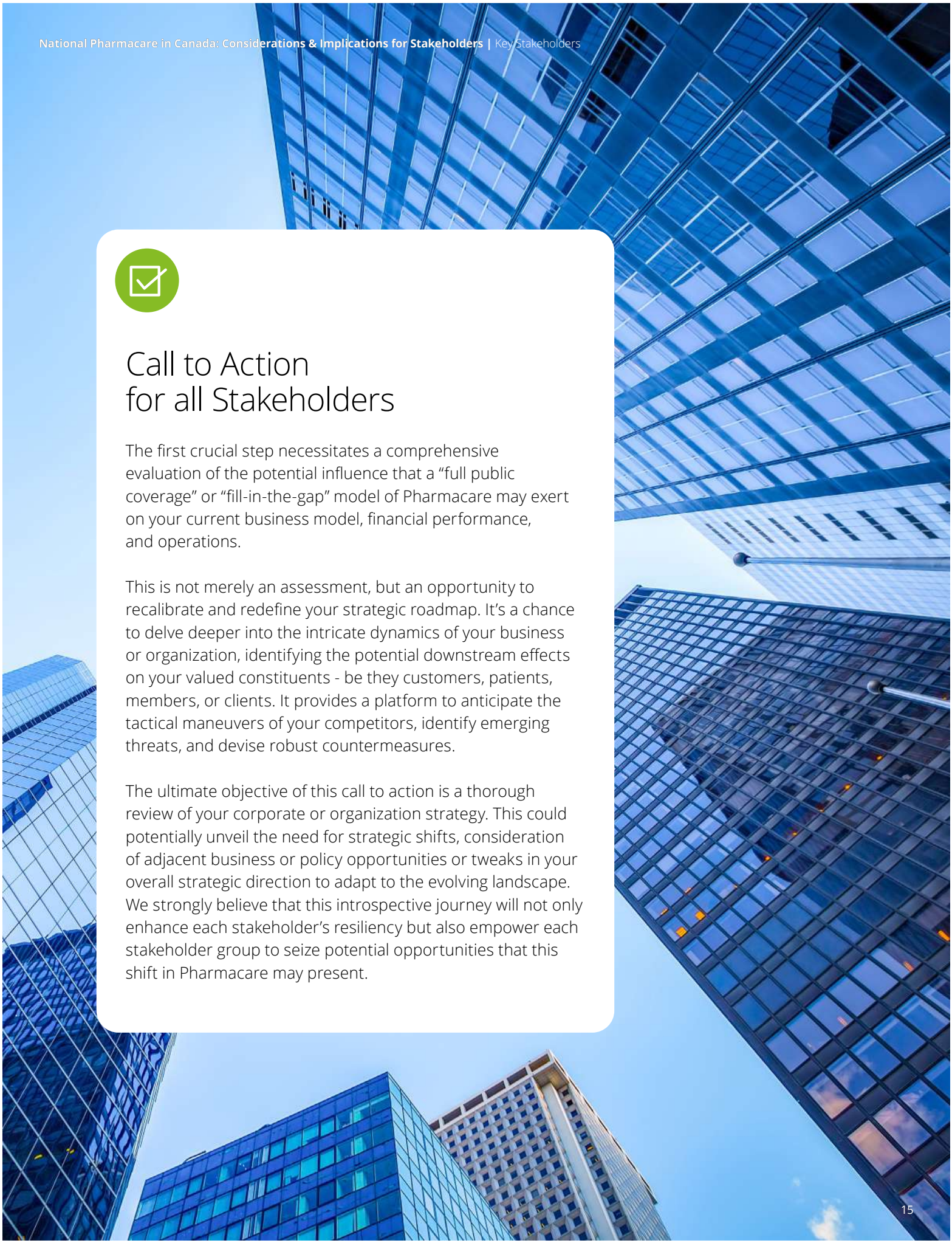
Risk of Drug Shortages: Bulk purchasing arrangements and exclusive tendering contracts can result in lower prices but can also reduce competition. This may also limit access if there is a vendor or market disruption that leads to monopolies or limited options among drug suppliers. This could potentially jeopardize the availability of critical medications, posing a significant concern for patient care and public health.

Management of Drug Costs: A range of strategies can be deployed to control pharmaceutical expenditures. These may include proactive negotiations with pharmaceutical companies to secure favourable pricing, fostering the adoption of generic drugs and subsequent entry biologics (i.e., mandatory generic substitution or biologic switching), ensuring access to the 'right drug at the right time' (i.e., prior authorization) and advocating for prescribing cost-effective treatments first whenever feasible (i.e., step-therapy).

Drug System Governance: Effective management of the clinical assessment, pricing, price negotiations and formulary placement necessitates the federal government to allocate sufficient resources and establish robust governance frameworks. This involves delineating clear roles and responsibilities for existing entities and ensuring coordinated efforts.

Canada already has several national organizations involved in medication management – Health Canada, CADTH, PMPRB and to a certain extent the other federally funded Pan-Canadian Health organizations – and there are also multiple organizations within various provincial and territorial ministries of health. While collectively these organizations have been essential in safeguarding Canada's health/drug ecosystem, there are redundancies. Successfully implementing Pharmacare will require some difficult decisions and strategic choices to integrate and align these entities to work more efficiently and effectively.

21. As announced by the Government of Canada, December 2023, CDA will incorporate and expand on CADTH's expertise in the pharmaceutical sector



Call to Action for all Stakeholders

The first crucial step necessitates a comprehensive evaluation of the potential influence that a "full public coverage" or "fill-in-the-gap" model of Pharmacare may exert on your current business model, financial performance, and operations.

This is not merely an assessment, but an opportunity to recalibrate and redefine your strategic roadmap. It's a chance to delve deeper into the intricate dynamics of your business or organization, identifying the potential downstream effects on your valued constituents - be they customers, patients, members, or clients. It provides a platform to anticipate the tactical maneuvers of your competitors, identify emerging threats, and devise robust countermeasures.

The ultimate objective of this call to action is a thorough review of your corporate or organization strategy. This could potentially unveil the need for strategic shifts, consideration of adjacent business or policy opportunities or tweaks in your overall strategic direction to adapt to the evolving landscape. We strongly believe that this introspective journey will not only enhance each stakeholder's resiliency but also empower each stakeholder group to seize potential opportunities that this shift in Pharmacare may present.

Conclusion

The proposal for a National Pharmacare program in Canada is a significant milestone in the evolving narrative of our nation's healthcare landscape. This initiative, anchored in the principle of universal access to medications, has ignited interest and debate across a diverse spectrum of stakeholders. At the core of this discussion is the health of all Canadians, increasing access to prescription medications and reducing overall drug and program costs for all stakeholders.

The potential implementation of such a program represents potential opportunities and complexities, which necessitates meticulous analysis and strategic foresight. The transformative potential of a national program, regardless of the specific model selected, could significantly alter the dynamics of healthcare delivery in Canada, underscoring the importance of comprehensive understanding and thoughtful planning.

Navigating this proposed shift requires an in-depth grasp of the intricacies of various potential Pharmacare delivery models. This understanding will equip stakeholders and the federal government with the ability to adopt a balanced, informed, and strategic approach in charting their operational and strategic priorities. This careful planning will address immediate operational needs while also considering the potential long-term sustainability and strategic implications of such a program.

This brings us to the call to action that was previously noted - all stakeholders should actively engage in a strategic evaluation process. This process is not just an assessment, but an opportunity to redefine and potentially recalibrate strategic roadmaps in response to the proposed Pharmacare program. It's a chance to anticipate the potential downstream effects on valued constituents and to foresee possible actions of competitors, identify emerging threats, and devise robust countermeasures.

The proposal of a Pharmacare program represents a significant point of discussion in Canada's healthcare landscape. It's an opportunity for all of us - stakeholders and the federal government alike - to convene and engage in this important dialogue and contribute to the ongoing evolution of healthcare in Canada.

Interested in Learning More?

Please reach out to our team.

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Endnotes

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