

Canadian Union of Public Employees

Submission to Senate SOCI Standing Committee
(Standing Committee on Social Affairs, Science and
Technology)

RE: Bill C-64 (the “Pharmacare Act”)

September 16, 2024

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1375 St. Laurent Blvd
Ottawa, ON K1G 0Z7
613-237-1590

INTRODUCTION

The Canadian Union of Public Employees (CUPE) is Canada’s largest union, representing 750,000 workers across the country in health care, long-term care, education, childcare, transportation, municipalities, public utilities, and many other sectors. Along with other major national unions and advocates of public health care, we [welcomed the introduction of Bill C-64](#) and were pleased with its timely passage in the House of Commons.

Bill C-64, *An Act Respecting Pharmacare*, is an historic achievement and represents a significant enhancement to our health care system. Canada is currently the only country with a universal health care system that excludes prescription medication. As a union representing front line workers, our members see firsthand the impacts on individuals and the health care system when people are unable to access the prescriptions they need. Access to medication should not depend on our ability to pay or access to private benefit plans, which too often exclude part-time and low-wage workers.

The implementation of universal single-payer pharmacare will profoundly impact the lives of Canadians by making a significant component of health care more accessible and affordable. Bill C-64 is a significant step in this direction. Twelve million people in Canada rely on contraceptives and/or medication for diabetes.¹ At least 7.5 million Canadians can’t afford medication because they don’t have insurance,² or their medications are not covered by insurance.³ It is urgent that we roll out pharmacare as soon as possible to ensure everyone can access the medicines they need.


RECOMMENDATIONS

1. CUPE supports the speedy passage of Bill C-64 without amendments, and we ask the Senate to consider the same so that millions of Canadians can access contraception and diabetes drug and device coverage, giving them some relief from the high cost of living.
2. Rather than amendments CUPE believes the Senate Standing Committee on Social Affairs, Science and Technology (“SOCI”) should propose non-binding [“observations”](#) about C-64 to guide its implementation following royal assent. These observations should clarify the spirit of the bill, rather than suggest expansive changes. These observations ought to include:

¹ Government of Canada. 2019. *A Prescription for Canada: Achieving Pharmacare for All: Final Report of the Advisory Council on the Implementation of National Pharmacare*.

² Government of Canada. 2019. Ibid.

³ Government of Canada. 2019. Ibid.

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- a. The commitments in section 6(1) of Bill C-64 should be understood to refer to the eventual development of a full publicly administered, single-payer pharmacare program with first-dollar coverage for a comprehensive list of prescription drugs.
 - b. Expanded coverage of the pharmacare program should be based on:
 - i. The effectiveness of drugs/treatments and whether they offer good value-for-money;
 - ii. an initial list of essential medicines representing 50% of all prescriptions in Canada, per the [Hoskins' report](#)⁴; and
 - iii. the authority of a public, national body as the single buyer of prescription drugs for Canada, negotiating the lowest prices for prescription drugs, replacing the current patchwork of multiple private and public buyers.
 - c. That the government ought to exercise due diligence in the selection of members for the Committee of Experts referred to in section 11, ensuring that there is no conflict of interest that can influence or shape their work in making recommendations of public benefit respecting options for the operation and financing of national universal single-payer pharmacare. The Committee of Experts' work is too important, and the common practice of signing disclosure of conflicts forms is an insufficient safeguard.

COMMENTARY

The need for a universal single-payer pharmacare program


Canada's current prescription coverage system consists of 100 public and 113,000 private drug insurance plans. Prescription drug plans are unique to each province and territory as well as from each private insurer, and can vary greatly in eligibility, affordability, and coverage. Private and public drug plans also have out-of-pocket cost barriers for many people through premiums, copayments, deductibles, annual and lifetime limits. By way of example, Intra-Uterine Devices (IUDs) can cost up to \$550 in upfront payment even with private prescription insurance.⁵

Merely having any or some form of prescription drug coverage in this patchwork system does not guarantee people can access their needed medication. One in ten people in Canada was not able to afford one or more of their prescription drugs.⁶ In this group, 38% had private insurance coverage and 21% had public coverage but their insurance did not cover enough of their

⁴ Government of Canada. 2019. Ibid.

⁵ Planned Parenthood Toronto, Hormonal IUD Factsheet. <https://ppt.on.ca/factsheets/hormonal-iud/> (Accessed: 8 August 2024).

⁶ Government of Canada. 2019. Ibid.



prescription drugs costs.⁷ Prescription drug costs are one of the many pressure points for people who are struggling with the high cost of living each day. According to a 2024 Canadian Institute for Health Information (CIHI) report, “Prescription drug prices in Canada are the third highest among the Organisation for Economic Co-operation and Development (OECD) countries and are expected to rise. Due to these rising drug prices, many Canadians encounter significant obstacles in accessing necessary medications.”⁸ While unions have worked to address the impact of high inflation by negotiating higher wages, if costs of essentials (like prescriptions) continue to rise, these gains will be lost in real terms.

Even before the current period of high inflation, almost a million Canadians were choosing between food and home heating to pay for their prescription drugs, and almost one million people borrowed money to pay for their medication. A new national poll released February 2024 found that more than one in four adults in Canada (28%) have had to make difficult choices to afford prescription drugs, such as cutting back on groceries, delaying rent, mortgage, or utility bills and incurring debt.⁹

That poll also found nearly one quarter of Canadians (22%) have reported splitting pills, skipping doses, or deciding not to fill or renew a prescription due to cost.¹⁰ In 2021, 16% of adults aged 25 to 34 and 4% of seniors 65 years and older did not adhere to taking their drugs as prescribed because they could not afford it. As a result, one in ten Canadians (10%) with chronic conditions have ended up in the emergency room due to worsening health because they were unable to afford prescription drugs. The cost to the patient’s health and to the health care system is severe.

Bill C-64 will provide immediate relief to people who rely on diabetes treatments and contraceptives and establish a framework for expanding this model to a wider suite of medications, delivering much-needed relief from high drug prices and expensive premiums to people in Canada. One in ten Canadians aged 20 years and older has been diagnosed with diabetes and three quarters of them use medication to manage their condition.¹¹ Type 2 diabetes


⁷ Government of Canada. 2019. Ibid.

⁸ Canadian Institute for Health Information (CIHI). March 2024. *Pan-Canadian Prescription Drug Data Landscape*. <https://www.cihi.ca/sites/default/files/document/pan-canadian-prescription-drug-data-landscape-report-en.pdf> (Accessed: May 16, 2024).

⁹ Heart and Stroke Foundation. News release, February 13, 2024. <https://www.heartandstroke.ca/what-we-do/media-centre/news-releases/one-in-four-canadians-not-filling-prescriptions-due-to-cost> (Accessed: 8 August 2024).

¹⁰ Heart and Stroke Foundation. Ibid.

¹¹ Statistics Canada, Diabetes among Canadian adults, November 29, 2023. <https://www.statcan.gc.ca/o1/en/plus/5103-diabetes-among-canadian-adults> (Accessed: 8 August 2024).



medications and supplies can reach \$10,000 annually per person.¹² There is no routine national-level surveillance of contraceptive use in Canada, making it difficult to quantify how many people make regular use of contraceptives.¹³ We do know, however, that there are 9 million people of reproductive age, or one quarter of the Canadian population, who could potentially require occasional or consistent use of contraceptives to assist in family planning and exercise of their bodily autonomy.¹⁴

Prescription Access Should Not Depend on Employment Status

In employment-based prescription coverage plans, often both workers and employers pay private insurers premiums for prescription drug coverage as part of a suite of benefits, including benefits negotiated by unions in collective bargaining. While this can provide relief for workers from the high cost of prescriptions, having prescription access tied to employment mirrors and exacerbates inequalities within the workforce.

Better private prescription drug coverage tends to be more available to higher-waged employees versus their lower-wage counterparts. People working part-time jobs, in casual positions or other forms of precarious employment, get little to no benefits for prescription drugs. Workers with poorer labour force outcomes tend to have no or less adequate private insurance drug coverage such as workers who are racialized, immigrants, new entrants to the labour force, and seniors.¹⁵


CUPE represents many workers in precarious and low wage situations and has firsthand experience with the challenge of trying to address prescription coverage through collective bargaining. CUPE and other unions are often put in the position during bargaining with the employer of negotiating private insurance coverage of which neither party is knowledgeable nor has any expertise in pharmaceutical therapies. Private plans also often present barriers to precarious and low-wage workers because of high premiums and copayments.

¹² CTV, “Questions remain over what Liberal-NDP pharmacare deal will mean for British Columbians” February 24, 2024. <https://bc.ctvnews.ca/questions-remain-over-what-liberal-ndp-pharmacare-deal-will-mean-for-british-columbians-1.6782083> (Accessed: 8 August 2024).

¹³ “Canadian Contraception Consensus, Chapter 1: Contraception in Canada.” *Journal of Obstetrics and Gynaecology Canada* 37, no. 10 (October 1, 2015): S5—12. [https://doi.org/10.1016/S1701-2163\(16\)39370-7](https://doi.org/10.1016/S1701-2163(16)39370-7). (Accessed: 8 August 2024).

¹⁴ Health Canada, Universal Access to Contraception, February 29, 2024. <https://www.canada.ca/en/health-canada/news/2024/02/backgrounder-universal-access-to-contraception.html> (Accessed: 8 August 2024).

¹⁵ Cortes, Cassandra and Leah Smith. November 2, 2024. *Pharmaceutical access and use during the pandemic*. <https://www150.statcan.gc.ca/n1/pub/75-006-x/2022001/article/00011-eng.htm> (Accessed: May 13, 2024)



A universal system can also protect workers from technological and economic disruptions and make job changes more viable by untying prescription access to employment-based insurance, promoting movement within the labour force. In this way, universal Pharmacare promotes a strong, resilient labour force.

Ongoing Demand for a Universal Single-Payer Pharmacare Program

Over the past sixty years, there have been several government studies and commissions which have called for a national pharmacare program consistent with the principles and values of the public Medicare system, including:

- Royal Commission on Health Services (1964);
- National Forum on Health (1997);
- Commission on the Future of Health Care in Canada (2002);
- Standing Senate Committee on Social Affairs, Science and Technology Report on the State of the Health Care System in Canada (2002);
- Standing Committee on Health—Pharmacare Now: Prescription Medicine Coverage for All Canadians (2018); and
- Advisory Council on the Implementation of National Pharmacare (2019).

A universal, single payer pharmacare program is also consistently popular with the Canadian public. A 2024 national poll found that eight in ten people (82%) agreed the federal government has a responsibility to ensure there is a prescription drug coverage for all people living in Canada.¹⁶ This confirms previous polls which showed strong support for pharmacare. Angus Reid conducted a poll in 2020 which showed that close to nine in ten Canadians support universal pharmacare (86%), and more than seven in ten (77%) said increasing coverage for Canadians should be a high priority for the government.¹⁷ These results in turn reflected a previous poll conducted by Angus Reid in July 2015 where “almost nine-in-ten Canadians voice agreement with the statement: Every Canadian—regardless of income—should have access to necessary prescription medicine. The same number agrees that it’s simply not right that some Canadians have to struggle to pay for the drugs they need.”¹⁸

The right prescription for Canada

¹⁶ Heart and Stroke Foundation. News release, February 13, 2024. <https://www.heartandstroke.ca/what-we-do/media-centre/news-releases/one-in-four-canadians-not-filling-prescriptions-due-to-cost> (Accessed: 8 August 2024).

¹⁷ Angus Reid. 2020. *Access for all: Near universal support for a pharmacare plan covering Canadians’ prescription drug costs*. <https://angusreid.org/pharmacare-2020/#gsc.tab=0> (Accessed: May 16, 2024).

¹⁸ Angus Reid. 2015. *Prescription drug access and affordability is an issue for nearly a quarter of all Canadian households*. <https://angusreid.org/prescription-drugs-canada/> (Accessed: May 16, 2024)

Canada is at a crossroads. In one direction, Bill C-64 points towards a system where everyone in this country can have access to the medications they need, and prescriptions are based on people's needs and not profits. Big pharmaceutical companies and insurance companies are fighting against universal single-payer pharmacare. These industries also directly and indirectly fund health care organizations, health care providers and patient groups.

Under the current patchwork arrangement, both these industries can manipulate the supply and pricing of prescription drugs to maintain their elevated profit margins. This is why they have lobbied to preserve the current system or for various fill-in-the-gaps options aimed at extracting more profits from people suffering and managing their illnesses.^{19 20} These profit-making proposals include only covering people who do not have either public or private insurance, or having the government assume all the financial risks of covering very expensive prescription drugs only while private insurance would assume the lower risks of cheaper prescriptions.²¹

If Canada maintains its current patchwork system—or limits the pharmacare program to a “fill the gaps approach”—insurance and big pharmaceutical companies will continue to leverage their growing market power to price-gouge Canadians and affect people's access to the medications which help them manage their health. One example of this is efforts to create “preferred pharmacy network” (PPN) plans, like the one proposed by Manulife and Loblaw-owned Shoppers Drug Mart this year.²² PPNs let insurance companies partner with a pharmacy or group of pharmacies to enter into an exclusive deal to be the only ones that can dispense certain drugs covered by the private health insurance plan. This forces people on the private insurance plan to get their prescription drugs at the selected pharmacy or pay for their medication out-of-pocket.

By contrast, a publicly funded, publicly delivered program will:

- Provide fairness and equity of access to affordable prescription drugs to people across Canada solely based on need;

¹⁹ Council of Canadians. “Prescription for profit: Exposing Big Pharma's campaign of misinformation on pharmacare.” <https://canadians.org/prescription-for-profit/> (Accessed September 5, 2024)

²⁰ McLauchlan, Madison. July 4, 2024. “Pro-pharma lobbying picks up as pharmacare bill nears final approval” *Independent Journalism Foundation*. <https://theijf.org/pro-pharma-lobbying-picks-up-as-pharmacare-bill-nears-final-approval> (Accessed September 5, 2024)

²¹ Bailey, Lauren. February 27, 2024. “Stakeholders forming coalition to minimize the impact of pharmacare on employer-sponsored benefits plans” *Benefits Canada*. <https://www.benefitscanada.com/benefits/health-benefits/stakeholders-forming-coalition-to-minimize-impact-of-pharmacare-on-employer-sponsored-benefits-plans/> (Accessed September 5, 2024)

²² Benchetrit, J. January 30, 2024. “Manulife-Loblaw deal raises questions over ties between insurance companies, big drug retailers.” *CBC*. <https://www.cbc.ca/news/business/manulife-loblaw-deal-deliver-specialty-drugs-1.709886> (Accessed September 5, 2024)

- establish an effective and efficient prescription drug program that makes medicines more affordable, accessible, and safer for people;
- make universal health care (Medicare) in Canada more complete as needed medication will be available not only in hospitals but also outside of hospitals;
- have a full comprehensive prescription drug list (formulary) comprised of drugs that offer effective therapeutic effects and value for money;
- provide a more streamlined administrative process through the Canada Drug Agency, offering more public transparency and accountability; and
- consolidate the buying power for prescription drugs to the federal government, giving it the single authority to negotiate prescription drug prices for the whole of Canada.

Big pharmaceutical companies and the industry put up a sustained fight against the amendments to the *Patented Medicines Regulations* introduced in 2019 that were intended to lower name-brand drug prices. Big pharmaceutical companies launched legal challenges in the Federal Court and the Quebec Court of Appeal, because the regulatory changes that would make medicines more affordable for many people also reduced their profit margins. Yet, when these regulations were passed and enforced, big pharmaceutical companies continued to be profitable. By the same token, a universal single-payer program will continue to provide a market for pharmaceutical producers, while ensuring universal access and public safeguards against high costs.

To paraphrase the Hoskins report, a full comprehensive universal single-payer pharmacare that provides universal first-dollar coverage of pharmaceutical products is the right prescription for Canada.

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