THE COUNCIL OF CANADIANS PEOPLE. PLANET. DEMOCRACY.

The Council of Canadians

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

RE: Bill C-64 (the “Pharmacare Act”)

September 17th, 2024

#200 240 Bank St,
Ottawa, ONT
K2P 1X4

The Council of Canadians is a grassroots national organization with more than 150,000 members and supporters organized in 30 chapters across Canada.

The Council of Canadians has been calling for a public national pharmacare program for more than two decades, and we have heard from countless Canadians struggling with high drug costs and inadequate insurance, including through our recent national town hall tour that spanned 18 different cities from coast to coast.

In the past year, our organization has also collected more than 10,000 petition signatures calling for a public pharmacare plan, and our supporters have together made more than 5,000 phone calls to cabinet ministers and MPs.

We welcomed the introduction of Bill C-64 (*The Pharmacare Act*), which represents an incredible advance for public health care in Canada. The legislation speaks to the core Canadian value that people should be able access health care based on need, not on their ability to pay. Prescription drugs shouldn't be treated any differently.

It also represents a crucial opportunity to rein in Canada's increasingly unsustainable drug costs. Only through a single-payer approach will the federal government have the bargaining power necessary to reduce Canada's sky-high drug prices, which are currently the second highest in the world – behind only the United States.

By launching national pharmacare as a universal, single-payer system that provides first-dollar coverage through publicly-administered provincial drug plans, Bill C-64 promises to do that.

Realizing that promise, however, requires that the federal government dispel the considerable confusion that exists as to its intentions for the program going forward. As it expands national pharmacare, the federal government must reiterate its commitment to a public, single-payer pharmacare program that covers all Canadians, as Bill C-64 spells out.

It equally requires that effective safeguards against corporate influence and conflicts of interest be instituted at all levels of the policy-making process, from the Committee of Experts to the newly created Canadian Drug Agency.

Ensuring that people get access to prescription drugs with their health card, not their credit card, must be the objective. Bill C-64 is a crucial step in this direction.

RECOMMENDATIONS

1. Pass Bill C-64 without amendments to ensure the rollout of national pharmacare as quickly as possible.
2. Attach observations to Bill C-64 affirming the importance of pursuing a public, single-payer, universal approach.
3. Attach observations to Bill C-64 to ensure robust protection against conflicts of interest in the policy-making process for the rollout of national pharmacare.

RECOMMENDATION 1: Pass Bill C-64 without amendments to ensure the rollout of national pharmacare as quickly as possible.

Delays in implementing a national pharmacare program are costing Canadians dearly, in terms of their health, their finances, and – in some cases – their lives. Delays are also imposing significant, avoidable costs on provincial health care systems, as Canadians who cannot afford much-needed medications too often wind up in emergency rooms as their health deteriorates.

This is especially the case for people living with diabetes, who can spend upwards of $10,000 per year on medication and medical devices costs, according to Diabetes Canada.[1] Rates of cost-related non-adherence (i.e. people who cannot afford their medications) are significantly higher for people with diabetes than for the overall population.[2] For women and gender-diverse people who need contraceptives, cost is the number one barrier to accessing the most effective methods of birth control.[3]

Numerous reports and commissions have documented how Canada's patchwork system of drug insurance results in high and rising drug prices, uneven and inequitable coverage, and negative health outcomes. That is why both the Standing Committee on Health and the Advisory Council on Implementing National Pharmacare recommended the creation of a universal, single-payer public drug plan that includes all Canadians and removes cost barriers to medications, modeled on the principles of the Canada Health Act.[4]

In the five years since the Advisory Council made its recommendations, the need for a national pharmacare program has only grown more urgent. Under the impact of the cost-of-living crisis, Canadians' access to medicines has deteriorated markedly. In 2019, roughly one in five Canadians had trouble affording their medications, according to data collected by the Advisory Council. Recent surveys suggest that the proportion of Canadians struggling with this problem is much greater today:

- Over one-quarter (27%) of Canadians say they have difficulty affording their medications; 22% report that they or someone in they live with is splitting pills, skipping doses, or deciding not to fill or renew a prescription due to cost.[5] (Leger, January 2024)
- One-third (33%) of Canadians say that due to the recent increase in prices for everyday items, they are less able to afford prescription drugs.[6] (Environics, January 2023)
- Four in ten (41%) Canadians say that drug costs represent a "moderate" (22%) or "major" (19%) source of financial stress for their families.[7] (Pollara, June 2023)

Several studies have produced estimates of the health care cost savings from providing universal, first-dollar coverage for various medications. A 2019 study prepared for the Advisory Council found that ending cost-related non-adherence for people with diabetes could save the public health system as much as $720 million per year in direct health care costs (ER visits, hospitalizations).[8]

The UBC Contraception Access Research Team found in a 2018 study that providing free access to contraceptives would reduce unintended pregnancies by 12.8%, saving British Columbia's health care system $32.9 million per year in medical costs by the fourth year of the policy's implementation.[9]

If national pharmacare's first phase achieves similar per capita cost savings as the CART study, public health care systems across Canada will save up to $1.2 billion per year in avoided diabetes- and pregnancy-related care costs.

Eliminating out-of-pocket costs for essential medicines will generate even larger savings through lower downstream costs. A 2023 study conducted in Ontario found that providing free access to a list of essential medicines for patients who reported difficulty paying for prescription drugs saved the province's health care system $1,227 per patient per year.[10] Provincial governments could therefore expect to save approximately $4.6 billion annually on downstream health care costs associated with cost-related non-adherence, once national pharmacare's second phase is in place.

Health care system cost savings from universal, first-dollar coverage

Medications covered under national pharmacare (Bill C-64)	**Annual savings from reduced health care utilization (date of study)**	**Annual savings from reduced health care utilization (current 2024 dollars)**
Diabetes	$720 million (2018)	$869 million
Contraceptives	$238 million (2018)	$287 million
Phase 1: Diabetes + Contraceptives	$958 million (2018)	$1.2 billion
Phase 2: Essential medicines	$1,227 per patient with CRNA (2023)	$4.6 billion

RECOMMENDATION 2: Attach observations to Bill C-64 affirming the importance of pursuing a public, single-payer, universal approach.

Both the Standing Committee on Health and the Advisory Council on Implementing National Pharmacare recommended shifting to a public, universal, single-payer pharmacare system out of a recognition that 1) difficulties accessing medicines are not limited to the uninsured and 2) Canada's existing patchwork system was allowing unsustainable increases in the cost of prescription drugs.

Drug costs have increased by 6.6 per cent per year since 1987, driven up by spiraling prices for new drugs.[11] Since 2008, the average annual cost of specialty drugs has increased nearly 13 per cent per year.[12] Year-over-year spending on drugs for the past two decades has outpaced inflation threefold and is consistently the fastest growing segment in health care costs.[13] Diabetes drugs in particular are one of the fastest growing segments of overall drug costs.[14]

As a result, even people covered by a drug plan find themselves struggling to pay for their medicines.[15] A January 2024 Leger poll found that among the 27% of Canadians struggling to afford medications, 7 out of 10 are covered by a public or private drug plan, but still face high out-of-pockets costs.[16]

Judging by the text of Bill C-64 alone, the *Pharmacare Act* aligns with these recommendations, laying the foundations for a single-payer pharmacare system that is publicly administered, that eliminates out-of-pocket charges for medically necessary drugs, and that is accessible to all:

- Section 6 (2) of Bill C-64 is clear that funding given to provinces and territories for the first phase of pharmacare will "provide universal, single-payer, first-dollar coverage" for the initial two classes of drugs through existing public drug plans.
- Section 8 (2) then calls on the Minister to initiate discussions with provincial and territorial partners with "the aim of continuing to work toward the implementation of national universal pharmacare," to cover a wider list of essential medicines, drawn up with the help of the Canadian Drug Agency.
- Section 11 (1) provides for the creation of a Committee of experts to provide advice to the Minister on the financing and operation of "national, universal, single-payer pharmacare."
- The preamble says that "the step-by-step implementation of national universal pharmacare … is to be guided by the *Canada Health Act* and carried out in accordance with the recommendations of the Advisory Council on the Implementation of National Pharmacare."

Since the bill was unveiled, however, Health Minister Mark Holland has made several statements to the media that have created considerable confusion about the federal government's intentions with regards to national pharmacare.[17]

Perhaps most disconcerting was the Health Minister's statement that the government was open to considering a "fill the gaps" model for the second phase of national pharmacare, modeled on Prince Edward Island's bilateral funding agreement with the federal government.[18]

The Advisory Council's report, cited as a guide for national pharmacare in Bill C-64's preamble, explicitly rejected calls to limit the program to "filling the gaps" within by the existing system. The report explained that "adding another patch to the current patchwork of public and private drug insurance plans will not address the issue of fairness, access or affordability, nor will it address the need for future sustainability."[19]

Given the language in Bill C-64's preamble and throughout committing the government to pursue a "national universal pharmacare" in line with the recommendations of the Advisory Council's report, it is hard to see how the "PEI model" – which is not universal, single-payer, or fully public – would be compatible with the bill as written.

Some proponents of single-payer pharmacare worry that the Minister's recent statements, combined with perceived weaknesses in language of Bill C-64 around public administration and universality, could mean that a "fill the gaps" approach will be adopted in certain bilateral pharmacare funding deals, either now or when the program expands to cover essential medicines.[20]

While the Council of Canadians does not share the conclusion that Bill C-64 should be amended, we are concerned about the potential influence of powerful corporate interests on the policy-making process going forward.

The ambiguity on the part of the federal government about the expansion of the program, moreover, has encouraged corporate interests opposed to public, single-payer pharmacare – namely, the insurance industry and the large brand-name drug manufacturers – to intensify their lobbying in Ottawa.[21]

Since Bill C-64 was unveiled, they have also launched efforts to sway provincial health ministries and decision makers, going so far as to encourage provinces and territories to reject the framework for national pharmacare and seek to negotiate bilateral funding agreements that would violate the spirit and the letter of the Bill C-64.[22]

Senators therefore have a key role to play in the interpretation of Bill C-64. By attaching observations to the legislation, the Senate should urge the government to respect the spirit and the letter of the Pharmacare Act and to pursue the development of a national pharmacare program that is public, universal, and single-payer, as called for by Advisory Council on Implementing National Pharmacare.

RECOMMENDATION 3: Attach observations to Bill C-64 to ensure robust protection against conflicts of interest in the policy-making process for the rollout of national pharmacare.

Much of the work of establishing national pharmacare, as outlined in Bill C-64, will be carried out in negotiations with provinces and with the help of the Committee of Experts and the newly created Canadian Drug Agency (CDA).

Given the importance of these negotiations over the shape that the program will take, the Council of Canadians believes the federal government must require that nominees to the Committee of Experts and the CDA fully disclose all potential conflicts of interest and that the existence of any such conflicts of interest be grounds for exclusion from these key advisory bodies.

The development of national pharmacare must be informed by objective, truly independent experts in the domain of pharmaceutical policy. It cannot be undermined by unreliable research done by industry consultants posing as scholars or independent researchers. Pharmaceutical and insurance companies have had undue influence over public discourse and parliamentary discussion on pharmacare in the last few years, slowing progress on introducing national pharmacare and introducing misinformation into policymaking, as a recent exposé published by the Council of Canadians has documented.[23]

In order to have oversight over our national pharmacare program that isn't informed by corporate interests opposed to this policy, the Senate should attach observations to Bill C-64 enjoining the federal government to ensure that the Committee of Experts and the CDA are free from corporate actors or influence.

CONCLUSION

Universal, “first-dollar” coverage for medications, starting with contraceptives, diabetes drugs and devices, and then expanding to essential medicines, cannot come soon enough for the millions of Canadians struggling with inadequate insurance and unaffordable out-of-pocket drug costs.

National pharmacare can also not come soon enough for the nurses, doctors, and other health care workers in our overburdened emergency rooms, who witness the downstream consequences of cost-related non-adherence every day.

But the rollout of national pharmacare, under Bill C-64, must be done right. Canadians cannot afford to simply throw money at the problem of unaffordable drugs and inadequate insurance, as the pharmaceutical industry wants.

A “PEI-style” pharmacare programme that tops up provinces’ existing drug plans with extra funds will fail to do what national pharmacare is meant to achieve. It will do nothing to contain sky-rocketing drug costs, instead effectively subsidizing pharmaceutical companies’ price gouging, and it will inevitably leave out millions of Canadians struggling with high drug costs who expect pharmacare to make a difference in their lives.

This is not a new message.

“Incremental improvement is no longer enough,” the Standing Committee on Health emphasized in its April 2018 report. “The Committee has concluded that merely addressing coverage gaps will not lead to better health outcomes or better cost control.”[24]

“Medicare doesn’t just fill the gaps and neither should pharmacare,” the Advisory Council on Implementing National Pharmacare declared in its own report, issued one year later. Canada’s “confusing patchwork” of public and private drug insurance plans “was a costly administrative nightmare, with little purchasing power to negotiate the best drug prices.”[25]

Establishing a framework for universal pharmacare that lowers drug prices and eliminates out-of-pocket charges is important for all Canadians, not just the uninsured. Bill C-64 will do that, provided national pharmacare is elaborated based on independent, evidence-based expertise and is insulated from the political pressures that powerful corporate interests are mobilizing against it.

References

[1] "Diabetes and Diabetes-Related Out-of-Pocket Costs: 2022 UPDATE," Diabetes Canada, February 2023, p. 5

[2] According the federal government, 25% of Canadians with diabetes indicated following their treatments were affected by cost, in some cases rationing medications to save money. "Universal Access to Diabetes Medications, and Diabetes Device Fund for Devices and Supplies," Health Canada, February 29, 2024; See also "The consequences of patient charges for prescription drugs in Canada: a cross-sectional survey," Michael R. Law et al., *Canadian Medical Association Journal* 6 (1), 2018.

[3] "Canada's Pharmacare Plan Should Provide Access to All Forms of Contraception," Action Canada for Sexual Health & Rights, November 2022.

[4] "A Prescription for Canada: Pharmacare for All," Advisory Council on the Implementation of National Pharmacare (June 2019); "PHARMACARE NOW: PRESCRIPTION MEDICINE COVERAGE FOR ALL CANADIANS," Report of the Standing Committee on Health, April 2018.

[5] "National poll finds nearly 1 in 4 people in Canada report measures such as skipping doses, splitting pills, not filling prescriptions due to cost," Heart & Stroke, February 13, 2024.

[6] "Attitudes towards pharmacare 2023," Environics Research, January 2023, p. 10.

[7] "Opinions Towards Pharmacare in Canada," Pollara, June 2023, p. 7.

[8] The study, prepared for the Advisory Council, found that up to 12% of emergency room visits and 15% of hospitalizations that occur each year in Canada for diabetes are preventable and due to cost-related medication non-adherence, resulting in up to $720 million in avoidable annual health system costs in 2018. Adjusting for inflation to 2024 dollars, this yields the figure of $869 miilion. "Burden and Health Care System Costs Associated with Cost-Related Non-Adherence to Medications for Selected Chronic Conditions in Canada," Tamblyn, R., Bartlett, S., Thavorn, K., Weir, D. & Habib, B., a report prepared for the Advisory Council on the Implementation of National Pharmacare, 2019, p. 10

[9] "Contraception Cost-Effectiveness in British Columbia," Dr. Wendy Norman and Stirling Bryan, UBC Contraception Access Research Team, June 2018

[10] "Effect of Free Medicine Distribution on Health Care Costs in Canada Over 3 Years," Nav Persaud et al., *JAMA Health Forum* 4 (5), May 26, 2023.

[11] "PMPRB Annual Report 2022," Patented Medicines Price Review Board, 2024

[12] "A Prescription for Canada: Pharmacare for All," Advisory Council on the Implementation of National Pharmacare, June 2019

[13] "Pharmaceutical costs are soaring due to innovative but pricey new drugs," Mina Tadrous, Tara Gomes and Michael Law, *The Globe and Mail*, December 2, 2021

[14] "Market Intelligence Report: Antidiabetic Drugs, 2012-2021," Patented Medicine Prices Review Board, May 2023.

[15] "People with insurance also struggle to afford their prescriptions," the Advisory Council noted in its report. "A substantial proportion of underinsured Canadians have some form of private insurance. But premiums, deductibles, copayments, coinsurance and annual and lifetime limits mean that out of pocket costs can still be high." "A Prescription for Canada: Pharmacare for All," Advisory Council on the Implementation of National Pharmacare, June 2019

[16] The poll, commissioned by Heart & Stroke and the Canadian Cancer Society, found that 19% of Canadians said their family's drug costs were difficult to afford even though they have a drug plan, and a further 8% said they are uninsured and have difficulty affording their family's drug costs. "National poll finds nearly 1 in 4 people in Canada report measures such as skipping doses, splitting pills, not filling prescriptions due to cost," Heart & Stroke, February 13, 2024

[17] Holland told journalists that the public, universal, single-payer approach of Bill C-64's first phase was only a "proof-of-concept opportunity" and a "pilot," one that may not be pursued when the program expands to cover a wider list of essential medicines in its second phase. Holland also suggested that the public, single-payer model was an academic construct that had yet to be tested "in practical reality" – as opposed to a widespread approach to providing access to medicines used by Britain, Australia, New Zealand and numerous European nations. "Holland calls pharmacare bill a 'pilot' for national drug coverage," Teresa Wright, iPolitics, February 29, 2024.

[18] Holland "pointed to a pharmacare program launched in 2021 in Prince Edward Island that the federal government is closely monitoring that could similarly inform a future national pharmacare model."

"That program sees Ottawa provide funds for a provincial formulary of covered drugs, but these medications are only free for those who qualify for one of P.E.I.'s 24 public drug programs, which only cover certain conditions or provide coverage for those on low incomes, social assistance, seniors without insurance or those in nursing homes. As such, it is not a universal program."

"But it's one the Liberal government is mulling in addition to universal, single-payer, Holland said."

Ibid.

[19] "A Prescription for Canada: Pharmacare for All," Advisory Council on the Implementation of National Pharmacare, June 2019, p. 56.

[20] "Pharmacare Act does not prescribe universal, public pharmacare," Steven G. Morgan and Matthew Herder, CMAJ 196 (27), August 12, 2024.

[21] "Pro-pharma lobbying picks up as pharmacare bill nears final approval," Madison McLauchlan, Investigative Journalism Foundation, 8 July, 2024.

[22] Insurance industry lobbyists have clearly stated their intent to sabotage the negotiating process with the provinces, which they think will be key. E.g. Carolyn Eagan of the Smart Health Benefits Coalition: "We recognize this is a negotiation for each province to decide [whether to] go ahead and implement as proposed or [to] decline [participation]. In the event of declining, . . . we would suggest . . . that there be a way for the provinces to come back and still get the funding and implement [a program in a manner that] makes sense in their programming."

"Coverage for high-cost, specialty drugs missing from rollout of feds' pharmacare plan: experts," Lauren Bailey, Benefits Canada, May 29, 2024. See also "Ford pushes for faster drug approvals after lobbying from former government employees," Madison McLauchlan, Investigative Journalism Foundation, 31 July, 2024.

[23] "A Prescription for Profit: Exposing Big Pharma's campaign of misinformation on pharmacare," Council of Canadians, May 2024.

[24] "PHARMACARE NOW: PRESCRIPTION MEDICINE COVERAGE FOR ALL CANADIANS," Report of the Standing Committee on Health, April 2018, p. 2.

[25] "A Prescription for Canada: Pharmacare for All," Advisory Council on the Implementation of National Pharmacare, June 2019, p. 55, 59.