

# Written Submission by the Canadian Chamber of Commerce

## Advisory Council on the Implementation of National Pharmacare

September 28, 2018

The Canadian Chamber of Commerce network represents over 200,000 employers across Canada. Our members support an approach to national pharmacare in which the public and private sectors collaborate to ensure that no Canadian lacks access to the medicines they need.

While ensuring all Canadians have pharmacare access is a laudable goal, any national program must be designed in a way that is fiscally sustainable, ensures continued access to innovative medicines, and does not crowd out the comprehensive coverage options offered by private/group plans. If the government is to move forward with a national pharmacare program, it must give Canadians an advantage over what the system currently offers.

A national pharmacare plan can identify ways to improve today's patchwork of prescription drug coverage and implement effective and pragmatic solutions to address the needs of employees and patients. National pharmacare should provide the most appropriate coverage to those who need it.

The Canadian Chamber of Commerce sought input from businesses of all sizes and from various economic sectors and geographic regions to reach consensus on this important issue. Canadian employers recommend that the Advisory Council on the Implementation of National Pharmacare adopt these principles in developing its approach.

### **Principle 1: Do No Harm**

A national pharmacare program should focus on leveraging the strengths of the existing system to raise the bar for Canadians and improve health outcomes. National pharmacare should not reduce the coverage enjoyed by most Canadians under the existing system or result in coverage falling to the lowest common denominator.

The vast majority of Canadians are covered under an existing private/group plan and satisfied with the coverage and affordability provided. 86% of Canadians are satisfied that their private/group insurance is making medicine affordable and 82% are satisfied with the range of medicines covered.<sup>1</sup> Overall, 77% of Canadians say that the medicines they need are affordable or "affordable enough."<sup>2</sup> Among those

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<sup>1</sup> Canadian Perspectives on Pharmacare, Abacus Data, September 13, 2018.

<sup>2</sup> Ibid.

Canadians who received a prescription in the preceding six months, less than 1% indicated that they did not take their medication as prescribed because of cost.<sup>3</sup>

A full 90% of Canadians believe that a national pharmacare policy should in no way put group benefits at risk of cancellation.<sup>4</sup> 75% of Canadians believe it is quite or very important that “government shouldn’t spend on those who already have prescription drug coverage.”<sup>5</sup>

Approximately 10% of Canadians are uninsured or underinsured.<sup>6</sup> Only 1.8% of Canadians do not have access to private or provincial drug coverage.<sup>7</sup> Those who do not have private or group health insurance coverage are about three times more likely to say the medicines they need are unaffordable.

Clearly, most Canadians find the system is working and they are satisfied with their existing coverage. A national pharmacare program will provide the greatest value to Canadians by focusing on those who do not have coverage and those who are under-insured. The federal government should collaborate with the provinces and territories to ensure the plan is effective across diverse health care systems and delivers equitable access for all Canadians who require it. National pharmacare should leverage the existing public-private coverage system to provide for patient choice, harness the efficiency of private sector administration, and ensure the fiscal sustainability of a pharmacare plan.

## **Principle 2: Protect Business Competitiveness**

Improving Canada's competitiveness is one of the government's most urgent priorities. In a changing economic landscape, Canada must implement strategies to grow our businesses, encourage investment, and advance our economic interests and our prosperity.

Given global economic uncertainty, Canadian governments and businesses need to focus on measures that will allow our firms to grow and compete at home and abroad. The cost of a national pharmacare program should not be borne by the employer community. The Canadian economy would not benefit from a national pharmacare policy that increases the cost of doing business for our firms.

A publicly financed single-payer national pharmacare plan does not represent a competitive advantage for the employer community. The idea that a single-payer system will alleviate employers of an important cost pressure is simply not true. A single-payer plan will likely result in increased deficits and taxes, both of which are not in the interest of employers.

At the same time, Canadian employers are grappling with rising coverage costs due to high-cost medications, chronic diseases, and an aging workforce. In 2017, 2% of health insurance claims comprised 31% of costs.<sup>8</sup> To ensure continued access to these life-saving medicines for all Canadians, a national pharmacare plan should leverage the private-public system to provide a pooling mechanism for high-cost drugs and build on the strengths of the current model.

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<sup>3</sup> Understanding the Gap: A Pan-Canadian Analysis of Prescription Drug Insurance Coverage, Conference Board of Canada, December 2017.

<sup>4</sup> Canadian Perspectives on Pharmacare, Abacus Data, September 13, 2018.

<sup>5</sup> Ibid.

<sup>6</sup> Universal Prescription Drug Coverage in Canada: Long Promised Yet Undelivered, S.G. Morgan and K. Boothe, November 2016.

<sup>7</sup> Understanding the Gap: A Pan-Canadian Analysis of Prescription Drug Insurance Coverage, Conference Board of Canada, December 2017.

<sup>8</sup> Canadian Life and Health Insurance Facts, Canadian Life and Health Insurance Association, 2018.

It is not fiscally prudent to increase public sector debt to pay for a costly single-payer system when the existing system is working for most Canadians. The employer community has reservations about the ability of a public sector plan to achieve the same cost efficiencies as private/group plans. A national pharmacare program should not leave it to private payers to cover high cost medications, which would shift the highest costs and greatest risk to employers. Canadian employers are broadly hoping that costs for taxpayers will be contained, that no one will be required to switch from their insurance plan to a government plan, and that nothing will be done to put group benefits at risk of cancellation by employers.

### **Principle 3: Attract Talent and Improve Productivity**

In an increasingly competitive global economy, a national pharmacare program should ensure Canada continues to attract the best talent and employees. The quality of benefits packages helps Canadian businesses compete for top talent in Canada and from around the world.

Raising the bar for pharmaceutical coverage for employers, employees, and the health care system is, therefore, critical to ensuring that our businesses remain competitive. Private/group plans ensure that employees can access the medications they need in a timely, affordable, and personalized fashion. A national pharmacare program can assist in addressing coverage for rare diseases and other high cost medications that are the concern of many employers and patients.

The productivity of Canadian employees is also integral to Canadian competitiveness. Canada ranks 12% below the G7 average when it comes to productivity, measured by GDP per hour worked.<sup>9</sup> Since 2011, Canadian productivity growth has declined drastically, with average annual growth of just 0.4%.<sup>10</sup> Between 1996 and 2015, the productivity gap between Canadian and American advanced sector workers grew from 17% to a staggering 100%.<sup>11</sup>

Employers provide benefits packages to ensure their employees and families are healthy and productive. A national pharmacare system leverages the strengths of the existing system through a private-public model has the potential to improve Canada's flagging productivity.

### **Principle 4: Promote Innovation in the Health Sector**

National pharmacare should support local innovation and R&D across the country, particularly clinical trials, to ensure Canadians continue to have access to a high quality of care.

These are exciting times in health solutions innovation. Illness prevention and behaviour modification have been identified as the next level of intervention in a health promotion approach. Mobile applications and monitoring have expanded the scope of services provided to include lifestyle, wellness, and broader health plans. Data is becoming a key driver of health outcomes and promotion. These innovations are available to Canadians through their private health benefits plans and are being developed by health sector businesses, including private payers.

A national pharmacare program should ensure that Canadians have access to the best and most innovative medicines and health technologies. A common, harmonized national formulary should be

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<sup>9</sup> OECD Compendium of Productivity Indicators 2018, OECD, June 2018.

<sup>10</sup> The Causes and Consequences of Low Wage Growth in Canada, Desjardins, October 2017.

<sup>11</sup> Canada's Advanced Industries: A Path to Prosperity, Brookings Institution and Martin Prosperity Institute, June 2018.

developed that is adaptive and reviewed as new medicines become available. This should include coverage for new developments in assisted medical devices and supplies.

Canada can create a national pharmacare program that is both accessible and promotes the global competitiveness of its health care industries. This involves fostering an investment and regulatory environment that encourages clinical trials in Canada, applying our competitive advantages in artificial intelligence and big data to health innovation, ensuring our businesses have continued access to health data to improve health outcomes, and providing government funding that goes beyond early science for both medications and devices.

#### **Principle 5: Implement Scenario Planning in Consultations and Further Study**

The federal government should consult as much as possible with private sector stakeholders (such as benefits providers, pharmaceutical companies, and health care practitioners) when designing and implementing a national pharmacare program to prevent unintended consequences, such as loss of access to medicines.

National pharmacare can be implemented in a number of different ways. Pharmacare coverage is a dynamic system with many moving parts. Employers believe consultations and reporting must take all possible scenarios into account. The analysis of payer systems should be forward looking versus retrospective. Joint solutioning through private-public collaboration should be explored to introduce innovative scenarios into the analysis.

Systems thinking should be applied to analyze the impact of each pharmacare option. A systems thinking approach should also be applied to the health care system as a whole. This will ensure that national pharmacare is not siloed and value is calculated across the entire health care system.

The federal government should conduct further study looking at the impact of different scenarios on costs, economic growth and competitiveness, and health outcomes to determine what form of national pharmacare provides the greatest return on investment.