



National Association  
of Federal Retirees

Association nationale  
des retraités fédéraux

# Written Submission by the National Association of Federal Retirees on the Implementation of National Pharmacare

Advisory Council on the Implementation of  
National Pharmacare Consultation

## Introduction

The National Association of Federal Retirees (Federal Retirees) is the largest national advocacy organization representing active and retired members, as well as their partners and survivors, of the federal public service, Canadian Armed Forces, Royal Canadian Mounted Police (RCMP) and federally appointed judges.

With 175,000 members including over 60,000 veterans and their families, Federal Retirees has advocated for improvements to the financial security, health and well-being of our members and all Canadians for more than 50 years.

We believe that every Canadian, today and in the future, should enjoy dignity in retirement, with better retirement security and a strong, sustainable health care system – including access to affordable medications, a necessary component to health and well-being.

Older Canadians play a unique role in this conversation, living longer than ever before in better health, and outnumbering youth since 2015. This adds new policy needs at all levels of government. And while pharmaceuticals are not only needed by older adults, health challenges related to aging, such as chronic conditions and disease, make prescription drugs essential to maintaining healthy living.

Federal Retirees developed a survey based on the Advisory Council’s questionnaire to better understand the views of our members.

Federal Retirees bring a unique perspective to the pharmacare discussion. Some of our members have years of policy experience in health, finance and other areas germane to discussions on what pharmacare may mean to Canada now and in years to come, and our members believe in continuing to contribute Canada and to Canadians’ well-being.

Members live across the country, represent various ages and income brackets and are eligible for different publicly-funded drug programs with varying coverage levels and costs, depending on their province of residence.

Moreover, as retired public servants, federal retirees and their eligible dependent(s) can access the Public Service Health Care Plan (PSHCP) and the Pensioners Dental Services Plan (PDSP) in their retirement, sponsored by the federal government.

The National Association also plays a role, serving as the pensioner representative at the Public Service Health Care Plan Partners Committee. The purpose of the Committee is to “ensure the health and well-being of Plan Participants by providing a Health Care Plan that is stable, cost-effective, and capable of delivering sustainable benefits”.<sup>1</sup>

---

<sup>1</sup> National Joint Council. (2016). *Public Service Health Care Plan Partners Committee*. Retrieved from <https://www.njc-cnm.gc.ca/s14/s86/d572/en>. Accessed 26 September 2018.

The survey was open from 21 August to 12 September 2018. Over 8,400 members responded in French and English from across the country. Given the important role of seniors in this consultation, we are pleased to have the opportunity to share feedback from members of Federal Retirees in the development of recommendations towards the implementation of national pharmacare.

### **Access and affordability of medication in Canada**

Prescription medication is a vital component of health care yet remains inaccessible to many Canadians. Insurance for pharmaceuticals (outside of hospitals) is not included in the definition of “insured health services” in the *Canada Health Act*.

As a result, Canadians obtain coverage through a patchwork of public and private plans, or lack coverage all together.

Furthermore, Canadians are paying the highest prices for their medications than those in any other OECD country – and this can have a greater impact as one ages.

Canada spends roughly \$30-billion dollars on pharmaceuticals, nearly four times more than was spent on prescriptions 20 years ago.<sup>2</sup> It is reported that no other aspect of health care in Canada has grown as quickly.

The price of generic drugs is 79% higher than the median prices found in other OECD countries, and more than four times higher (445%) than the best available prices.<sup>3</sup>

We also know that spending on high-cost specialty drugs are straining the budgets of both public and private plans. According to the Patented Medicines Review Board, “in 2014, Canadian spending on biologics and oncology grew by double digits, and spending on new drugs alone increased tenfold”.<sup>4</sup>

The Advisory Council’s discussion paper reports, “while these products represent only a fraction of the over 12,000 drug products available on the Canadian market, they represent more than one quarter of public and private drug plan costs while treating only 2% of beneficiaries”.<sup>5</sup>

As a result, some plans are increasingly turning to cost-containment measures such as lifetime or annual maximums on health benefits in private drug plans, and many companies have reduced

---

<sup>2</sup> Morgan, S.G., D. Martin, MA Gagnon, B Mintzes, J.R. Daw, and J. Lexchin. (2015). *Pharmacare 2020: The future of drug coverage in Canada*. Vancouver, Pharmaceutical Policy Research Collaboration, University of British Columbia. Retrieved from [http://pharmacare2020.ca/assets/pdf/The\\_Future\\_of\\_Drug\\_Coverage\\_in\\_Canada.pdf](http://pharmacare2020.ca/assets/pdf/The_Future_of_Drug_Coverage_in_Canada.pdf). Accessed 17 September 2018.

<sup>3</sup> Morgan, S.G., et. al. (2015)

<sup>4</sup> Patented Medicines Review Board. (2016, July 24). *Canada’s drug price watchdog rethinks pricing guidelines to improve affordability of, access to, prescription drugs*. Retrieved from <http://www.pmprb-cepmb.gc.ca/news.asp?a=view&id=184>. Accessed 17 September 2018.

<sup>5</sup> Health Canada. (20, June 2018). *Towards the Implementation of National Pharmacare: Discussion Paper*. Retrieved from [https://www.canada.ca/content/dam/hc-sc/documents/corporate/publications/council\\_on\\_pharmacare\\_EN.PDF](https://www.canada.ca/content/dam/hc-sc/documents/corporate/publications/council_on_pharmacare_EN.PDF). Accessed 22 September 2018.

retirement health benefits. These trends illustrate individuals' contributions to their drug costs will inevitably rise.<sup>6</sup>

Retired public servants of the federal government know this all too well. In 2014, the Government of Canada unilaterally changed the cost-sharing ratio for PSHCP pensioners from 75:25 to 50:50. Members have indicated that this increase has contributed to the growing unaffordability of essential health care costs, including medications.

While seniors are generally offered coverage through provincial and territorial programs, out-of-pocket expenses can still present challenges. In 2015, the average out-of-pocket expenses for seniors was \$646 per capita, almost four times higher than those of individuals under 30 years of age.<sup>7</sup> [Research has shown charges of even \\$2 per prescription can deter patients from filling needed prescriptions.](#) Those with the most difficulty paying for their drugs are oftentimes those most in need and living with conditions that require ongoing drug costs.

These expenses have both financial and health implications. A [2015 survey by Angus Reid](#) found that 23 percent of Canadians reported that they or someone else in their household did not take their prescription medication as prescribed, if at all, due to cost, in the preceding 12 months.

[A study out of UBC found that almost a million Canadians have cut back on basic necessities including food and heating costs to pay for their prescriptions.](#) These outcomes were more common among females, younger adults, Aboriginal Peoples, those with poorer health status, those lacking drug insurance and those with lower income.

Dr. Steven Morgan, Professor, School of Population and Public Health, University of British Columbia told the Standing Committee on Health, "in Ontario alone, over 700 diabetic patients under the age of 65 died prematurely each year between 2002 and 2008, because of inequitable access to essential prescription drugs".<sup>8</sup>

Barriers to medications and suboptimal drug use result in poorer health outcomes for patients and added costs to the health care system, through additional physician visits, emergency department visits and hospital stays. In her statement to the Standing Committee on Health on pharmacare, Dr. Monika Dutt, Chair of Canadian Doctors for Medicare estimated that [suboptimal prescription use costs the health care system between \\$7-and \\$9-billion per year.](#)<sup>9</sup>

---

<sup>6</sup> Health Canada, (2018).

<sup>7</sup>Office of the Parliamentary Budget Officer (PBO). (28, September 2017). *Federal Cost of a National Pharmacare Program*. Retrieved from [https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2017/Pharmacare/Pharmacare\\_EN\\_2017\\_11\\_07.pdf](https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2017/Pharmacare/Pharmacare_EN_2017_11_07.pdf). Accessed 17 September 2018.

<sup>8</sup> Standing Committee on Health. (April 2018). *Pharmacare Now: Prescription Medicine Coverage for all Canadians, Report No.14*. Retrieved from <https://www.ourcommons.ca/Content/Committee/421/HESA/Reports/RP9762464/hesarp14/hesarp14-e.pdf>, p.39. Accessed 17 September 2018.

<sup>9</sup> Canadian Doctors for Medicare. (2016, June 6). *Statement by Monika Dutt, MD, CCFP, FRCPC, MPH, MBA, Chair, Canadian Doctors for Medicare for the House of Common's Standing Committee on Health (HESA) Regarding the Development of a National Pharmacare Program*. Retrieved from <https://www.ourcommons.ca/Content/Committee/421/HESA/Brief/BR8362704/br-external/CanadianDoctorsForMedicare-e.pdf>. Accessed 18 September 2018.

Presumably for these reasons and more, only 21.5 percent of Federal Retirees survey respondents strongly agree or somewhat agree with the status quo and making no changes to prescription drug coverage in Canada.

Approximately 50 percent strongly disagree, and 20 percent somewhat disagree with the survey statement, “I would not want to see any changes to prescription drug coverage in Canada. I prefer the status quo, not national pharmacare”.

In response to our survey, federal retirees shared their views specifically on questions related to the importance of importance of national pharmacare, its objectives and funding options. The results are described below.

### ***Importance of National Pharmacare***

National pharmacare is important to our members. In fact, 91 percent of members said the concept of pharmacare described by the Advisory Council is important, 68 percent of whom said it is very important.

As per the questions provided by the Advisory Council, members also shared their agreement with certain qualities or facets of national pharmacare including same access to medication across Canada, access to prescription drugs as a part of Canada’s health care system and having a number of options from which to choose.

- *96 percent agree that Canadians should have the same access to medication regardless of where they live in Canada.*

Canadians are covered through a patchwork of public and private plans. This patchwork leaves millions without coverage or inadequate coverage to meet their health care needs.

Approximately 70 percent of the population has full or partial drug coverage through private health insurance sponsored by their employers, unions, professional associations or purchased privately<sup>10</sup>. In Canada, there are approximately 113,000 private drug coverage plans, purchased from 132 private health insurance providers across the country.

The level of public drug coverage and cost varies by province and territory. Provincial plans cover most of the non-working population (seniors and social assistance beneficiaries). Catastrophic coverage is also available in many provinces. Quebec also publicly covers workers without private coverage.

The federal government also offers public prescription drug plans for First Nations and Inuit, members of the Canadian Armed Forces and RCMP, veteran, federal prisoners and refugees. Estimates suggest roughly 24 to 29 percent of the population are covered by public plans.<sup>11</sup>

---

<sup>10</sup> Standing Committee on Health, (2018).

<sup>11</sup> Canadian Health Coalition. (2016). *Policy Brief: A National Public Drug Plan for All*. Retrieved from <http://www.ourcommons.ca/Content/Committee/421/HESA/Brief/BR8290924/br-external/CanadianHealthCoalition-2016-05-16-e.pdf>. Accessed 17 September 2018.

In 2013, Canada had the second lowest percentage of the population covered by a public insurance drug plan among all OECD countries. It ranked only higher than the United States.<sup>12</sup> It is believed roughly 10 percent of Canadians lack ongoing drug coverage.<sup>13</sup>

Those without coverage or inadequate coverage are left to pay for their medications out-of-pocket. Out-of-pocket expenses such as co-payments, deductibles and drug costs for people without coverage account for roughly 17 percent of pharmaceutical expenditures in Canada.<sup>14</sup>

- *93 percent of respondents agree that access should be a part of our health care system, no different than access to doctors and hospitals. Approximately 76 percent of those respondents strongly agree.*

Experts have argued for decades that a drug coverage program that aligns with the value and principles of Canada's universal health care system, will improve access to medication, and is a sustainable, cost-effective alternative. This is consistent with the recommendations of the House of Commons Standing Committee on Health to expand the *Canada Health Act* to include prescription drugs outside of hospitals.

### ***Choice and Safety***

- *55 percent strongly agree, and 34 percent somewhat agree that it is important to have a number of options to choose from with respect to their own prescription drug plan.*

Advancements in pharmacology and pharmaceuticals have been some of the greatest developments in medicine in the last century, saving lives across the world. Flexibility and options within a prescription drug plan helps to ensure patients have access to medically necessary medications.

The abundance of pharmaceuticals on the market however, requires some degree of monitoring and evaluation measures to ensure pharmaceutical appropriateness and safety of the Canadian population.

This is particularly important for seniors. A report by the Canadian Institute for Health Information (CIHI) shows that in 2016, approximately 1 in 4 seniors were prescribed 10 or more drug classes.<sup>15</sup>

---

<sup>12</sup> Church, E. (2015, November 4). *Canada among top pharmaceutical spenders on OECD list*. Retrieved from Globe and Mail <https://www.theglobeandmail.com/news/national/canada-one-of-top-pharmaceutical-spenders-on-oecd-list-report/article27086827/>. Accessed 17 September 2018.

<sup>13</sup> Standing Committee on Health, (2018).

<sup>14</sup> Office of the Parliamentary Budget Officer, (2017).

<sup>15</sup> Canadian Institute for Health Information. (2016). *Drug Use Among Seniors*. Ottawa, ON: CIHI; 2018. Retrieved from <https://www.cihi.ca/sites/default/files/document/drug-use-among-seniors-2016-en-web.pdf>. Accessed 17 September 2018.

Residents living in long-term care were prescribed opioids twice as often (39.9 percent compared with 20.4 percent) and antidepressants more than 3 times as often as seniors living in the community (60.3 percent compared with 19.1 percent).<sup>16</sup>

Pharmacare 2020 cites, “an estimated 1 in 3 elderly Canadians receives prescriptions for drugs known to pose health risks for older patients. And an estimated 1 in 6 hospitalizations in Canada could be prevented if prescription drugs were used more appropriately”.<sup>17</sup>

The Canadian Deprescribing Network presents that 60 percent of Canadians 65 and older think appropriate prescribing should be a national government priority.<sup>18</sup>

### **Cost of national pharmacare**

Methods to fund national pharmacare had the highest degree of variability among our members. There were diverse opinions and some uncertainties.

The use of co-payments to fund a national pharmacare program had the highest level of support among federal retirees. Other options such as taxes, deductibles and premiums received mixed results. The use of premiums had the strongest level of disagreement, followed by taxes. The results are as follows:

- *70 percent agree -31 percent strongly agree, and 39 percent somewhat agree to the use of co-payments.*
- *42 percent strongly disagree, and 19 percent somewhat disagree to the use of premiums. Approximately 34 percent of members agree.*
- *49 percent disagree with taxes as a method of funding, 34.5 percent strongly disagree. Approximately 43 percent agree.*
- *53 percent agree, 17 percent of whom strongly agree with deductibles as a method. Approximately 42 percent disagree with this method.*

It is important to note there was a significant amount of uncertainty among the members with the options presented. Many members (8.5 percent) said that they did not know/had no comment on the use of taxes to fund pharmacare. Between 4 to 5 percent of members commented they didn't know or had no comment to each of the other options as well.

We received roughly 2,500 comments in the survey. This issue of uncertainty was a repeated theme that members expressed. Below are a sample of some of the members' comments:

---

<sup>16</sup> Ibid.

<sup>17</sup> Morgan, S.G, et. al., 2015. p.11.

<sup>18</sup> Canadian Deprescribing Network. (2017). *2017 Annual Report*. Retrieved from [https://static1.squarespace.com/static/5836f01fe6f2e1fa62c11f08/t/5a300de08165f55070242b6f/1513098731414/Annual+report+design+2017\\_FINAL\\_web.pdf](https://static1.squarespace.com/static/5836f01fe6f2e1fa62c11f08/t/5a300de08165f55070242b6f/1513098731414/Annual+report+design+2017_FINAL_web.pdf). Accessed 17 September 2018.

*“I can't answer these questions cause the commitment to do so may affect my current coverage and financial situation that I worked for so hard. Ensure the Minister of Seniors F. Tassi is involved in decisions.”*

*“I'm not sure I understand all the "in and outs" of a national pharmacare plan.”*

*“The devil is in the details, especially on the costs of the various options. We need much more info and discussion on that before we can make rational choices. I'm happy with my current coverage and would go for a change only if it was beneficial, or not overly costly, to myself and other Canadians.”*

### **Objectives of National Pharmacare**

There was strong agreement with many of the objectives of national pharmacare laid out by the Advisory Council. For instance:

- *97 percent agree that every Canadian should have affordable access to prescriptions, 84 percent of whom strongly agree*
- *86 percent agree that the administration of national pharmacare should be easy to use and understand.*
- *94 percent agree that every Canadian should have access to the prescription medications they require based on need, not ability to pay, 70 percent of whom strongly agree.*

There was more variability in agreement with respect to reductions to out-of-pocket expenses and the right of individuals to choose the drug plan they want.

- *48 percent strongly agree, and 30 percent somewhat agree that the out-of-pocket drug costs for the average Canadian will be reduced through national pharmacare.*
- *78 percent agree that individuals should have the right to choose the prescription drug plan they want. Roughly 36 percent somewhat agree with this statement, and 13 percent somewhat disagree.*
- *Only 58 percent strongly agree that national pharmacare would better help the government control the cost of prescription drugs, 11 percent selected did not know/had no comment.*
- *80 percent agree that national pharmacare should coordinate with private drug plans, 50 percent of whom strongly agree.*

Some federal retirees are looking for a better understanding about what pharmacare will look like in Canada. While this consultation is helpful, members expressed that the Advisory Council's

questions were vague, and members were left uncertain how to answer. An education and communications strategy by either the Advisory Council or the government to better inform Canadians about pharmacare, its approaches, components and impacts is recommended.

### **Current drug coverage**

Seniors generally have public coverage across Canada, however the level of coverage and cost of the publicly-funded programs vary by province.

Some also have access to private plans such as the Public Service Health Care Plan (PSHCP) upon retirement from the workforce. These drug plans have been vital to ensuring satisfactory access to medically necessary prescription drugs for seniors.

- *98 percent said it is important that they maintain their current level of prescription drug coverage, 89 percent said this is very important.*
- *Overall, members are satisfied with the prescription drug coverage for them and their families. 56 percent are very satisfied, and 39 percent are somewhat satisfied*

The newly appointed Minister of Seniors must play a vital role in the development of recommendations to implement national pharmacare and ensure that the interests of seniors are at the recognized in the decision-making.

Federal Retirees has long-advocated for a Minister of Seniors and was pleased to see the announcement in July 2018. Given the proportion of seniors in Canada, and as the largest growing demographic in the country, this role is essential to public policy development to ensure seniors have a dedicated voice advocating for their unique needs.

### **Summary**

Pharmacare has been called the “unfinished business of medicare”. This issue has come up again and again in public policy conversations from the 1960s, to the mid 1990s, into the 2000s.

Canada’s current two-tiered, fragmented system has led to unequal access to prescription medications, particularly for low-income and vulnerable populations, high drug costs and sustainability challenges. Further supplementing this system or “closing the gaps” may expand coverage to those in need but is unlikely to fully address all the current problems at hand.

When moving forward with the implementation of national pharmacare, the following must be considered:

- *National pharmacare goals must include improving access to necessary medications as well as improving population health and supporting efficiencies/reducing costs in the broader health care system.*

- *National pharmacare must address the sustainability of drug coverage in Canada. As drug costs rise, private plans will become less affordable and as Canada's population ages and chronic health conditions become more prevalent, federal, provincial and territorial governments will also experience increasing costs, especially since public plans typically cover seniors. This places pressure on public plans to also scale back drug coverage or other critical health and social services, since money spent on drugs cannot be spent elsewhere.*
- *National pharmacare must monitor prescribing habits in Canada to ensure safe, appropriate and rational use of medicine that protect the safety of seniors and the population.*
- *A communication strategy to build awareness and understanding about the state of drug coverage in Canada and national pharmacare is needed.*
- *Seniors are a unique stakeholder in the pharmacare consultation process. Enhanced efforts to engage with older adults and participation of the Minister of Seniors in the decision-making of national pharmacare is necessary to ensure their unique needs and interests are recognized.*

The National Association of Federal Retirees looks forward to the results of this consultation and the report from the Advisory Council on the Implementation of National Pharmacare. We also welcome the opportunity to participate in any future consultations.