National Association
of Federal Retirees

Association nationale
des retraités fédéraux

# Winds of Change 2016 - 2017

## The Canadian Health Care Landscape

*An environmental scan of the Canadian health care landscape trends and threats that could impact federal retirees.*

# Winds of Change

# Canadian Health Care Landscape

*Winds of Change* will provide an environmental scan of the economic, business and political trends that could impact the Canadian health-care system, the Public Service Health Care Plan and the Pensioners' Dental Services Plan in the coming years.

Factors that influence the Canadian health care landscape include the negotiation of a new Health Accord with the provinces, lower federal health transfers, medically assisted death legislation, home care and long-term care, pharmaceuticals, medical marijuana, and the continuing discussion of a National Pharmacare Plan. These issues are also relevant to the Public Service Health Care Plan and the Pensioners' Dental Services Plan. This edition of *Winds of Change* offers a high-level overview of these factors as we move forward through 2017 and into 2018, and a view of what federal retirees and veterans of the Canadian Armed Forces and RCMP, can expect over the coming years.

The following is an excerpt.

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# Pharmaceuticals

## National Pharmacare Plan

The federal Liberals' campaign promised to make prescription drugs more affordable and to explore "catastrophic coverage" of drug costs. In the context of negotiating a new Health Accord, Prime Minister Trudeau's mandate letter tasked Health Minister Jane Philpott with improving access to necessary prescription medications, exploring bulk buying with provincial and territorial governments to reduce drug costs to Canadians and to governments, as well as exploring the need for a national formulary. From the outset, Philpott has been clear that national pharma care is a costly prospect, but that it is feasible to drive down costs over the coming years via bulk buying, price regulations and negotiations with pharma companies.

Early in 2016, Minister Philpott signed the federal government on to the pan-Canadian Pharmaceutical Alliance (pCPA), to add to Canada's buying power and ability to negotiate prices on brand and generic drugs. The House of Commons Standing Committee on Health began studying the development of a national pharma care program in April 2016 (the study is ongoing), helping to keep the topic front-and-centre in Canadian health care news.

During fall 2016 the Canadian Institutes of Health Research brought together a Citizens' Reference Panel on Pharmacare in Canada, in cooperation with several academic and health care organizations. The panel members — 35 people from every walk of life, chosen randomly

from every province and territory out of a larger pool of 10,000 Canadians — were tasked by the government with studying the current patchwork system of drug delivery by private and public plans, and with offering recommendations to government on national pharma care.

In their December 2016 report, the Reference Panel proposed a vision on prescription drug coverage. Panel chair Peter MacLeod expressed the Panel's vision as a system of drug coverage they believed "Canadians could be proud of." Their recommendations are grounded in core principles they felt represented their values as Canadians: that coverage be universal, patient-centered, accountable to the public, evidence-based and sustainable."

Key recommendations include:

- A new national formulary broad enough to cover the full range of individual drug needs, including pharmaceuticals for those with rare diseases.
- Immediate implementation of public coverage for a short list of frequently prescribed drugs (including, for starters, medications that treat high blood pressure, cardiovascular disease, diabetes and asthma).

The panel also recommends and endorses the role of private insurance plans. It defines their role as providing supplemental coverage for medications not covered under the public plan and continuing supplemental health coverage not provided in the public system.

In financing national pharma care, the Panel recommended personal and corporate tax increases, as well as a co-pay model with the caveat that it not put those with lower economic means at a disadvantage. Whether that means co-pays equalized across income brackets, or scaled co-pays by bracket, remains to be seen.

Clearly, national pharma care could change the landscape for employer-sponsored health care plans such as the Public Service Health Care Plan, by lowering the cost of medications these private plans currently bear.

For now, of course, these are recommendations only; the federal government may or may not act on them, and much of what occurs with pharmaceutical coverage in Canada may depend on Health Accord deals. We are closely monitoring this file for our members and watching out for any effects they may have (if adopted) on the Public Service Health Care Plan.

## Canada-European Comprehensive Economic and Trade Agreement (CETA)

Trade agreements can have a significant impact on pharmaceuticals' availability and pricing, and CETA is expected to be such a case, along with the Trans-Pacific Partnership (TPP). CETA was signed by Canada and the European Union in October 2016, and is likely to come into effect later in 2016. Although Canada signed on to the TPP, the federal government is

continuing public consultations it committed to in early 2016, prior to bringing the agreement to Parliament for ratification.

Both agreements are likely to mean higher costs for pharmaceuticals for Canadians, for several reasons. The agreements provide for longer patent protections on branded and biologic medicines, which will mean delays until the usually more affordable generic and biosimilar drugs are introduced to the marketplace (this is a definite issue for those requiring biologics, which are by their nature very costly). Canadians will wait an extra two years for new generics, and up to eight for biosimilars. The agreements also have provisions on market exclusivity and patent linkages. This means extra time for public health care and other health insurance plans, such as the Public Service Health Care Plan, to grapple with higher drug costs. The agreements could also make it difficult for the federal government to regulate pharmaceutical prices, among other things.

The Council of Canadians has estimated CETA could cost public health care $1.65 billion annually, and the TPP is likely to add more than $800 million in prescription drug costs. Canada pays some of the highest costs for drugs among OECD countries. Drug costs are already a concern in Canada, and may become even more of a concern for the public purse as governments take on initiatives to bring down pharmaceutical costs.

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Our full *Winds of Change* report covers the politics surrounding our health care system, federal priorities and work with provinces, new developments on our health care landscape such as medically assisted death, medical marijuana, and new pharmaceutical trends, as well as benefit plan management trends. Be sure to log in to www.federalretirees.ca in May to access the full report.

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