

Universal public drug coverage would save Canada billions

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Canada could save \$7.3 billion annually with universal public coverage of medically necessary prescription drugs.

Canada is the only developed country with a universal health care system that does not include prescription drug coverage.

New research from the University of British Columbia and University of Toronto, published today in the *Canadian Medical Association Journal*, shows that universal public drug coverage, also known as universal pharmacare, is within reach for Canada even in times of government fiscal constraint.

"It's a win-win," said Steve Morgan, lead author of the study and professor of health policy at UBC's School of Population and Public Health. "A universal pharmacare system would improve the quality and accessibility of health care, while saving the Canadian economy billions of dollars every year."

The study modelled the cost of universal pharmacare based on data from \$22-billion worth of prescription drug purchases in 2012-2013. The study's calculations included the cost of increased use of prescription drugs by Canadians who currently can't afford to fill those prescriptions.

Researchers found that increasing the use of generic drugs and bringing Canadian drug prices in line with other countries where universal drug plans achieve better prices through bulk purchasing and negotiation,

would add up to significant savings.

"For too long, policy makers have assumed that universal Pharmacare is an expensive policy for governments - that assumption turns out to be wrong," said Dr. Danielle Martin, a co-author of the study and a professor at the University of Toronto. "With the money saved from using generic medicines, bulk purchasing, and better approaches to pricing, we can afford to cover medically necessary drugs for all Canadians without increasing taxes."

The study shows that the private sector, predominantly the employers and unions that sponsor work-related drug benefits today, would save between \$6.5-billion and \$9.6-billion annually with comparatively little increase costs to government. Under many plausible scenarios, total public spending on medicines would actually fall if Canada had a universal pharmacare system.

Government costs would be driven down by reducing the cost of medicines already paid for under public drug programs - which currently cost taxpayers almost \$10-billion - and by reducing public spending on private insurance for public sector employees - which currently costs taxpayers over \$2-billion.

Background

Universal pharmacare has been recommended for Canada since the 1960s, but was never implemented. One of the barriers to implementation has been the perception that it would necessitate substantial tax increases. The analysis published today shows that this need not be the case.

Currently in Canada, prescription drugs purchased outside of hospitals are financed through a mix of private and public drug plans that leave

many Canadians with little or no drug coverage at all.

The study provided detailed estimates showing that universal pharmacare would reduce prescription drug spending in every province.

It also showed that the public cost of expanding public coverage for high-cost drugs - such as treatments for cancer and rheumatoid arthritis - would be modest and, under most plausible scenarios, would be offset by savings achieved in relatively common drug classes - like treatments for high cholesterol and high blood pressure.

Savings for Canada under the study's base scenario would put per capita pharmaceutical spending in Canada on par with the levels seen in comparable countries such as Switzerland, Austria, Spain, and Italy. Canadian spending would still be significantly higher than that in the United Kingdom, Sweden, Finland, the Netherlands, Norway, New Zealand and Denmark.

"Our study shows that universal pharmacare would save private citizens and corporations more than \$8-billion at a cost to government of less than \$1-billion. No government, no matter how fiscally conservative, should turn down that bargain," said Dr Morgan. "To put this another way, failure to implement a universal pharmacare system that is simply on par with comparable countries around the world will cost the Canadian economy nearly \$100-billion over the course of a decade."

More information: *Canadian Medical Association Journal*,
www.cmaj.ca/lookup/doi/10.1503/cmaj.141564

Provided by University of British Columbia

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