

UNIVERSAL PHARMACARE IS GOOD FOR BUSINESS

ISSUE

The current model for Pharmacare – where 14 different formularies of drugs exist in Canada – is costing businesses across the country. With a single-payer system of universal Pharmacare, employers could use the savings to enhance their coverage of other services, such as mental health, vision care, dental care, hearing care, and physiotherapy. There are serious concerns relating to high, uncontrolled costs of private drug plans, increasing operational expenses. This is a burden on companies that offer drug coverage for their employees and can be an impediment for some companies to offer any coverage at all.

BACKGROUND

On March 6, 2019 the Federal Advisory Council on the Implementation of National Pharmacare released an interim report for the government's consideration. The Council led a national dialogue on how to implement affordable national Pharmacare for Canadians - families and employers. Their final report identified three initial recommendations for national Pharmacare:

- Creating a national drug agency to oversee national Pharmacare;
- Developing a comprehensive, evidence-based, list of prescribed drugs – a national formulary – to harmonize coverage across Canada; and,
- Investing in data on prescription drugs and information technology systems.

Every government struggles with how best to support the people it serves. One hopes and assumes that decisions are based on thorough research, meaningful consultations, and with the guidance of experts in the field. So far, the federal government can check off all of these boxes when it comes to Pharmacare. It appointed a council of experts to study the issue. The council, in turn, consulted with the public online and in person through town halls and meetings.

We need action; however, special interests may yet override what is best for the vast majority of people, including employers and small business owners who have a lot to gain if the government adopts a comprehensive, public Pharmacare system.

Employers currently pay about \$12 billion dollars a year to the insurance companies for employee coverage. The rising cost of benefit plans to business is untenable and the reason is the rising cost of drugs. This compromises Canadian businesses to remain competitive in the global marketplace to secure the health of their workforce. If Canada had a universal Pharmacare program – that is removing pharmaceuticals from insurance coverage, not a fill-in-the gaps insurance model – then employers can direct their resources to benefit plans that would allow for the expansion of other services such as hearing aids, dental care and mental health support to the benefit of recruitment and the retention of happier, more productive employees.

Universal Pharmacare would not only help the working poor, the uninsured and the sick, it would also enable Canadian businesses to remain competitive in the global marketplace by securing the health of their workforce at a far lower cost to business and society as a whole. With additional savings, employers could further invest in their workplaces by putting more money towards innovation and technology, skills training, even hiring more workers, especially as Canada is facing a skills shortage. Every Canadian matters in the workforce. Besides, under the current system, small businesses — a

cornerstone of our economy — are the least likely to offer drug coverage. Simply put, they can't afford it for the same reason that individuals find it difficult or impossible to get insurance if they have chronic disease: private insurance companies are not charities. Private insurers must charge groups and individuals premiums that reflect their actuarial risk.

Furthermore, one in 10 adults have costly, chronic needs for prescriptions to treat such conditions as asthma, diabetes, hypertension, heartburn or arthritis. Smaller firms have difficulty shouldering the risk of employing someone with such needs, or one with a spouse or child in those circumstances. The situation is worse for entrepreneurs who want to work for themselves but have chronic health needs in their families.

Anyone who's ever run a business, or simply shopped for a family, knows that it's far cheaper to buy items in bulk. So why wouldn't that be Canada's approach towards the purchase of medicines? Drug prices in Canada are among the highest in the world, mostly because our myriad of private drug plans dilutes the country's potential purchasing power on the world market for pharmaceuticals.

Take the example of the hypertension drug, amlodipine. It's sold in both Canada and New Zealand by a Canadian company. In New Zealand, where the government is the single buyer of medicines, it cost \$7 for a year's supply in 2015; here, it was \$88 —more than ten times what New Zealand paid. That added up to \$286 million spent on that drug alone (and prices keep rising). It's businesses that are often paying these unnecessarily wasteful, inflated costs through their employee drug plans.

It continues to boggle the mind that we pay 30-40% more for our prescription medications than the average of 14 comparable countries that offer universal drug coverage, including Germany, the UK, France, Australia, Sweden and New Zealand. It's equally puzzling that we remain the only developed nation with universal health care that lacks universal Pharmacare.

These are only a few of the compelling reasons why the country's leading medical experts, health care advocates, Canada's unions, and the parliamentary committee on health, all agree that it's time Canada replaces the current patchwork system of drug coverage. It leaves over three million people without any coverage at all, and millions of others vulnerable to a loss in coverage if they lose their job or move to another province.

The federal government can be on the right side of history as the upcoming election looms. Or, it can offer costly half measures that mostly benefit big pharma and the insurance industries and leave the rest of us out in the cold. The pandemic has shown that many are left out in the cold when it comes to pharmaceuticals and benefits. The choice is clear. No comparable country separates the management of pharmaceuticals from the management of the rest of the health system.

THE CHAMBER RECOMMENDS

That the Provincial Government work with the Federal Government to implement a single-payer universal Pharmacare program as soon as possible.

Submitted by the Surrey Board of Trade