



A PRESCRIPTION FOR A HEALTHIER  
CANADA

# Rx: PharmAccord



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ASSOCIATION

ASSOCIATION DES  
PHARMACIENS  
DU CANADA

# Introduction

The health of Canadians depends on quality pharmaceutical care. Prescription drugs and vaccines can prevent and manage disease, reduce hospital stays, replace surgical treatment, and enable patients to function productively in their communities. In 2017, total drug spending is forecast to make up 16.4% of health expenditure in Canada, or approximately \$39.8 billion.<sup>1</sup> Half of Canadian adults take at least one prescription drug, while 40% of seniors and those with chronic diseases take four or more.

When taken appropriately, prescription medicines are often the best and most cost-effective treatment. The data suggests that over 90% of Canadians have drug coverage under the current mix of private and public insurance and do not have any difficulty affording their medications. However, some Canadians are falling through the cracks either because they are uninsured or because they are underinsured.<sup>2</sup> An estimated 2% of Canadians lack drug insurance coverage and 10% have some form of coverage, but are still unable to afford some of their prescriptions.<sup>3</sup> Of those who do not have drug coverage, 26.5% cannot afford their prescription medicines.<sup>4</sup> This includes older Canadians, especially those between the ages of 55 and 64; one in eight of whom cannot afford their medications and are not old enough to qualify for public drug benefit plans aimed at seniors.<sup>5</sup>

Despite these important gaps, for 90% of Canadians using both private and public insurance programs, the current system of drug coverage works well. However, patients who can't afford their medications may fail to get their prescriptions filled, cut back on the dosage without telling their doctor or pharmacist, or share the medication of family and friends. This often leads to sub-optimal health outcomes for the individual, increased use of physician and hospital services, and increased costs for the larger health care system.

Additionally, but equally important, even when a patient has coverage and can afford their medications, they may be subject to drug shortages that can disrupt their therapy, causing additional stress to the patient, and potentially negatively affecting their overall health.

Proposals for a publicly-funded pharmaceutical plan (or 'pharmacare' as it is often known) have been debated at key junctures since the introduction of Medicare. Since then, we have seen considerable advances in research and innovation, leading to the development of drug treatment options for acute and chronic conditions. In response to the rapid growth of medication use in hospitals and in community settings, federal, provincial and territorial governments have put in place programs and policies to improve drug access and affordability.

The Canadian Agency for Technology and Health (CADTH) and the pan-Canadian Pharmaceutical Alliance (pCPA) are two examples of such initiatives designed to harmonize health technology assessment recommendations, increase access to drug treatment options, and improve consistency of drug coverage across Canada while respecting the individual governments' authority and responsibility for delivery. These collaborative approaches have begun to attain many of the benefits associated with a national pharmacare plan, including improved access, equity and sustainability of drug coverage for Canadians. These approaches are achieving success without sacrificing local decision-making.

Renewed discussions on plans for a “national” or “pan-Canadian” pharmacare program have shown that the concept of “pharmacare” means different things to different people. Discussions typically center on access and equity (coverage), the drug prices paid by Canadians, a common formulary, and appropriate drug therapy.<sup>6</sup>

In response to these renewed concerns, in 2015 the Canadian Pharmacists Association (CPhA) developed a series of key principles and priorities for pharmacare, based on the belief that Canadians deserve access to medically-necessary medications and services that support appropriate medication use, regardless of income or postal code. These principles and priorities centre on leveraging the strengths of the current federated system of health care funding and management and providing pragmatic solutions that would achieve better access for Canadians and savings for governments.

As the landscape evolved over the past two years, these principles were adapted into five key policy recommendations to support a vision for a pan-Canadian PharmAccord.

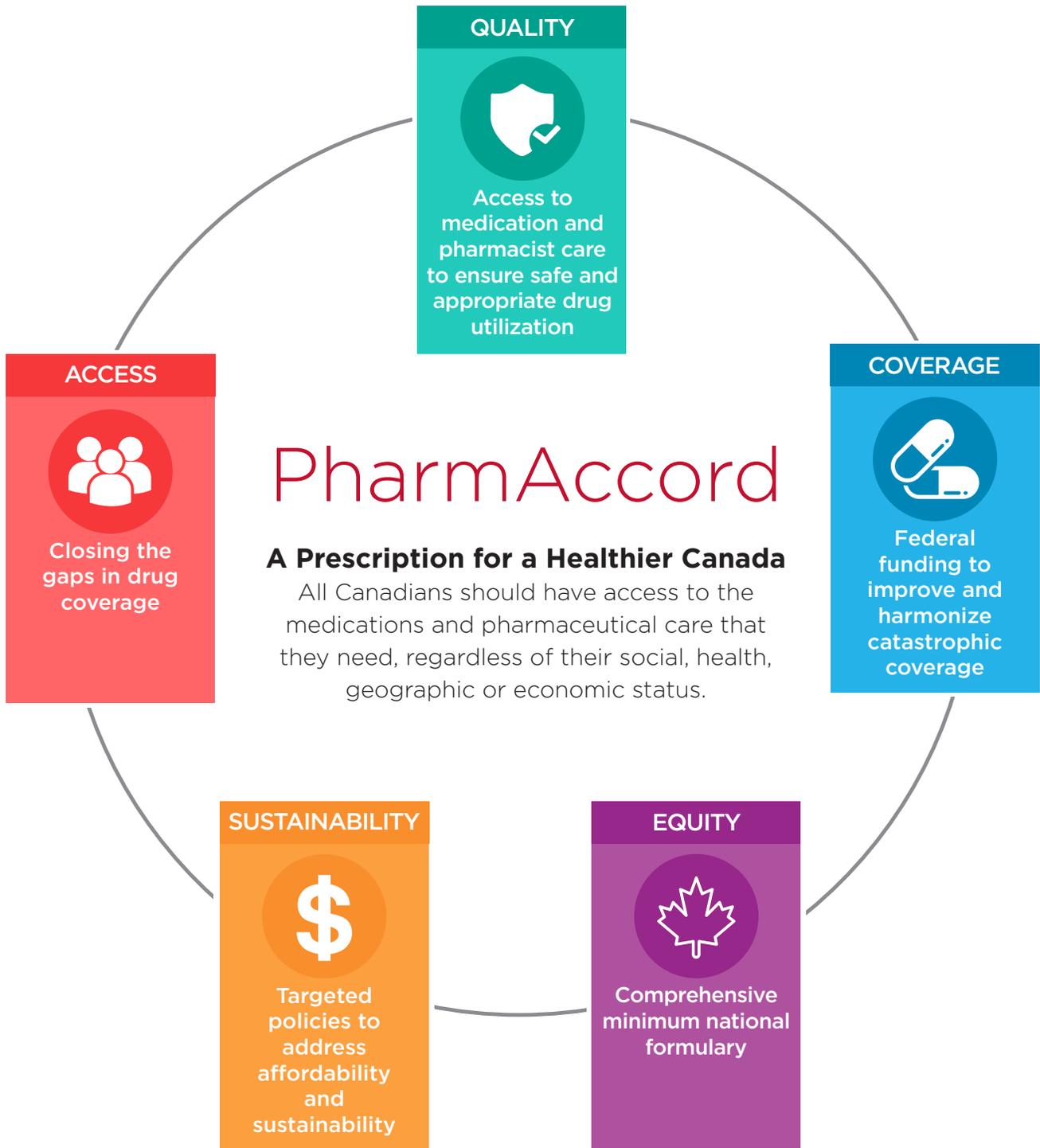


# A New Canadian PharmAccord

Federal, provincial and territorial governments have made considerable progress in establishing a pan-Canadian approach to pharmacare in recent years, and Canadians are benefiting from these efforts. CPhA believes that we can build on these successes and evolve our current system to truly address the gaps and challenges that currently exist within drug policies and programs in Canada. This is why, CPhA recommends the creation of a new PharmAccord that leverages existing collaborative efforts, recognizing the effective programs that currently exist across the country and respecting provincial/territorial responsibility over health.

The Canada Health Act (CHA) specifies the conditions and criteria with which provincial and territorial health insurance programs must conform in order to receive federal transfer payments under the Canada Health Transfer. Additionally, the federal and provincial governments have signed numerous agreements over the past few decades in which provincial governments agree to achieve specific health objectives in exchange for federal funding. Building upon the spirit of the CHA and previous health accords, a Canadian PharmAccord would ensure federal funding to the provinces to achieve specific conditions, criteria and objectives regarding Canadians' access to prescription drugs.

We strongly believe that through such an Accord, progress can be made to better support patients, and the health care providers who play an integral role in their patients' health. As such, CPhA recommends that governments develop a patient centred Canadian PharmAccord based on five key pillars.



CPhA believes that a new Canadian PharmAccord based on these pillars would help improve access and equity, achieve lower drug prices, introduce a comprehensive national formulary, and promote the safe and appropriate use of prescription medicines.

# Access



## Closing the gaps in drug coverage

All Canadian provinces/territories already provide some form of public drug coverage to their residents, often targeting special populations such as seniors, low income individuals, etc. In addition to public insurance, roughly 24 million Canadians have supplementary private health insurance to help cover the cost of drugs. These private plans can be an employee benefit, or paid for individually. However, coverage is not uniform across the country and many provinces do not have full population coverage. All provinces should therefore be required to ensure all uninsured residents have access to public or private drug coverage for routine expenses. This would be supplemented by the new federal transfer for catastrophic drug coverage as described in the next pillar.

Recognizing the constitutional make-up of Canada, we believe that a pan-Canadian approach to drug coverage is more feasible than a national framework because it aligns with provincial and territorial sovereignty in the area of health. Its implementation would build upon the coverage that is currently adequate for 88% of Canadians and offer greater feasibility of implementation by leveraging public and private sector insurance infrastructure.

There are a number of options for achieving this objective, and each provincial or territorial government can tailor their respective program as they see fit to meet the unique needs of their populations. Existing full population coverage models in British Columbia or Québec could provide a starting point for other jurisdictions to scale up their programs. A mixed private-public model would also support long-term sustainability by reducing the need for additional government revenue, and Canadians would continue to benefit from innovation in both public and private plans.

# Coverage



## Federal funding to improve and harmonize catastrophic coverage

Catastrophic drug coverage protects individuals from undue financial hardship due to medication expenses by imposing a maximum on out-of-pocket spending for prescription drugs. Most commonly, these plans employ a “geared-to-income” limit where beneficiaries pay for their drug costs until they reach a predetermined maximum calculated on the basis of their income. After this maximum is reached, the public plan pays for the remainder of drug expenses until the coverage year resets. Catastrophic drug plans typically help supplement coverage for those who are underinsured, such as for catastrophic illnesses and rare and chronic conditions that require treatment for lengthy periods of time.

While most Canadian provinces already provide some form of catastrophic coverage, there is considerable variation in terms of eligibility criteria and the amount of out-of-pocket expenditures associated with each plan. The lack of uniformity across the country is an important consideration in establishing a role for the federal government.

A critical pillar of a PharmAccord would therefore be the creation of a federal catastrophic drug transfer with the requirement that provinces limit annual out-of-pocket costs to 3% of household income. This is lower than any of the existing provincial catastrophic plans, and would create a common floor across all provinces.<sup>7</sup>

A catastrophic drug transfer could allow provincial drug programs to expand and improve coverage for their residents, offset the cost of provincial, territorial and employer drug plans, and reduce disparities in coverage across the country. It would also help improve access and alleviate cost burdens for the 1 million Canadians with more than 3% of after tax income spent on drug costs.<sup>8</sup>

It is estimated that such a transfer would cost the federal government approximately \$1.4B a year, and would provide financial support to over 5% of Canadians who currently face high out-of-pocket costs (i.e. beyond 3% of their income).



## Comprehensive minimum national formulary

Currently, each province and territory has its own list of prescription drugs that are covered under its own drug plan. Layered onto this are the federal drug plan and private drug plans, each with their own formularies. The development of a comprehensive national formulary to guide the minimum listing decisions of public and private plans is a critical building block to improve equitable access. Moreover, such a formulary would end the existing patchwork of coverage to improve access and equity for Canadians.

The Canadian Agency for Drugs and Technologies in Health (CADTH) and the Institut national d'excellence en santé et en services sociaux (INESSS) already conduct reviews of the clinical and cost-effectiveness of new drugs and provide recommendations to publicly funded drug plans in Canada. Participating drug plans are in agreement with these recommendations more than 90% of the time.<sup>9</sup> However, even with the creation of these programs, there is potential for replications of secondary evaluations at the level of each province or plan, and public drug plans sometimes opt to cover or not cover different drugs.<sup>10</sup> CADTH's and INESSS's existing programs and services, relationships with public drug plans, and partnerships with health care organizations are well-positioned to close the gap on a common national formulary. Pharmacists' drug therapy expertise should be leveraged as part of the review process.

To ensure increased equity across the country, CPhA therefore recommends that drug plans work together to develop a minimum common formulary that strives to provide patients with comprehensive access to the full scope of medications needed to be healthy. CPhA strongly believes that Canadians would be poorly served by the creation of an essential medicines list of only a few hundred medications. A model national formulary must recognize the need for new innovative medicines and allow for individualized patient care. As a starting point, drug plans could focus on harmonizing listing decisions for new therapies to increase treatment options.

And while a national formulary would help ensure increased equity across the country, every effort should be made to avoid the risks associated with using this formulary to achieve excessive price reductions that could lead to more limited access (for example drug shortages), and without consideration of how this would impact the overall system.

# Sustainability



## Targeted policies to address affordability and sustainability

Public and private drug plans continue to face cost pressures, largely resulting from new high-cost medications, and increased drug utilization amongst Canada's ageing population. Compounding this challenge are the costs associated with medication non-adherence and waste within the system. Pharmacists believe that Canada's pharmaceutical system should ensure affordability of medications for patients while promoting its long-term sustainability, without compromising access to the full spectrum of medications that Canadians rely on.

An additional pillar of such a PharmAccord should therefore focus on identifying policies that will ensure value for drug spending with a focus on improving health outcomes. As such, any new policy direction should be evaluated at the outset to assess its true costs and health impacts, to develop strategies to mitigate potential unintended consequences.

All jurisdictions (including the federal government) participate in the pan-Canadian Pharmaceutical Alliance (pCPA). The Alliance combines the drug price negotiating power of these drug plans to increase drug treatment options available, and improve consistency of coverage across Canada while achieving the best prices for drugs that individual public plans may not achieve on their own. Private drug plans have begun incorporating the process of health technology assessment (HTA) into their reimbursement decision-making, and are developing internal capacities aimed at negotiating drug prices with pharmaceutical manufacturers to ensure sustained value for money for new prescription drugs. Convergence of these assessments and a broadening of perspectives taken for reimbursement decisions to include societal benefit and real-world evidence, in addition to health system costs, will ensure Canadians receive greater value for their drug spend. These activities should be supported and expanded within the framework of a new PharmAccord and we encourage all drug plans and review agencies to leverage the unique expertise of pharmacists in these activities and assessments.

A pan-Canadian PharmAccord framework should be built on cooperation and collaboration between public and private plans. Maintaining a role for private coverage would assist in ensuring the sustainability of drug expenditures in Canada. In addition to enhancing coverage for uninsured Canadians, we further believe that patient contributions can be an important component of existing drug coverage in Canada to promote responsible use, reduce overuse of medication, limit diversion and reduce overall wastage within the system. And while patient contributions should not exceed ability to pay or compromise access to needed medication, premiums and other cost-sharing mechanisms will assist provinces and territories in ensuring the long-term sustainability of their drug programs.

# Quality



## Access to medication and pharmacist care to ensure safe and appropriate drug utilization

The goal of any drug therapy is to improve patients' health and quality of life by preventing, eliminating or controlling diseases or symptoms. Optimal drug therapy is safe, effective, appropriate, affordable, cost-effective and tailored to meet the unique needs of patients. However, many patients across the country do not have access to the care and services that support and promote optimal drug therapy including medication reviews, education on medication use and follow up care.

While many health providers play a role in ensuring appropriate medication use, as drug experts and the most accessible health care providers, pharmacists are uniquely positioned to support optimal drug therapy through safe and appropriate drug utilization. They do this by formulating and implementing medication care plans, educating patients about their medications, adjusting therapies and often, recommending lower cost alternatives. Pharmacists are also ideally positioned to monitor and adapt drug therapy based on patient response and should be empowered to adjust and substitute therapies in a way that respects the needs and choices of patients and the prescribers' preferences. This is especially needed as 40% of Canadians have difficulty contacting a nurse or physician for health information or advice and 48% have difficulty making an appointment for on-going care.<sup>11</sup> Quality patient care therefore depends on ensuring that patients can access the pharmacist of their choice in their community.

Appropriate drug utilization also refers to drug safety, adherence and the potential for overuse and misuse. Elderly Canadians with multiple prescriptions are at greatest risk of issues arising from misuse – more than 65% of Canadian seniors take five or more medications.<sup>12</sup> Not only does polypharmacy among the elderly put seniors at risk of side effects, it increases costs for payers.

In addition, pharmacists see firsthand the amount of wastage that exists within the system when patients do not use their medications. For example, in 2016 alone, pharmacies in 4 provinces helped safely destroy 386 tonnes of unused or expired medications returned by patients.<sup>13</sup> Medication non-adherence is a leading cause of medication wastage, which increases with polypharmacy and results in 5% of hospital admissions, 5% of physician visits, 12,500 Canadian deaths from non-adherence to cardiovascular medications alone, and contributes to \$4 billion in health care costs every year.<sup>14,15</sup>

Through reviewing medication profiles, counseling, patient monitoring and deprescribing, pharmacists prevent patients from starting inappropriate therapies, help patients maintain adherence to needed therapies, and help patients stop, reduce, or slowly withdraw from medications that are inappropriate, unsafe, or ineffective. These clinical services leverage pharmacists' expertise and, coupled with appropriate prescribing, can help reduce the considerable waste that contributes to unnecessary costs.

When pharmacists are empowered to practice to the full extent of their scope, services offered by pharmacists can help reduce drug spending and improve health outcomes to save money across the health care system.

Evidence from provinces like Alberta, where pharmacists practice to their full scope, demonstrates the enormous potential of these services to reduce the burden of costly hospital and physician visits. For example, new research shows that pharmacist care that provide medication management support for patients with hypertension would save Canada's health care system more than \$15.7 billion over the next 30 years.<sup>16</sup>

Governments need to work with pharmacists and other health care professionals to ensure they have the ability, funding and support to provide a comparable level of optimal drug therapy to all Canadians. Support for pharmacist-led initiatives to achieve optimal drug therapy through safe and appropriate drug utilization is a key pillar of a new PharmAccord that would improve affordability, health outcomes, and reduce health care costs system-wide.

# Conclusion: A New PharmAccord

As governments and decision makers identify potential policy options and solutions to address prescription drug access and utilization in Canada, it is critical that patients, and health care professionals be fully integrated in these discussions.

Total health expenditure in Canada is expected to reach \$242 billion in 2017, with hospital and physician spending accounting for 45%.<sup>17</sup> The magnitude of these expenditures highlights the importance of preventative care, and effective disease management, in managing costs beyond drug budgets. Efforts to contain pharmaceutical costs through a new PharmAccord should be considered within the context of total health care expenditure, and should leverage the capacity of expanded scope pharmacy practice.

The Canadian Pharmacists Association believes that improved access to prescription drugs and optimal drug therapy to ensure safe and appropriate drug use is a prescription for a healthier Canada. We believe this can be achieved by government adoption and implementation of the five pillars of the PharmAccord.

# Endnotes

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For more information, contact:  
Joelle Walker, Director, Public Affairs

**Canadian Pharmacists Association**

1785 Alta Vista Drive, Ottawa, ON K1G 3Y6

☎ 613-523-7877 ext 310 📠 613-523-0445 ✉ [jwalker@pharmacists.ca](mailto:jwalker@pharmacists.ca)

