



**PHARMACARE**  
FOR EVERYONE

Lower cost. Less worry.  
**Better health.**

ONTARIO  
NDP  NPD

# **Pharmacare for Everyone: Lower Cost, Less Worry, Better Health**

## **Introduction**

Prescription drugs are unaffordable for millions of Ontarians today. Too many families worry about how they will pay for their medications. More and more people are being forced to choose between filling their prescriptions or paying for hydro, housing, and food. And the problem is getting worse, not better, as insecure work with low-pay and no benefits becomes much more common.

New Democrats believe that we must make prescriptions affordable and accessible for all Ontarians – and all Canadians – no matter where you work, how old you are, or how much you earn. Canada needs universal and comprehensive national Pharmacare. But Ontario cannot wait any longer, while millions of people struggle to afford prescriptions.

Ontarians need drug coverage now. We need Pharmacare for everyone.

## **Overview**

- An NDP government will establish Ontario's first universal Pharmacare program. All Ontarians will have access to essential medications for the very first time, including the over 2.2 million Ontarians who have no drug coverage today.
- Universal Pharmacare will begin with universal coverage for approximately 125 essential medicines. Coverage will grow and expand as savings are realized. Listed drugs will be determined through an independent process led by the Committee to Evaluate Drugs.
- The program will be fully implemented by 2020 and will realize significant savings for uninsured families, as well as businesses and private payers that pay for employee drug benefits.
- We will allocate an annual budget of \$475 million.
- Just as Tommy Douglas started Medicare in Saskatchewan with hospital insurance and it expanded to include all Canadians, New Democrats will build universal Pharmacare in Ontario and work to expand it to achieve universal and comprehensive national Pharmacare for all Canadians.

## **The Problem**

- Canada is the only high-income country with universal health care that does not have universal coverage for prescription drugs.

- Ontario’s existing patchwork of private employer-provided benefits plans and public drug benefit programs leave at least **2.2 million Ontarians with no drug coverage**.<sup>1</sup>
- As the number of low-paying and insecure jobs grows, more workers find themselves without employer-provided drug benefits. Research by the Wellesley Institute has found that **one-third of paid employees** in Ontario do not have employer-provided medical or dental benefits.<sup>2</sup>
- Health Quality Ontario reports that one-quarter of Ontarians between the ages of 12 and 64 do not have prescription medication insurance, and concludes that “These gaps in coverage suggest everyone in Ontario does not currently have the same opportunity for good health.”<sup>3</sup>
- Ontarians paid \$2.5 billion out-of-pocket for prescription drugs in 2015, representing 22 percent of total drug costs in Ontario.<sup>4</sup>
- 24 percent of Ontarians reported in 2015 that, in the previous 12 months, they or someone in their household did not take their medicines as prescribed, if at all, because of cost. This includes not filling prescriptions, not renewing prescriptions, and skipping doses or splitting pills to make a prescription last longer.<sup>5</sup>

## The Plan

- An NDP government will deliver public drug coverage to all Ontarians with Ontario’s first universal Pharmacare program.
- Ontario will lead the country by taking the first big step towards national Pharmacare for all Canadians, just as Tommy Douglas did for Medicare in Saskatchewan. Our goal is to realize universal and comprehensive national Pharmacare.

## Objectives

- Our plan will:
  - Provide universal drug coverage in Ontario for the very first time;
  - Provide access to essential drugs for all Ontarians, including the 2.2 million Ontarians who have no drug coverage today;

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<sup>1</sup> 2015/16 Report Card for the Ontario Drug Benefit Program, slide 7, [http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb\\_report\\_16.pdf](http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb_report_16.pdf)

<sup>2</sup> Wellesley Institute, “Low Wages, No Benefits,” <http://www.wellesleyinstitute.com/wp-content/uploads/2015/02/Low-Wages-No-Benefits-Wellesley-Institute-Feb-2015.pdf>

<sup>3</sup> Health Quality Ontario, *Measuring Up 2016*, p. 137 and p. 141

<sup>4</sup> 2015/16 Report Card for the Ontario Drug Benefit Program, slide 6, [http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb\\_report\\_16.pdf](http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb_report_16.pdf)

<sup>5</sup> Angus Reid Institute, “Prescription drug access and affordability an issue for nearly a quarter of all Canadian households,” July 15, 2015, <http://angusreid.org/wp-content/uploads/2015/07/2015.07.09-Pharma.pdf>

- Improve safe and appropriate prescribing and utilization of prescription medications;
- Reduce drug costs faced by individuals, businesses, municipalities, and other private payers; and
- Increase Ontario's competitive advantage by reducing costs for businesses and supporting a healthy and productive workforce.

### **List of Essential Medicines**

- With Pharmacare, Ontario will start by creating a list of approximately 125 essential medicines. Over time, the number of medicines will grow. All Ontarians will have access to these essential medicines based on their health needs, not their ability to pay.
- Essential medicines will be chosen on the basis of the demonstrated health needs of Ontarians. They will be commonly-prescribed medications of proven efficacy, safety, quality, appropriateness, and cost-effectiveness. Decisions will be made based on the best-available and highest quality evidence.
- The list of essential medicines will be developed through an independent and arms-length process. Much of the expertise required already resides with the existing Committee to Evaluate Drugs – the body of independent experts that provide specialized advice to the Ministry of Health and Long-Term Care on drug-related issues – and we will ask the Committee to Evaluate Drugs to lead the development of the first list of essential medicines.
  - The Committee to Evaluate Drugs already has the mandate and expertise to evaluate the therapeutic value and cost-effectiveness of drug products; recommend to the government which products should be considered for publicly-funded programs; and monitor and evaluate the list of drugs available in light of drug use patterns, experience, and current scientific knowledge. We will ensure that the Committee to Evaluate Drugs has the capacity and resources to undertake its new responsibilities.
- It is anticipated that Ontario's list of essential medicines will include commonly-prescribed drugs used in the treatment of conditions such as high blood pressure, high cholesterol, asthma, diabetes, allergies, migraines, mental health conditions, HIV, as well as drugs for birth control and reproductive health.

### **Administration**

- Pharmacare will be administered by the Ontario Public Drug Program Division of the Ministry of Health and Long-Term Care, which is currently responsible for the Ontario Drug Benefit and other public drug programs.

### **Timeline**

- An NDP government will begin working, immediately upon election, to establish Pharmacare so that it is implemented by 2020.

- This is the starting point for Pharmacare, but certainly not the end-point. As savings are achieved and health benefits are measured, it is our objective to expand the number of essential medicines available through Pharmacare, until such time as a universal and comprehensive national Pharmacare program has been developed and implemented.

### **Current Drug Plans**

- Pharmacare will complement Ontario’s existing public drug programs. Our plan will not cause anyone to lose coverage that they currently receive – and no one will pay a higher copayment than they currently would if they were covered through Ontario Drug Benefit.
- The Government of Ontario currently spends \$4.7 billion per year to provide drug coverage to 3.9 million Ontarians, including seniors over age 65, social assistance recipients, and people who face catastrophically expensive drug costs in relation to their income.<sup>6</sup> Ontario’s six public drug programs meet the needs of specific segments of Ontario’s population, but also leave significant gaps in drug coverage for other Ontarians.
- Under our plan, for instance, comprehensive coverage will continue for Ontario’s seniors and social assistance recipients, and catastrophic coverage will continue to provide protection for Ontarians who face high drug costs relative to their incomes.
- Pharmacare will also reduce costs for private payers, including individuals, businesses, and municipalities. Private plans will continue to provide drug coverage for drugs that are not listed as Ontario’s essential medicines. This will reduce costs for private payers while maintaining high-quality coverage for beneficiaries and plan sponsors.

### **Accountability, Transparency, and Appropriate Prescribing**

- We will ensure that the management of Pharmacare is accountable and transparent to Ontarians. Pharmacare expenditures will be subject to audit by the Auditor General.
- Appropriate prescribing and utilization of prescription medications is an important component of Pharmacare. Pharmacare will provide additional evidence to support decision-making concerning drug coverage and best prescribing practices.

### **Costs**

- No Ontarian will pay any deductible or premium as part of our Pharmacare plan. Pharmacare will be the first drug program in Ontario to be delivered to *all* Ontarians with no deductible or premium, removing a significant financial barrier to accessing prescription drugs.
- Pharmacare will incorporate a copayment geared to income, which will be no higher than the current copayments through Ontario Drug Benefit – \$6.11 for most people and \$2 for people living on low-incomes (based on incomes less than \$19,300 for single seniors and less than \$32,300 for senior couples).

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<sup>6</sup> 2015/16 Report Card for the Ontario Drug Benefit Program,  
[http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb\\_report\\_16.pdf](http://health.gov.on.ca/en/public/programs/drugs/publications/opdp/docs/odb_report_16.pdf)

- This means that through our plan, Ontarians will have access to essential medicines for a maximum copayment of \$6.11 per prescription, consistent with the existing copayment for the Ontario Drug Benefit program.
- Through our plan, people living on low-incomes will have access to essential medications for a maximum copayment of \$2 per prescription, also consistent with the Ontario Drug Benefit.

## Budget

- An NDP government will allocate an annual budget of **\$475 million** to support the implementation of Pharmacare.
- This is a prudent projection. Independent financial projections have found that this is the maximum-cost scenario for the Ontario government.<sup>7</sup>
- This projection does not include savings to government on public sector employee health benefits or savings realized through lower health-system utilization resulting from improved prescription adherence.

## Savings

- Implementing Pharmacare will result in savings for households, businesses, and private payers who provide drug coverage to employees.
- With Pharmacare, Ontario’s private payers will realize savings of at least \$835 million through lower drug costs. Private sector savings could reach as high as \$1.9 billion.<sup>8</sup> We project that our Pharmacare plan will help businesses and municipalities save, on average, an estimated \$80 per employee on employer-provided drug costs.

<b>Drug Costs in Ontario paid through Private Insurance, 2015</b>	
Drug Costs paid through Private Insurance in Ontario, 2015 <i>Source: Ontario Public Drug Programs</i>	\$4,100,000,000
Number of Ontarians covered by Private Drug Insurance, 2015 <i>Source: Ontario Public Drug Programs</i>	7,741,000
Estimated Drug Costs paid through Private Insurance per beneficiary, 2015	\$529.65

- As the federal government works to reduce drug costs and save Canadians billions of dollars, we will work with the federal government to ensure that the Government of Ontario and Ontario’s businesses and residents fully realize the savings that are achieved through both federal and provincial initiatives.

<sup>7</sup> Morgan et al., “Estimated effects of adding universal public coverage of an essential medicines list to existing public drug plans in Canada,” *Canadian Medical Association Journal*, February 27, 2017.

<sup>8</sup> Morgan et al., “Estimated effects of adding universal public coverage of an essential medicines list to existing public drug plans in Canada,” *Canadian Medical Association Journal*, February 27, 2017.

## **Funding**

- The Government of Ontario has forecast total annual expenditures in 2016-17 of \$136.644 billion.<sup>9</sup>
- Pharmacare will represent just a 0.35%, or one-third of one percent, increase in total expenditures. As such, funding for Pharmacare is not prohibitive and will be able to be allocated in one of three ways:
  - It is likely Ontario will see sufficient economic growth in the coming years to allow new revenues to be directed to funding Pharmacare;
  - A minor reprioritization of government funding; however, an NDP government will not reallocate existing health spending to pay for Pharmacare;
  - If the above preferred options are not possible, an NDP government could introduce a new revenue source sufficient to provide the limited new funding required for Pharmacare. Any new revenue source would be fair and progressive, and would not place a new burden on people or businesses.
- It is important to note that none of these scenarios recognizes the significant savings to businesses, individuals, and all levels of government currently providing drug coverage for their employees. Nor do they factor in the significant savings expected in reduced emergency room visits, hospitalizations, or primary care visits associated with the failure to properly take prescribed medications.

## **Background**

### **Support for National Pharmacare**

National Pharmacare has been endorsed by the following municipal associations:

- Northwestern Ontario Municipal Association (NOMA) (April 23, 2015)
- Federation of Canadian Municipalities (FCM) (June 2016)

National Pharmacare has been endorsed by resolutions of the following Ontario municipal councils:

- Town of Marathon (April 13, 2015)
- City of Hamilton (August 12, 2015)
- Town of Ajax (September 14, 2015)
- Region of Durham (November 4, 2015)
- Regional Municipality of Peel (November 12, 2015)
- Town of Whitby (November 23, 2015)
- Township of Uxbridge (November 30, 2015)
- City of Toronto (December 9, 2015)

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<sup>9</sup> [http://www.fin.gov.on.ca/en/budget/fallstatement/2016/paper\\_all.pdf](http://www.fin.gov.on.ca/en/budget/fallstatement/2016/paper_all.pdf)

- Municipality of Clarington (December 15, 2015)
- City of Kingston (March 22, 2016)
- County of Peterborough (January 18, 2017)
- Municipality of Huron East (February 7, 2017)
- Township of O'Connor (February 13, 2017)
- County of Prince Edward (March 14, 2017)
- City of Brantford (March 21, 2017)

Universal coverage of prescription drugs has also been recommended by numerous national commissions, including:

- Royal Commission on Health Services (Hall Commission) (1964)
- National Forum on Health (1997)
- Royal Commission on the Future of Health Care in Canada (Romanow Commission) (2002)
- Citizens' Reference Panel on Pharmacare in Canada (2016)

### **Position of the Federal Government**

- An Ontario NDP government will work with the federal government to support efforts to achieve savings and to improve access to prescription medications.
- We will pressure the federal government to take a leadership role in the development and implementation of universal and comprehensive national Pharmacare for all Canadians.
- The federal Minister of Health has been given a mandate by the Prime Minister to work to “improve access to necessary prescription medications. This will include joining with provincial and territorial governments to buy drugs in bulk, reducing the cost Canadian governments pay for these drugs, making them more affordable for Canadians, and exploring the need for a national formulary.”<sup>10</sup>
- The Minister of Health has promised to save Canadians “in the order of billions of dollars per year” because Canadian drug costs are far too high, compared to other countries.<sup>11</sup>
  - We will work closely with the federal government to ensure that Ontario’s businesses and families fully realize the savings that are achieved.
- The federal Minister of Health has also stated that “provinces and territories, right now... are currently responsible for making decisions on who is and isn’t covered under a public plan.”<sup>12</sup> Accordingly, under our plan, we are exercising that authority.
- The House of Commons’ Standing Committee on Health is currently conducting public hearings into national Pharmacare.

<sup>10</sup> <http://pm.gc.ca/eng/minister-health-mandate-letter>

<sup>11</sup> <http://www.cbc.ca/news/health/health-minister-jane-philpott-drug-prices-1.3932254>

<sup>12</sup> <http://www.cbc.ca/fifth/blog/full-interview-with-minister-of-health-jane-philpott>



## Essential Medicines

- The development of a list of essential medicines is recommended by the World Health Organization, and supported by peer-reviewed research recently published in the *Canadian Medical Association Journal*.

- Essential medicines are defined by the World Health Organization (WHO) as follows:

Essential medicines are those that satisfy the priority health care needs of the population. Essential medicines are selected with due regard to disease prevalence and public health relevance, evidence of clinical efficacy and safety, and comparative costs and cost-effectiveness. Essential medicines are intended to be available within the context of functioning health systems at all times in adequate amounts, in the appropriate dosage forms, with assured quality, and at a price the individual and the community can afford.<sup>13</sup>

- The WHO developed its first Model List of Essential Medicines in 1977. The 19<sup>th</sup> version of the Model List of Essential Medicines was published in April 2015.<sup>14</sup>
- Today, more than 110 countries have developed lists of essential medicines, which include medications that are appropriate to the needs of their populations and unique contexts. For instance, Sweden has a “Wise List” of approximately 200 medications, and the United Kingdom has regional short lists of essential medications.<sup>15</sup>

## Research on Essential Medicines in Ontario

- Researchers at St. Michael’s Hospital and the University of Toronto have developed a preliminary essential medicines list for Canada.<sup>16</sup> Sources include the 2013 World Health Organization Model List of Essential Medicines, input from Canadian clinician-scientists, and audits of prescriptions at two Toronto-based family health teams to identify common prescriptions.
- The St. Michael’s hospital study developed a list of 125 medications that covered 90% of the prescriptions written at two clinics in Toronto, including common medications for high blood pressure, cholesterol, diabetes, osteoporosis, asthma and COPD, HIV, etc.<sup>17</sup> This “covers most, but not all, current prescribed medications in primary care.”

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<sup>13</sup> World Health Organization, “Essential medicines,”  
[http://www.who.int/medicines/services/essmedicines\\_def/en/](http://www.who.int/medicines/services/essmedicines_def/en/)

<sup>14</sup> WHO Model List,  
[http://www.who.int/medicines/publications/essentialmedicines/EML\\_2015\\_FINAL\\_amended\\_NOV2015.pdf?ua=1](http://www.who.int/medicines/publications/essentialmedicines/EML_2015_FINAL_amended_NOV2015.pdf?ua=1)

<sup>15</sup> Nav Persaud et al., “Development of a preliminary essential medicines list for Canada,” *CMAJ Open* 5(1), February 2017, p. E138.

<sup>16</sup> Nav Persaud et al., “Development of a preliminary essential medicines list for Canada,” *CMAJ Open* 5(1), February 2017.

<sup>17</sup> <http://www.cbc.ca/news/health/essential-medicine-health-canada-1.3998964>

- While this list is not the list that Ontario will use, it provides important peer-reviewed research on the feasibility and necessity of providing access to essential medications in Ontario.

### **Research on Costs of Implementation in Canada and Ontario**

- Dr. Steve Morgan of the University of British Columbia has published peer-reviewed research on the costs of implementing Pharmacare based on a list of essential medicines.<sup>18</sup>
- This approach at the national level is estimated to cost governments an additional \$1.229 billion per year (range of \$373 million to \$1.979 billion). This work provides independent costing confirmation of the projected costs and feasibility of this plan.
- Dr. Morgan has conducted extensive work and published widely in peer-reviewed journals on the topic of national Pharmacare.

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<sup>18</sup> Morgan et al., “Estimated effects of adding universal public coverage of an essential medicines list to existing public drug plans in Canada,” *Canadian Medical Association Journal*, February 27, 2017.