After More Than 50 Years, Pharmacare (and Dental Care) are Coming to Canada

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Abstract
In March 2022, the New Democratic Party (NDP), Canada’s social democratic party, and the centrist Liberal government signed a supply and confidence agreement. In return for the NDP agreeing to vote with the government on all crucial issues until June 2025, the Liberals pledged to bring in both pharmacare and dental care programs. Pharmacare, universal public insurance coverage for prescription drugs, had been promised for more than 50 years but never implemented, while public dental care was an almost completely neglected issue. This article explains the long genesis of pharmacare, the need for public dental care, and the political circumstances that led to the agreement. However, at this point, details about both plans are largely absent. As a result, how well those plans will serve the needs of Canadians is yet to be determined.

Keywords
Canada, pharmacare, dental care, history, political agreement

The Canadian Health Care System
To understand why Canada is the only country in the world that has universal public insurance for doctor and hospital services but not for prescription drugs, it’s necessary to know a bit about Canada’s constitution. Under the Canadian constitution, written in 1867, “the provinces were responsible for establishing, maintaining and managing hospitals, asylums, charities and charitable institutions, and the federal government was given jurisdiction over marine hospitals and quarantine”.2 As a result, as health care became more important, provinces individually developed their own mechanisms for funding and delivering health care. The beginning of publicly funded hospital care came in Saskatchewan in 1947, followed by federal legislation that provided for federal funding for half the cost of hospital care, provided that the provinces agreed to offer universal coverage through a publicly administered system. Saskatchewan expanded its system to include universal public coverage for physician services in 1962, with the federal government once again following suit in 1966 with legislation to pay for 50% of the cost to any province.2,3

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Pharmacare as an Extension of Medicare

As Morgan and Daw described it, Canada opted to establish health coverage in stages, with the Royal Commission on Health Services (Hall Commission), which was the catalyst for physician coverage, recommending that pharmacare should follow after doctors’ services were insured. Although pharmaceutical expenditures in the mid-1960s were small by today’s numbers, the use and costs of medications were growing following the post-World War II therapeutic revolution. The Hall Commission’s report noted the challenges “of establishing a drug benefit program in the face of excessive patient demand, excessive prescribing, too many repeat prescriptions, [and] the lack of historic plateau or benchmark of use or average prescription price” and recommended that pharmacare be delayed until drug spending leveled off.

Opting for a piecemeal approach to health care coverage matters “in policy development because of the mechanisms put in place by the pace of change. A lack of consensus on big policy ideas contributes to a slow process of policy development, and this process in turn reinforces limited policy ideas”. Once the idea that pharmacare was an “extra” became entrenched in the minds of politicians, policy leaders, and, eventually, the public, it became more and more difficult to envision implementing such a policy on a national level. By the early 1970s, pharmacare had effectively dropped off the political agenda on a national basis.

Therefore, each province developed its own system for public payment, with the resultant provincial variation in what drugs are covered, what groups of the population are eligible for public insurance, whether the plans are age- or income-based, and what level of copayment, deductibles, and user fees are levied.

Reports Recommend Pharmacare but Nothing Happens

There was a brief flurry of activity around pharmacare in the mid-1990s. In 1994, Jean Chrétien, the Prime Minister, set up the National Forum on Health as an advisory body “to involve and inform Canadians and to advise the federal government on innovative ways to improve our health system and the health of Canada’s people.” When the National Forum reported in 1997, it “call[ed] on the federal, provincial, and territorial governments...to chart a course leading to full public funding for medically necessary drugs”. Later that year, during the national election campaign, the Liberal Party endorsed “pharmacare as a long-term national objective” and pledged to “ensure that all Canadians have access to medically necessary drugs within the public health care system.” Despite this campaign pledge, a conference in Saskatoon in January 1998 seems to have been the most the Liberals did to fulfill their promise. At the Saskatoon meeting, Health Minister Allan Rock backed off endorsing a universal first-dollar plan by claiming that “with money—provincial and federal—being what it is and with very real competing demands on it, it seems improbable to me that there would be sufficient consensus in the near term to move immediately to [a] kind of full-blown system”. If there was extra money to put into the health care system, the provinces were demanding that it be used to restore existing services to historic levels rather than to start up new ones.

In the ensuing years, other reports made recommendations that showed that pharmacare had not completely been forgotten, but these recommendations did not advance the cause. The Commission on the Future of Health Care in Canada (Romanow Report) called for a new Catastrophic Drug Transfer that “should be used to reduce disparities in coverage across the country by covering a portion of the rapidly growing costs of provincial and territorial drug plans”. The competing Kirby report from the Canadian Senate called on “the federal government [to] introduce a program to protect Canadians against catastrophic prescription drug expenses”. The Romanow Report begat the 2003 First Ministers’ Accord on Health Care Renewal, which pledged that they (the premiers of the provinces and territories and the Prime Minister) would ensure that by the end of 2005–2006, all Canadians would have “reasonable access to catastrophic drug coverage.” However, with the 2006 election of the right-wing Conservative Party under Stephen Harper, the pledge in the Accord died.

At times, the dialogue around pharmacare read like a farce between federal and provincial/territorial leaders. In 2004, the Prime Minister promised that “the objective of a Liberal government will be to agree with provinces and territories on a national pharmaceutical strategy” and committed to “design the right nationwide approach to provide all Canadians with a basic level of coverage”. Later that year, the premiers agreed that a national pharmaceutical program should immediately be established, with the federal government assuming full financial responsibility for a comprehensive drug plan for all Canadians. However, the federal government refused to take over running a pharmacare plan, saying that pharmacare was not its first priority, and instead offered the provinces $9 billion over five years for health care.

Renewed Interest in Pharmacare

Push From Progressives and Popular Support

For the next decade, any serious talk about pharmacare was largely absent. However, from the early 2010s onward, there was renewed activity from a variety of sources, including academics, progressive think tanks, health care coalitions, organized medicine, and unions. More than 85% of Canadians either moderately or strongly supported pharmacare and, when asked if they agreed or disagreed with
the statement “Most people have some kind of drug coverage through their employer or their own private insurance policy, so it’s unnecessary to create a new universal plan for everyone,” 73% disagreed, including 55% who identified as Conservatives.21

The Social Case for Pharmacare

Research also highlighted the social need for pharmacare. Journal articles pointed out that more than 8% of Canadians with at least one prescription reported being unable to afford one or more drugs in the prior year. It was estimated that “about 303,000 Canadians had additional doctor visits, about 93,000 sought care in the emergency department, and about 26,000 were admitted to hospital at the population level. Many Canadians forewent basic needs such as food (about 730,000 people), heat (about 238,000), and other health care expenses (about 239,000) because of drug costs”.22 As would be expected, cost-related non-adherence went up as income decreased and when people lacked drug insurance. More than 35% of low-income Canadians (annual income below $20,000, this and all subsequent dollar amounts in Canadian Dollars) without insurance reported cost-related non-adherence, compared to 4% of high-income Canadians (annual income greater than $80,000) with insurance.23 Body Count, a 2018 report commissioned by the Canadian Federation of Nurses Unions, estimated that the lack of affordability of prescription drugs could be causing 370 to 640 premature deaths due to heart disease every year and 270 to 420 premature deaths annually of working-age Canadians with diabetes.24 Figures from the Organisation for Economic Co-operation and Development (OECD) revealed that on an annual per capita basis, Canada was paying more for the combination of non-prescription and prescription medications than every developed country in the world except for the United States and Germany. (Approximately 80% of spending in OECD countries is on prescription medications)25) Similarly, Canadian brand-name prescription drug prices are the fourth highest in the world.26 Although some Canadians, especially those 65 and over, are covered by provincial drug plans, the amount that people have to pay out-of-pocket varies dramatically. Seniors with a net annual income of $55,000 and taking three psychiatric drugs would pay about $10–15 out-of-pocket every three months if they lived in Ontario, but almost $300 if they lived in British Columbia.27 Job losses during the COVID-19 pandemic meant that for the year ending October 2020, 14% of Canadians lost benefits, including the insurance for prescription drugs, versus just 7% who gained prescription drug coverage.21

The Economic Case for Pharmacare

Steve Morgan, a health economist at the University of British Columbia, and a group of colleagues estimated that universal public drug coverage would reduce total Canadian spending on prescription drugs by $7.3 billion. The private sector would save $8.2 billion, whereas government spending would increase by about $1.0 billion, with a worst-case estimate of an increase of $5.4 billion.28 A few years later, when the Parliamentary Budget Officer looked into pharmacare, its report pegged the increase in public spending higher at $7.3 billion with an overall savings of $4.2 billion.29 The following year, the House of Commons Standing Committee on Health examined pharmacare, and its final report endorsed the estimate of the Parliamentary Budget Officer.30

In light of the building pressure for pharmacare, the Liberal government appointed Eric Hoskins, the former Ontario Minister of Health, to head up an Advisory Council to develop an implementation plan for pharmacare. The Advisory Council proposed the creation of an arm’s-length Canadian drug agency governed collaboratively by the federal, provincial, and territorial governments and with patient representation on the board. Among the agency’s first tasks would be to create a national formulary: the list of drugs to be covered by national pharmacare. The initial formulary would be a list of essential medicines covering most major conditions and representing about half of all prescriptions and be available by January 1, 2022. Over the next five years, additional prescription drugs would be added to the national formulary so that the complete formulary would be in place no later than January 1, 2027. Based on the Advisory Council’s best estimate, when the plan was fully implemented, pharmacare would reduce annual system wide spending on prescription drugs by $5 billion, businesses and employees would see their prescription drug costs reduced by $16.6 billion annually, and families would see their out-of-pocket drug costs reduced by $6.4 billion.31

2019 and 2021 Federal Elections and the Aftermath

Armed with the report from the Advisory Council, in the leadup to the fall 2019 election, the federal Liberals asserted their commitment to pharmacare. In the House of Commons, Prime Minister Justin Trudeau said, “We recognize that Canadians should never have to make the impossible choice between paying for their medications or putting food on the table”.32 But in the election campaign itself, he hedged his enthusiasm, promising $6 billion over four years as a “down payment” on pharmacare without really explaining what that meant.33

After the election, the minority Liberal government still seemed to be in favor of pharmacare. The mandate letter from the Prime Minister to the Minister of Health instructed her to “continue to implement national universal pharmacare, including the establishment of the Canada Drug Agency”.34 But at this point, there were indications that the Liberals’
enthusiasm for pharmacare was fading. Trudeau and the Liberals heard from the provincial premiers, who, as in the late 1990s, were hesitant about pharmacare. Then Manitoba premier Brian Pallister said, “Don’t start with another program [pharmacare], get that [sustaining health care and all the multitude of services that we offer] right, start by getting that right.” Quebec premier Francois Legault wanted nothing to do with a national program, in part because Quebec has a program, although it is inadequate. Even British Columbia’s NDP premier John Horgan downplayed pharmacare, saying, “Those of us who already have significant plans [want to]…get back to a more equitable distribution of resources to deliver health care broadly”. Trudeau seemed to use this opposition to back off from pharmacare, saying that his government would not create or impose pharmacare on provinces that didn’t want to cooperate with the federal government. In an interview with the editorial board of the Toronto Star, he was clear that he wouldn’t interfere in areas of provincial responsibility because that’s not how the federation is supposed to work.

With the pandemic still in full force and child care becoming a major issue, by the time of the next election in October 2021, pharmacare was being downplayed by the Liberals, and this time, the next mandate letter made only a passing reference to pharmacare.

Dental Care—a Neglected Issue

If pharmacare only got mentioned from time to time, dental care as a public issue was almost completely off the radar. The NDP campaigned on it in 2021, but the other major political parties continued their tradition of ignoring it. The following description of the current state of dental care comes from the Canadian Doctors for Medicare position paper and makes it clear how neglected an issue it has been. The 1964 Commission on Health Services did not include public dental care in its recommendation of publicly financed services, believing oral health care to be a personal responsibility. At the same time, tax incentives for employers and employees led to an expansion of employment-based dental insurance, which further reduced public investments in times of economic hardship. Public investment in dental care has continued to decline. In the early 1980s, approximately 20% of all spending on oral health care was public, compared to approximately 5% currently. Canada ranks among the lowest in public spending for dental care of all OECD countries, second only to Spain.

Currently, dental care in Canada is almost entirely funded through the private sector. Public spending on dental care is only $24 per capita, compared to $337 on drugs and $999 on physician services. Fifty-one percent of dental spending is paid for by employment-based insurance and 44% through direct out-of-pocket payments. The remaining 5% that is funded publicly is delivered through a patchwork of policies targeting marginalized and low-income groups.

Despite having higher needs, seniors are 40% less likely to have private dental insurance compared to the general population. Approximately 42% of low-income Canadians avoid seeing a dentist when they need to because of cost, compared to only 15% of high-income Canadians. Those without insurance are far more likely to report visiting a dentist only in emergency cases (40% compared to 10% for those with insurance). Those without insurance are also far more likely to have lost their teeth (10% compared to 4% for those with insurance).

The NDP–Liberal Agreement

The description of pharmacare and dental care in the agreement is only given in broad brush strokes and lacks detail. On pharmacare, all that it promises is the passage of a Canada Pharmacare Act by the end of 2023 and that by June 2025, the National Drug Agency, which is currently in the process of being formed, will have developed a national formulary of essential medicines and a bulk purchasing plan. There is no indication about what will be in the Pharmacare Act. “Essential medicines” could mean just the drugs commonly prescribed by general practitioners, the full gamut of evidence-based medicines, or something in between. The pan-Canadian Pharmaceutical Alliance already engages in negotiating prices of brand name drugs with manufacturers for public drug plans, so what a “bulk purchasing plan” will add is not clear. Will the pharmacare program that is envisaged have copayments or deductibles? Will it be portable when Canadians move from province to province? Will it be run federally, by the provinces, or by a combination of the federal and provincial governments? Will it be funded through premiums or through general taxation? These, and other questions, are yet to be resolved.

The dental plan is supposed to start with coverage for under-12-year-olds in 2022; to then expand to under-18-year-olds, seniors, and persons living with a disability in 2023; and finally to be fully implemented by 2025. The program will be restricted to families with an income of less than $90,000 annually, with no copayments for anyone under $70,000 annually in income. Will it cover all dental procedures, including expensive ones such as root canals and implants, or will it be restricted to more basic work such as cleaning teeth and filling cavities? How high will the copayments be? Again, who will run the plan? The Canadian Dental Association believes that instead of a “big national plan,” the federal government should fund existing provincial and territorial ones. Will the federal government need to negotiate with dentists to ensure the plan is implemented smoothly?

Conclusion

Canadians have waited more than 50 years since a pharmacare plan was first proposed, and expectations for a dental
plan were almost nonexistent. However, political considerations, especially the Liberals’ need for stability for the next three years in government, forced them to at least partially accede to the NDP’s push for expanded social programs. How well those plans will serve the needs of Canadians is yet to be determined.

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