What Canada has Learned So Far about Catastrophic Drug Coverage

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Outline

- The NPS – working toward a solution
- Bill 102 in Ontario and its possible impact
- Some key issues for Atlantic Canada
- Is there a made in Atlantic Canada solution?

The National Pharmaceutical Strategy

- Created at the First Ministers' meeting September 2004
- Nine elements, 2 related to coverage
  - Catastrophic drug coverage
  - Access to breakthrough drugs (EDRD)
- NPS to be delivered by June 30, 2006
- Stakeholder consultations currently underway

Catastrophic Coverage Issues

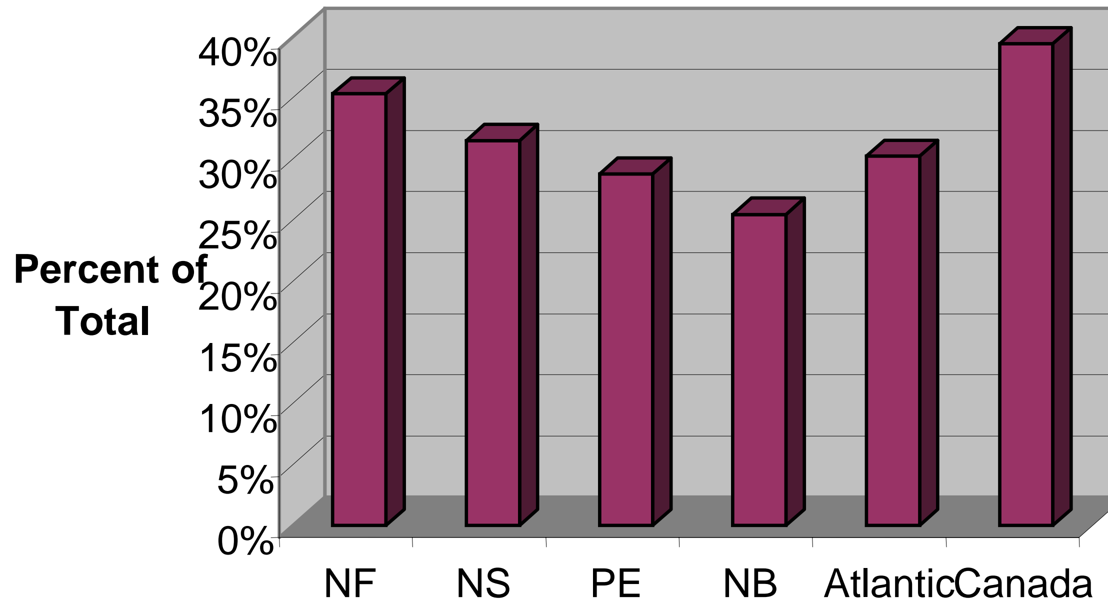
- Design issues
  - Which model? (Ontario vs BC)
  - Define catastrophic
    - % of income/ $ threshold /out-of pocket vs total
- Funding issues
  - Federal/ provincial split of funds
  - Compensation for provinces already providing coverage
  - Equalization
- Political issues
  - New federal government – priorities?
  - Transfer payments
  - Not much appetite for national standards/norms

Bill 102 in Ontario

- Tabled in April 2006
- Because the Ontario plan is the largest in the country, will have implications across Canada
- 20 percent reduction in the price of generics
- Quicker adoption of generics through changes to the "Drug Interchangeability and Dispensing Fee Act"
- Should lead to changes in other provinces – a "drug dividend"

Issues for Atlantic Canada

Public/Private Share of Drug Costs



Source: CIHI: Drug Expenditure in Canada 1985-2004

Catastrophic insurance *is not* National pharmacare

- "Fix the mistake of Canada Health Act"
- Not about helping everyone with all their drug costs – emphasis is chronic, long term illness/conditions
- Opportunity to focus on priorities and needs rather than demographic groups

Not all drug plans are alike

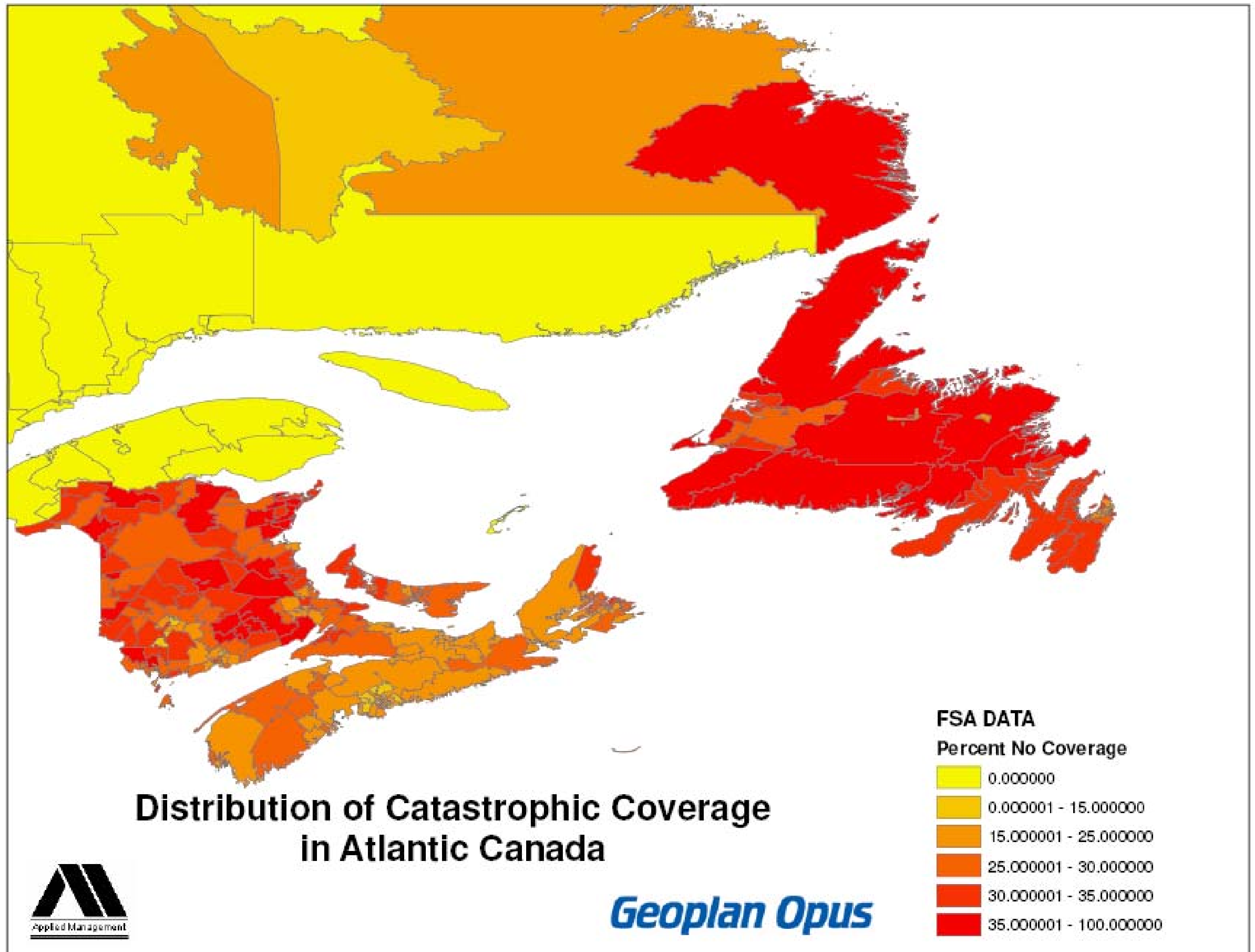
- Copayments, deductibles and maximums may still leave high out of pocket costs
- Limits and coinsurance are counter to the basic principles of insurance
- Exclusions of specific drugs from public and private plans passes on the cost to other parts of the health system.

Unfair Treatment of the prudent

- Those with retiree drug plans pay for their own benefits and through taxation for other seniors in the province

- Active employees get some or all of their premiums paid by employers with no tax consequences. Individuals buying non-group coverage pay with after tax dollars

There are significant intra-regional differences



There are significant intra-regional differences

- Lack of catastrophic coverage affects different regions in different ways
- The lower the income, the more disposable income goes toward drugs and less toward other goods and services
- Catastrophic coverage is about redistribution of wealth within a province-shifting private expenditures to public expenditures.

Impact on the region's economy

- Costs of benefits for employees and retirees are higher than in other provinces
- The arbitrary nature of government policy-making regarding delisiting/downloading has an impact on employers who must accommodate within their urrent business models

Looking for solutions

1. Why not put deductibles in our public and private plans and use the savings to reduce beneficiary costs at the back end?

2. Make the current process fair for all – Could we require everyone without coverage to take catastrophic insurance, give them the same tax break on premiums as group plan members?

Looking for solutions (Cont'd)

3. Are there opportunities within the health system for reallocation?

4. Does it make sense to look at needs from a burden of illness perspective rather than demographics?

5. Can we reinvest the coming drug dividend in Catastrophic coverage?