

Canada's pharmacare showdown

The lack of progress on the Government's promise to create a national programme for universal access to drugs risks a political crisis. Paul Webster reports.



5 years after the Canadian Government promised to create a programme for national universal access to drugs, a political showdown now looms over the delivery of that promise. On Feb 8, 2024, Jagmeet Singh, leader of Canada's New Democratic Party (NDP)—who agreed 2 years ago to help Prime Minister Justin Trudeau's Government stay in power, largely on the basis that Trudeau create a national pharmacare plan—demanded legislation to introduce a plan by March 1, 2024.

Trudeau's Government has moved too slowly on delivering pharmacare, Singh complained in a letter to supporters on Feb 12, 2024. "In the final weeks of these negotiations", he explained, "it'll be a big help to point to the powerful grassroots movement demanding pharmacare for people". But, if Trudeau's Liberals "continue to delay", he warned, "there will be repercussions".

Leslie Gaudette, a former Canadian Government employee and the volunteer President of the 80 000-member Council of Senior Citizens' Organization of British Columbia, fully supports Singh's efforts. "We urgently need a universal access, single purchaser, federally managed public drug programme that will drive down drug prices", she said. "The negotiations are very difficult. My personal sense is that the Liberals are trying to wear the NDP down, and that the Liberals may want what the pharmaceutical companies want, which is not the national pharmacare plan the NDP want but is simply a set of relatively minor changes to the very inadequate existing drug insurance situation." At the time the *Lancet* went to press, Health Canada, the Government's health department, had not responded when asked if and when pharmacare legislation would be

introduced.

Gaudette, who began tracking Canada's drug pricing issues in the 1980s while working as an epidemiologist with Canada's health and statistics departments, estimated that at least 2 million Canadians older than 65 years now cannot afford the drugs their doctors prescribe because of gaps in public drug plans and the high cost of private drug plans. "40% of the Canadian population is now aged over 55", she explained, "and unless we establish national pharmacare now, the number of seniors and other vulnerable social groups with unaffordable drug bills is

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set to rise rapidly".

Canada is the only country with universal access to a health-care system that does not include universal access to medicines. Currently, a patchwork of 1100 public and private drug plans leaves an estimated 20% of Canadians struggling with surging drug bills. Pharmacare would replace this patchwork with a single universal access drug insurance system. The idea of creating a national pharmacare plan modelled on those in the UK and Australia—where drugs are substantially cheaper than in Canada—has been recommended by numerous expert panels since the 1960s. However, opposition to pharmacare from Canada's patented drug and private-health insurance industries has always been fierce as their profitability could be affected by pharmacare. Nevertheless, among Canadian public health advocates and

numerous professional associations for doctors, nurses, and health-care workers, support for pharmacare is nearly universal.

Pharmacare's economic merits are clear, its advocates argue. Prices in Canada's US\$32 billion drug market are the second highest in the world, after the USA. Even compared with average drug costs across the world's wealthiest 25 nations, Canada's prices are 25% higher, says Canada's 170 000-member National Association of Federal Retirees. According to the Association, a national drug plan with the price-negotiating power of a single national pharmaceutical purchasing agency, such as those in Australia and France, will help Canada attempt to match the prices in those countries, where drug prices as a whole are 25% cheaper than in Canada, according to recent Canadian Government figures.

Nav Persaud, a family physician who is a Canada Research Chair in Health Justice at the University of Toronto, says that physicians across Canada struggle to help patients who cannot afford drugs, which creates obstacles to achieving good treatment outcomes for millions of patients. Persaud's research has shown that access to low-cost drugs increases treatment adherence and yields substantial subsequent savings for Canada's provincial, territorial, and federal universal-access health-care systems.

The case for pharmacare is widely championed by Canadians, noted Persaud, citing public polls on pharmacare that consistently show massive public support. Patients—especially those with large drug bills—are unhappy with the existing drug-insurance patchwork, according to a survey of 122 Canadian patients'

For more on the **price of drugs in Canada** see <https://www.cmaj.ca/content/189/23/E794>. short and <https://www.canada.ca/en/patented-medicine-prices-review/services/annual-reports/annual-report-2022.html#a1>



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rights groups conducted in 2022 and 2023 by PatientView, a UK-based industry research group. 80% of those patients' rights groups—the majority of which receive funding from drug companies—are dissatisfied with drug prices, the survey found. "The industry's low-scoring attributes in Canada remain the industry's ability to set fair pricing policies", said PatientView, "and the ability of patients to obtain access to medicines."

The case for establishing pharmacare is more than simply a matter of economic common sense, however, said Persaud. Canada's current drug-insurance patchwork, he argued "is not just overpriced—which it is, even for privileged people with private drug-insurance plans—it's unfair". This is because access to medicines is pegged to personal income and wealth, Persaud explained, which means it's biased against those on lower incomes, including many older people, recent immigrants, and women, among others.

Motivated by these realities, Trudeau's Government first acted to create pharmacare by commissioning an expert panel that delivered a detailed plan in 2019. That same year, to begin implementing its plan, the Government designated seed money for a pharmacare-planning agency. But after the COVID-19 pandemic hit Canada in early 2020, the Government deprioritised pharmacare in the face of opposition

from the drug industry, and instead prioritised getting access to COVID-19 vaccines, said Marc-André Gagnon, who studies pharmaceutical policies at Carleton University in Ottawa. "The path had been clear for pharmacare, the provinces were open to it, and the preliminary funding was there, all within a very prudent strategy. But then the pandemic came, and the Canadian Government stopped doing anything to oppose the commercial interests of the drug companies."

Sharon Batt, a bioethicist at Dalhousie University in Nova Scotia who is on Health Canada's Scientific Advisory Committee on Health Products for Women, agreed with Gagnon that "the drug industry got a hold on the narrative during the pandemic. There was a feeling that the drugs would save us. Now, in order to repel pharmacare, the industry has threatened it will not bring drugs to Canada." As pharmacare for Canada would become a "very visible model" for pharmacare advocates in the USA, Batt argued, opposition from the proprietary pharmaceutical and private health insurance industries is especially vehement.

"In the wake of the pandemic", Gagnon added, "the Canadian Government's fiscal health has badly deteriorated, and support for pharmacare from Canada's provincial governments has also faded". When the Canadian Government allotted money for rare diseases last year rather than driving forward with a bigger pharmacare plan, Gagnon said many were disappointed. "The window of opportunity is much smaller now", said Gagnon, who also points to the rise of what he calls a "counternarrative" against pharmacare, driven by drug and private health insurance industry opponents who argue that pharmacare will result in Canadians spending more money on drugs, rather than less, while having less access to them.

According to the Canadian Life and Health Insurance Association, which represents 64 companies employing 170 000 people, within a single-payer model of national pharmacare, "27 million Canadians may lose coverage for drugs they can access today through workplace benefits plans". This claim, says the Association, is based on the fact that the provincial drug-plan formulary in Quebec, for example, "covers about 7000 fewer drugs than most private drug plans, including drugs that treat conditions like cancer and diabetes".

Innovative Medicines Canada, the brand-name pharmaceutical industry's lobby group, is equally grim about pharmacare. "Efforts to nationalise the higher quality employer-based insurance plans or otherwise replace them with lower-quality single payer, or publicly administered options, may be opposed by many Canadians concerned about the dilution or diminution of their drug coverage", the group warned in June, 2023. In shaping pharmacare legislation, the government should be "respectful of the existing and effective mixed public-private systems".

Canada's generic drugs industry acknowledges that the case for pharmacare is grounded in a serious health-care problem, but is nonetheless unenthusiastic about pharmacare. "People without adequate drug coverage is a problem, and we favour any system that would improve access", said Jim Keon, President of the Canadian Generic Pharmaceutical Association.

But Keon is sceptical about whether prices for proprietary drugs will truly be constrained. The main driver of drug-access inequity in Canada is the high price of patented drugs, he argued. If pharmacare in some form is introduced by the Canadian Government, warned Keon, "it remains to be seen whether brand-name drug prices will come down".

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