Pharmacare - Improving Access to Prescription Medications

Date: November 10, 2015
To: Board of Health
From: Medical Officer of Health

Reference Number:

SUMMARY

There is a long history in Canada of providing comprehensive and accessible health care through Medicare, Canada's national health insurance program. However, prescription medications, often necessary to maintain or improve health, are not included under Medicare. Pharmacare is a proposed public drug insurance plan that is part of a national pharmaceutical policy. Canada has different drug plans, both public and private, that vary by province. Through this patchwork system, 24% of Canadians have no drug coverage and 8% of Canadians did not use prescription drugs as prescribed in the past 12 months because of cost (e.g., not filling a prescription or skipping doses to make a prescription last longer).\(^1,2\)

People who are precariously employed and/or work in low paying jobs have limited access to prescription medications for themselves and their families. Promoting fair and equitable access to prescription medications can contribute to reducing the unequal burden of illness that low income people experience.

It is recommended that the Board of Health urge the Government of Canada to take the necessary steps to develop and implement a national, universal pharmacare program.
**RECOMMENDATIONS**

The Medical Officer of Health recommends that:

1. The Board of Health urge the Government of Canada to work in collaboration with the provinces to develop and implement a national, universal pharmacare program;

2. The Board of Health forward this report to Public Health Ontario, all boards of health in Ontario, the Ontario Public Health Association, the Association of Local Public Health Agencies, the Ministers of Health and Long-Term Care, Finance, the interim Chief Medical Officer of Health, the Urban Public Health Network, the Prime Minister of Canada, the federal Ministers of Finance, Health, the Chief Public Health Officer, Leader of the Opposition and the Federation of Canadian Municipalities.

**Financial Impact**

There are no financial implications to the City of Toronto arising from this report.

**DECISION HISTORY**

At its meeting of April 27, 2015, the Board of Health considered a report from the Medical Officer of Health entitled *The Unequal City 2015: Income and Health Inequities in Toronto* that describes the current relationship between income and health in Toronto, including a focus on health inequities that persist in the city. (See: [http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.HL3.2](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.HL3.2))

**ISSUE BACKGROUND**

**What is Pharmacare?**

Pharmacare is a proposed public drug insurance plan that is part of a national pharmaceutical policy. It pays for drug expenses and controls costs through a thorough assessment of new drugs and by increasing bargaining and bulk purchasing power with drug companies. The World Health Organization (WHO) (of which Canada is a member) are committed to developing health financing systems with the goal of universal coverage so that all people have access to health services (including prescription medications) and do not suffer financial hardship paying for them.

Canada is the only country in the world with a universal health insurance program that excludes coverage for prescription drugs. Medicare, Canada's national health insurance program since the 1960's, only pays for medications in hospital. Australia, New Zealand and the United Kingdom have universal public programs that finance prescription drugs. Germany and the Netherlands have universal coverage for prescription drugs through...
social health insurance mechanisms that regulate minimum standards of drug coverage. France, Sweden and Switzerland also have insurance plans that ensure that their residents have coverage for prescription drugs. These insurance plans include prescription drugs within their health insurance model.

**Prescription Drugs in Canada**

Canada has different drug plans, both public and private, that vary by province. Eligibility for these drug plans can be based on age, region, income levels, source of income (e.g., people receiving social assistance), and employment status. Through this patchwork system, 24% of Canadians have no drug coverage and 8% of Canadians did not use prescription drugs as prescribed in the past 12 months because of cost (e.g., not filling a prescription or skipping doses to make a prescription last longer).

There have been multiple recommendations for a national, universal pharmacare program. The 1964 Royal Commission on Health Services recommended that a universal pharmacare program should follow the introduction of universal medical care. The 1997 National Forum on Health recommended that Canada implement a universal public drug benefit program. The Forum identified pharmaceuticals as medically necessary and indicated that public financing of drugs in the health care system was the most reasonable way to promote universal access and control costs. In 2002, the Royal Commission on the Future of Health Care in Canada (Romanow Commission) recommended that all governments in Canada work together to integrate medically necessary prescription drugs within Canadian Medicare.

Over the past five years, researchers have developed a large and growing body of reports on the issue of pharmacare in Canada. Recent work in 2015 includes The Wellesley Institute's *Low Wages, No Benefits: Expanding Access to Health Benefits for Low Income Ontarians*, the Pharmaceutical Policy Research Collaboration's *Pharmacare 2020: The Future of Drug Coverage in Canada* and Professor Steven Morgan et al's (2015) peer-reviewed publication in the Canadian Medical Association Journal, *Estimated cost of universal public coverage of prescription drugs in Canada*. These reports identify the role of pharmacare in ensuring better access to prescription drugs, the impacts on health equity and the cost savings of adopting such a system. There are a number of factors influencing overall cost savings associated with a pharmacare program. In a best case scenario, it has been estimated that a universal pharmacare program would reduce total spending on prescription drugs in Canada by $7.3 billion. At the same time, momentum has been building across the country for increased action on pharmacare. National polling completed in July 2015 indicates that 91% of Canadians support the concept of pharmacare for providing access to necessary medications. Despite numerous recommendations and public support Canada lacks a national universal pharmacare program.
COMMENTS

Prescription Drugs in Ontario

Who is covered by prescription drug plans?
In Ontario, seniors, people receiving social assistance, children in low income households and those with high prescription drug costs relative to their income have some coverage for uninsured health services (including prescription drugs) through public plans. The Ontario Drug Benefit (ODB) program provides prescription drug coverage for people who are 65 years or older, living in long-term care or a home for special care, enrolled in a home care program or receiving social assistance through Ontario Works or the Ontario Disability Support Program. The growing number of people aged 65 and up is putting additional pressure on the Ontario Drug Benefit Program, as people's prescription costs transition from private plans to a largely public plan.

Individuals who have high prescription drug costs in relation to their household income are eligible to apply for the Ontario Trillium Drug Program. Requirements for this plan include not having private insurance or having a health insurance plan that does not cover the full cost of a prescription. Deductibles are based on a percentage of the household's net income (usually about 4 percent).

Individuals may also have prescription drug coverage through extended employer sponsored health benefit plans. Employer provided health benefits (including drug coverage) are voluntarily provided by employers - there is no requirement or minimum standard for the provision of these benefits. This means that some people who have benefits may not have sufficient coverage. In Ontario, only 63% of employees (67% of men and 58% of women) have employer-provided medical coverage.

The Interim Federal Health Program (IFHP), as of September 21, 2015, provides limited health care benefits (including select prescription drugs) to eligible protected persons including resettled refugees, refugee claimants and certain other groups. Privately sponsored refugees, refugee claimants, and certain other groups receive prescription coverage only if it's required to prevent or treat a disease posing a risk to public health.

Who is not covered by prescription drug plans?
Individuals who are working near minimum wage may not have access to benefits, including prescription drugs, through their employer or provincial programs. Fewer than 33% of people working near minimum wage (i.e. earning less than $20,000 a year) receive employer-provided health benefits. Statistics Canada has identified that the cost burden of prescription medications among this population makes them at increased risk for inappropriate prescription usage as they have higher out-of-pocket expenditures but may not qualify for public drug insurance like the Ontario Drug Benefit. In 2009, households in the lowest income quintile spent 5.7 percent of their total after-tax income on prescription drugs, compared to just 2.6 percent for households in the highest income quintile.
A 2013 United Way Report indicates that 40% of workers in the Greater Toronto-Hamilton area are in precarious employment-jobs with limited security and few, if any, benefits. Precarious workers are overrepresented by populations such as women, lone parents, racialized groups, new immigrants, Aboriginal persons, persons with disabilities, older adults and youth.

*Why is this a problem?*
Canada has some of the highest costs for prescription drugs among the Organization for Economic Co-operation and Development (OECD) countries. Canada pays 30% more than the OECD average country and our prescription drug costs are rising at a faster rate. These costs impact governments, businesses, and individuals.

A 2012 Canadian study estimated that every year, two-thirds of Canadian households have out-of-pocket expenses for prescription drugs. Almost one in ten Canadians don't take prescribed medications appropriately (e.g., not renewing a prescription, not filling a prescription or trying to make a prescription last longer) because of out-of-pocket expenses. The rates of inappropriate prescription use are income dependent. In households with incomes less than $20,000 one in five have inappropriate prescription use compared to one in twenty among those with household incomes of over $80,000. For example, a study with peanut-allergic children found that low socioeconomic status puts them at higher risk of hospitalization and fatality due to inappropriate prescription use. Promoting fair and equitable access to prescription medications can contribute to reducing the unequal burden of illness that low income people face.

*What are the health impacts of limited access to prescription drug plans?*
Income is a key determinant of health. Toronto Public Health’s (TPH) report, *The Unequal City 2015*, demonstrated that low income groups in Toronto often have worse health than higher income groups and that overall, these health inequities have not improved over time.

Research has identified that workers in precarious employment are more likely to experience cardio-vascular, musculoskeletal, respiratory and mental health issues; conditions that often require carefully managed prescription medications (among other things) to help support and maintain health. They are also more likely to report multiple chronic conditions. People who have two or more chronic conditions are more likely to have cost-related inappropriate prescription use (don't use their medication as prescribed or not at all) than those who have no chronic conditions, but may require medications for acute or episodic illness. Prescription medications can be a key component, and sometimes the sole component, of a comprehensive health care plan. However, many people living on a low income who have worse health are typically not covered, or have partial prescription coverage, and are not able to afford prescription medications.

Low income children also experience poor health and can have limited access to prescription medications. Toronto child poverty rates are among the highest in Canada, with 29% of all children under the age of 18 living in low income families in 2012.
Children growing up in families with low socio-economic status are more likely to experience poor health, both in childhood and later in adulthood, in comparison to children from families with high socio-economic status. For example, studies have identified that children with low socioeconomic status are more likely to suffer from disabling asthma and that the more parents have to pay out-of-pocket for prescription medications the more the child is at risk for asthma exacerbation. Children from families without prescription drug insurance have an increased probability of recurrent emergency department visits for asthma and inappropriate prescription use.

The provincial government is looking at ways to provide health benefits for children and youth in low-income families to make sure that these young people have access to services outside of publicly funded health care, including prescription drugs, as part of Ontario's Poverty Reduction Strategy (2014-2019). A national pharmacare program would ensure that this vulnerable population had access to medically necessary prescription medications.

**Public Health Implications in Toronto**

Toronto Public Health works to reduce health inequities and to improve the health of the whole population through the promotion and protection of health and the prevention of illness. A national pharmacare program would assist in achieving public health objectives and support public health services. Selected examples are provided below.

Prescription drugs for tuberculosis (TB) disease are provided at no cost to clients or health care providers by the provincial government. However, program participants often have concurrent medical diagnoses, including diabetes, and a number of diabetic clients have poorly managed diabetes and cannot afford their medications. Unmanaged diabetes (including inappropriate prescription use) can lead to serious complications such as blindness, kidney failure, stroke and heart disease, all of which have significant personal and societal financial costs. Diabetes impacts the immune system and without good diabetic control people have delayed recovery from TB. A pharmacare program would ensure that people living with TB and concurrent medical diagnoses are able to more effectively manage their illnesses and recover from TB.

The Sexual Health Clinics and Sexually Transmitted Infection (STI) program work to prevent unintended pregnancy and STIs and provide free medications to all City of Toronto health care providers and medical clinics for the treatment of chlamydia, gonorrhea and syphilis. However, there is no funding provided for prescription medication to treat genital herpes. Low cost birth control is also provided through this program, but requires co-payments which can create barriers to access. A pharmacare program would decrease barriers to effective birth control and increase access to treatment for STIs.

Vaccine Preventable Diseases (VPD) provides the Human Papillomaviruses (HPV) vaccine to over 13,000 grade 8 females each year. At this time, there is no funding provided for males to receive the HPV vaccine despite the recommendations of the National Advisory Committee on Immunization (NACI) and recent studies that found
that half of adult males may be infected with the HPV virus. The vaccine costs approximately $400-$500. This cost may be covered by extended employer health benefits plans but is prohibitive for many families. A pharmacare program could increase access to the HPV vaccine for males and females.

The Chronic Disease and Injury Prevention (CDIP) program works to reduce the burden of chronic diseases and injuries within the City of Toronto. Tobacco use, the cause of an estimated 13,000 deaths each year in Ontario, is a leading cause of chronic disease. Smoking rates are tied to income as 22.5% of Toronto residents with lower income smoke compared to 12.9% of residents with higher income. To increase access to smoking cessation supports, TPH has partnered with the Centre for Addiction and Mental Health to provide quit smoking workshops and nicotine replacement therapy at community locations in Toronto. However, prescription cessation medications, which have been shown to be effective cessation aids, have to be obtained through a prescription from a health care provider. Access to prescription cessation medications through a national pharmacare program, in conjunction with quit smoking workshops and other cessation supports, would provide additional resources for people to quit smoking.

In preparing this report, TPH staff consulted with local health care providers who work with low income residents in Toronto. There is acknowledgement and concern regarding the difficulties posed when clients can't afford prescription medications. Some of the examples they shared include: a client with diabetes who required care in an emergency room because she had to choose between paying her hydro bill or buying insulin (J. Maund, personal communication, October 15, 2015); a family physician who has to navigate between prescribing medications according to best practice guidelines or the cheaper prescription medication treatment option (D. Raza, personal communication, October 15, 2015); and a nurse practitioner working with a client with multiple chronic conditions to make decisions about which medication is more pressing as they can’t afford them all (J. Louis, personal communication, October 15, 2015). Chronic diseases like hypertension and diabetes are not visible illnesses- people may choose not to treat what they can’t see which leads to unmanaged chronic disease and poorer health outcomes (J. Louis, personal communication, October 15, 2015).

**Support for Pharmacare**

There is a growing movement of provincial governments, health policy researchers, academics, non-profits, health care organizations, organized labour (including the Canadian Federation of Nurses Unions), professional associations (including the Canadian Medical Association), and large and small cities who are actively supporting a national, universal pharmacare program. The goal of this movement is to effectively mobilize support and advocate for a national drug coverage plan that is public, safe and affordable.

In late 2014, the Ontario Minister of Health and Long-Term Care, Dr. Eric Hoskins, stated his support for a national pharmacare program and began working with his provincial counterparts. In July, 2015 Ontario Premier Kathleen Wynne, Newfoundland Premier Paul Davis and Manitoba Premier Greg Selinger signalled their
support for a national drug plan for Canadians at the annual Premiers' conference in St John's Newfoundland.

In their party platform, the newly elected Government of Canada promised to work with provincial and territorial governments to buy drugs in bulk, thereby reducing purchasing costs for both governments and Canadians.\textsuperscript{54} This is different from a national pharmacare program, but it does provide an opportunity for the Ontario government to reinvest cost savings into providing drug coverage for more low income individuals. This could be implemented through existing tax credit structures, such as the Ontario Trillium Benefit.\textsuperscript{55} However, a national, universal pharmacare program that is co-ordinated and well-funded to provide access to prescription medications for all can reduce health inequities in Toronto and better meet the needs of residents who are living in poverty and experiencing poor health.

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**SIGNATURE**

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