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Canadian Healthcare Association
Association canadienne des soins de santé
75 years of service / 75 années de service

Policy Positions Regarding Issues addressed by the National Pharmaceuticals Strategy

CATASTROPHIC PHARMACEUTICAL COVERAGE

(Approved by Board of Directors, February 2006)

In September 2004, Canada's First Ministers agreed to establish a ministerial task force to develop and implement a National Pharmaceuticals Strategy (NPS) and to report on their progress by June 30, 2006. The first action of the National Pharmaceuticals Strategy is to develop, assess, and cost options for catastrophic pharmaceutical coverage. CHA defines catastrophic pharmaceutical coverage as *coverage under a drug benefit plan that protects individuals and families against financial hardship associated with using prescription drugs.*

Policy Positions

- CHA supports access to pharmaceuticals based on need, rather than ability to pay or the location of service (e.g., residence, care setting) (Canadian Healthcare Association, 2002).
- CHA supports the development of a national pharmaceutical strategy that meets pan-Canadian standards, but is administered by provincial and territorial governments.
- Federal, provincial, and territorial governments should develop a pan-Canadian pharmaceutical plan that protects individuals and families against financial hardship.
- Federal, provincial, and territorial governments should develop a pan-Canadian pharmaceutical plan that reduces disparities in coverage across the continuum of care and reduces jurisdictional disparities.
- Federal, provincial, and territorial governments should compare the structure of existing public drug plans and define a minimum pan-Canadian standard for coverage.

- Federal, provincial, and territorial governments should involve health providers and the public, through a transparent process, in determining the policy framework for providing catastrophic drug coverage under public drug plans. Governments should seek the input of external stakeholders on broad policy questions, rather than specific choices. The policy framework should reflect input addressing the scopes of coverage, specifically, the populations covered (all Canadians, seniors, specific disease groups, low-income); the settings covered (all, acute, long term, home, and palliative care); and the drugs covered (all, high-cost). Additionally, the framework should reflect policy discussions on how to fund the plan and the use of cost-sharing mechanisms (e.g., fully publicly funded, co-payments, deductibles, maximums).
- In order to obtain the greatest value from funds directed toward drug plans, provincial formularies must relate the coverage of specific drugs to their therapeutic effectiveness.
- CHA supports the decision of federal, provincial, and territorial governments to expand the mandate of the Common Drug Review (CDR) to review existing drugs and encourages CDR to provide reimbursement recommendations on existing drugs as quickly as possible in order to facilitate the reduction of disparities in coverage across jurisdictions.

Background

- Some individuals and families face very high prescription drug costs, which often they cannot afford.
- The Manitoba Centre for Health Policy determined that 5% of Manitobans taking prescription medications accounted for 41 per cent of public and private spending on prescription drugs (Currie & De Coster, 2005).
- Every province and territory has a prescription drug benefit plan. Plans vary considerably in terms of the population served, drugs covered, and the terms of co-payments, deductibles, and maximums (Coombes et al., 2004). The federally funded drug plan covers First Nations and Inuit, military personnel, veterans, and other groups (Institute for Research on Public Policy, 2000).

- The Health Council of Canada recommended that Canada's health ministers define a pan-Canadian minimum standard for drug coverage under public plans (2005).
- Both the Kirby Report and the Romanow Commission recommended federal funding for catastrophic drug coverage (Kirby, 2002; Romanow, 2002). Kirby proposed a plan whereby the federal government would cover 90% of expenses above a \$5,000 annual limit. As conditions, Kirby would require the provincial and territorial drug plans to limit spending by beneficiaries to 3% of family income and require private drug insurance plans to cap individual spending at \$1,500 annually or 3% of income, whichever is less. Romanow, on the other hand, proposed that the federal government reimburse 50% of public drug benefit plans above an annual personal threshold of \$1,500. As conditions, Romanow would require the provincial and territorial drug plans to expand plan access by reducing co-payments and deductibles and/or by increasing the scope of coverage.
- While there is no consensus on the financial definition of high-cost and catastrophic, the Health Council of Canada used high-cost to mean more than \$5,000 annually (2005) and Romanow defined catastrophic as \$1,500 or more annually (2002).
- Given that the current cost of covering expensive pharmaceuticals is already high and growing rapidly, any catastrophic pharmaceutical plan must be financially sustainable (Fraser & Shillington, 2005).
- In order to ensure parity in the range of pharmaceuticals covered, the establishment of a national drug formulary may be a necessary compliment to a catastrophic drug plan (Fraser & Shillington, 2005).
- Federal, provincial, and territorial governments have been discussing efforts to address a more limited scope of catastrophic pharmaceutical coverage, that is, coverage for expensive drugs for rare diseases. Drugs for conditions such as Fabry's disease can cost tens of thousands of dollars per year. In October 2005, health ministers committed to fund research on these diseases on a time-limited and risk-shared basis with manufacturers.
- A national catastrophic drug plan, based on need rather than ability to pay, would ensure access to medications for Canadians whose serious health conditions require expensive drug therapy (Health Canada, 2004). In addition, a pan-Canadian drug plan could reduce disparities among provinces and territories.

- While CHA advocated for an expansion in the continuum of care, in our ‘Art of the Possible’ plan (2002), we did not insist on first dollar coverage. CHA views coverage for pharmaceuticals as part of the needed reforms to the health system and recognizes that there may be a need for cost-sharing mechanisms (e.g., co-payments), as long as they do not impede access to care.

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The Canadian Healthcare Association is a leader in developing, and advocating for, health policy solutions that meet the needs of Canadians.

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