

# Pharmacare: what are the costs for patients and taxpayers?

## Description

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## SUMMARY

### Introduction

Since 2013, several academics, activist groups and unions have been vigorously advocating for the establishment of Pharmacare. Pharmacare is proposed as a national, universal-coverage, publicly-funded, government-run, single-payer monopoly that would entirely replace Canada's current pluralistic system of federal-provincial-territorial publicly-funded government-run drug plans, and employment-based private drug plans. Pharmacare advocates infer that this will be either a federal program or a federal-provincial-territorial intergovernmental cooperative program in order to achieve national scale and standards. Most recently, the Canadian Medical Association Journal (CMAJ) published a study (Morgan et al 2015) that estimated the cost of establishing such a Pharmacare program.

### Objective

The main purpose of this project is to accurately establish the fundamental facts that inform key assumptions in the public discussion about Pharmacare and to explore feasible alternatives to a government-run monopoly over drug insurance.

### Content

Our study answers several important questions about Pharmacare that have not been adequately addressed by Pharmacare advocates, including: How many Canadians are insured, uninsured and under-insured for their prescription drugs? How will access to newer more innovative treatments be

affected by Pharmacare and what are the health implications for patients? Under realistic assumptions, how much cost will be shifted from private plans onto taxpayers under Pharmacare? What are the indirect economic costs from a government take-over of private insurance? What are the NAFTA implications? How do other countries achieve universal drug insurance coverage? How is the existing pluralistic public-private system in Canada structured and which federal/provincial public drug plans provide the best/worst access to prescription drugs?

## Conclusions

Based on the evidence, we conclude that a national, single-payer Pharmacare program is unnecessary, and it will be bad for Canadian patients and expensive for Canadian taxpayers. The real problem with drug insurance in Canada is that existing public drug plans are grossly under-insuring patients compared to the coverage provided by private insurance plans. Public drug plans simply provide much fewer treatment options for patients, leaving 11 million Canadians with uninsured drug costs whenever their prescribed and preferred treatments are not covered under the public plan.