National Pharmacare in Canada: a one-size-fits all solution?

Canada’s healthcare system is viewed as a ‘universal’ one, founded on the basis of equal access rather than ability to pay. The reality is somewhat different: the public system does not cover the cost of outpatient drugs, and healthcare delivery is regionalized which often leads to inequality and inequities in access.

The federal government in Canada has announced its intention to establish National Pharmacare by 2023: a national drug agency, national formulary, and rare disease strategy. National Pharmacare proposes to harmonize drug coverage across Canada, while increasing the government’s negotiating power.

A single entity to evaluate drugs and negotiate prices

Currently, pricing and access for a new outpatient medicine begins with a clinical and economic assessment by the Canadian Agency for Drugs and Technologies in Health (CADTH). CADTH recommendations are referenced by provincial and private healthcare plans. Subsequently, the pan-Canadian Pharmaceutical Alliance (pCPA), comprised of participating provinces/territories, initiates a net price negotiation directly with the manufacturer. Provinces make the final formulary listing decision for their individual province based on the pCPA-negotiated terms and independent clinical/economic assessments.

Under the new proposal, drug evaluation and price negotiation would be carried out under a single entity, known as the “Canadian Drug Agency.” It seems clear that CADTH, pCPA, and provincial drug plans in their current form would be redundant. One question remains: would the new agency be federally funded and administered or federally regulated but administered by regions with federal funding, on the condition that universal coverage is provided?

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Would this benefit patients in Canada?

The most obvious benefit of National Pharmacare, as proposed, is for the 11% of Canadians who do not have private coverage for their outpatient prescription drugs. The program could be designed only to fill gaps for Canadians not already covered under existing private insurance plans, such as those unable to afford the deductibles/co-pays associated with private plans. Limiting National Pharmacare to such a role would require less restructuring of the existing healthcare system and could be facilitated by increasing federal funding to provinces, in return for formulary harmonization.

However, this solution would only address issues with equality (equal access to medicine) and not necessarily equity (fair and just access to new and innovative medicines). It is reported that most countries that provide universal outpatient drug access (e.g., UK, Australia, New Zealand) offer limited formularies with less newer, innovative options due to affordability issues. The province of Ontario attempted a universal outpatient drug coverage program for people under the age of 25 known as OHIP+ (an Ontario Health Insurance Plan designation) beginning January 2018. OHIP+ offered a more limited formulary compared to the majority of private insurance plans. The availability of a universal public outpatient drug program, however, caused many private plans to cease coverage of outpatient drugs for this patient group, meaning that certain products that were covered before under a private plan were no longer covered at all if OHIP+ declined to cover them. The criteria of OHIP+ were then revised in April 2019 to cover only young people not already covered under a private insurance plan.

Where is the largest opportunity for National Pharmacare?

There is a significant unmet need in Canada for access to innovative, high-cost medicines – particularly for rare diseases. These medicines show the greatest discrepancy in coverage, often where regional budgets cannot account for the cost of the medicine in relation to the size of the population. National Pharmacare could have the greatest impact by establishing a centralized budget for high-cost drugs which cannot be funded from existing regional budgets. With new, transformational therapies such as CAR-T and gene therapy on the horizon, a new funding solution needs to be established so Canadians have equitable access to new, innovative therapies. National Pharmacare could provide this solution on top of existing provincial-level infrastructure.

What does this mean for pharmaceutical companies?

The path forward for National Pharmacare is unclear – particularly given upcoming federal elections in October of this year. If the proposal moves ahead, pharmaceutical companies should be prepared to lead the discussion on the restructuring of health technology assessment processes and pricing/access decision-making.

Priorities for pharma companies to consider could include:

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Advocating for a consistent approach to determine reimbursement criteria that would support equal access across provinces, while making implementation of HTA guidance more transparent and consistent across provinces as part of the negotiated pCPA terms;

- Partnering with the government to establish innovative funding solutions for high-cost drugs for rare diseases, including cell and gene therapy; and
- Planning for innovative agreements if national systems can support country-wide tracking of outcomes.

As far as possible, the pharmaceutical industry should take an active role in shaping the National Pharmacare agenda to ensure Canadians have appropriate access to new, innovative medicines.

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