



2017 Pre-budget Submission to the House of Commons Finance Committee

August 5, 2016

The Canadian Federation of Nurses Unions (CFNU), representing close to 200,000 nurses across Canada, thanks the Committee for the opportunity to contribute to the 2017 federal budget through a pre-budget consultation submission. The CFNU would welcome the opportunity to present the conclusions in this submission directly to the Standing Committee on Finance.

EXECUTIVE SUMMARY

CFNU's submission follows the guidelines set out by the committee and presents recommendations focused on promoting federal measures and actions which would help Canadians and Canadian businesses and communities throughout Canada. Canada's nurses are committed to delivering quality patient care to Canadians and to improving our public health care system.

CFNU's recommendation is that the federal government work with provincial and territorial governments to implement a National Pharmacare Program in Canada at the earliest opportunity.

Evidence, including what was presented to the House of Commons Standing Committee on Health in their study *Development of a National Pharmacare Program*, strongly supports the need for the implementation of national pharmacare in Canada.

Introduction

The Canadian Federation of Nurses Unions (CFNU) has, for almost two decades, advocated for the implementation of a national pharmacare program. In advocating for pharmacare, we are drawing on the recommendations of the 1965 Hall Commission, the 1997 National Forum on Health, and the 2002 Romanow Report on our health care system.

Canada's nurses treat the many patients whose conditions are made worse due to lack of access to affordable prescription drugs. Surveys have shown that one in 10 Canadians do not take their medicines as prescribed because of costs.¹ This affects nearly one in four Canadian households.² Non-adherence to prescribed treatment is costly to our health care system and results in an increased risk of adverse events and readmissions.³

As an organization, the CFNU relies on the best available evidence to support our policy recommendations. Pharmacare experts, drawing on international evidence, agree that a pan-Canadian national pharmacare program, with a single-payer system, utilizing an evidence-based national formulary, and integrated within our medicare system would provide tangible benefits in terms of Canada's purchasing power and health system sustainability. Further, such a program would address the issues of access, appropriateness, and prescription drug safety, which are priority issues for Canada's nurses. While there are different potential models of pharmacare, it is essential that any program be based on the best available evidence to-date and that it addresses the full range of economic, health and societal impacts.

Almost 300 professors and other university-affiliated leaders in health policy, health economics, health services research, medicine, pharmacy, nursing, and psychology have reviewed and endorsed the recommendations of *Pharmacare 2020*.⁴ *Pharmacare 2020* envisions a public drug program based on the following elements:

- 1) Universal coverage of selected medicines at little or no direct cost to patients through pharmacare;
- 2) Selecting and financing medically necessary prescription drugs at a population level without needs-based charges on individuals or other plan sponsors;
- 3) A publicly accountable body to manage pharmacare, one that integrates the best available data and evidence into decisions concerning drug coverage, drug prescribing, and patient follow-up;
- 4) Establishing pharmacare as a single-payer system with a publicly accountable management agency to secure the best health outcomes for Canadians from a transparent drug budget.⁵

The experts agree that our current fragmented system, as it is structured, is inefficient, inequitable, wasteful and unsustainable.⁶ The Canadian pharmaceutical insurance system clearly does not provide the best outcomes or economic value for Canadians.

Helping Canadians

A National Pharmacare Program would benefit Canadians both financially and by increasing adherence to prescribed medication, resulting in better health care outcomes. Financially, if Canada paid the same official price for drugs as the OECD median, Canadians would save about 25% on patented drugs.⁷

Canada has a universal public health insurance system, but it is the only country in the world to not have included prescription drugs in that system. Universal public drug insurance is not the exception but the rule among OECD nations.⁸ Savings to our government health care programs could be a catalyst to our health care system, providing essential funds to be reinvested in priority areas, benefitting a diverse range of Canadians from an aging population to indigenous peoples, and the one in five Canadians suffering from mental health issues.

Governments exist to ensure that our health care system safeguards the health of all citizens, in particular our most vulnerable who include seniors, indigenous peoples and those living in poverty. All of these vulnerable populations would benefit from a national pharmacare program.

Research from the 1990s puts the rate of hospital admissions resulting from non-adherence to medications at 6.5%.⁹ The total cost of non-adherence in Canada was estimated at \$7 billion to \$9 billion per year.¹⁰ Given the growth in the seniors' population, it is likely the situation has worsened in the ensuing years. Barriers to adherence can include not only the actual cost of drugs but also dispensing fees, co-payments, and deductibles.

In 2013, almost a quarter (23.9%) of prescription drug spending was financed through out-of-pocket payments by households and individuals. Out-of-pocket expenditures in prescription drugs increased by 33% on average (in constant dollars) between 1997 and 2009, but the cost increases have been much more significant for low-income households: 21% for the richest 20%, compared to 64% for the poorest 20%.¹¹ According to a 2015 Angus Reid survey, these costs were highest in Quebec, with 32% spending \$500 plus out-of-pocket.¹²

The Angus Reid survey found that more than one in five Canadians reported that in the past year they, or members of their household, did not take medicines as prescribed, if at all, due to cost. This proportion is highest in B.C. (29%), possibly because of access barriers related to B.C.'s "catastrophic" drug coverage. The same poll found that 91% support a national pharmacare program, and 87% support adding prescription drugs to the universal health coverage of medicare.¹³

With respect to inappropriate, unsafe prescribing, the situation is particularly acute for seniors who often have chronic conditions with many prescriptions. In 2012, 63.8% of seniors on public drug programs, living in long-term care facilities, claimed a prescription for a drug on the Beers list – an index of medications deemed potentially unsuitable for seniors because of an increased risk of adverse effects and lack of efficacy.¹⁴ When including indirect health care costs, such as the increased risk of falls, fractures and hospital admissions, a recent study puts the estimated cost to the health care system of inappropriate prescribing for seniors outside of hospital settings at \$1.4 billion in 2013.¹⁵

Helping Canadian Businesses and Canadian Communities

In 2014, the CFNU published *A Roadmap to a Rational Pharmacare Policy in Canada*. This foundational work made the economic case for pharmacare, estimating savings of between 9 and 11 billion dollars, should pharmacare be fully implemented.¹⁶ In 2015, CMAJ published *Estimated Cost of Universal Public Coverage of Prescription Drugs in Canada*.¹⁷ According to the study, universal public drug coverage would reduce total spending on prescription drugs in Canada by \$7.3 billion, with substantial savings for the private sector, at a net cost to the federal government of approximately \$1 billion.

Business, labour and municipal governments are coalescing around the need for a national pharmacare plan as the economic evidence continues to point to the positive influence of a public single-payer system on the Canadian economy.

Canada's foremost labour economist, Jim Stanford, notes that public health care is a major asset in attracting investments to Canada. He adds that including universal pharmacare within our current medicare system would boost Canada's competitiveness internationally:

By ensuring that all necessary health costs (including prescriptions) will in the future be covered under the same principles of universal public insurance, a public pharmacare plan would solidify the ongoing economic advantage of public health care in the battle to attract investment in crucial global industries.¹⁸

The Federation of Canadian Municipalities (FCM), which represents 90% of Canada's municipal population, passed a motion in June 2016, calling for "the federal government to work with the provinces and territories to develop and implement a national pharmacare program," citing the health and economic benefits.¹⁹

Similarly, the B.C. Chamber of Commerce passed a motion in late May 2016, urging the federal government to create a universal pharmacare program.²⁰

A survey of Canadian businesses, conducted in 2015, found that about 90% felt generally positive towards the idea of a national pharmacare program.²¹

Conclusion

We can do better – we must do better, because patients are dying as a result of our lack of action. As health professionals on the front line, we hear their stories every day. Canada's nurses are asking for immediate federal leadership on a national pharmacare program. Our provincial and territorial governments are struggling to fund our health care system. The evidence, collected over two decades, leads us to only one conclusion – now is the time for action! Canada's nurses recommend that the federal government set a strong course forward for Canada by implementing a Health and Social Accord²² that includes as the first steps:

- A National Prescription Drug Plan (Pharmacare)
- Stable Federal Health Care Funding (to a minimum of 25% by 2025)
- A Canadian Strategy for Healthy Aging
- Improved Access to Health Services in Home and Community Settings
- Improved Access to Mental Health Services
- Coordinated Health Human Resources Planning

References

-
- ¹ Law, M., Cheng, L., Dhalla, I., Heard, D., Morgan, S. (2012). The effect of cost on adherence to prescription medications in Canada. *Canadian Medical Association Journal*. Retrieved from <http://www.cmaj.ca/content/184/3/297>
- ² Angus Reid Institute. (2015). *Prescription Drug Access and Affordability an Issue for Nearly a Quarter of All Canadian Households*. Vancouver: Angus Reid Institute.
- ³ Coombs, R.B. (1995). *Review of the scientific literature on the prevalence, consequences and health cost of noncompliance & inappropriate use of prescription medication in Canada*. Pharmaceutical Manufacturing Association of Canada.
- De Vera, M. (2013). How do you solve a problem like medication non-adherence? *BC Medical Journal*, July 15, 2013. Retrieved from <http://www.bcmj.org/blog/how-do-you-solve-problem-medication-non-adherence>
- ⁴ Morgan, S.G., Martin, D., Gagnon, M.-A., Mintzes, B., Daw J.R., and Lexchin, J. (2015). *Pharmacare 2020: The Future of Drug Coverage in Canada*. Vancouver: Pharmaceutical Policy Research Collaboration.
- ⁵ Ibid.
- ⁶ Gagnon, M.-A. (2014). *A Roadmap to a Rational Pharmacare Policy in Canada*. Ottawa: CFNU.
- ⁷ CFNU. (2016, May 31). *Summary of CFNU's Parliamentary Breakfast: Filling the Prescription: The case for pharmacare now*. Retrieved from https://nursesunions.ca/sites/default/files/en_summary_cfnu_parl._breakfast_on_pharmacare_may_31_2016.pdf
- ⁸ Ibid.
- ⁹ Coombs, R.B. (1995). *Review of the scientific literature on the prevalence, consequences and health cost of noncompliance & inappropriate use of prescription medication in Canada*. Pharmaceutical Manufacturing Association of Canada.
- Dutt, M. (2014). *Affordable Access to Medicines: a prescription for Canada*. Ottawa: CCPA.
- ¹⁰ Ibid.
- ¹¹ Sanmartin, C., Hennessy, D., Lu, Y., Law, M. R. et al. (2014). *Trends in out-of-pocket health care expenditures in Canada, by household income, 1997 to 2009*. Ottawa: Statistics Canada.
- ¹² Angus Reid Institute. (2015). *Prescription Drug Access and Affordability an Issue for Nearly a Quarter of All Canadian Households*. Vancouver: Angus Reid Institute.
- ¹³ Ibid.
- ¹⁴ Canadian Institute for Health Information. (2014). *Correction to Drug Use among Seniors on Public Drug Programs in Canada, 2012*. Retrieved from https://www.cihi.ca/en/corr_drug_use_oct2012_en.pdf
- ¹⁵ Morgan, S.G., Hunt, J., Rioux, J., Proulx, J., Weymann, D., and Tannenbaum, C. (2016). Frequency and cost of potentially inappropriate prescribing for older adults: a cross-sectional study. *CMAJ Open*, 4(2): E346-E350. DOI:10.9778/cmajo.20150131.
- ¹⁶ Gagnon, M.-A. (2014). *A Roadmap to a Rational Pharmacare Policy in Canada*. Ottawa: CFNU.
- ¹⁷ Morgan, S.G., Law, M., Daw, J. R., Abraham, L. and Martin, D. (2015). Estimated Cost of Universal Public Coverage of Prescription Drugs in Canada. *Canadian Medical Association Journal (CMAJ)*, 187(7): 491–97. doi:10.1503/cmaj.141564
- ¹⁸ Stanford, J. (2016). *Editorial by Jim Stanford on pharmacare, written in a letter to the CFNU*. Ottawa: CFNU. Unpublished.
- ¹⁹ Canadian Doctors for Medicare. (2016, June 7). *Support for pharmacare escalates in Canada* (press release). Retrieved from <http://www.canadiandoctorsformedicare.ca/Press-Releases/support-for-pharmacare-escalates-in-canada.html>
- ²⁰ Ibid.
- ²¹ Aon Hewitt. (2016). *Pharmacare in Canada*. Retrieved from http://www.aon.ca/surveys/rr/Aon_Pharm_2016_EN.pdf
- ²² CFNU. (2016). *Towards a Health & Social Accord*. Retrieved from https://nursesunions.ca/sites/default/files/page_turner/Health-Accord-Priorities/index.html#?page=0