HOUSE OF COMMONS
CANADA

CHAPTER 4 (MANAGEMENT OF FEDERAL DRUG BENEFITS PROGRAMS) NOVEMBER 2004 REPORT OF THE AUDITOR GENERAL TO THE HOUSE OF COMMONS

REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

John Williams, M.P.
Chairman

May 2005

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

If this document contains excerpts or the full text of briefs presented to the Committee, permission to reproduce these briefs, in whole or in part, must be obtained from their authors.

Also available on the Parliamentary Internet Parlementaire: http://www.parl.gc.ca

Available from Communication Canada — Publishing, Ottawa, Canada K1A 0S9

CHAPTER 4 (MANAGEMENT OF FEDERAL DRUG BENEFITS PROGRAMS) NOVEMBER 2004 REPORT OF THE AUDITOR GENERAL TO THE HOUSE OF COMMONS

REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

John Williams, M.P.
Chairman

May 2005

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN

John Williams

VICE-CHAIRS

Mark Holland
Benoît Sauvageau

MEMBERS

Dean Allison
Gary Carr
David Christopherson
Brian Fitzpatrick
Sébastien Gagnon
Daryl Kramp
Walt Lastewka
Shawn Murphy
Borys Wrzesnewskyj

CLERK OF THE COMMITTEE

Elizabeth B. Kingston

PARLIAMENTARY INFORMATION AND RESEARCH SERVICE
LIBRARY OF PARLIAMENT

Brian O'Neal
Marc-André Pigeon

THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

ELEVENTH REPORT

Pursuant to Standing Order 108(3)(*g*), the Standing Committee on Public Accounts has considered Chapter 4 of the *November 2004 Report of the Auditor General of Canada* (Management of Federal Drug Benefits Programs) and has agreed to report the following:

TABLE OF CONTENTS

LIST OF RECOMMENDATIONS ix

INTRODUCTION 1

OBSERVATIONS AND RECOMMENDATIONS 1

a. Health Canada 4

b. Veterans Affairs 9

CONCLUSION 10

APPENDIX A — LIST OF WITNESSES 13

REQUEST FOR GOVERNMENT RESPONSE 15

COMPLEMENTARY OPINION — BLOC QUÉBÉCOIS 17

MINUTES OF PROCEEDINGS 19

LIST OF RECOMMENDATIONS

RECOMMENDATION 1

That the Chair of the Executive Committee of the Federal Healthcare Partnership ensure that progress reports on the implementation of the First Level Action Plan, the next level action plan, and all progress reports concerning both action plans are tabled in the House of Commons immediately upon completion, with copies sent to the Standing Committee on Public Accounts.

RECOMMENDATION 2

That the Department of National Defence, Royal Canadian Mounted Police, Citizenship and Immigration, and Correctional Service Canada, provide action plans to the Standing Committee on Public Accounts detailing the measures they will take to implement the recommendations contained in Chapter 4 of the *November 2004 Report of the Auditor General* of Canada. These plans must reference each recommendation, contain timelines (target implementation and completion dates) for every action listed, and be submitted to the Committee no later than 30 September 2005

RECOMMENDATION 3

That beginning in 2006 Health Canada, the Department of National Defence, the Royal Canadian Mounted Police, Citizenship and Immigration Canada, Correctional Service Canada, and Veterans Affairs Canada include distinct sections in their annual reports on plans and priorities, and performance reports that address their drug benefits programs and begin with a clear statement of program objectives followed by the indicators used to assess performance.

RECOMMENDATION 4

That Health Canada provide information on the full cost of its consent gathering initiative under the Non-Insured Health Benefits Program, a full explanation of how the privacy environment has evolved in ways affecting the issue of consent and list the insights it has gained regarding the issue of consent in its performance report for the period ending 31 March 2005.

RECOMMENDATION 5

That beginning with its departmental performance report for the period ending 31 March 2005, Health Canada provide data on the number of times it has sought verbal and written consent from Non-Insured Health Benefits Program clients to share personal health information with health care providers, the number of consents given, the number of consents withdrawn, and the number of instances in which it has refused payments arising from lack of consent. Data on written and verbal consent must be presented separately.

RECOMMENDATION 6

That Health Canada complete its examination of legislative options, including the option of obtaining specific enabling legislation for the Non-Insured Health Benefits Program, that would permit the collection and sharing of client health information with health care professionals and report the conclusions to the Committee no later than 31 December 2005.

RECOMMENDATION 7

That Health Canada fulfill its commitment made in response to the Tenth Report (37th Parliament, 1st Session) of the Standing Committee on Public Accounts by immediately upgrading its point-of-sale system in pharmacies to provide the dates, quantities, and drugs prescribed at minimum of a client's last three prescriptions and last three doctors visited.

RECOMMENDATION 8

That Veterans Affairs Canada immediately upgrade its claims processing system so that it can provide intra-pharmacy alerts related to prescription drugs that are susceptible to potential abuse and misuse.

RECOMMENDATION 9

That Veterans Affairs Canada begin immediately to collect data on claims processing alerts and overrides, and perform regular analysis of the results that includes an assessment of the volume of alerts and the reasons for overrides. This data, along with the analysis, should be provided to Parliament annually in the Department's performance reports beginning with the report for the period ending 31 March 2006.

RECOMMENDATION 10

That all federal government entities delivering drug benefits programs work together to ensure that there is no duplication in the client base for their respective programs.

RECOMMENDATION 11

That each federal department provide information on efforts to meet the goal of a centrally managed system as well as overall program objectives, costs, and performance in their annual reports to Parliament on plans and priorities, and performance; and

RECOMMENDATION 12

That, beginning in fiscal year 2006-07, Veterans Affairs Canada, National Defence, the Royal Canadian Mounted Police, Correctional Service Canada, and Citizenship and Immigration Canada provide a comprehensive annual report (similar to that provided by Health Canada in its overall NIHB program) containing information on their drug benefits programs

INTRODUCTION

Six federal government organizations (Health Canada, Department of National Defence, Veterans Affairs, RCMP, Citizenship and Immigration, and Correctional Service Canada) provide drug benefits programs. Approximately one million Canadians are recipients of benefits under these programs.

These programs represent one of the fastest growing areas of federal health expenditures. Their collective annual cost currently exceeds $430 million and costs have risen by 25 percent over the past two years. (Up from $350 million in 2000-01)

Because of their cost and impact on the health of large numbers of Canadians, and because of previous examination of a program that includes drug benefits (Non-Insured Health Benefits Program managed by Health Canada), the Committee decided to review the results of an audit contained in Chapter 4 (Management of Federal Drug Benefits Programs) of the *November 2004 Report of the Auditor General of Canada*. Accordingly, the Committee met with Sheila Fraser, Auditor General of Canada on 2 February 2005 to discuss an audit of the management of federal drug programs. Ronald Campbell, Assistant Auditor General and Frank Barrett, Director, accompanied the Auditor General.

Because Health Canada and Veterans Affairs Canada manage the largest drug benefits programs,[1] the Committee decided to meet with representatives of those two departments at the same meeting. Hélène Gosselin, Associate Deputy Minister; appeared on behalf of Health Canada. She was joined by Ian Potter, Assistant Deputy Minister, First Nations and Inuit Health Branch and Leslie MacLean, Director General, Non-Insured Health Benefits Directorate, First Nations and Inuit Health Branch. The Department of Veterans Affairs was represented by Verna Bruce, Associate Deputy Minister. She was accompanied by Ron Herbert, Director General, National Operations Division and Orlanda Drebit, Director, Operational Guidance and Direction Directorate.

---

[1] For fiscal year 2002-03, Health Canada's NIHB program expenditures for drug benefits were $290.1 million, more than 735 thousand clients, and paid for 9.04 million prescriptions. During the same period, Veterans Affairs Canada spent 106.3 million on prescription drug for its 133.4 thousand clients, and paid for 4.08 million prescriptions. Source: Exhibit 4.1, *Report of the Auditor General of Canada*, November 2004, Chapter 4.

OBSERVATIONS AND RECOMMENDATIONS

The audit found considerable variance in the practices, processes, and quality of management in each of the six programs. Certain drugs were considered effective and safe, and therefore were paid for by some programs but not by others. Some programs collected relevant data on client drug use while others did not. Sometimes, these data were analyzed and the analysis used to intervene with health care providers and clients in cases of suspected drug misuse or abuse. Under other programs, collected data were not analyzed, there being no interventions as a consequence — or only partially analyzed in which case, if interventions did occur, they may have missed certain patterns of potential drug misuse. Significant differences also existed in the strategies used to minimize the cost of drugs covered by the programs, and the intensity with which these strategies were pursued.

Some of this variance can be explained by differences in the client base served by the programs. But, on the whole, the Auditor General concluded that the collective shortcomings exhibited by the programs were the result of a lack of leadership and co-ordination among them. (4.1) The general absence of specific objectives and performance measures further hindered the ability of the programs to provide effective, efficient, and economical services to their clients.

The Auditor General made five recommendations designed to bring better co-ordination of the drug benefits programs, improve data collection and analysis, and lower and contain costs. The organizations agreed to all of the recommendations, and the government informed the Auditor General that the details of the actions to be taken would be supplied to her Office within a few months. (4.6)

The Committee has reviewed the Auditor General's recommendations and endorses them fully. Several months have now passed since the Report was tabled: it is time for the organizations to detail the actions they will take to implement the recommendations they have accepted. Two of these organizations — Health Canada and Veterans Affairs Canada — have already responded to the Committee's request for action plans. The other organizations, including Health Canada and Veterans Affairs Canada, produced a collective action plan (First Level Action Plan) under the aegis of the Federal Healthcare Partnership (FHP).[2] The plan addresses the initial steps that will be taken up to October 2005 in response to the audit, and the FHP intends to provide the Office of the Auditor

[2] The Federal Healthcare Partnership was established in 1994 to develop and implement a strategy to co-ordinate federal government purchasing of health care services and products. The six entities covered by the audit are all members of the FHP.

General with progress reports on the implementation of the plan as well as a subsequent plan to address the next steps that need to be taken.

The First Level Action Plan is very preliminary and deals primarily with the schedules of the task forces that the FHP has established to review specific aspects of the audit as they relate to all entities involved in the delivery of drug benefits programs. The production of a second action plan is therefore necessary to identify the precise actions that will be taken to implement the Auditor General's recommendations along with timetables and an evaluation framework. The second phase action plan and progress reports on both plans must be available to Parliament for review. The Committee therefore recommends:

RECOMMENDATION 1

That the Chair of the Executive Committee of the Federal Healthcare Partnership ensure that progress reports on the implementation of the First Level Action Plan, the next level action plan, and all progress reports concerning both action plans are tabled in the House of Commons immediately upon completion, with copies sent to the Standing Committee on Public Accounts.

Not all of the observations and recommendations in Chapter 4 of the *November 2004 Report of the Auditor General* concern all of the federal entities providing drug benefits programs collectively. Since many important recommendations relate to these entities individually, the Committee recommends:

RECOMMENDATION 2

That the Department of National Defence, Royal Canadian Mounted Police, Citizenship and Immigration, and Correctional Service Canada, provide action plans to the Standing Committee on Public Accounts detailing the measures they will take to implement the recommendations contained in Chapter 4 of the *November 2004 Report of the Auditor General* of Canada. These plans must reference each recommendation, contain timelines (target implementation and completion dates) for every action listed, and be submitted to the Committee no later than 30 September 2005

Clear objectives and performance indicators are crucial factors for the success of any program. They establish a framework that guides program delivery and helps identify actions that work and those that do not, thereby facilitating adjustments with the potential to provide greater efficiencies and lower costs. They

also generate the information without which Parliament cannot perform its own responsibilities of scrutinizing expenditures and holding government to account.

The Auditor General found that objectives and performance indicators for the programs were either vague or missing. She recommended that they either be established or strengthened and the organizations agreed to do so. It is essential that this be done and that the accountability for the performance of these programs be strengthened. The Committee therefore recommends:

RECOMMENDATION 3

That beginning in 2006 Health Canada, the Department of National Defence, the Royal Canadian Mounted Police, Citizenship and Immigration Canada, Correctional Service Canada, and Veterans Affairs Canada include distinct sections in their annual reports on plans and priorities, and performance reports that address their drug benefits programs and begin with a clear statement of program objectives followed by the indicators used to assess performance.

a. Health Canada

Health Canada's drug benefits program is managed by the Non-Insured Health Benefits (NIHB) Directorate located in the Department's First Nations and Inuit Health Branch. The Non-Insured Health Benefits Program, which covers other health services apart from drug costs, has the largest number of clients (approximately 749,000),[3] and incurs the highest expenditures ($290 million in fiscal year 2002-03) of all the drug benefits programs. The program's clients — registered Indians and recognized Inuit — receive coverage throughout their lifetimes.

The Non-insured Health Benefits Program has been the subject of audits by the Auditor General, in 1997 and 2000,[4] and the Committee has monitored the program and examined the findings of both audits.[5] The Committee maintains an ongoing interest in Health Canada's delivery of this program, the health and safety of its clients, and the Department's reporting to Parliament on the performance of the program.

---

[3] Health Canada, *Departmental Performance Report* for the period ending 31 March 2004, p. 56.

[4] Office of the Auditor General of Canada, Report of the Auditor General of Canada, April and October 1997, Chapter 13: *Health Canada: First Nations Health*; Report of the Auditor General of Canada, October 2000, Chapter 15, *Health Canada, First Nations Health: Follow-up*.

[5] Fifth Report, 36th Parliament, 1st Session; Tenth Report, 37th Parliament, 1st Session.

Based on the recent audit, the Auditor General found that some elements of the program are functioning well. The electronic system used by Health Canada for processing claims now warns pharmacists when a client presents a prescription for a drug similar to one they are already prescribed (duplicate drug therapy) or when the prescribed drug is likely to produce a negative reaction when taken in combination with a drug patients are already using (drug-to-drug interactions). Pharmacists can ignore (override) these warnings, but the Department records these incidents, analyzes them, and responds when necessary. Pharmacists must explain why they have ignored warnings and failure to do so results in loss of compensation. The Department now makes use of data from this system to identify pharmacies for audit. Health Canada has also accepted most of the advice of the federal Pharmaceutical and Therapeutics (P&T) Committee regarding which new drugs to cover under the NIHB. When it comes to pursuing strategies to reduce costs, the Department's policy states that it will only pay the best price for drug products in a group of interchangeable products. These steps are positive but lack of progress is still evident in several key areas

The Committee has been deeply concerned about the Health Canada's protracted efforts to obtain client consent to share data on drug usage to identify potential abuse and intervene to protect the health of beneficiaries. In April 2001, when the Committee expressed concerns that the Department's consent initiative would take another four years to complete, departmental officials answered: "No, that is not correct. We will not be waiting four years."[6] Almost four years have elapsed since that statement was made. While efforts to secure consent were underway, evidence suggests that First Nations' clients have continued to suffer harm including loss of life due to the absence of rigorous monitoring, control, and intervention.

The consent gathering initiative has been costly and has produced disappointing results. In February 2003, Health Canada officials told the Committee that the Department had spent $3.2 million in fiscal year 2002-03 on an initiative to obtain client consent to share personal health information with health providers (doctors and pharmacists). These officials estimated that another $1.9 million would be spent on the initiative in fiscal year 2003-04.[7] In its Departmental Performance Report for the period ending 31 March 2004, Health Canada announced that its consent gathering initiative had been "completed," and offered the following explanation:

> As a result of an evolving privacy environment and insights gained over the past three years, the NIHB Program was able to adopt a new approach to the consent initiative in February 2004. This has meant that the

[6] Standing Committee on Public Accounts, 37th Parliament, 1st Session, *Evidence*, 5 April 2001, 1715.

[7] Standing Committee on Public Accounts, 37th Parliament, 2nd Session, *Evidence*, 5 February 2003, 1640.

> March 1, 2004 deadline for the submission of consent forms by First Nations and Inuit clients no longer applies; the NIHB Program will not require a signed consent form for day-to-day processing activities and program administration. NIHB clients will therefore continue to receive benefits for which they are eligible even if they have not signed a consent form.[8]

The Committee believes that Health Canada must inform Parliament of the full cost of its consent gathering initiative along with greater specificity concerning the "evolving privacy environment and insights gained" by the Department surrounding the initiative. The Committee accordingly recommends:

RECOMMENDATION 4

That Health Canada provide information on the full cost of its consent gathering initiative under the Non-Insured Health Benefits Program, a full explanation of how the privacy environment has evolved in ways affecting the issue of consent and list the insights it has gained regarding the issue of consent in its performance report for the period ending 31 March 2005.

According to both the performance report and testimony given by officials before the Committee, when Health Canada has concerns about a client's drug use, it will now "seek the express consent of clients to share their personal information with health care providers. This consent will be provided verbally or in writing." In its performance report, Health Canada adds that "In a few cases, NIHB may refuse to pay for prescriptions until a patient safety plan is in place."[9] Mr. Potter was unable to tell the Committee how many times verbal consent had been sought and obtained by the Department but stated that the Department did not expect it to happen very frequently. (15:1710) The Committee believes that Parliament should be kept informed of this activity and therefore recommends:

RECOMMENDATION 5

That beginning with its departmental performance report for the period ending 31 March 2005, Health Canada provide data on the number of times it has sought verbal and written consent from NIHB clients to share personal health information with health care providers, the number of consents given, the number of consents withdrawn, and the number of instances in which it has refused payments arising from lack of consent. Data on written and verbal consent must be presented separately.

---

8 Health Canada, *Performance Report for the period ending 31 March 2004*, Annex B: Status Report of actions to be taken in accordance with the response to the Auditor General's 2000 Report and the Standing Committee on Public Accounts' 2001 Report: First Nations Health July 2004

9 Ibid.

Assistant Deputy Minister (First Nations and Inuit Health Branch) Ian Potter told the Committee that assurances had been given by the Privacy Commissioner and Justice Canada that verbal consent was sufficient to initiate the sharing of personal health information with health care providers. (15:1710) He also indicated that once consent, verbal or written, was provided, this consent would be valid indefinitely unless specifically withdrawn. (15:1715) In future contacts with pharmacists, no effort would be made to remind a client that she or he had previously consented to have their personal health information shared. While the Committee does not dispute Mr. Potter's assertion that verbal consent is valid, it has concerns about this approach and about the ambiguity that surrounds the issue of consent generally.

In April 2001, Mr. Potter told the Committee that Health Canada had been obliged to stop sharing client information with health care providers and was advised that:

> *in the absence of either clear consent, allowing us to share that information, or <u>legislation</u>, which would provide us with the right to share that information, we should discontinue that due to privacy concerns. (Emphasis added.)*[10]

Another Health Canada official, Dr. Peter Cooney, informed the Committee on the afternoon of 5 June 2001 that were the NIHB Program to have a basis in legislation, the Department would not need to enroll its clients in a consent initiative.[11] During a meeting held on the morning of the same day, Mr. Potter agreed that it would be preferable to have legislation, rather than policy (as is the case with the NIHB Program) as a basis for program delivery.[12]

On the basis of the evidence presented to it, the Committee recommended that Health Canada review the option of giving the Non-Insured Health Benefits Program a legislative basis that would have enabled the Department to share client information with health care providers.[13]

The government responded that this option had been "carefully" reviewed and rejected because "it was not clear that legislation would preclude the need for client consent." It added that a legislative approach "would be perceived by First

---

[10] Standing Committee on Public Accounts, 37th Parliament, 1st Session, *Evidence*, 5 April 2001, 1610.

[11] Standing Committee on Public Accounts, 37th Parliament, 1st Session, *Evidence*, no. 21, 5 June 2001, 1650.

[12] Standing Committee on Public Accounts, 37th Parliament, 1st Session, *Evidence*, no. 20, 5 June 2001, 1210.

[13] Standing Committee on Public Accounts, 37th Parliament, 1st Session, 10th Report, tabled 6 December 2001, recommendation 22.

Nations and Inuit as circumventing the opportunity to inform NIHB clients about how their personal information would be used." And, it added that "the time required to put such legislation in place would be considerable."[14]

It was thus of great interest to the Committee when Madame Gosselin indicated, in her opening statement, that Health Canada "will be re-examining legislative options that could address the issue of the collection and disclosure of health information." (15:1545) In this light, the Committee recommends:

RECOMMENDATION 6

That Health Canada complete its examination of legislative options, including the option of obtaining specific enabling legislation for the Non-Insured Health Benefits Program, that would permit the collection and sharing of client health information with health care professionals and report the conclusions to the Committee no later than 31 December 2005.

In its Tenth Report, 37th Parliament 1st Session (tabled 6th December 2001), the Committee recommended that Health Canada immediately upgrade its point-of-service system for pharmacies so that the system would provide the dates, quantities, and drugs prescribed of at least a client's last three prescriptions and information on doctors visited. In its response, dated May 2002, the government indicated that once enhancement to the system had been implemented, access to patient medication history, including drug utilization review data, would be possible. To its dismay, the Committee has learned from the audit (4.34) that the Committee's recommendation has not been implemented. Because the Committee believes that this information is of vital importance, it recommends:

RECOMMENDATION 7

That Health Canada fulfill its commitment made in response to the Tenth Report (37th Parliament, 1st Session) of the Standing Committee on Public Accounts by immediately upgrading its point-of-sale system in pharmacies to provide the dates, quantities, and drugs prescribed at minimum of a client's last three prescriptions and last three doctors visited.

---

[14] Government Response to the Standing Committee on Public Accounts Tenth Report on the October 2000 Report of the Auditor General of Canada: Health Canada — First Nations Health: Follow-up, May 2002, p. 18.

b. Veterans Affairs

Veterans Affairs' program is approximately less than half the cost of Health Canada's. It differs principally from Health Canada's program in that does not provide lifetime benefits and its clients must apply in order to receive benefits.

While Veterans Affairs Canada generally manages its drug benefits programs well, the audit found a number of areas in which improvements should be made.

Veterans Affairs' claims processing system contains a major gap — it only issues alerts to pharmacists for drugs that have been previously dispensed by other pharmacies. If a drug has been dispensed earlier by a pharmacist's own pharmacy, no alert is issued. (4.31) This oversight needs to be addressed in order that alerts be fully effective. The Committee therefore recommends:

RECOMMENDATION 8

That Veterans Affairs Canada immediately upgrade its claims processing system so that it can provide intra-pharmacy alerts related to prescription drugs that are susceptible to potential abuse and misuse.

The Committee also notes that Veterans Affairs Canada is not collecting, and therefore not analyzing, data on alerts and pharmacist overrides. The Committee believes that this information is needed in order to fully comprehend and address problems regarding potential prescription drug misuse and abuse. It accordingly recommends:

RECOMMENDATION 9

That Veterans Affairs Canada begin immediately to collect data on claims processing alerts and overrides, and perform regular analysis of the results that includes an assessment of the volume of alerts and the reasons for overrides. This data, along with the analysis, should be provided to Parliament annually in the Department's performance reports beginning with the report for the period ending 31 March 2006.

During the course of its hearings, the Committee questioned departmental witnesses about the possibility that both Health Canada and Veterans Affairs Canada might be duplicating the provision of drug benefits to the same population of clients: Aboriginal veterans. It was apparent, from testimony, that the

departments had not considered this possibility and, as a consequence, had not attempted to ensure that benefits were being paid by one or the other, but not both. To guard against the possibility of duplication of benefits, the Committee recommends:

RECOMMENDATION 10

That all federal government entities delivering drug benefits programs work together to ensure that there is no duplication in the client base for their respective programs.

CONCLUSION

The Auditor General is to be congratulated, not only for this audit, but for having performed a singularly useful service for Parliament and Canadians: this is the first time that information on full scope of the federal government's involvement in the provision of drug benefits programs has been brought together and presented in one document. These six federal entities — Health Canada, National Defence, Veterans Affairs, RCMP, Citizenship and Immigration, and Correctional Service Canada — that provide drug benefits programs can now be situated among the 19 publicly funded drug plans operating in various jurisdictions throughout Canada.

It is particularly notable that the federal government is now the fourth largest payer of drug benefits in Canada, after Ontario, Quebec, and British Columbia. It is also significant that, prior to the publication of these audit results, very little information was being provided to Parliament in departmental reports (with the annual report of the Non-Insured Health Benefits program of Health Canada as an exception).

The Auditor General called for a centrally managed process that includes a core formulary, a common evidence-based process for formulary exceptions, a collective effort to get the best value for drugs, a single federal schedule for dispensing fees, a common risk-profiling and auditing process. Efforts to meet this key objective should be reported to Parliament annually through mechanisms such as the reports on plans and priorities and departmental performance reports. Parliament should be informed by departments about the costs, objectives, operations, and performance of these programs for clients under their direct responsibility. To ensure that Parliament has full and timely access to this kind of information, the Committee strongly recommends:

RECOMMENDATION 11

That, each federal department provide information on efforts to meet the goal of a centrally managed system as well as overall program objectives, costs, and performance in their annual reports to Parliament on plans and priorities, and performance; and

RECOMMENDATION 12

That, beginning in fiscal year 2006-07, Veterans Affairs Canada, National Defence, the Royal Canadian Mounted Police, Correctional Service Canada, and Citizenship and Immigration Canada provide a comprehensive annual report (similar to that provided by Health Canada in its overall NIHB program) containing information on their drug benefits programs

In closing, the Committee notes that the Auditor General will be conducting a follow-up audit to assess the progress being made in implementing her recommendations, all of which have been accepted by the departments and the RCMP. The Committee welcomes this decision and looks forward to receiving and reviewing the results.

APPENDIX A

LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Department of Health	02/02/2005	15
Hélène Gosselin, Associate Deputy Minister		
Leslie MacLean, Director General, Non-Insured Health Benefits Directorate, First Nations and Inuit, Health Branch		
Ian Potter, Assistant Deputy Minister, First Nations and Inuit Health Branch		
Department of Veterans Affairs		
Verna Bruce, Associate Deputy Minister		
Orlanda Drebit, Director, Operational Guidance and Direction Directorate		
Ron Herbert, Director General, National Operations Division		
Office of the Auditor General of Canada		
Frank Barrett, Director		
Ronald Campbell, Assistant Auditor General		
Sheila Fraser, Auditor General of Canada		

REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the government table a comprehensive response to the report.

A copy of the relevant *Minutes of Proceedings* (Meetings No. 15 and 35 including this report) is tabled.

Respectfully submitted,

John Williams, M.P.
Chair

Complementary Bloc Québécois Opinion

REPORT — CHAPTER 4 (Management of Federal Drug Benefit Programs) Auditor General's Report to the House of Commons — November 2004

The Bloc Québécois supports the main ideas and recommendations in the Public Accounts Committee's Report on the Management of Federal Drug Benefit Programs. In particular, the Bloc Québécois agrees with the Committee on the importance of reframing the programs' objectives, tightening their performance measures and increasing their ability to provide clients with effective, efficient and economical services.

On the other hand, while it approves the content of the report, the Bloc Québécois is determined to make up for its shortcomings by adding considerations that it has left out. As in many other committees over the years, the Bloc Québécois declines to give blanket endorsement to a report that glosses over the fact that its subject matter lies within an area of provincial jurisdiction. While the federal government is allowed to play a role in health care and a right to manage the programs discussed in this report, the federal presence is nevertheless an encroachment.

The respect that the federal government owes to constitutional areas of jurisdictions is an important point that this report must not fail to make to the government.

In conclusion, the Bloc Québécois wishes to note how invaluable the evidence presented to the Standing Committee on Public Accounts over the past weeks has been for the Committee's members.

Benoît Sauvageau	Sébastien Gagnon
Bloc Québécois MP for Repentigny Vice-Chair, Public Accounts Committee	Bloc Québécois MP for Jonquière-Alma Member, Public Accounts Committee

MINUTES OF PROCEEDINGS

Monday, May 9, 2005

(*Meeting No. 35*)

The Standing Committee on Public Accounts met *in camera* at 3:43 p.m. this day, in Room 253-D Centre Block, the Chair, John Williams, presiding.

Members of the Committee present: Dean Allison, Gary Carr, David Christopherson, Brian Fitzpatrick, Sébastien Gagnon, Mark Holland, Daryl Kramp, Hon. Walt Lastewka, Hon. Shawn Murphy, Benoît Sauvageau, John Williams and Borys Wrzesnewskyj.

Acting Members present: Alan Tonks for Gary Carr and Alan Tonks for Hon. Shawn Murphy.

In attendance: *Library of Parliament*: Brian O'Neal, Analyst; Marc-André Pigeon, Analyst.

Pursuant to Standing Order 108(3)(*g*), the Committee resumed consideration of Chapter 4, Management of Federal Drug Benefit Programs of the November 2004 Report of the Auditor General of Canada referred to the Committee on November 23, 2004.

The Committee commenced consideration of a draft report.

It was agreed, — That the Committee adopt the draft report as the Report to the House.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Chair, Clerk and analysts be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the Report.

It was agreed, — That the Chair present the Report to the House at the earliest opportunity following the expiry of the forty-eight (48) hour revision period.

It was agreed, — That the Clerk and analysts, in consultation with the Chair, issue a news release.

The Committee proceeded to the consideration of matters related to Committee business.

It was agreed, — That any party be authorized to submit a complementary report to the Committee's report on Chapter 4, Management of Federal Drug Benefits Programs of the November 2004 Report of the Auditor General of Canada to the Clerk provided that:

1) the report be no longer than two (2) pages in length;

2) the report be submitted in both official languages;

3) the Report be submitted no later than forty-eight (48) hours following the adoption of this motion.

It was agreed, — That, in accordance with S.O. 108(3)(*g*) and Chapter 5 of the November 2003 Report of the Auditor General of Canada, the Committee ask that the Office of the Prime Minister provide a copy of all logs, records and transcripts between Mr. Paul Martin and/or the office of the Minister of Finance and the residence or office of Mr. Warren Kinsella that passed by the switchboard of the Prime Minister's Office between 1993 and 2003, and that all such information be made available to the members of this committee on or before May 16, 2005.

At 5:18 p.m., the Committee adjourned to the call of the Chair.

Elizabeth B. Kingston
Clerk of the Committee