

# Moving Forward on Implementing National Pharmacare

No Canadian should have to choose between paying for prescriptions and putting food on the table—or go without the medication they need, simply because they can't afford it. Yet every year, nearly one million Canadians give up food and heat so they can afford medicines.

Canadians pay among the highest prices in the world for prescription drugs. Brand-name medicines cost, on average, 20 per cent more in Canada compared to other advanced economies—making paying for prescription drugs difficult for some families.

Guided by the consultations and interim report of the Advisory Council on the Implementation of National Pharmacare, Budget 2019 announces the Government's intention to move forward on three foundational elements of national pharmacare.

To make prescription drugs more affordable and more accessible to more Canadians, the Government intends to work with its partners on the creation of:

- The **Canadian Drug Agency**, a new national drug agency that would build on existing provincial and territorial successes, and take a coordinated approach to assessing effectiveness and negotiating prescription drug prices on behalf of Canadians. Negotiating better prices could help lower the cost of prescription drugs for Canadians by up to \$3 billion per year in the long term.
- A **national formulary**—a comprehensive, evidence-based list of prescribed drugs, to be developed as part of the Canadian Drug Agency. This would provide the basis for a consistent approach to formulary listing and patient access across the country.
- A **national strategy for high-cost drugs for rare diseases** to help Canadians get better access to the effective treatments they need. This is an important first step in expanding drug coverage through federal support.

These measures mark important first steps on the way to a system that helps all Canadians get the prescription drugs they need to stay healthy, and contribute to their families, their communities, and our economy.

## Introducing the Canadian Drug Agency

Prescription drug spending in Canada has risen dramatically over the last three decades—from \$2.6 billion in 1985 to \$33.7 billion in 2018.



Canada's current patchwork of drug coverage—which includes more than 100 public programs and 100,000 private insurance plans—is not well equipped to handle increasingly expensive drugs coming to market. Paying these rising costs can be difficult for individual Canadians and their families—and poses challenges to the long-term sustainability of government- and employer-sponsored drug plans.

To make prescription drugs more affordable for more Canadians, the Government proposes to work with provinces, territories and stakeholders to create the Canadian Drug Agency.

Building on existing provincial and territorial successes, the new Agency would:

- Assess the effectiveness of new prescription drugs.
- Negotiate drug prices on behalf of Canada's drug plans.
- Recommend which drugs represent the best value-for-money for Canadians, and in cooperation with provinces, territories and other partners, identify which drugs could form the basis of a future national formulary.

In partnership with the provinces and territories, the Canadian Drug Agency would be able to provide impartial and independent advice so that drug evaluation and price negotiation could be carried out by a single, coordinated entity—resulting in lower prescription drug prices for Canadians and their families. Negotiating better prices could help lower the cost of prescription drugs for Canadians by up to \$3 billion per year over the long term.

### **A New National Formulary of Prescribed Drugs**

One of the Canadian Drug Agency's key responsibilities would be the development of a national formulary. The Canadian Drug Agency would work in partnership with provinces, territories and other stakeholders to develop a comprehensive evidence-based list of prescribed drugs. This would provide the basis for a consistent approach to formulary listing and patient access across the country.

Over the coming months, the Government will work with provinces, territories and other partners to develop a vision and mandate for such an agency.

Budget 2019 proposes to provide Health Canada with \$35 million over four years, starting in 2019–20, to establish a Canadian Drug Agency Transition Office to support the development of this vision.

### **Making High-Cost Drugs for Rare Diseases More Accessible**

For many Canadians who require high-cost prescription drugs to treat rare diseases, the cost of these necessary medications can be astronomically high. The list prices for these drugs often exceed \$100,000 per patient each year and sometimes significantly more, causing financial and emotional distress for patients and their families.

To help Canadians with rare diseases access the drugs they need, Budget 2019 proposes to invest up to \$1 billion over two years, starting in 2022–23, with up to \$500 million per year ongoing.

This would include the creation of a national strategy for high-cost drugs for rare diseases, to gather and evaluate evidence on high-cost drugs for rare diseases, improve the consistency of decision-making and access across the country, negotiate prices with drug manufacturers, and ensure that effective treatments reach the patients who need them.

The Government will work with provinces, territories and stakeholders to establish the national strategy—an important first step in expanding drug coverage for patients with rare diseases, through federal support.

The Advisory Council’s final report, which will address the issue of access to prescription drug coverage, is expected this spring and will be made public and tabled in the House of Commons.

**Advisory Council on the Implementation of National Pharmacare**

Budget 2018 announced the creation of an Advisory Council to recommend ways for the Government to move ahead with national pharmacare. The Advisory Council’s interim report included the core principles for national pharmacare and foundational elements that can be acted upon immediately.

**Core principles**

- Access to prescription drugs based on medical need without financial barriers
- Portable and consistent coverage across Canada
- Comprehensive, evidence-based formulary, with special consideration for drugs for rare diseases
- Designed and delivered with patients and citizens
- Partnership between federal, provincial and territorial governments and Indigenous Peoples
- Promotes safety, innovation, value-for-money and sustainability of prescription drug costs

**Foundational elements**

- Create a national drug agency in partnership with provinces, territories and Indigenous Peoples
- Develop a comprehensive, evidence-based list of prescription drugs to be accessible to all Canadians
- Invest in drug data and information technology systems