

# Prescription Drugs

## Fact Sheets on Key Health Care Issues

### Integrating prescription drugs into Canada's health care system

In its submission to the Romanow Commission in May 2002, the Ecumenical Health Care Network (EHCN) recommended that prescription drugs be included as a fully funded component of medicare. The Commission noted the wide disparities, across Canada, in coverage for the high cost of prescription drugs.



As an initial response to this problem, Mr. Romanow recommended the creation of a Catastrophic Drug Transfer. Under this proposed new program, provinces and territories would receive additional funds to help cover the costs

of prescription drug plans and protect Canadians against the potentially “catastrophic” impact of high drug costs.

A new prescription drug comes on the market in Canada every four to five days. Retail drug sales has become the second largest category of total health spending (after hospitals). In light of these facts, the Commission recommended the creation of a new National Drug Agency to control costs, evaluate new and existing drugs, and ensure quality, safety and cost-effectiveness of all prescription drugs. The Commission also recommended the establishment of a national listing of prescription drugs to provide consistency across the country, ensure objective assessments of drugs, and contain costs.

The Romanow Report also recommended that aspects of Canadian patent law be reviewed. The extensive 20-year guarantee given to new prescription drugs, which provides exclusive access to the Canadian market, remains a matter of considerable debate in Canada. In releasing his report, Mr. Romanow said such a review of the drug patent legislation is needed to improve access to lower cost alternatives.

#### First Ministers' Accord 2003

The February 2003 Health Accord identifies catastrophic drug coverage as one of three priority reform activities. In the Accord, First Ministers agreed to take measures to ensure that Canadians, wherever they live, have “reasonable access to catastrophic drug coverage.” However, the wording of this section of the Accord is vague, and it is not clear what maximum amount Canadians would be expected to pay toward their prescription drug costs.

In addition, the Accord does not say how this new program might be structured. The provinces

**“The Commission’s view is that we need to begin the process of integrating coverage for prescription drugs within medicare as part of a longer term strategy to ensure all Canadians benefit from comprehensive prescription drug coverage.”**

**Final Report  
Commission on the Future of  
Health Care in Canada**

have until 2005-06 to implement such coverage. The Accord is silent when it comes to finding ways to contain drug costs. There is no indication that First Ministers are prepared to consider the establishment of a new National Drug Agency as a way of addressing this issue.

### **First Ministers' Agreement September 2004**

The increases in federal funding through the Canada Health Transfer met the shortfall in federal contributions identified by The Royal Commission on the Future of Health Care. But it is not clear if this funding increase will bring about the changes in health care needed to meet the Commission's recommendations.

The First Ministers' agreement acknowledged the need for equity of access to essential drugs, cost controls, creation of a catastrophic drug plan and other components in a national pharmaceutical strategy. Quebec will maintain its own pharmacare program. First Ministers established a Task Force that will provide a progress report in June 2006, so it will be some time before there is expanded coverage. Will there be national standards to ensure that Canadians, regardless of where they live, have the same access at the same cost, to essential drugs? And will there be specific measures to contain the spiralling costs of drugs?

The Royal Commission recommended a review of the drug patents' law, in particular regulations that allow brand name companies to sue to keep lower priced generic versions of drugs off the market. The Parliamentary Standing Committee on Industry held a review in June 2003 but the Committee did not make any recommendations.

As the costs of prescription drugs continue to rise, the EHCN believes that a review of key aspects of the patent act is needed, as one strategy in containing costs.

### **Where Do Health Dollars Go?**

**"In 2003, retail drug sales made up the second largest category, [of total health expenditures], at 16%, compared to 13% a decade earlier. This includes prescribed and non-prescribed drugs, as well as personal health supplies such as diabetic test strips."**

**In 2003, hospitals accounted for the largest single component of total expenditures (30%), down from about 37% in 1993.**

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This Fact Sheet is one in a set produced by the Ecumenical Health Care Network (EHCN). The Network is a project of the Commission for Justice and Peace of the Canadian Council of Churches and includes representatives from the Anglican Church of Canada, the Canadian Conference of Catholic Bishops, the Catholic Health Association of Canada, the Evangelical Lutheran Church in Canada, The Presbyterian Church in Canada, the Salvation Army, and the United Church of Canada.

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