

Towards Implementation of National Pharmacare Discussion Paper

Dear Advisory Council,

I am writing to provide comments in response to the Advisory Council on the Implementation of National Pharmacare's Discussion Paper, "Towards Implementation of National Pharmacare." We welcome the dialogue the Advisory Council has started and the opportunity to contribute to its final report and recommendations.

Manulife supports the government in its goal to improve the overall health, well-being, and quality of life for all Canadians. With rising health care and prescription drug costs and a major demographic shift on the horizon, government and the private sector need to work together to ensure the system delivers appropriate care while remaining accessible, sustainable and affordable for everyone. Insurance companies are part of Canada's broader public-private social safety net.

Manulife provides 5 million Canadians with extended health benefit plans that cover prescription drugs, provide dental and vision coverage, disability insurance, wellness programs, critical illness protection, and more. We work with over 21,000 plan sponsors in Canada (employers or organizations) and support those employers with the overall health of their organization.

Workplace benefit programs contribute to the overall health and wellness of Canadians, and the competitiveness of our local and national economies. Employers and union groups provide these plans because workers highly value the ease of use, the comprehensive coverage provided to them and their family. Employers, workers and the economy benefit from having a healthy, productive workforce. At Manulife, workplace benefit programs work holistically, focusing on the health of the individual, going beyond the simply transaction of administering the payment of a prescription.

We appreciate that the Advisory Council has included private insurers in its list of "key perspectives to consider in the dialogue on national pharmacare." Any national pharmacare solution needs to be careful not to erode the value insurance brings to the Canadian economy by providing employment and investment opportunities.

Our comments align with the questions set out in the Discussion Paper.

Donna Carbell

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Who should be covered under national pharmacare?

Manulife agrees with the Advisory Council's statement that "Canada's patchwork of drug coverage leaves too many behind." We support the improvement of access to medicines for all Canadians. It is important that any solution recognize that the vast majority of Canadians have access to medicines through workplace benefit plans.

The number of Canadians with workplace benefits has increased over the past 10 years from 71% to 79%.¹ Workplace benefits cover much more than prescription medicine and the 25 million Canadians with benefits place high value on their benefits plans.²

Today, an estimated 10 per cent of Canadians do not have drug coverage or have coverage that is inadequate to meet their needs.³ Individuals who are self-employed, employed part time or have low paying or precarious work are more at risk.

The ultimate goal from a policy perspective must be to ensure that Canadians have access to the prescription medicine they need, without undue financial hardship. Canadians need a solution that is affordable and sustainable.

We believe that every Canadian should have a drug plan with coverage that equals or exceeds agreed upon standards. We note that almost all workplace drug plans and many of those who access public plans have coverage that would exceed any national standard that would be established.

How should national pharmacare be delivered?

Manulife believes the following actions should be taken to extend public drug coverage:

- Expand existing public plans or create new public plans to provide coverage to Canadians who do currently not have access to a workplace drug plan or a publicly administered plan;
- Consider consolidating/rationalizing existing and overlapping public programs to save cost and reduce complexity. The number of public programs in some provinces make it difficult for patients to navigate the system.
- Add clarity around drugs administered in hospitals, ensuring consistency in patient experience.
- Examine whether there needs to be an adjustment of the Canada Health Transfer to help cover the cost of extending public drug coverage.

In addition, Manulife believes the following actions should be taken to increase coverage under private workplace plans:

- Further incentivize employers to offer workplace benefit plans that include drug coverage; and
- Establish a base level of coverage that all private and public drug plans must provide (a possible base level of coverage is described below).

Which drugs should be covered as part of a national pharmacare plan? How much variability across different drug plans or jurisdictions should there be in the list of drugs covered by national pharmacare?

Manulife believes Governments should work to establish a base level of coverage that all public and private plans would be required to meet or exceed. This could include:

- Coverage to an agreed upon list of drugs (standard national formulary);
- The standard national formulary should not be so limited that the risk shifts to increased absenteeism or disability from the workplace;
- Restrictions on the amount that consumers pay out of pocket for these 'listed drugs' (the standard formulary); and
- Coverage for an agreed upon list of high-cost drugs (catastrophic coverage) with the cost of these drugs to be pooled across all public and private plans through some form of new national risk sharing model.

Should patients pay a portion of the cost of prescription drugs at the pharmacy (e.g., co-payments or deductibles)? Should employers, which currently play a significant role in funding drug coverage for their employees, continue to do so (either through contributions to a private plan or through a public plan)?

Manulife is supportive of the Advisory Council's statement that, "Canada's spending on prescription drugs is unsustainable." We believe costs could be reduced by:

- Continuing and encouraging the ongoing collaboration between public and private drug plan providers toward joint drug purchasing and joint drug efficacy reviews;
- Looking at other opportunities and tools to reduce costs such as capping pharmacy mark-ups.

Private insurers are working to combat high drug prices on behalf of Canadian employers and are using controls to manage costs for everyone. Drugs that deliver high health outcomes need to be affordable and accessible to all patients who need them. Manulife has a role in helping to manage these costs on behalf of our plan sponsors and plan members. We all want better outcomes and better value through evidence-informed decision-making.

Manulife believes that the implementation of a single payor national pharmacare plan would be an extremely challenging endeavor. Instead, we believe that government could achieve the overarching goal of universal coverage by improving the current system. There are measures that can be implemented to significantly reduce costs. Enhancements to the existing system may not require significant additional spending. Building on the current system reduces the risk of inadvertently negatively impacting the health of many Canadians.

In addition, we believe that the Federal Government could consider providing additional financial support for provinces and employers who pay the bulk of the cost of drugs in Canada.

We encourage the Advisory Council to carefully consider the impact on Canadians as they recommend changes to the current private and public programs. Any change will require time for significant discussion, cross collaboration and development of an implementation strategy that does not disrupt patient access to drugs.

Previous studies that advocated for a complete overhaul of the system were never executed due to political uncertainties, financial risks, and other obstacles. This consultation process provides an opportunity to make real changes now that will have a positive impact on Canadians. Government efforts should focus on extending private and public plans to ensure that all Canadians have a plan that provides affordable access to medicines by building on the components of the system that are working and exploring new ideas so that the overall health, wellbeing, and quality of life for Canadians is enhanced.

We appreciate the opportunity to provide feedback into the consultation process. We would be pleased to discuss our response with the Advisory Council to provide more specific comments as needed.

Regards,



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¹ Canadian Life and Health Insurance Association.

² Canadian Life and Health Insurance Association.

³ MPs begin study on pharmacare, warned of high drug costs," Kyle Duggan, iPolitics, April 13, 2016. "Pharmacare Costing in Canada Preliminary Report: Assessment of a National Pharmacare Model Cost Estimate Study." PDCI Market Access Inc., January 2016. "Catastrophic Drug Coverage in Canada." Library of Parliament Publication No. 2016-10-E. February 4, 2016.