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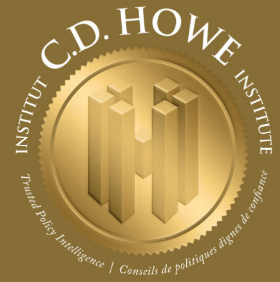

From: Chris Bonnett

To: Pharmacare Watchers

Date: October 9, 2024

Re: **Ignore the Siren Call of Making Pharmacare Single-Payer**

As Bill C-64 moves through Parliament, there are voices **calling** for amendments to ensure the fledgling pharmacare program adheres to the **recommendation** from the National Advisory Council on the Implementation of Pharmacare that it be a publicly funded single-payer (PSP) drug plan. These critics argue that any role for private insurance would increase costs and complexity and reduce equity.

They are mistaken. Purported cost savings with a PSP plan are neither certain nor easily verified, given the many confounders in a complex system. Savings reported in published models rely on assumptions that may be solid, idealistic, fluid, or just wrong. For example, the Parliamentary Budget Officer projected savings of about 5 percent from a PSP model, but that relies in part on brand drug manufacturers cutting their prices by 20 percent. None of that is realistic.

Although a PSP plan could work, it is impractical in the real world. For the federal government, with its high deficits and rapid debt growth, the multibillion-dollar cost is **unsustainable**. For provinces, a PSP plan ignores the history of uncertain federal health transfer payments. For most people in Canada, it means replacing their private drug plans with something much less satisfying. Access to healthcare is already rationed in hospitals, in long-term and community care, and in the number of physicians trained. More of this is not better care.

Public drug plans suffer serious shortfalls in complexity, equity, and rationing. Consistent eligibility rules, access to high-cost drugs, and low-income subsidies across Canada would help eliminate the inequities, notably for access to new oncology drugs. Streamlining of new drug reviews and approvals will also help.

Private plans can also be improved, for example, by implementing limits to out-of-pocket costs and by focusing on consistent health technology assessment and price negotiations.

Private plans already provide two-thirds of people in Canada with access to medicines and have for decades. These plans spend $15 billion annually, which represents money that governments do not have to pay. Indeed, it is money on which provinces collect about $1.4 billion annually in taxes, according to the Canadian Life and Health Insurance Association.

Private insurance is essential for the success of pharmacare, and the minister of health has stated as much. Facing a federal election, those with an interest in publicly funded pharmacare must be more practical and willing to experiment, and quickly, since the current leading political party has historically punted healthcare off its field.

Health Minister Mark Holland called this first PSP phase a pilot to be evaluated on effectiveness, efficiency, and, likely, costs. As such, regulated and governed private insurance that is properly coordinated with pharmacare goals could be tested and compared with the pilot PSP plan.

A fully public single-payer model presents many challenges. Other countries successfully use lower-cost, high-quality, mixed-payer models with strong regulation and governance to help manage risk and the public interest. Canada can, too. More pragmatism might make progress possible.

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A version of this Memo first appeared in the Canadian Medical Association Journal.