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Canada's actuaries support drug coverage for all Canadians by improving existing systems

Ottawa, November 15, 2023 – The Canadian Institute of Actuaries (CIA) supports the federal government's objective to ensure that all Canadians have access to affordable prescription drugs. However, the CIA believes this can be accomplished more effectively and implemented more quickly by enhancing elements of existing public and private drug coverage plans.

"One size does not fit all when it comes to the unique provincial and territorial situations of drug care in this country," says Steve Prince, FCIA, President of the CIA. "The CIA issued a report on this topic in 2021. What that report says is still true today."

The CIA proposes that provinces and territories establish or adjust their own pharmacare platforms to guarantee that all residents are covered by a prescription drug plan. Each platform would be based on the jurisdiction's optimal mix of public and private funding and delivery. A federally established national formulary of drugs would ensure consistency of benefits across the country. The federal government would contribute to the stability of the program by covering costs beyond a certain threshold.

Under the CIA model, the federal government would:

- oversee cross-sector examination of long-term costs and savings in the program;
- negotiate drug prices on behalf of all public and private plans; and
- explore evidence-based prescribing and public health alternatives to pharmaceuticals, to find greater long-term cost savings.

Those areas are where savings in cost and improvements in effectiveness can be found, the CIA believes.

"Finding a way to help all Canadians get the medicine they need does not automatically mean a single-payer government administered program that fully replaces existing plans. There are good reasons for a hybrid approach," says Rob Brown, FCIA, Co-Chair of the CIA's pharmacare task force. "For instance, private insurance currently provides significant funding independent of governments that would need to be replaced with new taxes or other mechanisms. We should build on the existing foundation to help Canadians more effectively and cost efficiently."

The CIA proposal offers a more flexible and competitive drug coverage for all Canadians at a lower cost than a universal single-payer system. The proposal:

- Builds on what works within the existing prescription drug landscape in Canada.
- Establishes a national formulary of prescription drugs that all Canadians can access fairly and equitably, regardless of where they reside.
- Provides provinces with the flexibility to develop their own pharmacare programs, subject to the minimum coverage requirements, that best meets the needs of their residents and budgetary realities.
- Establishes a funding mechanism that would see the federal government partner with the provinces as a reinsurer of provincial risk, allowing for provincial budgets to be accurately developed, projected and assessed.
- Recognizes that the system must be allowed to evolve over time as experience matures and costs and potential savings in other areas (e.g., hospital, physician) become clearer.

- Ensures a management structure is in place to find savings in improved medical prescribing habits and loss prevention.
- Leverages the purchasing power of a national operation to negotiate directly with the pharmaceutical manufacturers to generate fundamental savings.

“All Canadians should have fair and equal access to prescription drugs under an efficient system that reduces costs and removes barriers. It will take the combined efforts of both public and private entities to make this a reality,” says Erin Crump, FCIA, member of the CIA’s pharmacare task force. “Canada’s actuaries believe the hybrid model proposed in our independent report would provide individual Canadians with the right combination of supports for a healthy future.”


Read the CIA’s report at <https://www.cia-ica.ca/pharmacare>

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