

Intelligence MEMOS



From: Tingting Zhang and Rosalie Wyonch
To: Canadians Concerned About Pharmaceutical Access
Date: December 12, 2022
Re: **THE PRESCRIPTION DRUG GAPS IN CANADA**

A significant number of Canadians do not have adequate access to prescription drugs.

Twenty one percent of adults surveyed in a new Statistics Canada [report](#) said they had no prescription drug coverage in 2021. Across provinces, the proportion ranged from 14 percent in Nova Scotia to 26 percent in BC.

Canada remains the only developed country that provides universal public healthcare without prescription drug coverage. This results in a patchwork of public and private insurance plans, that leave some Canadians un- or under-insured and having to pay these costs out-of-pocket.

In 2021, 28 percent to 43 percent of prescription drug spending was covered by provinces and territories, leaving the remainder to private insurance plans or individual payments. Nationally, 36.9 percent of prescription drug costs were covered by private insurance plans and 19.5 percent were out-of-pocket.

In 2020, [26 million](#) Canadians were covered by supplementary health insurance and private plans and spent a total of \$26.6 billion on benefits. Drugs represented almost half (47 percent).

However, an estimated [2.8 percent](#) of Canadians were still not eligible for public coverage and had no private coverage in 2020. This was almost half of the 5.2-percent gap estimated in 2016. This boost in coverage was mainly driven by the introduction of OHIP+, which covers prescription drugs for youth under age 25 in Ontario.

Among those eligible for public drug plans, only 60 percent were enrolled in 2020. After accounting for private coverage, an estimated 3.8 million Canadians were not enrolled in public or private drug plans despite eligibility. This includes people who engage in “non-standard employment” such as part-time, temporary, and contract work, who are much less likely to have employer-sponsored insurance, as well as the roughly [1.7 million](#) pre-pandemic gig workers.

Those without prescription drug insurance usually need to pay more and are less likely to fill prescriptions. About 27 percent of those without insurance spent \$500 or more out-of-pocket for their prescription drugs in 2020 (compared to 16 percent of those with insurance). And 17 percent reported skipping doses, delaying refills or otherwise [reducing](#) spending on other necessities.

Such delay in care can result in preventable complications, worse health conditions, recurrent hospital visits, and more pressure on the already strained health system.

One solution to address this gap would be extension of the [Quebec pharmacare model](#) to all provinces. Quebec requires enrolment in either a public or private plan. Public plan premiums range from \$0 - \$710, depending on income and age. The public version includes deductibles and copayments, just as with most private plans, but with monthly caps on out-of-pocket costs. Risk pooling makes premium costs relatively lower than in non-mandatory, universal eligibility, public insurance schemes (such as Alberta’s). Implementing Quebec’s model across Canada was estimated in 2020 to increase provincial spending by about \$2.2 billion; significantly less than a universal national pharmacare program.

Ottawa’s push for a national pharmacare strategy has stalled since the onset of the pandemic. Some drug-related initiatives are still underway, such as developing the Canada Drug Agency, a national formulary, and a strategy for rare disease drugs. And in Ontario, [portable benefits](#) are under consideration for extending health benefits coverage to workers without employer-sponsored insurance. These are all steps that are aimed towards filling gaps in access to health insurance while working towards some form of universal coverage.

And that is probably the most cost effective approach to ensure that all Canadians can have prescription drug coverage. Pharmaceuticals are a critical component of modern medical care and while there is a role for government to continue expanding prescription drug coverage, a blended model is most sensible.

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