

The economic case for Pharmacare

Universal public Pharmacare would save up to \$10.7 billion a year.

Below are two scenarios for reaching the goal of sustainable drug prices with Pharmacare. Note that these savings already take into account an increased cost of 10% for universal Pharmacare, because it would cover all Canadians.

SCENARIO ONE

Implementing universal pharmacare and moderate revision of industrial policies related to drug prices

Current expenditure on prescription drugs \$ 25.1 billion

Cost savings with a universal Pharmacare plan:

- ▶ Improve therapeutic choices and save on dispensing fees \$ 2.51 billion
- ▶ Eliminate multiple private plans – savings from cheaper administration and tax subsidies for these plans \$ 1.49 billion
- ▶ Revision of pricing policies in order to go from world’s fourth most expensive country for brand name drugs to sixth \$ 1.43 billion
- ▶ Eliminate the rebate system for generic drugs in pharmacies, which pushes up the price \$ 1.31 billion
- ▶ Eliminate the monthly deductible and the 15 year patent protection for drugs in Quebec \$ 246 million

Net savings with Pharmacare \$ 4.48 billion

SCENARIO TWO

Implementing universal pharmacare with elimination of industrial policies related to drug prices

Current expenditure on prescription drugs \$ 25.1 billion

Cost savings with a universal Pharmacare plan:

- ▶ Save on dispensing fees \$ 502 million
- ▶ Cost savings with rigorous drug review and price negotiations (as in New Zealand) \$ 10.2 billion
- ▶ Eliminate the monthly deductible and the 15 year patent protection for drugs in Quebec \$ 246 million
- ▶ Eliminate multiple private plans – savings from cheaper administration and tax subsidies for these plans \$ 1.49 billion

Net savings with Pharmacare \$ 10.7 billion

Many countries, including France, the UK, Sweden, Australia and New Zealand have universal drug plans and, as a result, pay far less for drugs than Canada. The choice is clear: universal Pharmacare that provides all Canadians with more coverage for less money, or the status quo where millions of Canadians go without, while costs spiral out of control.

Source Marc-André Gagnon with Guillaume Hébert, “The Economic Case for Pharmacare”, Canadian Centre for Policy Alternatives, 2010.