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Sun Life submission to the Standing Committee on Social Affairs, Science and Technology (SOCI) regarding Bill C-64, *An Act respecting pharmacare*

September 17, 2024

Sent via email to: [Emily.Barrette@sen.parl.gc.ca](mailto:Emily.Barrette@sen.parl.gc.ca)

To protect the workplace health benefit plans that 27 million Canadians rely on<sup>1</sup>, Sun Life encouraged the House of Commons Standing Committee on Health (HESA) to make changes to Bill C-64, *An Act Respecting Pharmacare*. Our HESA submission is appended to this document as *Appendix A - Sun Life's submission to the House of Commons Standing Committee on Health (HESA); Sent May 22, 2024*.

We asked HESA to ensure that:

- Canadians without access to medications would receive robust coverage;
- Government would spend funds on Canadians who need it most, not those with existing coverage for medications;
- Canadians with workplace benefit plans would not see their access to drugs disrupted by Bill C-64; and
- Bill C-64 would be amended to provide explicit protections for workplace benefit and other plans.

In short, we believe that the government has a unique opportunity to make a substantive difference in providing prescription coverage for Canadians without any access today. Unfortunately, Bill C-64 falls short of this, instead funding coverage for a small subset of medications that most Canadians already have robust coverage for through workplace plans. Amending the Bill to focus on Canadians without access to medications and codifying explicit protections for existing workplace plans would solve a real health challenge in our country, while maintaining a system that works incredibly well today.

We are disappointed that HESA failed to amend the Bill to this effect. As SOCI considers Bill C-64, we wish to reinforce these points.

**We also wish to highlight the discrepancy between Health Minister Mark Holland's statements and the text of Bill C-64, which will have real implications for Canadians.**

During recent HESA proceedings, and on other occasions, Minister Holland has indicated that Canadians would be able to use their private insurance plans to access the diabetes drugs and contraceptives Bill C-64 will cover. At the recent HESA meeting, when asked "if this is a single-payer program, is anyone going to lose coverage from existing plans?" He responded "no." He also affirmed that no one would lose coverage based on this legislation. He has stated, it is "going to open up a choice about whether or not you want to use your existing insurance or whether or not you want to go with a single-payer, universal system."<sup>2</sup>

**We applaud Minister Holland's intent to maintain existing employer benefit coverage, but it is not currently reflected in Bill C-64.** Its text repeatedly calls for single-payer pharmacare in Canada, with no mention of workplace benefit plans at all. While not defined in the Bill, along with several other undefined terms, "single-payer" is widely understood to mean one payer – in this case, the government.

In the absence of specific protections for workplace plans in Bill C-64, the Bill continues to pose a significant risk to the workplace benefit coverage millions of Canadians rely on. The risk remains that coverage could be disrupted due to Bill C-64. For some Canadians, this could mean the painful experience of disrupting their medications to fit a limited public formulary of drugs. The degree to which coverage will be disrupted, and how, given pharmacare agreements with Canada will vary between provinces and territories, remains unclear.

**We call on SOCI to carefully consider Bill C-64 and introduce amendments to the legislation that would provide explicit protections for workplace benefit and other plans to protect the 27 million Canadians<sup>3</sup> that rely on and value these plans.**

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<sup>1</sup> CLHIA Factbook, p. 8, <http://clhia.uberflip.com/i/1508207-canadian-life-and-health-insurance-facts-2023-edition/0>

<sup>2</sup> HESA, May 23, 2024

<sup>3</sup> CLHIA Factbook, p. 8, <http://clhia.uberflip.com/i/1508207-canadian-life-and-health-insurance-facts-2023-edition/0>

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Dave Jones  
President, Sun Life Health

## **Appendix A – Sun Life’s submission to the House of Commons Standing Committee on Health (HESA); Sent May 22, 2024**

Every single day, 27 million Canadians get their prescription medications thanks to their workplace benefit plans. We believe prescription drug coverage provided by workplace benefits should not be disrupted by any government pharmacare plan. The vast majority of Canadians agree with us, as 88% of people with access to group, employer, or private health insurance value this service, and 84% say it has helped with the cost of living.<sup>4</sup>

At Sun Life, we play a key role in providing Canadians with workplace benefits on behalf of their employers. In fact, in 2022, Canada’s Life and Health Insurers paid out \$14.3 billion for drugs, which accounts for over 35 per cent of prescription drug spending in Canada.<sup>5</sup>

We know prescription drug coverage is not available to everyone in our country. In fact, in 2017, the Parliamentary Budget Officer (PBO) estimated that approximately 2% of Canadians lack drug insurance coverage.<sup>6</sup> We strongly believe that every Canadian, regardless of their income or employment should have access to the medications they need. **However, there is a right way to make sure everyone has prescription drug coverage, and Bill C-64 gets it wrong.**

### **Government should fill the gaps with a robust formulary for those *without* coverage, like the government has recently done with dental care**

Pharmacare should focus on helping those who do not have coverage, not those who already have it through their workplace benefits. The 2024 federal budget allotted \$1.5 billion over five years to this program.<sup>7</sup> Imagine how far that money could go toward providing meaningful drug coverage to those without it today: with those funds, the government could create an extensive formulary of medicines for the uninsured, where they would have access to more than just two classes of drugs. This would be life changing support for the Canadians that need it most.

Instead, it is likely that this program, as written, will not meet the coverage provided even today. Considering the classes of drugs the federal government is proposing to cover, diabetes drugs, devices and supplies, and contraceptives, insurers covered \$2.2 billion in related costs for 3.8 million Canadians last year.<sup>8</sup> This is far more than the \$1.5 billion the federal government has pledged for pharmacare over five years.

### **Government should invest limited resources on priority health care needs**

Workplace benefit plans provide prescription drug coverage to 27 million Canadians.<sup>9</sup> That’s 27 million people who have their prescriptions paid for in full or in part by their employer. Those Canadians overwhelmingly support their employer benefits, as:

- 90% of people with an employer plan say their plan has been helpful with the cost of prescriptions.<sup>10</sup>
- 71% of Canadians say they are happy with the coverage they have.<sup>11</sup>

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<sup>4</sup> Abacus, February 2023

<sup>5</sup> CLHIA Factbook, p. 8, <http://clhia.uberflip.com/i/1508207-canadian-life-and-health-insurance-facts-2023-edition/0>

<sup>6</sup> Federal Cost of a National Pharmacare Program, Office of the Parliamentary Budget Officer, p. 1, <https://distribution-a617274656661637473.pbo-dpb.ca/02e29b45b60a0ee50e305d281c5f4404e8e1e20fffc2c83e45f9398b61273aee>

<sup>7</sup> Budget 2024, Fairness For Every Generation, pp. 100-103, <https://budget.canada.ca/2024/report-rapport/budget-2024.pdf>

<sup>8</sup> IQVIA 2024

<sup>9</sup> CLHIA Factbook, p. 8, <http://clhia.uberflip.com/i/1508207-canadian-life-and-health-insurance-facts-2023-edition/0>

<sup>10</sup> Abacus, March 2022

<sup>11</sup> Spark Advocacy, February 2024

Compare that to Canadians views on other parts of the health care system: 64% of Canadians say the health system is not working well enough or is working really poorly. 48% give the federal government a poor or very poor rating in health care, an increase of 21% from 2021.<sup>12</sup>

We do not believe any federal funds should be spent on people who already have coverage. These costs are already paid for by employers, allowing government to spend this money on other key priorities, like primary care.

### **Ensuring that the majority of Canadians' access to the drugs they need is not disrupted must be a priority for this Government**

Bill C-64 proposes to provide universal, single-payer, first-dollar drug coverage for diabetes medications, devices and supplies, as well as contraceptives. The inclusion of the term "single payer" in the legislation indicates that any drugs covered by a federal plan will no longer be permissible for coverage under workplace benefit plans.<sup>13 14</sup>

It is unfortunately clear that the government's pharmacare plan will disrupt the service experience Canadians currently receive through their workplace benefits. Specifically, those who already have excellent coverage for the medications on the federal government's list will be forced to switch to a public plan. This will create a disjointed experience for 1.9 million Canadians, with some drugs covered by one plan, and others covered by a government plan. This increases costs to government while failing to reduce gaps in coverage.

It is critical that the current, complementary public-private system for prescription drug coverage remain in place under a new federal pharmacare plan. This will avoid disrupting the coverage of millions of Canadians and will ensure public funds are used to provide coverage to those who need it most.

Further, this bill creates the framework for single-payer pharmacare coverage for all drugs, which the PBO notes would cost nearly \$40 billion.<sup>15</sup> An extreme version of C-64, a full single-payer system, would disrupt coverage for the majority of Canadians and spend crucial public funds on people who already have good coverage. We believe it is important for a meaningful debate so the public and employers understand the implications tied to this program.

### **Specific recommendations regarding Bill C-64**

Our priority is protecting the millions of Canadians who rely on workplace benefit plans to receive their medications. Bill C-64 seeks to provide single-payer drug coverage for diabetes medications and contraceptives, which would preclude workplace benefit plans from covering the drugs on the federal government's list. This is a step toward the universal, single-payer, public pharmacare in Canada, envisioned in the 2019 report, *A Prescription for Canada: Achieving Pharmacare for All*.

The PBO's costing of Bill C-64 recognizes the critical role of workplace benefit plans in providing drug coverage. The report indicates the **true cost of Bill C-64: \$5.7 billion over 5 years**. The report assumes that workplace benefit plan coverage would not be impacted by Bill C-64. While that is not what the Bill states, if that were to be the case, the cost of Bill C-64 would be offset dramatically, by \$2.5 billion over 5 years.<sup>16</sup>

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<sup>12</sup>Abacus, February 2023

<sup>13</sup> Universal Access to Contraception, Health Canada, <https://www.canada.ca/en/health-canada/news/2024/02/background-universal-access-to-contraception.html>

<sup>14</sup> Universal Access to Diabetes Medications, and Diabetes Device Fund for Devices and Supplies, Health Canada, <https://www.canada.ca/en/health-canada/news/2024/02/universal-access-to-diabetes-medications-and-diabetes-device-fund-for-devices-and-supplies.html>

<sup>15</sup> Cost Estimate of a Single-payer Universal Drug Plan, The Parliamentary Budget Officer, pp. 2-4. <https://distribution-a617274656661637473.pbo-dpb.ca/c4201c5cc0c9a162ff5f127e98992b64f3547048bf187de65bca2b399f3b9320>

<sup>16</sup> Legislative Costing Note, An Act Respecting Pharmacare, Office of the Parliamentary Budget Officer, <https://distribution-a617274656661637473.pbo-dpb.ca/717eaf4e6e546078e4babb78d55f1abb6fec87ecb520e4c6e6594af644cb77bb>

Health Minister Mark Holland has said “You’re going to have a choice. If you want to get your universal contraceptives and use your private insurance plan, go for it, no problem.”<sup>17</sup>

Clarity is needed around the ability of insurers, on behalf of Canadian employers, to cover drugs for their employees that are on the prescribed list for diabetes and contraception. **We call on this committee and the current government to introduce amendments to the legislation that would provide explicit protections for workplace benefit and other plans, to make the PBO’s assumptions and Minister Holland’s statement a reality.**

Specifically, we support the detailed amendments to the legislation outlined in the Canadian Life and Health Insurance Association’s submission to this committee, sent on May 22, 2024. We believe these amendments will ensure the Canadians can continue to access the medications they need through their plans.

A handwritten signature in black ink, appearing to read "Dave Jones".

Dave Jones  
President, Sun Life Health

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<sup>17</sup> City News, ‘Nonsense fearmongering:’ Health minister slams Poilievre for ‘lies’ on pharmacare bill. Accessed May 15, 2024, <https://vancouver.citynews.ca/2024/04/18/health-minister-slams-poilievre-for-lies-on-pharmacare>

## **Who we are**

At Sun Life, our Purpose is clear: to help our Clients achieve lifetime financial security and live healthier lives. Our roots run deep in Canada, where our company began more than 150 years ago. Our business started with the sale of insurance and has expanded to offer wealth and asset management solutions and customized health programs to our Clients.

Today, we have a presence in 11,000 communities across Canada and we are an industry leader, touching the lives of millions of individuals and thousands of companies across the country – and around the world. We are a market leader in the Canadian group benefits market, known for innovation and service excellence, serving millions of Clients nationwide.