

Submission for SOCI Study on Bill C-64

By: Life Sciences Ontario



Members of the Standing Senate Committee on Social Affairs, Science and Technology (SOCI)
The Senate of Canada
Ottawa, Ontario
Canada, K1A 0A4

September 27th, 2024

Subject: Study on Bill C-64, “An Act respecting pharmacare”

Dear Honourable Members,

On behalf of Life Sciences Ontario, thank you for the opportunity to provide input on the Standing Senate Committee on Social Affairs Science and Technology’s (SOCI’s) review of Bill C-64, “An Act respecting pharmacare.”

As a procedural matter, LSO wishes to reiterate its concern regarding the unprecedented speed with which this legislation is being reviewed by parliamentarians. Fast-tracking the bill raises significant concerns about insufficient debate and consideration of the complex issues at stake. It also prevents adequate time for stakeholders to provide informed feedback, and for decision-makers to review and provide informed input on legislation that will significantly impact how Canadians access medicines.

This bill will have far-reaching implications for all stakeholders, including patients, healthcare providers, and the entire life sciences ecosystem, just to name a few. It deserves rigorous scrutiny. For this reason, we respectfully urge the SOCI committee to conduct a more thorough review and examination of the bill and not be beholden to the “prescribed timelines” that your committee has been assigned. You are supposed to be part of the body that provides “sober second thought,” and as a key stakeholder in this sector, we expect that you will live up to that mandate.

In this context, as SOCI begins its deliberations on the proposed pharmacare bill and a potential single payer pharmacare program in Canada, below are general considerations that deserve your careful review and attention:

1. **Consider potential medicine access disruptions:** A rushed legislative process and abrupt policy changes introduces the risk of potential unintended consequences. We have first-hand experience with this type of situation in Ontario, when the province attempted to implement a single payer pharmacare system for children and youth under the OHIP+

program in 2017. In theory, this seemed like a wonderful idea, but in practice, it was a disaster for many kids who lost their private drug coverage and had to transition from getting access to the medicines they depended on and needed to a more restricted public formulary. Many patients lost coverage and were forced to either pay out of pocket to continue on their treatments or switch to the publicly covered medicines, which was a much more restrictive formulary. Restrictive, to put it plainly with examples, meant that patients could only get access after surgery had been tried, or only for “acute” patients and those who had had a kidney transplant.ⁱ Notably, the province eventually reversed the policy change by restricting eligibility for the program to only those without private insurance. It is important to take the time to consider such potential unintended consequences, as access disruptions could lead to serious negative consequences for many patients. It is also important to consider ongoing initiatives at the provincial level, including Ontario’s efforts to expand benefits to “gig” and part-time workers through the *Working for Workers Act, 2022*, which is already taking steps to close some of the existing coverage gaps in the province. Other provinces have already moved forward to close important and related care gaps, from the elimination of co-pays and deductibles in B.C. for lower-income citizens to the expansion of the list of medicines and co-pay relief that the Prince Edward Island public drug programs have implemented recently. There may not be a need for a new national program to do what the provinces are already doing.

2. **Impacts on the private market:** The language in Bill C-64 remains ambiguous as it relates to the private market. There is a lack of clarity on if the bill will establish a truly single-payer, federally administered system or if it will continue to accommodate private plans. Even if Bill C-64 maintains a role for private plans and does not intentionally restrict them, it could still financially incentivize employers to remove certain categories of medicines from their formulary coverage if employees became eligible for coverage through the federally administered drug program. This would result in the government payer taking on additional and unforeseen costs previously covered by private insurance plans.
3. **Potential for a restrictive formulary:** Forcing or incentivizing Canadians to move to a single, federally administered drug plan may have the unintended consequence of reducing the quality of coverage for the approximately 2 in 3 Canadians who have more comprehensive coverage under their private plans. Canadians with private insurance typically benefit from immediate access to new drugs, whereas those on public plans

wait over two years to access those same drugs. Private plans also cover about 3 times as many drugs as public plans.ⁱⁱ

4. **Impacts on the life sciences sector:** Bill C-64's implications extend beyond immediate access to medicines; they touch on the broader life sciences ecosystem that supports research and development of these medicines. It is important to give adequate consideration to the impacts of the proposal on Canada's life sciences sector and ensure that the legislation fosters an environment conducive to innovation, investment, and commercialization of new medicines in Canada. Importantly, while a single-payer system may reduce medicine prices, it might also discourage developers, suppliers, and distributors, leading to potential drug shortages and fewer treatment options for Canadians. As Canada's Drug Agency looks into "bulk purchasing," we hope it considers these risks, and we encourage SOCI and the government to keep these concerns in mind when reviewing the emerging national pharmacare program.

5. **Consider alternative, more cost-effective approaches:** The Parliamentary Budget Officer has estimated that a comprehensive single-payer pharmacare system in Canada will cost Canadian taxpayers an additional \$13.4 billion/year.ⁱⁱⁱ More recently, the PBO estimated that the five-year cost to the federal government to cover just diabetes and contraceptive products will cost \$1.9 billion over five years, which is over 25% higher than what the government is budgeting for. This is likely an under-estimation given the strong motivation for citizens to switch to the no-cost options at the pharmacy, undermining assumptions that private spending (employer-sponsored plans) would remain the same.^{iv} Given the current economic climate, and at a time when Canada faces a \$1.3 trillion debt, it will be important to give adequate consideration to alternative approaches that can be equally effective at closing coverage gaps, but in a much more fiscally responsible and sustainable manner. For instance, the Government of Canada may consider increasing health funding to the provinces and territories so that they can close existing coverage gaps (as was done successfully recently in Prince Edward Island, which was also noted above). This approach would represent a more responsible use of the public purse, while also respecting the jurisdiction of provinces and territories over healthcare.

In conclusion, we believe that the success of any pharmacare program lies in its careful planning and implementation. We respectfully request that the SOCI committee – and parliament overall – take the necessary time to conduct a comprehensive, evidence-based

review of Bill C-64 and make informed revisions to the bill to avoid several foreseeable negative unintended consequences.

Thank you for considering our views.

Sincerely,



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About Life Sciences Ontario

Life Sciences Ontario (LSO) is a not-for-profit organization that represents and promotes Ontario's vibrant and diverse life sciences sector. Members of LSO include life sciences companies, entrepreneurs, members of academia, and service providers from many different areas of the life sciences ecosystem, including biopharmaceuticals, agriculture, agri-food, the bioeconomy, medical devices, animal health, environmental technologies, and more. Ultimately, LSO's mission is to encourage commercial success throughout this diverse sector by collaborating with governments, academia, industry and other life sciences organizations in Ontario and across Canada.

REFERENCES:

ⁱ Rawson, N., What does the new Ontario pharmacare plan offer children and young adults with rare disorders?, *Journal of Population Therapeutics and Clinical Pharmacology*, December 4, 2017:

<https://www.jptcp.com/index.php/jptcp/article/view/23/15>

ⁱⁱ Conference Board of Canada, *Access and Time to Patient: Prescription Drugs in Canada*, January 2024:

<https://www.conferenceboard.ca/product/access-and-time-to-patient-jan2024/>

ⁱⁱⁱ Office of the Parliamentary Budget Officer, *An Act Respecting Pharmacare*, May, 2024: <https://www.pbo-dpb.ca/en/publications/RP-2324-016-S--cost-estimate-single-payer-universal-drug-plan--estimation-couts-un-regime-assurance-medicaments-universel-payeur-unique>

^{iv} Office of the Parliamentary Budget Officer, *Cost Estimate of a Single-payer Universal Drug Plan*, October 2023: