

# Close the Gaps: Patient Benefits and Taxpayer Costs of 3 Pharmacare Options

## Description

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### ABSTRACT

**Objective:** The federal government's Advisory Council on the Implementation of National Pharmacare recently released its interim report. In June, the Council is expected to issue its final recommendations about which model the program will be based on. Three approaches are being considered. The purpose of this paper is to identify the real prescription drug insurance coverage gaps, to estimate and compare the costs and benefits of the three pharmacare models being considered by the Council, and to use these facts to inform decision making about the most appropriate model from the perspective of patients and taxpayers. **Highlights:** All Canadians are insured under existing private and public drug plans. In every Province, public plans are the payer of last resort and out-of-pocket costs are capped at affordable levels across all income deciles. However, public plans only cover the drugs listed on their formularies. Formulary exclusions expose patients to 100% of the cost of their prescribed drugs as an out-of-pocket expense. Therefore, this analysis assumes that closing the insurance gap caused by formulary exclusions is of greater social importance than reducing out-of-pocket costs related to premiums, deductibles, coinsurance and copayments. This paper proposes a federal option for pharmacare that fully closes the insurance gap caused by formulary exclusions under existing public drug plans. It provides nearly \$2.3 billion more in net benefits for patients than the National Pharmacare model studied by the Parliamentary Budget Officer (PBO) and it would cost taxpayers \$2.1 billion less than the PBO's model. The model doesn't require shifting the full cost of existing provincial public drug plans onto the federal budget, nor require the government to cover privately paid costs, so it reduces the burden on the federal budget by \$14.1 billion compared to the PBO's model.

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