# BRIEFING NOTE: National Pharmacare and Household Food Insecurity

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## Purpose

This briefing addresses the preliminary research on how a National Pharmacare program would impact household food insecurity (HFI) in Manitoba. HFI is an experience that varies from person to person[1], where people simply do not have enough money to buy food and often struggle to balance affording prescription medications. While Canada employs a Universal Healthcare System, only a few national programs include a pharmacare component. A few drug programs exist for people to help with coverage of medications, the main one being Pharmacare. Other common ones include the Non-Insured Health Benefit (NIHB) for First Nations and Inuit program[2], Employment and Income Assistance[3] (also known as Provincial Social Assistance) and Workers' Compensation[4]. National Pharmacare has been introduced over the years as part of various political platforms, and yet we have not seen much progress. So we ask, what is the hesitation? While a National Pharmacare program may seem like an obvious solution at first glance, this briefing outlines the details, perspectives and key considerations required for future implementation to have the impact advocates are seeking.

## Background

The connection between the cost of prescription medication and HFI results in people having to rationalize choosing medication over food and vice versa. We know this is not an easy decision and some people are unable to afford both, which leads to significant impacts on health. Currently, every province in Canada has its own individual Pharmacare program attempting to mitigate prescription drug costs. In 2021, the Canadian Institute of Health Information reported public drug programs spent $15 billion on prescription medication, a rise of 4.6% from 2020.[5]

[1] In 2019, Statistics Canada reports 7.4% Canadians lived in moderately food insecure households in the Canadian Income Survey.

[2] Provides eligible First Nations and Inuit clients with coverage for a range of health benefits including prescription and over-the-counter medications.

[3] Provides financial help to Manitobans who have no other way to support themselves or their families.

[4] Helps employees from financial hardships associated with work-related injuries and occupational diseases.

[5] Canadian Institute for Health Information. (2021).

All Manitobans qualify for Manitoba Pharmacare regardless of age or health status and as long as medications are not covered by another provincial or federal drug program. The yearly program is income-based: household income and prescription drug costs are evaluated and a deductible[6] is calculated. Over the course of the Pharmacare year (April 1st to March 31st), the amount paid by an individual for their prescription medications goes toward their Pharmacare deductible. Once an individual has paid their deductible in full, Pharmacare will then begin to cover their medication costs if it is included on the provincial formulary: the official document of medication covered.

The program is beneficial to some, but not all. Those with lower incomes can benefit provided their deductible is within budget, but those with a higher income are likely to never reach coverage. Manitobans are able to estimate their deductible using an online tool found on the Manitoba Pharmacare website. Also included are approximations of total adjusted family income and Pharmacare deductible rate. For example, if a household income is $20K, the deductible will be 4.49% of their income, therefore $898 would need to be paid by the individual or household in prescription medication before Pharmacare will cover their costs. In another case, a household income of $76K will require a deductible of 7.15% of the income, resulting in a deductible of $5434. In this scenario, the household with a lower income is more likely to reach their deductible and have their medication covered by Pharmacare, especially if this household has higher drug costs. On the other hand, the household with the higher income is much less likely to reach their yearly deductible and have their medication covered, especially if they have low drug costs. Even though the household with the lower income will reach their deductible first, they do not have the same flexibility as the higher income household to realistically balance their spending.

The minimum Manitoba Pharmacare deductible is $100, which may seem reasonable for many people, but is not affordable for a number of intended beneficiaries. While the provincial coverage plan may benefit those with a lower deductible, the reality is that it is not a universal plan. One recent Canadian study from 2019 discovered a correlation between HFI and cost-related non-adherence to medication, and noted that a change in coverage plans that would benefit more people could simultaneously reduce HFI and adherence to prescription medication.[7] This would in turn benefit multiple health outcomes.

## Policy Change Proposed

Instead of each province having their unique system with different criteria, formularies and deductibles, all Canadian residents would have the same drug coverage across the country, where these benefits would

[6] the dollar amount that an individual or household must pay out of pocket, usually annually, on prescription drugs before the drug plan will begin to pay.

[7] Men, F., Gundersen, C., Urquia, M. L., & Tarasuk, V. (2019).

follow if people were moving or traveling. There are three different models of how a National Pharmacare may look.[6,7]

**Single-payer Model** – mainly paid by the government, financed by general tax revenues. There are no deductibles and limited to no cost-sharing by patients.

**Multi-payer model** – patients are required to purchase insurance that meets a national standard. This provides a uniform drug coverage, everyone having the same annual deductible and similar out-of-pocket costs.

**Catastrophic Model** – patients become eligible for coverage when their total drug costs surpass a deductible. Stakeholders such as drug manufacturers and private insurers prefer this model since the cost for drugs and medication is not paid by the government, but rather paid by patients.

The Government of Canada has documented a report for a National Pharmacare plan and list their recommendations for its implementation. In terms of coverage, they propose to set it up as a single-payer model with low copayments per prescription, $2 for essential meds and $5 for other drugs listed on the national formulary, with no more than $100 spent per household per year.[8] Those already receiving other benefits such as disability or social assistance would be exempted from such copayments. Supplemental coverage would still be allowed by additional private insurances. Currently, Manitoba follows the catastrophic model. As a result, a National Pharmacare, single-payer universal program would change the way Manitoban's prescription drugs would be covered.

## Status

The Canadian Pharmacist Association (CPhA) has put forth their own idea of National Pharmacare, with a proposition of "PharmAccord," where essentially both public and private insurance will continue to cover prescription medications. However, CPhA proposes to lower out of pocket prescription costs to 3% of household income and government funding will be provided when certain criteria is met.

Two other associations are advocating for the idea of National Pharmacare. The Canadian Medical Association (CMA) acknowledges the financial burden of prescription medications on Canadians, and suggests a cost-sharing federal program. To help make this decision, CMA recommends Federal/Provincial/Territorial health Ministers to consult all parties involved: patients, prescribers, health care insurance plans and pharmaceutical industries[9]. The Canadian Nurses Association (CNA) is also highly in favor of National Pharmacare. They are promoting a "comprehensive, universal, public system

[8] Government of Canada. (2019, June).

[9] Canadian Medical Association. (2016, June 1).

offering affordable medication coverage that ensures access based on need, not the ability to pay".[10] For more information about these positions from these organizations on National Pharmacare, please see the provided resources at the end of this briefing.

## Potential Impacts of Proposed Policy Change

Ideally, a National Pharmacare program is universal, covers all prescription medications and significantly reduces financial burden placed on patients, and reduces HFI. Reduced medication costs leaves health care users with more money to spend how they need it. Whether it be food, housing or other necessities of life, fewer medical expenses allows for more financial choice. In turn, better medication coverage and improved reduced HFI results in better health outcomes. To be clear, health issues including mental illness, diabetes and chronic illness are reduced along with reduced rates of HFI.[11] Further, other aspects of individuals' lives improve: for example, National Pharmacare might support an individual to leave a job they have stayed in simply for the benefits of a private insurer to cover medication costs. In another case, better coverage could support folks to transition away from social assistance, affording individuals more control over their health and healthcare decisions.

Should the federal government create a National Pharmacare program following a single-payer model, Manitoba would benefit significantly with reduced costs and improved access to affordable medications. An income-based model would be limited in its benefits compared to our existing system. Further, the diverse programs currently offered in other provinces mean the benefits of a National Pharmacare program are not equal across the country. Rallying national support requires different approaches and trade-offs in different jurisdictions.

National Pharmacare may impact the existing federal NIHB, which covers medical expenses including prescription (and non-prescription) medications for eligible Inuit and First Nations Canadians.[12] Federal NIHB has its own unique formulary distinct from Pharmacare and would not be impacted much as it is separate from provincial Pharmacare. Further discussions and involvement with Indigenous leaders and communities would determine its fate.

## Speaking points for FMM on the topic

- Canadians have their right to universal healthcare, and therefore should have a right to universal pharmacare. Similarly, everyone should have a right to food, and not only access to food, but to adequate food, food they want and food they need.

[10] Canadian Nurses Association. (2022).

[11] Public Health Agency of Canada. (2018).

[12] according to few informants to this briefing that work in the pharmaceutical/public health field.

- In an ideal world everyone would have access to both food and medications they require. As a society, we need to look at the bigger picture and not just the illness. Improving medication affordability improves a food security experience, which holistically improves overall health. To most positively impact HFI, we recommend the single-payer National Pharmacare model. With the government as the main provider for drug coverage, patients can better manage their expenses and have a higher quality food secure experience.
- Food Matters Manitoba is open to working with health care professionals, including pharmacists, to better understand the connection between HFI and prescription drugs in response to the systemic issues and decisions that impact financial access to medication and food. For example, the relationship between food access, adherence to medication and possible food interactions with medication. This relationship is one of the many intersectional factors of food security that National Pharmacare can help reduce. Therefore, knowing that each person's health care needs are different will also remind us that their food security experience is unique as well.

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## Links to Evidence


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