“Smaller biotech companies are often reluctant to invest in training students with no work experience. Giving students the opportunity to get hands-on experience while finishing their studies will strengthen Canada’s bio-economy by bridging the gap between industry and academia.”

—Rob Henderson, President and CEO of BioTalent Canada

Part 3: Moving Forward on Implementing National Pharmacare

Canadians are proud of our publicly funded universal health care system, which provides high-quality care based on need and not on a person’s ability to pay.

Yet, when it comes to prescription drugs, Canadians do not have consistent coverage and face some of the highest costs in the world. Many middle class Canadians—and in particular those in the working poor—cannot afford the prescription drugs they need. Every year, nearly one million Canadians give up food and heat so that they can afford medicines.

When people can’t afford their medications, they are less healthy and less able to contribute in their families, in their jobs, and in their communities. When prescription drugs are unaffordable, it leads to higher health care costs for all Canadians.

It is time for prescription drugs to be affordable for all Canadians. Budget 2019 starts us down that road.

Figure 1.6: Key Objectives for National Pharmacare

Lowering drug costs → Improving drug coverage
Advisory Council on the Implementation of National Pharmacare

In Budget 2018, the Government announced the creation of the Advisory Council on the Implementation of National Pharmacare, to begin a national dialogue and recommend ways for the Government to move ahead with a national pharmacare program.

Over the past year, the Advisory Council has undertaken extensive consultations with Canadians from coast to coast to coast on how best to ensure that all Canadians have affordable access to the medicines they need. The Government is committed to finding a way forward in partnership with patients, health care providers, provinces, territories, First Nations, Inuit, the Métis Nation, industry, employers, labour and other stakeholders. Its focus will be squarely on two key challenges—lowering the cost of drugs for all Canadians and expanding coverage so all Canadians have access to affordable medicine.

While the Government awaits the Advisory Council’s final report, the Government is prepared to take initial steps based on the Advisory Council’s consultations and interim report, released earlier this month. Budget 2019 announces the Government’s intention to work with its partners to move forward on three foundational elements of national pharmacare:

1) The creation of the Canadian Drug Agency, a new national drug agency that will build on existing provincial and territorial successes and take a coordinated approach to assessing effectiveness and negotiating prescription drug prices on behalf of Canadians. By negotiating better prices, this could help lower the cost of drugs for Canadians by up to $3 billion per year in the long term.

2) In partnership with provinces, territories and stakeholders, part of the Agency’s work will be taking steps toward the development of a national formulary—a comprehensive, evidence-based list of prescribed drugs. This would provide the basis for a consistent approach to formulary listing and patient access across the country.

3) A national strategy for high-cost drugs for rare diseases to help Canadians get better access to the effective treatments they need. Working with provinces, territories, and other partners, the Government will co-develop a plan to ensure that patients with rare diseases have better and more consistent coverage for their treatments, which are often life-saving. This is an important first step in expanding drug coverage through federal support.
Consulting With Canadians: Finding a Way Forward on National Pharmacare

In Budget 2018, the Government of Canada announced the creation of the Advisory Council on the Implementation of National Pharmacare, led by Dr. Eric Hoskins.

The Council has concluded an extensive national dialogue with Canadians. It held 16 regional roundtables, numerous meetings with stakeholders, and bilateral meetings with every provincial and territorial government. In addition, the Council received more than 150 written submissions and 15,000 responses to an online questionnaire.

These consultations confirmed that:

- **Canadians** support improving drug coverage in order to make coverage more accessible and affordable for all Canadians.

- **Patient groups** want a fairer system of drug coverage that preserves timely patient access to promising therapies, as well as patient choice.

- **Health professionals** desire a system that provides affordable access to medications for all Canadians and improves the management of medication and health services.

- **Provincial and territorial governments** are focused on improving access by removing cost barriers. They view the federal government as an important partner in ensuring the long-term sustainability of the drug plans they provide.

- **First Nations, Inuit and Métis Nation leaders** support efforts to address gaps in prescription drug coverage, in a way that supports self-determination and better health outcomes for Indigenous Peoples.

- **Employers** indicate that private drug plans are an important tool to attract employees and promote workplace health and productivity; however, they are concerned about high-cost drugs and the sustainability of their plans.

- **Labour groups** generally support efforts to implement a universal, single-payer pharmacare program that ensures all Canadians have access to prescription medications, regardless of their income, age or where they work or live.

- **Private insurance companies** are also concerned about high-cost drugs and the sustainability of drug plans.

The Advisory Council has published its interim report, which contains recommendations for improving the affordability of prescription drugs by improving the coordination between drug plans in Canada. The Advisory Council’s final report, which will address the issue of access to drug coverage, is expected this spring. The Advisory Council’s final report will be made public and tabled in the House of Commons.
Introducing the Canadian Drug Agency

Canadians pay some of the highest prices in the world for prescription drugs. Brand-name medicines cost, on average, 20 per cent more in Canada than they do in other advanced economies—making paying for prescription drugs difficult for some families.

New pharmaceuticals and biologic therapies—which can help many people in need of innovative treatments—are welcome developments. At the same time, they can come with unprecedented prices. Many prescription drugs in Canada now cost more than $10,000 per year, per patient.

Figure 1.7: High-Cost Medicines in Canada

Between 2006 and 2017 the number of patented medicines in Canada with an annual average treatment cost of

\[ $10,000^+ \]

has more than tripled

\[ 3\times \]

and now accounts for over 40% of patented medicine sales as compared to 7.6% in 2006.

As a result, prescription drug spending in Canada has risen dramatically over the last three decades—from $2.6 billion in 1985 to $33.7 billion in 2018. Canada’s current patchwork of drug coverage—which includes more than 100 public programs and 100,000 private insurance plans—is not well equipped to handle the increasingly expensive drugs now coming to market. Absorbing these rising costs is difficult for individual Canadians and their families—and poses challenges to the long-term sustainability of government- and employer-sponsored drug plans.

To help make prescription drugs more affordable for more Canadians, the Government proposes to work with provinces, territories, and stakeholders to create the Canadian Drug Agency.

The Agency would:

- Assess the effectiveness of new prescription drugs.
- Negotiate drug prices on behalf of Canada’s drug plans.
- Recommend which drugs represent the best value-for-money for Canadians, and in cooperation with provinces, territories and other partners, identify which drugs could form the basis of a future national formulary.
The Agency would be able to provide impartial and independent advice. For the first time in Canada, drug evaluation and price negotiation could be carried out by a single entity—resulting in lower prescription drug prices for Canadians and their families. The Agency would build on the important work of the Canadian Agency for Drugs and Technologies in Health and the Institut national d’excellence en santé et en services sociaux that provide expert advice to public drug plans on the effectiveness of prescription drugs, as well as the pan-Canadian Pharmaceutical Alliance, which negotiates prices for prescription drugs on behalf of public drug plans.

Creating the Canadian Drug Agency would help ensure the sustainability of drug coverage in Canada. By acting as a single evaluator and negotiator on behalf of Canada’s drug plans, the proposed agency could reduce drug spending by billions of dollars per year, compared to baseline projections, within ten years of implementation.

Over the coming months, the Government will work with provinces and territories, and other partners, to develop a vision and mandate for such an agency.

Budget 2019 proposes to provide Health Canada with $35 million over four years, starting in 2019–20, to establish a Canadian Drug Agency Transition Office to support the development of this vision.

While the proposed Canadian Drug Agency would be a powerful tool for addressing the rising cost of prescription drugs and harmonizing what drugs are covered across Canada, the Government is also committed to tackling the challenge presented by inadequate and inconsistent coverage for Canadians. The Government is committed to ensuring all Canadians have access to affordable medicine, and looks forward to receiving the Advisory Council’s final report this spring.

Making High-Cost Drugs for Rare Diseases More Accessible

For many Canadians who require prescription drugs to treat rare diseases, the cost of these necessary medications can be astronomically high. This can create significant financial and emotional distress for these patients, and for their loved ones. The list prices for these drugs often exceed $100,000 per patient each year and sometimes significantly more. As new therapies enter the market, worldwide sales of high-cost drugs for rare diseases are forecast to grow at twice the rate of other drugs.

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<th>What Is a Rare Disease?</th>
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<td>Rare diseases are life-threatening, debilitating or serious, and chronic conditions affecting a small number of patients. Many rare diseases predominantly affect children, as they are often genetically based and appear at birth or in early childhood. According to the Canadian Organization for Rare Disorders, more than 7,000 rare diseases have been identified to date, although each one affects a relatively small number of patients.</td>
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In their reports, the House of Commons Standing Committee on Health and the Advisory Council on the Implementation of National Pharmacare highlighted the unique challenges of high-cost drugs for rare diseases as an area of acute need. Special consideration is required to ensure a nationally consistent approach for these medications.

The high cost of many drugs for rare diseases and the fact that clinical evidence is often limited because of small patient populations make it difficult for patients and their families, employers, and governments to make decisions on whether and how to pay for treatments. This can lead to challenges for many provinces and territories looking to help families. A national strategy—one that includes the proposed Canadian Drug Agency—could ensure more effective assessments of a drug’s efficacy, better manage costs and, where appropriate, expand coverage.

The Government proposes to work with provinces, territories and stakeholders to establish a national strategy for high-cost drugs for rare diseases. Budget 2019 proposes to invest up to $1 billion over two years, starting in 2022–23, with up to $500 million per year ongoing, to help Canadians with rare diseases access the drugs they need.

Guided by the upcoming final report from the Advisory Council on the Implementation of National Pharmacare, the Government intends to partner with provincial and territorial governments to build a coordinated strategy for gathering and evaluating evidence on high-cost drugs for rare diseases, improve the consistency of decision-making and access across the country, negotiate prices with drug manufacturers, and ensure that effective treatments reach the patients who need them.

Part 4: A Secure Retirement

All Canadians deserve a secure and dignified retirement, free of financial worries. For many people in the middle class as well as people working hard to join it, Canada’s public pensions—including the Old Age Security (OAS) program and the Canada and Quebec Pension Plans—provide confidence that they will be able to retire in dignity. The Government is committed to strengthening these public pensions, and to improving the quality of life for seniors now, and for generations to come.

Since 2016, the Government has taken concrete steps to improve Canadians’ retirement security, by:

- Enhancing the Canada Pension Plan (CPP), which will raise the maximum CPP retirement benefit by up to 50 per cent over time;
- Restoring the eligibility age for OAS and GIS benefits to 65, putting thousands of dollars back in the pockets of Canadians as they become seniors;
- Increasing Guaranteed Income Supplement (GIS) top up payments by up to $947 per year for single seniors, which boosted benefits for nearly 900,000 low-income seniors and lifted about 57,000 seniors out of poverty; and
- Introducing legislative changes so that couples who receive GIS and Allowance benefits and have to live apart for reasons beyond their control, can receive higher benefits based on their individual incomes (the Allowance is available to certain individuals age 60-64 who are spouses/common-law partners of someone eligible to receive GIS, while the Allowance for the Survivor is available to certain 60-64 year olds who are widows/widowers).