



Bill Morneau's unwise decision to backtrack on pharmacare

Like medicare, pharmacare works only if it covers everyone, writes Thomas Walkom. The Liberals still don't get it.



"When Morneau first announced his pharmacare plans, it seemed Justin Trudeau's governing Liberals had finally got it. The current drug system does need to be thoroughly revamped. It is inefficient, expensive and inequitable," writes Thomas Walkom. (Jacques Boissinot / THE CANADIAN PRESS)

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That was a fast retreat.

On Tuesday, Finance Minister Bill Morneau announced plans to implement a national pharmacare system. But a day later, Morneau revealed that whatever he's planning, it is not pharmacare. Rather, as he told the Economic Club of Canada, he hopes to merely fill in the gaps left by Canada's existing patchwork of private and public drug plans. "We need a strategy ... that deals with the gaps but doesn't throw out the system that we currently have," he said.

What a disappointment.

When Morneau first announced his pharmacare plans, it seemed Justin Trudeau's governing Liberals had finally got it. The current drug system does need to be thoroughly revamped. It is inefficient, expensive and inequitable. Canadians have their drug costs covered by medicare when they are in hospital. But once they are sent home, they must cover these costs themselves. Some people have access to employer-based drug plans. But as the Canadian Medical Association Journal has reported, these account for — at most — only 36 per cent of drug costs.

All provinces have drug programs for seniors and those on welfare. But it is a crazy-quilt system in which some are charged co-payments and deductibles while others are not. In Ontario, those under 25 have publicly funded access to necessary drugs. Except for welfare recipients, those between 25 and 65 do not.

Most provinces have some kind of catastrophic drug coverage. But only those who must spend vast chunks of their income on pharmaceuticals qualify. In short, the Canadian drug system is unnecessarily complicated and not very fair. It is also unnecessarily expensive — in part because the administrative costs associated with private insurance are high and in part because the drug companies can get away with charging exorbitant prices.

Which is where pharmacare comes in.

Pharmacare is a universal, publicly funded health care program. It is like medicare in this and offers the same advantages — including the efficiencies of a single-pay system. It costs governments money but creates savings for everyone else.

Study after study calculates that — as with medicare — the savings outweigh the costs. Partly, this is because a single universal pharmacare program has real bargaining power when negotiating prices with the drug giants.

Partly it's because a single-pay system is able to spread any insurance risk over the entire population — the healthy as well as the unhealthy.

Partly, it's because a national system is better able to resist the pressure from pharmaceutical companies to list expensive but relatively useless drugs.

With one exception, every developed country with a universal health insurance system also offers its citizens universal pharmacare. That exception is Canada.

Carleton University health care analyst Marc-André Gagnon says Morneau seems to be mimicking Quebec's approach to drug reform.

In 1997, Quebec instituted a system whereby every citizen was required to have some kind of drug coverage. Those who couldn't get it through their employers were required to join the province's public plan.

Gagnon says that while innovative at the time, the Quebec system has since broken down — largely because of its inability to control costs.

"It is completely inefficient," says Gagnon.

When Canadian medicare was being debated in the 1960s, a similar division arose between those who wanted a full-scale universal program and those who, like Morneau today, merely wanted to fill in the gaps.

The gap-fillers were tenacious. Ontario Premier John Robarts, a Conservative, refused to bring his province into medicare until 1969. Alberta didn't join until then-premier Ernest Manning, a fierce opponent of universal social programs, retired.

But eventually, the medicare universalists won. Both politically and logically their arguments simply made more sense.

Thomas Walkom appears Monday, Wednesday and Friday.