

An Act respecting pharmacare



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Bill C-64 proposes to provide universal, single-payer, first-dollar coverage for a range of contraception and diabetes medications as the first phase of national universal pharmacare. The aim of the program is to expand and enhance, rather than replace, existing provincial and territorial coverage.

The PBO estimates that the first phase of national universal pharmacare will increase federal program spending by \$1.9 billion over five years. This estimate assumes that any medications that are currently covered by provincial and territorial governments, as well as private insurance providers will remain covered on the same terms.

5-Year Cost

\$ millions

Fiscal year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Total cost	335	355	376	398	422	1,885

Detailed 5-Year Cost

\$ millions

Fiscal year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Cost	1,010	1,071	1,136	1,206	1,280	5,704
Cost recovery due to public drug plans coverage (a)	-236	-251	-267	-284	-302	-1,342
Cost recovery due to private drug plans coverage (b)	-439	-465	-493	-524	-556	-2,477
Total cost recovery (a + b)	-675	-716	-760	-808	-858	-3,819
Total cost after recovery	335	355	376	398	422	1,885

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.
- Markups and dispensing fees are assumed to remain unchanged except for an increase in total expenditures on markups and fees due to an increase in the total number of prescriptions filled.

Estimation and Projection Method

Drug expenditures and markups and fees for fiscal year 2021-2022 were calculated using data from IQVIA.¹ These expenses were projected based on growth rates published by the Patented Medicine Prices Review Board (PMPRB) with some modifications.²

To estimate the expenditure on copper intrauterine devices (IUDs), the prevalence of all types of IUDs was obtained from 2017 General Social Survey and adjusted by average IUD duration and the number of hormonal IUDs from IQVIA. Then the growth rates described in paragraph above were used to project the cost over the 5-year period.

The new program will cover 100% of the expense on diabetes and contraception medication for those who currently do not have public or private drug plan coverage and for those who currently do not fill their prescriptions due to cost related reasons. The latter group is assumed to be 14% of total prescriptions. The program will also cover the out-of-pocket portion of prescription costs for those who have public or private drug plan coverage.

Sources of Uncertainty

The estimate has high uncertainty and is contingent on the number of drugs listed for coverage. Drug expenditures have several cost drivers and the projections are highly sensitive to the projected growth rate of those cost drivers, and the determinants of those cost factors. This estimate assumes no additional confidential rebates for the federal government as the proposed program's objective is to "expand and enhance" coverage, rather than replace existing plans. However, if the program administrator negotiates additional confidential rebates, it will reduce the cost of the program.

Behavioural effects such as substitution from the drugs not listed on the formulary to the drugs on the formulary are not accounted for in this cost estimate and could increase the total estimated cost. Furthermore, this estimate assumes that individuals maintain their current coverage (public or private) and that public and private plan providers maintain the same coverage terms.

This estimate does not include any savings to direct federal expenditures that may result from fewer Medical Expense Tax Credit claims.

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Data Sources

Drug expenditures and volume

IQVIA

Growth rates for drug expenditures

"CompassRX" series, Patented Medicine Prices Review Board

Out-of-pocket coverage for private drug plans

[Drug Trend Report 2023](#), Express Scripts

Out-of-pocket coverage for public drug plans

Canadian Institute for Health Information³

Formulary (inclusive list of drugs)

[Universal Access to Diabetes Medications, and Diabetes Device Fund for Devices and Supplies](#)

[Universal Access to Contraception](#)

Prevalence of intrauterine devices

General Social Survey, 2017, Statistics Canada

Average intrauterine device duration

Chang, et al. ["Patient or Clinician: Duration of Use of Intrauterine Devices Based on Who Initiated Discussion of Placement."](#) The Journal of the American Board of Family

¹ To estimate the cost of Depo-Provera, the period from April to October 2022 was used as a base since that drug was not on the market during the fiscal year 2021-2022. Audrina 21, Audrina 28, and Semglee were not included in the analysis because those drugs became available on the Canadian market after fiscal year 2021-2022. For this estimate all drugs that have Glyburide listed as the generic name were included.

² For details on projection methodology see Appendix A of our [Cost Estimate of a Single-payer Universal Drug Plan](#) report.

³ Parts of this material are based on data and information provided by the Canadian Institute for Health Information. However, the analyses, conclusions, opinions and statements expressed herein are those of the PBO and not necessarily those of the Canadian Institute for Health Information.