



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

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Short Title: Pharmacare

Description: Introducing a drug plan with universal coverage that will cover the total cost of expenditures on drugs listed on Quebec's public drug plan formulary. The federal government will pay for costs incremental to spending by provincial governments on drugs on the formulary and to existing direct federal spending. This proposal will be effective October 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		-	5,210	10,717	11,101	11,484	38,512

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: PBO estimated and projected the cost based on the same data sources and methodology as used in previous costings with some modifications. Adjustments were made to include OHIP+. The Medical Expense Tax Credit and the tax expenditure of Private Health Benefits Deduction were updated. Estimates were projected using the latest information available from various sources including the Patented Medicine Prices Review Board (PMPRB) and Finance Canada's Report on Federal Tax Expenditures. Provincial drug program spending and federal savings were subtracted from the gross cost of the proposal.

Source of Uncertainty: The main sources of uncertainty relate to the assumed growth rates of various cost drivers and the use of Quebec's 2016 formulary, as well as the assumed confidential rebate rate.

Data Sources:	Variable	Source
	Growth rates for drug expenditures	PMPRB publication series "CompassRX"
	Federal savings	Finance Canada, SPSPD/M ¹
	PIT revenues and current personnel costs	PBO EPC baseline
	Drug expenditures and volume	IQVIA
	Formulary (inclusive list of drugs)	Quebec formulary as of December 2016

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¹ This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSPD/M). The assumptions and calculations underlying the SPSPD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.