

The pharmacare gap and employee health

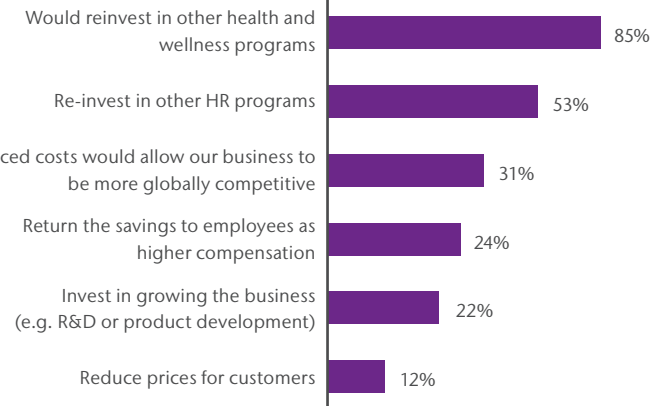
The results of previously published surveys indicate that, in general, most Canadians view the absence of broad-based pharmacare as a gap in an otherwise comprehensive medical system. Employers seem to agree that prescription drug care is fundamental, as is the need for uniform coverage across the country.

To what degree do employers agree with the philosophical goals behind a national program?	
Prescription drugs are a fundamental element of the Canadian healthcare system	92%
System cost can be reduced if all provinces negotiate with manufacturers together	89%
Coverage for prescription drugs should not vary by province	88%
Universal drug coverage would improve the health of Canadians	58%
Universal drug coverage would improve the health of employees at my organization	31%

It is generally held that a universal pharmacare program would provide the greatest health benefit to low-income Canadians, seniors, and those who are uninsured or underinsured for drugs. Most employers responding to this survey provide employees with some form of private drug coverage; therefore, the expectation is that a national pharmacare program would have a minimal effect on the health of those employees.

Discussion of employee health typically goes beyond traditional drug and extended health programs and overall workforce health remains a strong area of focus. Employer opinion bears this out, as a majority of those surveyed noted that, in the event national pharmacare led to a reduction in benefit costs, savings would be channeled back into other health and wellness programs.

If a national program resulted in savings, how might those savings be reallocated?



Funding options

Respondents expressed an understanding that the implementation of a universal drug program would not come without a cost, and as such, a number of funding scenarios were contemplated. By and large, employers would prefer a dedicated funding approach to one where funding came from general revenues or led to reductions in other program spending.

Support or strong support for various cost-sharing models	
Co-payments	70%
Deductibles	61%
Premiums paid annually by all Canadians	50%

Figures reflect those indicating support or strong support

Most respondents would not support a system that comes at no cost to the end user. At the same time, there is no real consensus on an optimal funding model.

Support for potential program funding mechanisms	Support in some respect	Do not support
Dedicated funding models		
New pharmacare premium payable by individuals	72%	28%
Dedicated tax or contribution/premium	68%	32%
New pharmacare premium payable by employers	67%	33%
Indirect funding models		
Increased business and/or payroll taxes	55%	45%
Increased personal income taxes	48%	52%
Increased sales taxes	39%	61%
Decreased funding for other provincial programs such as education and infrastructure	27%	73%
Decreased funding in other areas of the healthcare system	25%	75%

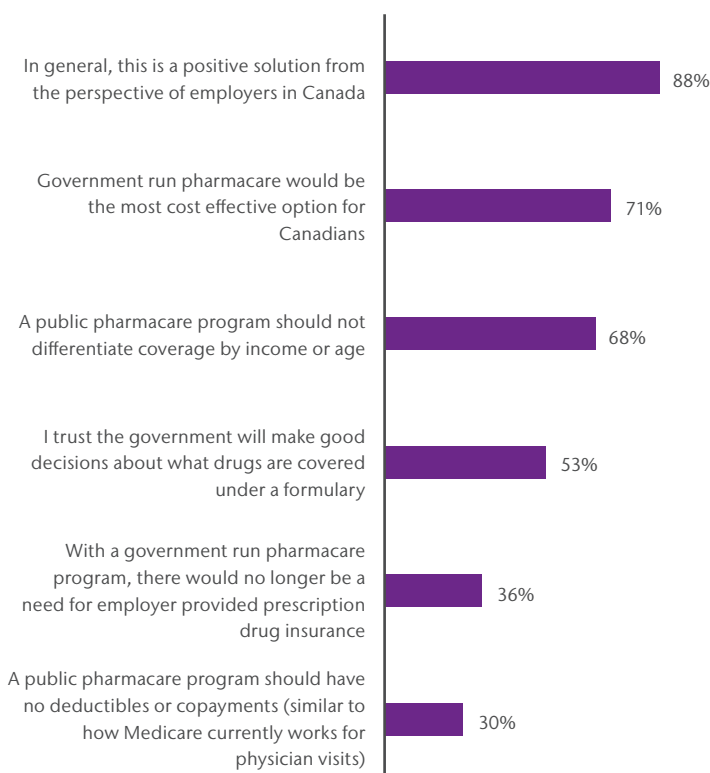
Administrative models

This survey presented two administrative scenarios:

Model 1: A pharmacare program that is mandated and administered by governments under principles similar to those of the Canada Health Act

In general, employers feel that a government administered program would be a positive solution; however, there appears to be some skepticism that good decisions would be made regarding coverage. Because of this, most still see a need for supplemental employer-paid coverage even if a government-run national pharmacare program existed.

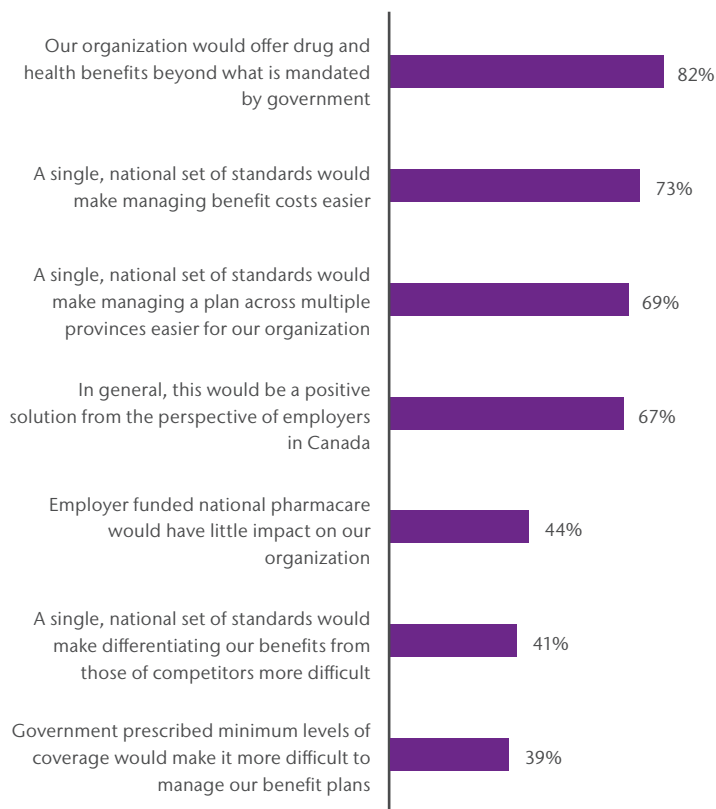
Percentage of employers that agree with statements regarding a scenario in which current medicare programs were expanded to include prescription drugs subject to national standards.



Model 2: A program that is mandated by government, but largely administered by employers under principles similar to the current system in Quebec

Employers also see this as a generally positive approach. Many employers feel that their current coverage is sufficient and that it would meet any national standards. For this reason, a government mandated level of coverage would have little impact on their organization or employees.

Percentage of employers that agree with statements respecting a scenario where employers become the primary providers of drug insurance through a government mandated/employer run program.



The road ahead

While employers recognize the need for adequate prescription drug coverage for Canadians, they understand that any national pharmacare program would need to balance cost-effectiveness against adequate coverage. There are a number of different ways to do this – all fraught

with challenges. The issue is an important one for Canadian employers. The results of this survey demonstrate a keen interest in how the current pharmacare landscape in Canada might be improved.