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NEWS RELEASE

Provinces should provide full and universal pharmacare

Montreal – A new [IRPP study](#) says discontinuing seniors' drug benefits is a step in the wrong direction. Provinces should instead provide full and universal coverage of prescription drug costs for all and finance the new programs through personal income taxes.

Since the late 1990s, several provinces have discontinued their age-based programs (which covered most of the cost of medications for seniors) and replaced them with income-based programs providing protection for all against catastrophic drug costs. To determine whether this is sound policy, Steven Morgan, Jamie Daw and Michael Law assess the performance of income-based public drug plans against three key policy objectives: access, equity and efficiency. They review the evidence and compare Ontario's age-based and British Columbia's income-based systems, and they find that income-based plans perform poorly with respect to all three objectives.

"Policy-makers have portrayed the adoption of income-based plans as an expansion of previous programs because these new plans cover patients of all ages, not just seniors. But what this really represents is a retrenchment of public drug benefits in Canada," they say.

This raises some important equity issues, the authors say. "Deductibles under income-based drug benefit plans reduce access to necessary medications and impose considerable direct costs, especially on seniors, who are more likely to be high-needs users of prescription drugs."

They also argue that such plans undermine cost efficiency, because a large share of the residual costs fall to employers, unions and patients. Having multiple payers increases administrative costs and fails to leverage the purchasing power of government as the single payer in the pharmaceutical marketplace.

The authors recommend moving to a universal, no-deductible drug benefit program financed through personal income taxation.

"This approach would ensure better access to prescription drugs. It would also enable government to achieve greater cost efficiencies and improve health outcomes," they say.

[Are Income-Based Public Drug Benefit Programs Fit for an Aging Population?](#), by Steven G. Morgan, Jamie R. Daw and Michael R. Law, can be downloaded from the Institute's website, at irpp.org.

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Media Contact: Shirley Cardenas tel. 514-594-6877 scardenas@irpp.org