

Canada's actuaries offer win-win framework for prescription drugs

Ottawa, February 10, 2021 – In a statement released today, the Canadian Institute of Actuaries (CIA) adds its voice to the debate on pharmacare in Canada.

The CIA believes that all Canadians should have access to affordable prescription drugs. However, rather than implement an entirely new single-payer system, Canada's actuaries urge the government to build a framework that harnesses successes from both private insurance and provincial/territorial programs to focus on meeting the immediate needs of Canadians without coverage.

"Implementing drug coverage for all Canadians is about more than affordable medicines," says **Michel St-Germain, FCIA, President of the CIA**. "This is about filling a gap in our health system that can contribute to improvements in healthy life expectancy, improved worker productivity, longer labour force participation, and more economic growth."

The CIA's proposed framework includes a cooperative overseeing body with representatives from the federal, provincial, and territorial governments, the insurance industry, and other experts. It would establish a national formulary, negotiate drug prices on behalf of all public and private plans across Canada, and explore optimal evidence-based prescribing and public health alternatives to pharmaceuticals.

Provinces and territories would have the flexibility to design their own public drug plan and create a structure for the coordination of their plan with the existing private drug insurance marketplace. Both provinces and private plans would cover all drugs included in the national formulary and any drugs beyond it if they wish.

"Some provinces already have effective systems in place, and Canada has a robust private insurance industry," says **Robert Brown, FCIA, Professor Emeritus at University of Waterloo and co-lead of the drafting team**. "We can build on these successes to accelerate us to the next step, instead of starting from scratch with a whole new system."

Private plans and provinces/territories would act as primary insurers and cover up to a certain limit of an individual's costs. The federal government would pay for costs beyond that defined limit, including for specialty or high-cost drugs, such as those for orphan diseases.

This framework would help public and private plans better manage the volatility of costs, while ensuring the federal government has an important level of participation. For individual Canadians, their costs would simply be covered without worrying about different cost thresholds or unaffordable prescriptions.

The CIA urges convening a task force of medical professionals, pharmaceutical experts, insurance leaders, private plan sponsors, government representatives, and actuaries to identify more accurate,

consistent data on the costs and potential savings, and to perform a financial analysis over a long-term horizon.

“There is a lot more work to be done in analyzing the available data and to understand the future costs and savings of such a program,” says **John Dark, FCIA, Actuary at The Co-operators and co-lead of the drafting team**. “Let’s get started with coverage right away, so no Canadian has to wait another day for the medicines they need, but let’s also get the right people around the table to figure out what’s next for this system.”

Visit cia-ica.ca/pharmacare for the CIA’s full statement, *Pharmacare: Is There a Pill for That?*, an executive summary, podcast interview, and article from members of the drafting team.

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About the CIA

The Canadian Institute of Actuaries is the national, bilingual organization and voice of the actuarial profession in Canada. Our members are dedicated to providing actuarial services and advice of the highest quality, holding the duty of the profession to the public above the needs of the profession and its members.

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