

Healthcare in Canada, Past, Present and Future

The following information was taken from a series of articles that was written in the Ottawa Citizen in the month of January 2002. The first article in the series was titled, "DRUG HABITS: BEHIND CANADA'S GIANT RX BILL"

The information is important to all Canadians who are concerned with our Healthcare system in Canada. For those who offer financial advice or services to the general public, it is extremely important. The planning of financial security will be greatly affected by our Healthcare system in the future whereas in the past, the cost was mainly covered by the government with the gaps filled in by private companies.

In the future, the possibility of your clients having large drug bills, with no coverage or government assistance, may be a reality. Services that were common and are already being phased out by some companies such as continuation plans on retirement can leave your client, if he or she retires today under the age of 65 in Ontario, without drug coverage. A costly problem if medical conditions require specialized drugs.

The Soaring Cost and Use of Drugs

Canada's drug costs represent an estimated 15% of the nation's overall \$100 billion healthcare bill. The healthcare bill represents 9.4% of the countries Gross Domestic Product which means Canada spends more on healthcare in relation to the size of its economy than every country in the world except the U.S. and Germany. In Ontario, the average prescription price jumped 52% between 1993 and 1999 even though the Province froze prices for all existing products on its list of government-insured medicines. Medications are playing a more pivotal role in the healthcare system.

More drugs are being prescribed than ever before – 25% more per capita than just six years ago. It is new patented drugs that are driving that increase. Many of the new drugs work to control chronic problems such as high cholesterol, high blood pressure and depression, which mean they are being renewed again and again. These people are being put on drugs, not for a prescribed period but a lifetime.

Five years ago, a new drug to battle high cholesterol was introduced to Canadians. Lipitor, third entry in a new family of drugs known as statins, was proven to lower the risk of heart attack and stroke in those with cardiac disease. Doctors prescribed the expensive pill (a one month prescription cost between \$50 and \$200) by the millions to the country's aging baby boomers. It inhibits the production of cholesterol, even as people continue to eat high-fat diets, meaning many will take it for years, even for life. Driven by Lipitor, Ontario's expenditures on cholesterol fighting drugs skyrocketed 28% a year throughout the 1990's. By the end of the decade Lipitor alone accounted for \$87 million of the Ontario Drug Benefit Plan.

“We haven’t seen anything yet compared to the enormously expensive products that are coming,” warns Doctor Holbrook, a member of the expert committee that assesses the cost effectiveness of new drugs in Ontario.

Arthritis afflicts more Canadians than any other disease, some four million people, and is responsible for one in every four cases of long term disability. Celebrex was developed as part of a race to find a safer arthritis treatment, one that would not have a negative effect on the stomach’s lining. Celebrex would become the most successful new drug in the history of Canada’s pharmaceutical industry. Three months after its introduction, Canadian pharmacies had filled more than 428,000 prescriptions for the new drug, worth \$20.7 million, according to the independent health information company, IMS Health Canada. In its first full year on the market a total of 3.8 million prescriptions were filled for Celebrex worth \$237 million.

Last summer, Ontario Health Minister, Tony Clement suggested affluent seniors may lose free medication under the Province’s drug insurance plan, which is expected to cost tax payers \$2.3 billion this year – a one year increase of 17%.

In Quebec, where drug costs rose 15.5% in 2000-2001, the beleaguered drug insurance plan is expected to run at a deficit of \$169 million.

In Albert drug plan costs rose by 18.9% to over \$300 million last year.

In British Columbia, the Province that offers the most extensive drug insurance coverage in the country, the annual drug bill jumped 15% last year. Earlier this month deductibles were raised for everyone covered by the plan, including seniors.

Is There Uniformity of Drug Coverage across Canada

A study, published last year in the journal *Medical Care*, found that access to prescription medications “differed widely” across Canada. The study’s authors examined 58 drugs approved in 1996 and 1997 by Health Canada. They found that only five of the drugs were covered by all 10 provincial insurance plans.

Consider the situation faced by Canadians with rheumatoid arthritis. Most Canadians covered by private insurance have access to the latest “biologics”, Enbrel and Remicade, drugs that block a chemical that inflames the joints. Both drugs cost more than \$15,000 a year. For seniors, who rely on government drug insurance programs, only those in Ontario and Saskatchewan have access to Enbrel and Remicade. And the residents of those provinces face much different deductibles and co-payments.

The drug Prolastin, a drug used in the treatment of the rare Alpha-1 disease – a genetic disease that produces a form of emphysema – can cost \$50,000 a year. Some provinces cover the cost while others such as Ontario, do not.