

Pharmacare

A Program for Today and Tomorrow



Manitoba Pharmacare Facing the Challenge

Prescription drugs are an integral part of delivering effective health care and providing a high quality of life for Manitobans. The province's Pharmacare program ensures Manitobans can afford this important health care service.

We all know someone who enjoys a better quality of life as a result of prescription drugs. From arthritis to high blood pressure and from diabetes to asthma, prescription drugs have become a key part of our health care system. The benefits of prescription drugs will continue to increase as research provides daily advances in drug-related care. Manitoba Pharmacare must be strengthened so it can continue to provide Manitobans with access to these drugs.

Due to the increasing cost of prescription drugs, Manitoba Pharmacare is facing serious challenges. Prescription drugs are the single fastest growing cost in health care. In just five years, Manitoba Pharmacare's budget has more than doubled – going from \$62 million in 1998/99 to \$172 million in 2003/04. Since 1998, the number of Manitoba families benefiting from Pharmacare has increased by more than 50 per cent from 56,375 to 87,000.

All Manitobans have a stake in protecting our Pharmacare system. Unless changes are made, Pharmacare could collapse leaving thousands of Manitobans to face the costs of rapidly increasing prescription drugs on their own.

A total of 956 new drugs have been added to Pharmacare over the past five years. This table shows the financial impact of just three of these new drugs.

	Average cost per patient per year	Average cost paid by the patient	Average cost paid by Pharmacare
Betaseron helps patients with multiple sclerosis	\$20,712	\$2,092	\$18,620
Remicade helps patients with rheumatoid arthritis	\$26,664	\$2,287	\$24,377
Gleevec for treating patients with cancer	\$24,566	\$1,121	\$23,445

Source: Manitoba Pharmacare

On a per capita basis, the Manitoba government spends the third most on prescribed drugs in Canada (after Ontario and Quebec).

Drug Expenditures in Canada 1995-2002
The Canadian Institute for Health Information, April 23, 2003

Manitoba Pharmacare Setting the Standard

Manitoba Pharmacare was created in 1971 to ensure all Manitobans have access to the prescription drugs they need. It assists those of us who would otherwise struggle financially or simply be unable to afford prescription drugs. After the patient pays an income-based deductible, Manitoba Pharmacare pays 100 per cent of eligible prescription drug costs.

Rising prescription drug costs are placing a strain on Manitoba Pharmacare. While inflation has been increasing at a rate of only two per cent a year, Pharmacare costs have been increasing by 15 – 20 per cent a year. If current trends continue, Manitoba Pharmacare will cost one billion dollars within a decade – an amount that is not sustainable.

The federal government has offered only limited financial support for this important health care service, leaving Manitoba to support Pharmacare almost entirely on its own.

We recognize that we must look at a variety of ways to preserve Manitoba Pharmacare so that if you need it, it will be there for you. This document identifies the key areas where action is required.

Pharmacare and the Federal Government

- Only 16 per cent of health care funding comes from the federal government – not 25 per cent as recommended by the Romanow Commission.
- The federal government has not set up a national Pharmacare program.

“What is clear is that no single province or territory or the federal government acting alone can hope to control drug costs within its respective part of the health care system. The issues are national in scope and the problems are similar in every part of the country.”

Commission on the Future of Health Care in Canada, Roy Romanow, 2002

*for Manitobans
who need it most*

The Future of Pharmacare

Three Guiding Principles

In this time of rapidly rising costs and increased demand, the following three principles are key to any discussion about sustaining Pharmacare:

- Target Pharmacare resources to Manitobans who need them most.
- Promote cost-effective drug use and prescribing practices.
- Share the burden of increasing costs among all those who have a stake in prescription drugs.

“Prescription drugs play a growing and essential role in Canada’s health care system and the health of Canadians. They are a vital component of the health care system and the reality should be reflected in how we fund, cover and ensure access to quality, safe and cost-effective prescription drugs.”

Commission on the Future of Health Care in Canada, Roy Romanow, 2002

A \$260-Million Investment

Today, Manitoba is spending over \$260 million on prescription drugs, including Pharmacare. Here’s how that amount compares with other important provincial priorities:

- It costs \$255 million each year to run Manitoba Justice. This includes courts, judges, Crown Attorneys, correctional facilities, probation services and other important programs that combat domestic violence, street gangs and other threats in our communities.
- Re-building the Brandon Regional Health Centre, Winnipeg’s Health Sciences Centre and CancerCare’s Prostate Centre into state-of-the-art hospitals and treatment centres will cost \$160 million.
- It costs \$260 million to operate the University of Manitoba, the University of Winnipeg and Brandon University each year.

SUSTAINING THE FUTURE OF PHARMACARE

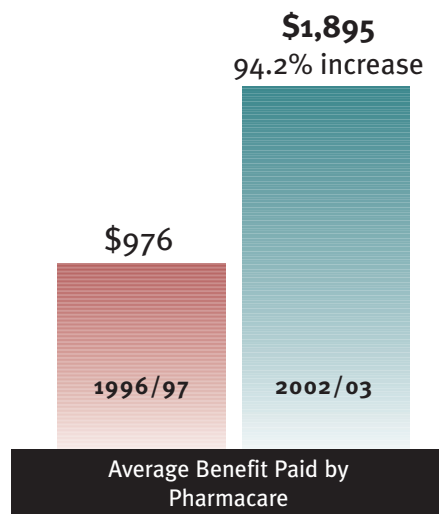
The provincial government has made a strong commitment to Pharmacare, more than doubling its budget in the past five years. In 2004/05, \$177.5 million will be invested in Pharmacare.

Income Levels and Deductibles Helping Those Who Need it Most

More Manitobans are using more prescription drugs every day.

The addition of two new deductible levels will distribute the cost more fairly. Families whose income level falls within these categories are more likely to have a supplemental drug plan that provides financial assistance for rising drug costs.

Pharmacare Benefits – A Historical Perspective



Source: Manitoba Pharmacare

Pharmacare's deductible system is changing to ensure Pharmacare resources are targeted to those who need them most. This change is necessary to ensure Pharmacare remains viable despite a limited financial commitment from the federal government.

Families with an income of less than \$15,000 will have 100 per cent of their eligible prescription drugs paid for by Pharmacare after paying a deductible (based on their income) between \$100 and \$325. Families with an income of more than \$15,000 and less than \$40,000 will have a deductible (based on their income) ranging between \$522 and \$1392.

There are also two new deductible levels. Families with incomes between \$40,000 and \$75,000 will pay a deductible of four per cent. Families with incomes over \$75,000 will pay a deductible of five per cent of their family income.

It's important to note that, depending upon income, 85 per cent of Manitoba families will see average increases of only \$1 to \$9 per month on their Pharmacare coverage. They will continue to have 100 per cent of their eligible prescription drugs paid for after reaching their deductible. **Those earning the least will receive the most benefits.**

Pharmacare Coverage Examples

A single person with an income of \$14,000 a year will receive all eligible prescription drugs free after paying the first \$325.

A family earning \$100,000 a year, with a family member needing the cancer drug Gleevec at a cost of \$30,000 a year, will receive \$25,000 for their drug bill after paying an initial \$5,000.

Buying Options to Sustain Pharmacare

Generic Drugs

Generic or “no-name” drugs are similar to brand name drugs and usually have the same active ingredients. Generic drugs cost less than patented or brand name drugs and provide the same benefits to users. Using lower cost generic drugs makes sense for Manitoba.

Given the current financial pressure on Pharmacare, it is not logical for the program to pay for more expensive drugs when equally effective, lower cost drugs are available. The cost differences between generic and brand name drugs can be significant.

Generic Name	Therapeutic Use	Brand Price Per Tablet/Capsule	Generic Price Per Tablet/Capsule
Cefaclor 250mg	Antibiotic	Ceclor \$1.12	Nu-Cefaclor \$0.71
Naproxen 500mg	Anti-inflammatory	Naprosyn \$1.02	Nu-Naprox \$0.23
Simvastatin 20mg	Cholesterol Lowering Agent	Zocor \$2.20	Gen-Simvastatin \$1.69

Source: Manitoba Pharmacare

In the past five years, an additional 956 drugs have been added to the list of drugs Pharmacare covers for Manitobans. Of that number, 575 were generic drugs. The more use we can make of generic drugs, the more effective Pharmacare will be in providing a cost-effective and sustainable drug program for Manitobans. Pharmacare will maximize the use of generic drugs, wherever possible.

Bulk Buying

There are many different areas of the health care system that use prescription drugs. If the buying power of these areas was combined, the opportunity for savings would increase. In addition, the potential to buy commonly used generic drugs in bulk presents an even greater possibility for Pharmacare savings. Bulk buying could also help to establish the best possible price for various drugs that are ordered throughout the health care system. The provincial government is currently exploring all options for the bulk buying of prescription drugs.

“By 2001... the total amount of money spent on prescription drugs in Canada had climbed dramatically to \$12.3 billion.”

Commission on the Future of Health Care in Canada, Roy Romanow, 2002

Improving Drug Use

It is well known that prescription drugs can and should improve health, reduce the number and length of hospital stays, improve productivity, reduce the impact of illness and save lives. Government, private insurers, manufacturers, physicians, pharmacists and patients need to share information that will help to ensure the best use of prescription drugs in Manitoba.

The provincial government will develop a strategy to bring all stakeholders together to monitor and improve drug use. One possible solution is to establish an arms-length drug use agency, comprised of key stakeholders, aimed at improving more effective drug management and drug use.

The Right Price is Good Medicine

For many common medical conditions, drug manufacturers market a variety of drugs that treat the same condition, but vary in price.

Other provinces have introduced measures to ensure their drug plans pay for the lowest cost prescription drugs. Nova Scotia has a program that sets a maximum allowable cost based on the lowest price brand within a particular category of prescription drugs. British Columbia has a similar program but it does not provide as much choice for patients and doctors.

With the introduction of Maximum Allowable Cost, Manitoba Health, in consultation with an expert committee, will change the coverage for certain groups of drugs to cover the price of the lowest cost drug proven to be effective for the condition being treated. This common-sense policy is a way to safeguard the future of Manitoba's Pharmacare plan.

Under Manitoba's plan for the Maximum Allowable Cost of specific prescription drugs, patients and their doctors will retain the freedom to choose which drug to use. Pharmacare will pay 100 per cent of the lowest priced drug. If patients choose to use a higher-priced drug, they will be responsible to pay the difference.

“Some new prescription drugs are not significantly more effective than older, less expensive drugs in terms of improving survival rates, quality of life of users or patient safety.”

Commission on the Future of Health Care in Canada, Roy Romanow, 2002

cost-effective drug use

Expanding the Federal Government's Commitment

As drug prices continue to climb and demand continues to increase, it is critical that the federal government live up to its national responsibilities for Pharmacare. A good beginning would include:

- increasing the federal government's health care support from 16 cents per dollar to at least 25 cents of each dollar spent, as recommended by the Romanow Commission;
- implementing a national Pharmacare program;
- establishing a national drug use agency, another recommendation from the Romanow Commission; and
- continuing with efforts to develop a common drug review process.

Conclusion

Manitoba Pharmacare helps provide a better quality of life for Manitobans. The rapidly rising costs of prescription drugs and their increased use in our health care system are placing a tremendous strain on this vital program. All Manitobans have a stake in protecting Pharmacare. That is why the provincial government is committed to taking the necessary steps to protect and preserve Manitoba Pharmacare.

share the costs

“A new National Drug Agency should be established to evaluate and approve new prescription drugs, provide ongoing evaluation of existing drugs, negotiate and contain drug prices, and provide comprehensive, objective and accurate information to health care providers and to the public.”

Commission on the Future of Health Care in Canada, Roy Romanow, 2002
