Final Report of the Advisory Council on the Implementation of National Pharmacare:

Executive Summary

Where we are today

Canadians spent $34 billion on prescription medicines in 2018. Drugs are the second biggest expenditure in health care, after hospitals. We spend even more on drugs than on doctors. On a per capita basis, only the United States and Switzerland pay more for prescription drugs. Yet for all that spending, there are huge gaps in coverage. One in five Canadians struggle to pay for their prescription medicines. Three million don't fill their prescriptions because they can't afford to. One million Canadians cut spending on food and heat to be able to afford their medicine. Many take out loans, even mortgage their homes. Sadly, far too many Canadians die prematurely or endure terrible suffering, illness or poor quality of life because modern medicines are out of reach for them.

This is unacceptable.

Medicines are a critical part of health care. They allow millions of Canadians to prevent and fight disease, manage chronic illness, ease pain and breathe better. Yet the way Canada manages and pays for this vital part of twenty-first century health care is critically flawed.

We are the only country in the world with universal health care that does not provide universal coverage for prescription drugs.

Instead, we rely on a confusing patchwork of more than 100 government-run drug insurance programs and more than 100,000 private drug insurance plans. Despite everyone's best efforts, the system is fragmented, uneven, unequal and unfair. The result is a non-system where too many people fall through the cracks. Not only does this lead to ill health, it also costs the health system billions of dollars in extra visits to physicians and hospitals when people's health fails as a result of lack of access to medicines.

Prescription drugs, more than ever before, offer great hope and promise. But their escalating cost is threatening the sustainability of drug programs. It's time to take another look at how best to ensure that Canadians can have access to the full array of life-saving and life-changing drugs prescribed to them by their health care providers. In short, we can do better.

When Canada created universal health care 53 years ago, we changed this country in a way unimaginable at the time. It is our proudest legacy. Yet the debate at that time over medicare was eerily similar to today's debate over pharmacare—can we afford it? Is it

what's best for Canada? How will we know that we got it right? Do we have the courage to build it?

Over the past year, we asked Canadians to summon the same courage shown by thoughtful and committed leaders across the political spectrum that led to universal health care five decades ago. We asked for their best advice and their shared wisdom. What we got back surprised us both in its sophistication, and its simplicity. Be bold, Canadians told us. Be brave, they appealed to us. But most of all, they reminded us to heed those uniquely Canadian values: looking out for one another, supporting neighbours and communities through tough times and treating each other with fairness.

They told us if we could harness that intangible thing—what it means to be Canadian—we might just make pharmacare happen.

The result of our national discussion with Canadians is this report. Hopefully, we accomplished what was asked of us.

What we did

In the February 2018 spring budget, the federal government announced the creation of the Advisory Council on the Implementation of National Pharmacare, and by June 2018, the seven-member council was launched.

Over the past twelve months, we studied Canadian and international models of pharmacare. We travelled to every province and territory and sat down with hundreds of Canadians at meetings, roundtables and town halls. We had conversations. We heard both heart wrenching and uplifting, inspiring stories. We heard from patients and practitioners, academics and employers, labour and industry, government officials and members of the public. We met with First Nations, Inuit and Métis peoples. We commissioned papers. We heard from thousands online and received emails and submissions from thousands more. We listened carefully to the full breadth and diversity of voices and perspectives. What we heard, particularly from patients, families and advocates, was enlightening, informative and inspiring.

What we learned

Significant gaps in coverage and access that are unfair and lead to poor outcomes

Canada's vast number of drug insurance plans offers a false sense of comfort: it's a common defence of the status quo that most Canadians already have some form of drug coverage, through public or private drug plans. What we discovered, however, is that about 7.5 million citizens—one in five Canadians—either don't have prescription drug insurance or have inadequate insurance to cover their medication needs. Here's what else we learned:

- One in five households reported a family member who, in the past year, had not taken a prescribed medicine due to its cost;
- Nearly 3 million Canadians said they were not able to afford one or more of their prescription drugs in the past year;
- People with insurance also struggle to afford their prescriptions because of copayments, coinsurance and deductibles. Of the 3 million people who could not afford their medications, 38 per cent had private insurance coverage and 21 per cent had public coverage but it did not cover enough of their costs;
- Almost 1 million Canadians cut back on food or home heating in order to pay for their medication; and
- Almost 1 million Canadians borrowed money to pay for prescription drugs.

Canadian and international research shows that cost barriers can result in people not taking their medicine properly and poor health outcomes. Failing to take medication that's been prescribed can have serious health consequences. A recent study looked at what would happen if out of pocket costs were removed from medications for just three diseases—diabetes, cardiovascular disease and chronic respiratory conditions. It concluded there would be 220,000 fewer visits to emergency departments and 90,000 fewer hospitalizations annually—a potential saving of up to $1.2 billion a year.

We also learned that while about 60 per cent of Canadians are enrolled in private drug plans (primarily employer-sponsored benefit plans), these plans cover only 36 per cent of total system-wide spending on prescription drugs. That's partly because working Canadians are younger and healthier, requiring fewer drugs. But we are also seeing an increasing trend of private plans offloading expensive drugs onto public plans, as well as requiring employees to bear a greater share of the cost through annual and lifetime dollar limits to drug coverage. The nature of work is also changing: more people are working part-time, and only 27 per cent of part-time employees have health benefits. Others are self-employed or contract workers, often in precarious employment, usually with no benefits at all. This situation disproportionately affects women, people with low incomes and young people—all of whom are all more likely to work in part-time or contract positions—leaving them without drug coverage, simply because of the type of work they do.

Spiralling drug costs that are unsustainable

There are other costs stemming from our patchwork approach to paying for drugs. Having so many public and private plans dilutes bargaining power. The cost of individual drugs is higher here than in other Organisation for Economic Co-operation and Development (OECD) countries and we spend more per person per year on prescription drugs than any other OECD country, with the exception of the United States and Switzerland.

The council heard that governments are struggling with soaring drug costs, particularly the high cost of new drugs coming onto the market. Research by drug companies is resulting in extraordinary treatments—from biologics, made from living cells or organisms, to gene-based therapy. Challenging to develop and often expensive to

administer, they can carry staggering price tags. Today's top selling brand name drugs often cost thousands or even tens of thousands of dollars per year. Drugs for rare diseases are even more expensive: prices can range from $100,000 to upwards of $2 million per patient per year, often for life. A single biologic generated roughly $1 billion in revenue last year in Canada. The number of drugs on the market that cost more than $10,000 per year has more than tripled since 2006. With our current approaches to drug insurance, whether public or private, these costs are not sustainable. We must act.

What we recommend

A national pharmacare plan that works like medicare

The council looked carefully at a range of models in place internationally and in Canada that could serve as a guide for a national pharmacare plan. We observed that countries with high performing health systems include prescription drug coverage as part of their publicly funded universal health care plans. We learned that by joining forces, drug plans could increase their bargaining power with pharmaceutical companies, resulting in lower drug prices. We came to understand that a 'fill the gaps' approach was unrealistic since, like our current mixed public/private system, it would do little to lower drug prices or create fairness or uniformity in access across the country. We were told by employers that private drug benefits for their workers were becoming less and less affordable to them. We recognized the important work provinces and territories have done to provide drug coverage and the need to take this further, in a collaborative way, with federal support. And we were reminded of those Canadian values of fairness and looking out for and supporting each other.

We concluded that the best plan for Canada is to organize prescription drug coverage the way universal health care is set up.

That's why we are recommending the federal government work with provincial and territorial governments and stakeholders to establish universal, single-payer, public pharmacare in Canada.

We propose that the government enact national pharmacare through new legislation embodying the five fundamental principles in the *Canada Health Act*:

- **Universal:** all residents of Canada should have equal access to a national pharmacare system;
- **Comprehensive:** pharmacare should provide a broad range of safe, effective, evidence-based treatments;
- **Accessible:** access to prescription drugs should be based on medical need, not ability to pay;
- **Portable:** pharmacare benefits should be portable across provinces and territories when people travel or move; and
- **Public:** a national pharmacare system should be both publicly funded and administered.

Stepwise implementation of pharmacare developed in partnership with provinces and territories

National pharmacare can't be implemented overnight. This is a major part of our health care system that affects millions of patients, hundreds of thousands of health care providers and a broad range of dedicated stakeholders. We're proposing a deliberately stepwise approach that will also enable the introduction of some fundamental and impactful changes immediately.

National pharmacare would start with the creation of a Canadian drug agency (preliminary funding for an agency was announced in the 2019 federal budget). The new agency would be an arms-length organization, with strong patient representation, accountable to Canadians both directly and through the federal, provincial and territorial ministers of health. It would be governed collaboratively by the federal, provincial and territorial governments and would have patient representation on the board.

Among the agency's first tasks would be to create a national formulary—the list of drugs to be covered by national pharmacare. The agency will be in charge of approving drugs for the formulary, based on both how well they work and whether they offer good value for money. Because it will take time to choose the right drugs and negotiate prices for them, the initial formulary would be a carefully chosen list of essential medicines covering most major conditions and representing about half of all prescriptions. This initial list of drugs would be available through national pharmacare beginning January 1, 2022.

Also by January 1, 2022, a detailed national strategy and distinct pathway for funding and access to expensive drugs for rare diseases would be implemented. The federal government has already committed $500 million per year for this critically important initiative.

Over the subsequent five years, additional prescription drugs would be added to the national formulary as prices and supply arrangements are negotiated with manufacturers. The full, comprehensive national formulary would be in place no later than January 1, 2027.

Other responsibilities for the agency would include providing guidance on the appropriate use of drugs, and monitoring their safety and effectiveness once they are on the market. Concentrating all these operations in one organization would make pharmacare more efficient and speed up access to new drugs, as well as improve consistency in access to prescribed drugs across the country.

As with medicare, it will be up to individual provinces and territories to opt in to national pharmacare by agreeing to the national standards and funding parameters of pharmacare. We recommend the federal government pay for the incremental costs to provinces and territories of expanding coverage and implementing pharmacare in their jurisdictions. The federal government should proceed immediately with ready provincial and territorial partners, understanding that some jurisdictions may take longer than others to join national pharmacare. And building on the council's dialogue with First Nations, Inuit and Métis governments and representative organizations, discussions

should now take place between the federal government and First Nations, Inuit and Métis governments and representative organizations, to determine whether and how they might wish to participate in national pharmacare.

Figure 1: Timeline for Pharmacare Implementation

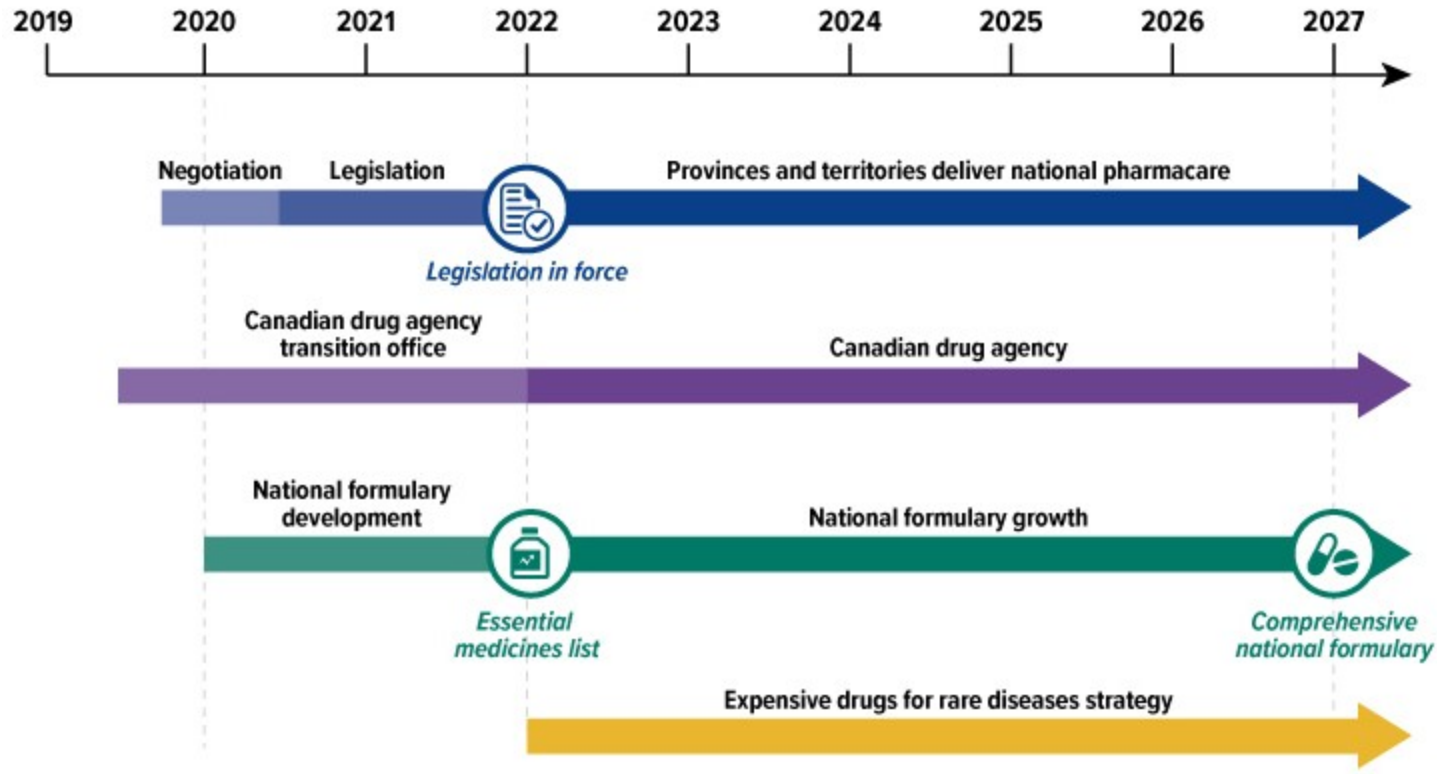

Figure 1: Text description

Low copayments that do not pose a barrier to access

There is strong evidence that user fees create barriers to access, whether in the form of copayments or deductibles. Research has shown they prevent people from taking their prescription drugs properly, or even at all. User fees are particularly hard on people with complex or chronic health problems and those with low incomes. Nevertheless, they are a standard feature of almost all drug coverage in Canada and abroad and we are recommending them, within strict limits: drugs on the essential medicines list would carry a copayment of $2, while all other drugs would have $5 copayments. People receiving social assistance, government disability benefits or the federal Guaranteed Income Supplement benefit would all be exempt from copayments, and no person or household would pay more than $100 per year.

A strategy to improve access to expensive drugs for rare diseases

Canadians with rare diseases are both anxious and determined to find treatment that might help their condition, and the pharmaceutical industry is responding by developing a growing number of drugs—most of which are extremely expensive. Over the course of

its mandate, the council heard that these drugs can threaten the sustainability of both private and public insurance plans—but at the same time, patients rely on them for life-changing, often life-saving, treatment. With prices often in the tens of thousands and even up to $2 million per patient per year, these drugs are entirely unaffordable for a patient or family to consider paying out of pocket.

No patient should face costs of this magnitude for any drug. That is why the council is recommending the Canadian government develop a formal national strategy for expensive drugs for rare diseases. We are also recommending the Canadian drug agency establish a distinct pathway for the consideration of expensive drugs for rare diseases, and a national expert panel to work with patients and their clinicians to determine which rare disease drugs should be funded for which patients. The national strategy, distinct process and funding for these specialized drugs should be in place in conjunction with the essential medicines list, beginning January 1, 2022.

A responsible implementation plan that requires federal leadership

Although health care delivery falls under provincial and territorial jurisdiction, the federal government has always played a critical role in developing and safeguarding universal health care—most notably with the introduction of medicare in the 1960s and passage of the *Canada Health Act* in the 1980s.

Over the past year, we saw provinces and territories taking action, working hard to provide better prescription drug coverage, but we also concluded that the federal government can and should do more, working in partnership with provincial and territorial governments, to ensure all Canadians can access the medicines they need.

The implementation and success of national pharmacare will not be possible without strong federal leadership and funding. The provinces and territories deserve credit for advancing prescription drug coverage in their respective jurisdictions. It is due to their hard work that we are not starting from scratch. In fact, provinces and territories have built a strong foundation upon which to build national pharmacare. For that reason, and conscious of divergent federal, provincial and territorial fiscal outlooks, the council is calling on the federal government to pay for the incremental cost of implementing national pharmacare.

We have estimated that it will cost an additional $3.5 billion in 2022 to launch national pharmacare starting with universal coverage for essential medicines. As the national formulary grows to cover a comprehensive list of drugs, we estimate that annual incremental costs will reach $15.3 billion in 2027. The council recognizes the very significant fiscal implications of this investment. But the issue is too important to ignore. Although national pharmacare requires a substantial investment of public funds, it will result in significant savings to Canadian families and lower the total amount being spent on prescription medications.

We propose that the federal government create a new, dedicated fiscal transfer to support national pharmacare, one that will be long-term, predictable, fair and acceptable to provinces and territories—that takes into account demographics and other variables

that impact prescription drug consumption. Furthermore, we recommend this transfer and other key parameters of pharmacare be reviewed every five to ten years. Any changes to the key elements of pharmacare, including funding, should require approval by the Parliament of Canada and 70 per cent of participating provinces and territories, representing two-thirds of their combined populations.

Delivering results for Canadians

Saving Canadian families money while expanding access

National pharmacare will save money as lower prices are negotiated for more drugs and as other cost-saving strategies are implemented. As early as 2022, when national pharmacare would cover essential medications, total spending on prescription drugs would be $300 million lower than without pharmacare. By 2027, total spending on prescription drugs would be $5 billion lower than it would be without national pharmacare.

The savings for individual Canadians and their families will be significant and tangible. Since the average Canadian household spends about $450 annually on prescription medicines, the council's proposed $100 cap on out of pocket spending means Canadian families will save, on average, $350 per year. And with those savings will come the comfort of knowing you and your loved ones will have access to the medicines you need.

When Canadians go to the pharmacy with their prescription and their health card, they will pay no more than $2 or $5, depending on the drug. A straightforward antibiotic will cost $2. For a drug that is hundreds or even thousands of dollars, the copayment will be $5. That's it. No more complicated forms. No more steep deductibles or limits. No more stress.

Families and individuals will no longer face the postal code lottery, where access to prescribed drugs depends on which province or territory you reside in. And Canadians can rest assured knowing that their drug insurance travels with them, right across Canada.

Perhaps most importantly, Canadians will have access to medicines based on need, not on their ability to pay. The days of patients taking one look at the pharmacist's invoice, and walking out without a needed medicine, empty-handed, will become a thing of the past. All Canadians will be treated equally, without exception. That is something to be proud of. And it is consistent with the values that underpin our universal health care system—our values as Canadians.

Supporting employees, job creators and the economy

National pharmacare will mean that employees and businesses no longer have to pay for expensive prescription drug coverage. The average business owner who provides drug benefits would save over $750 annually per employee. The average worker with

workplace drug benefits would save over $100 per year in plan premiums. In addition, employees who pay hundreds or thousands of dollars per year in copayments, coinsurance or deductibles for themselves and their families would never pay more than $100 per household per year. No more coinsurance. No more annual or lifetime limits.

National pharmacare will provide businesses with much-needed relief from the high and growing cost of prescription drug insurance. Business owners will no longer have to worry about whether they can afford private drug coverage for their hardworking employees. They will have the financial room to offer other health benefits to their workers (for example, mental health and wellness services, physiotherapy, dental and vision care), to pass on the savings to their employees through higher wages, or to invest in their businesses.

National pharmacare should also make it easier for employees to change jobs or move from one employer to another because they will no longer be at risk of “job lock”—unable to change jobs because the drug they need to treat their condition is not insured under the drug plans of other potential employers, or because a potential new employer has no health benefits at all. And pharmacare means workers who choose to retire will not, as is the case for many retirees today, experience a reduction in drug benefits. Part-time and contract workers will, many for the first time, be entitled to prescription drug benefits.

National pharmacare will also level the playing field for small, medium and large businesses by ensuring all workers have comprehensive drug benefits, not just those who work for companies that provide drug insurance as a benefit of employment. For small businesses, many of which cannot afford drug benefits for their employees, pharmacare should make it easier to recruit and retain employees, and maintain a healthy workforce.

Supporting health care providers

National pharmacare means prescribers can finally have confidence their patients will fill their prescriptions. Doctors and other prescribers will no longer have to ask a patient whether she or he has private insurance, and then modify their prescription accordingly. Pharmacists will know their clients are being well-served by our health care system. And as more and more prescription drugs are delivered outside hospital, the inequity of drugs being covered by public insurance in hospital but not out will end. Patients will get the medication they need to get better, to stay healthy, or to manage a chronic condition.

Removing the cost barriers Canadians face when they have prescriptions to fill will make it easier for them to maintain their health or get better, reducing the need for them to visit their doctors or be admitted to hospital. As previously noted, recent research found that removing out of pocket costs for the medications used to treat just three health problems—diabetes, cardiovascular disease and chronic respiratory conditions—would result in up to 220,000 fewer emergency room visits and 90,000 fewer hospital stays annually. This has the potential to save the health care system up to $1.2 billion a year—just for those three diseases.

A stronger, healthier Canada

National pharmacare is not only good for Canadians, it's good economic policy. It will reduce the economic inefficiencies that come with tens of thousands of private plans, which cost three times more to administer than public plans. It will replace multiple buyers with a single large, powerful purchaser, one that has the clout and authority to negotiate the best, lowest prices for prescription medications for Canadians. The annual savings that will come from strong negotiating power, lower administrative costs and the other efficiencies of pharmacare will save an estimated $5 billion per year by 2027.

The good news is that these savings can be achieved even as coverage is expanded to cover all Canadians. Our plan also means that Canadians with existing coverage will be better off under national pharmacare. Families will save on average $350 per year and businesses $750 per employee. In other words, adopting national pharmacare will lift every Canadian up, and will allow Canada to address longstanding gaps and inequities in access to prescription drugs while spending significantly less than under the status quo.

A call to action

The implementation of national pharmacare in Canada is long overdue. Indeed, the same arguments spoken in favour of pharmacare in the 1960s still apply today. But a lot has also changed since then, making pharmacare even more relevant and more necessary: prescription medicines have a much greater role in improving health and their cost has skyrocketed, putting the whole system at risk of becoming unaffordable. Pharmacare today is not only good health policy, it's good economic policy: this is a national project whose time has come.

Our proposal for national pharmacare is transformational and life-changing. It will replace a patchwork of thousands of plans that are becoming less and less sustainable, and still leaving millions of Canadians unable to get the medicine they need. National pharmacare will be a drug insurance plan that belongs to all Canadians—one that is sustainable, fair and equitable, where Canadians can have access to prescription medicines based on their need, and not their ability to pay.

We know this is a bold and challenging task. But Canadians have told us—by the thousands—that this is what they want. That this is what we need. And we know we can get it done. Together.

Pharmacare for all: that's our prescription.

List of recommendations

Principles of national pharmacare

1. The council recommends the federal government work with provincial and territorial governments to establish a universal, single-payer, public system of prescription drug coverage in Canada.

2. The council proposes the five fundamental principles of medicare, embodied in the *Canada Health Act*, be applied to national pharmacare
    - **Universal:** all residents of Canada should have equal access to a national pharmacare system;
    - **Comprehensive:** pharmacare should provide a broad range of safe, effective, evidence-based treatments;
    - **Accessible:** access to prescription drugs should be based on medical need, not ability to pay;
    - **Portable:** pharmacare benefits should be portable across provinces and territories when people travel or move; and
    - **Public:** a national pharmacare system should be publicly funded and administered.

Terms of coverage

2. The council recommends national pharmacare provide flexibility for provinces and territories to offer coverage beyond the national pharmacare standards.
3. The council recommends Canadians be allowed to purchase private insurance to supplement coverage under national pharmacare.
4. The council recommends national pharmacare benefits be portable across provinces and territories.
5. The council recommends a gender and equity lens be applied throughout the implementation of national pharmacare.
6. The council recommends all Canadian residents be eligible for national pharmacare to ensure everyone has access to the drugs they need to maintain their physical and mental health.
7. The council recommends national pharmacare provide coverage for a national list of prescription drugs and related products (a national formulary) to ensure all Canadians have equal access to the medicines they need to maintain or improve their health.
8. The council recommends out of pocket costs for all products listed on the national formulary not exceed $5 per prescription, with a copayment of $2 for essential medicines and an annual maximum of $100 per household per year to ensure that patients face few barriers to access.
9. The council recommends people receiving social assistance, government disability benefits or the federal Guaranteed Income Supplement benefit be exempt from copayments.

Government collaboration

10. The council recommends provinces and territories deliver national pharmacare in a manner that meets or exceeds agreed-upon national standards, in exchange for federal funding.
11. The council recommends the federal government work collaboratively and in partnership with provincial and territorial governments to begin the implementation of national pharmacare in 2020.
12. The council recommends the federal government be prepared to proceed with national pharmacare even if not all jurisdictions are in a position to opt in at the outset.

Indigenous engagement

13. The council recommends the federal government work with First Nations, Inuit and Métis governments and representative organizations to develop a framework and process for determining whether and how they will participate in national pharmacare.
14. The council recommends ongoing engagement with First Nations, Inuit and Métis partners to consider how the knowledge and perspectives of Indigenous peoples should be incorporated throughout the implementation of national pharmacare.

Creating a Canadian drug agency

15. The council recommends federal, provincial and territorial governments collaborate to create a new arms-length Canadian drug agency to oversee national pharmacare. The new agency should have the following functions:
    - Assessing the clinical effectiveness of drugs compared to other treatment options;
    - Assessing the cost-effectiveness of drugs compared to other treatment options;
    - Deciding which drugs and related products (such as devices and supplies) should be on the national formulary;
    - Negotiating prices and supply arrangements with manufacturers;
    - Providing advice to prescribers, pharmacists and patients on how best to use drugs; and
    - Monitoring the safety and effectiveness of drugs in real-world use.
16. The council recommends the federal, provincial and territorial governments and the public be represented in the governance of the Canadian drug agency. Patients must be represented on the board and should maintain appropriate links with patient groups.
17. The council recommends federal, provincial and territorial governments work together to determine which existing resources and expertise should be brought into the Canadian drug agency from Health Canada, the pan-Canadian Pharmaceutical Alliance, the Canadian Agency for Drugs and Technologies in Health, the Patented Medicine Prices Review Board, the Canadian Institutes of Health Research and others.

18. The council recommends the new agency use rigorous, evidence-based methods to evaluate the clinical effectiveness and value for money of prescription drugs to support the development of a national formulary.
19. The council recommends the new agency develop and implement a comprehensive evidence-based national formulary to ensure patients have access to the same prescription drugs no matter where they live across the country.
20. The council recommends the Canadian drug agency work closely with Health Canada and manufacturers to shorten the time it takes for prescription drugs that present good value for money to be listed on the national formulary.
21. The council recommends the Canadian drug agency negotiate prices and supply arrangements with manufacturers to ensure Canada is getting the best deal and the lowest prices.
22. The council recommends the new agency monitor the safety and effectiveness of prescription drugs to ensure they continue to benefit patients and deliver value for money.
23. The council recommends the new agency implement a national strategy for expensive drugs for rare diseases to provide access to these drugs across Canada.
24. The council recommends the new agency report publicly on the performance of national pharmacare to ensure governments and the agency are accountable to Canadians.
25. The council recommends the federal government provide ongoing funding for the new agency to ensure it is able to meet its objectives.

Developing a national formulary

26. The council recommends the national formulary be evidence-based and comprehensive to offer patients and prescribers effective treatment choices.
27. The council recommends the national formulary include prescription drugs that treat both physical and mental health conditions.
28. The council recommends the national formulary provide appropriate treatment options for different age, race, ethnicity, sex and gender identity, among other factors, so that it responds to the needs of all Canadians.
29. The council recommends the national formulary include prescription drugs that respond to the specific and unique needs of children and youth, and that a strategy be developed to address the availability of approved drugs and formulations for them.
30. The council recommends mandatory generic substitution policies to encourage patients and prescribers to choose the most cost-effective therapies and help keep national pharmacare affordable.
31. The council recommends formulary management policies, including requiring biosimilar substitution, that support the use of biosimilars and encourage patients and prescribers to choose the most cost-effective therapies to ensure the sustainability of national pharmacare. Prescribers and patients should be better

supported with information reinforcing the safety, efficacy and benefits of biosimilars.

32. The council recommends the Canadian drug agency work to increase prescriber and public awareness about the equivalency of generics to brand name drugs and the rationale for greater use of generics and biosimilars to keep pharmacare affordable.

Implementing a national formulary—starting with essential medicines

33. The council recommends federal, provincial and territorial governments launch national pharmacare by offering universal coverage for a list of essential medicines by January 1, 2022.
34. The council recommends governments expand the initial formulary step-by-step toward a fully comprehensive formulary to be in place no later than January 1, 2027.
35. The council recommends the Canadian drug agency create a framework to determine the order in which prescription drugs will be evaluated, negotiated and listed on the national formulary as it expands. The framework should prioritize products that are already covered by most public drug plans, respond to national population health priorities and reduce variability in access across the country.

National strategy on appropriate prescribing and use of drugs

36. The council recommends the Canadian drug agency create and implement a national strategy on appropriate prescribing to support prescribers and help patients better understand the pharmaceutical treatment choices available to them.
37. The council recommends federal, provincial and territorial governments regulate pharmaceutical industry payments to health care providers, institutions and patient groups, beginning with mandatory public disclosure of all such payments.

National strategy for expensive drugs for rare diseases

38. The council recommends the federal government work with provincial and territorial governments and patients to immediately develop a national strategy for expensive drugs for rare diseases to support better and more consistent access to these drugs.
39. As part of this strategy, the council recommends the Canadian drug agency establish a distinct pathway for the consideration of expensive drugs for rare diseases, and a national expert panel to work with patients and their clinicians to determine which rare disease drugs should be funded for which patients.
40. The council recommends the Canadian drug agency work with clinicians and patients to gather structured real-world evidence on the impact of rare disease drugs on patients.

41. The council recommends the Canadian drug agency negotiate performance-based funding agreements with manufacturers of rare disease drugs, where the amount paid to the manufacturer depends on how well the drug works.
42. The council recommends the Canadian drug agency ensure decisions on expensive drugs for rare diseases are transparent and clearly communicated.

Financing national pharmacare

43. The council recommends the federal government provide long-term, adequate and predictable funding to provinces and territories sufficient to cover the incremental costs of national pharmacare.
44. The council recommends federal funding for national pharmacare be allocated to provinces and territories in a fair and transparent way, and be responsive to differing levels of need across jurisdictions.
45. The council recommends federal funding for national pharmacare be delivered through a new targeted transfer that is separate and distinct from the Canada Health Transfer.
46. The council recommends provinces and territories be eligible for federal funding when they accept the principles and the national standards (terms of coverage) for national pharmacare.
47. The council recommends intergovernmental financing arrangements for national pharmacare be determined through mutual agreement among federal, provincial and territorial governments.
48. The council recommends intergovernmental financing arrangements for national pharmacare be reviewed every five to ten years.
49. The council recommends changes to intergovernmental financing arrangements for national pharmacare require the consent of the Parliament of Canada and at least 70 per cent of participating provinces and territories representing two-thirds of their combined population.
50. The council recommends the federal contribution to national pharmacare be financed through general revenue in a manner similar to the way medicare is funded.

Legislation

51. The council recommends the federal government enshrine the principles and national standards of pharmacare in federal legislation, separate and distinct from the *Canada Health Act*, to demonstrate its ongoing commitment to partnership on national pharmacare and provide for a dedicated funding arrangement.
52. The council recommends the federal legislation outline how governments will work together and share costs, list federal responsibilities and include the steps required for provincial and territorial governments to opt in to national pharmacare.

Transition support

53. The council recommends the federal government support provincial and territorial governments to build program capacity to deliver national pharmacare.
54. The council recommends federal, provincial and territorial governments engage with private insurers, as well as the employers and employees who benefit from their services, to ensure a smooth transition to national pharmacare.
55. The council recommends private insurers be allowed to provide coverage for copayments, as well as for drugs not on the national formulary.

Information technology and drug data

56. The council recommends the federal government invest in information technology systems to ensure provincial and territorial governments have sufficient capacity to deliver national pharmacare.
57. The council recommends the federal government invest in data collection, including from a gender and equity perspective, to address gaps in data and support ongoing management of national pharmacare. This should include data systems, possibly using blockchain technology, that allow secure sharing of data with the consent and control of patients.

Supporting federal measures

58. The council recommends the federal government accelerate efforts to streamline and modernize its assessment of drug safety, quality and efficacy to ensure patients will have faster access to innovative medicines.
59. The council recommends the federal government advance efforts to strengthen the Patented Medicines Regulations to lower the prices of patented drugs for all payers.
60. The council recommends the federal government continue to work with universities, research hospitals and industry to sustain and grow our world-class health innovation ecosystem and ensure Canada continues to contribute to the development of innovative drugs and related therapies.