

Use federal pharmacare funding to fill in coverage gaps, says new insurance benefits coalition

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A new voice is on the Hill calling for a mixed-payer pharmacare program. Their message to the feds is that the government should “repurpose” pharmacare funding to help Canadians with out-of-pocket costs instead of displacing workplace health coverage.

“Why would we want to spend money on people that already are successfully having coverage? We believe we could use that money to repurpose that. Why not take that money instead and enhance it for people that have no coverage?” said **Carolynne Eagan**, spokesperson for the **Smart Health Benefits Coalition**. “Or you can actually shift some of that money to higher-cost drugs or rare disease drugs, where the out-of-pocket [cost] is unmanageable for people.”

She said that 27 million Canadians have access to insurance coverage through their employers.



*The **Smart Health Benefits Coalition's Carolynne Eagan** said her newly-formed group is a unique voice in the pharmacare discussion on Parliament Hill. The coalition represents insurance advisers who work directly with employers to design workplace benefits plans.
(Photo courtesy of Eagan)*

In an April 19 phone interview, Eagan said that public funding could also be used to increase the number of pharmaceutical products covered by public plans. A provincial public plan typically covers 4,000 to 5,000 drugs, while private plans can cover “upwards” of 10,000 drugs, according to Eagan.

Initially formed last year, the Smart Health Benefits Coalition made its presence known on the Hill with a [press release](#) announcing its official launch this past February. At the time it had six members: insurance brokerages GroupHEALTH Benefit Solutions, Gallagher, HUB, Navacord, and People Corporation; and the Benefits Alliance, which represents independent benefits and retirement advisers. Eagan is president of the Benefits Alliance.

The Conference for Advanced Life Underwriting, a group representing insurance advisers, officially joined the Smart Health Benefits Coalition earlier this month.

Health Canada has asked for additional meetings with coalition, says Eagan

What makes this coalition different from other insurance organizations is its focus on representing the advisers who work with employers to design benefits plans, according to Eagan.

“In this world that we’re in, there wasn’t a voice that was advocating directly ... on behalf of Canadians through what we see [in] the eyes of our advisers who work day in, day out, nationally, with employers,” Eagan said.

Their advocacy is already underway. Registered to lobby on the coalition’s behalf since January are **Bluesky Strategy** consultants **Geoff Turner**, **Manuela Boeira**, and **Jordan Paquet**. Between Turner and Paquet, meetings have been logged on the federal lobbyists’ registry with Liberal MP **Yasir Naqvi**, parliamentary secretary to Health Minister **Mark Holland**; Conservative health critic **Stephen Ellis**; **Jade Mallette**, Holland’s director of parliamentary affairs; and **Michelle Boudreau**, associate assistant deputy minister at Health Canada’s Strategic Policy Branch. (Boeira has not submitted communication reports for any meetings.)

“What we’re finding in those meetings is that people are learning and listening to what we have to say because it is a perspective that they haven’t heard ... So, we have been invited back for second and third meetings with an agenda request saying, ‘Hey, could you get us this data to help us understand this?’” Eagan said, adding that the request has come from Health Canada officials. “And we’re delivering, so it’s definitely resonating and seeing a valued voice that is representing the impact to employers and, ultimately, Canadians.”

Eagan said her organization has also been invited by officials to talk about their view on drug pricing.

Single-payer pharmacare could lead to ‘unintended consequences’

The press release announcing the addition of the Conference for Advanced Life Underwriting to the coalition states that it will be “proposing constructive changes” to the federal government’s pharmacare bill, C-64, which is at second reading in the House of Commons.

The bill is the result of talks between the federal Liberals and New Democratic Party, who have been working together on a number of policy initiatives—including dental care and anti-scab legislation—since 2022 as a part of a supply-and-confidence agreement.

If passed, Bill C-64 would allow for single-payer coverage of diabetes medications and contraceptives, though that is dependent on the signing of bilateral agreements with provinces and territories. It also sets the stage for the Canadian Drug Agency to create a list of essential prescription drugs that could be covered under a future national pharmacare plan that is broader in scope. (The Canadian Drug Agency is in the process of being formed from the existing Canadian Agency for Drugs and Technologies in Health, a federal arm’s-length agency that advises most provincial and territorial governments—excluding Quebec—on whether they should add new medicines and medical devices to their public formularies.)

“I’d say we’re disappointed to see them going down the path of ... that single-payer [program], because ... we don’t want to have those unintended consequences of disturbing people’s health and how they access care today. What we would say is, absolutely, again, like I said before ... let’s get coverage for people that don’t have it, but let’s be smart about how we’re spending the money,” Eagan said of Bill C-64.

Budget 2024, which was released on April 16, provides \$1.5 billion in funding for the first phase of national pharmacare.

Eagan said that “unintended consequences” may include fewer drug options for Canadians who would otherwise have coverage through their employer.

“So, on [an employer-based] drug plan, they would have a fuller list of drugs and coverage that are likely, I’m going to say, more innovative [and] probably higher cost than what is being proposed in this pharmacare bill,” Eagan said, specifically referring to diabetes medications and contraceptives.

Another possible consequence, according to Eagan, is that a reliance on “more basic drugs” through a national formulary will “disturb” the development of drugs that are used for chronic conditions and rare disease.

Group wants to see changes to bill and drug pricing talks

As for solutions, Eagan said her coalition is proposing that the government work on having a “common minimum formulary requirement” for all employer-sponsored and provincial drug plans that would eliminate the “postal-code lottery,” where access to publicly-funded drugs depends on residence in a particular province, and the size of a particular province’s formulary.

Changes to the way drug prices are negotiated would be one component of eliminating this postal-code lottery, according to Eagan.

Pharmaceutical manufacturers conduct separate negotiations for drug prices with individual insurance carriers, and provincial and territorial governments (though Canada’s governments do work together on a common negotiation process through the pan-Canadian Pharmaceutical Alliance).

Eagan said her coalition would like to see the same price paid for medicines regardless of whether those products are covered under a public or private plan, and that would involve bringing private insurers into the negotiations conducted by governments.

The coalition would also like to see Bill C-64 amended so that provinces and territories can present an alternate spending plan for funds being proposed for the first phase of pharmacare if they choose not to accept the single-payer condition, according to Eagan.

Also on their wish list is ensuring that a cost-benefit analysis is conducted to understand the outcomes connected to the first phase of pharmacare. Eagan said that data should be made available to see if the program is working as intended before it is expanded further.

The group’s focus for now is pharmacare, but Eagan said that members have already agreed that there are other subjects they could speak to under a unified voice, including national dental care, virtual care, health literacy, and financial literacy.

“Many of our [members] said, ‘You know what? This is a long-term vision for us, that we’re coming together.’ We all agree that this is a unique voice,” Eagan said.

Note: This article was corrected on April 24, at 1:00 p.m., to remove a reference to a meeting having taken place between the Smart Health Benefits Coalition and the Prime Minister’s Office. Bluesky Strategy is working to schedule a meeting with the PMO, according to an email from the consulting firm on April 24.