



PHARMACEUTICALS MANAGEMENT AND CATASTROPHIC DRUG COVERAGE

What is Pharmaceuticals Management and Catastrophic Drug Coverage and why do we need it?

Pharmaceuticals management describes those activities which promote appropriate use of safe and effective drugs (e.g. good prescribing practices) and improved health outcomes, as well as other measures to control costs (e.g. drug price controls).

Some Canadians with serious health conditions or illnesses may face very high prescription drug costs they cannot afford. This can lead to a serious – or "catastrophic" – financial burden on individuals and families. Catastrophic Drug Coverage will ensure Canadians with serious health conditions requiring expensive drug therapy have access to drugs based on health need and not ability to pay.

All provinces and territories provide some level of public drug benefit coverage to some groups of their population. The federal government provides prescription drug coverage for First Nations and Inuit, the public service, veterans, federal inmates, National Defence and the RCMP and refugees.

Spending on prescription drugs is growing faster than any other category of health expenditures and is the second largest share of health care spending after hospitals. The main cost driver is an increase in overall utilization, and the use of newer, usually more costly drugs.

Why are Pharmaceuticals Management and Catastrophic Drug Coverage important for Renewal?

Drugs are an intrinsic part of modern health care, but their rapidly rising costs pose financial challenges for individuals and governments. They account for the fastest growing component of the health care system.

Canadians should have timely access to safe and effective drugs as they come on the market, but at a reasonable cost. This means better pharmaceuticals management to ensure value for money.

For individual Canadians and their families, Catastrophic Drug Coverage will help to ensure that no one will be denied access to necessary drugs. No Canadian should suffer financial ruin for needed drug therapy.

Benefits for Canadians

Canadians will have better access to new, safe, appropriate and cost-effective drugs, and the confidence that they are protected against financial hardship from catastrophic drug costs.

Drug costs to Canadians will be kept down and health system costs will be sustainable as governments collaborate to promote optimal drug use, best practices in drug prescribing and use, and better management of drug costs.

Progress to Date

In the 2003 Accord, the Government of Canada committed to federal funding to support all governments' commitment to catastrophic drug coverage. It created a five-year, \$16 billion Health Reform Fund targeted to primary health care, home care and catastrophic drug coverage.

Budget 2003 also committed \$190 million for the implementation of Health Canada's Therapeutics Access Strategy (TAS). The strategy aims to improve Canadians' access to safe, effective, appropriately used, and affordable drug therapies, and to encourage the development and appropriate uptake of new, cost-effective therapies that address significant health needs.

A number of collaborative federal, provincial and territorial pharmaceuticals management initiatives have been put in place, including a Common Drug Review, a system to provide information on utilization and cost drivers, and a national service to assist in identifying and promoting best practices in prescribing.