



March 21, 2006

Audit of PharmaCare March, 2006

What is PharmaCare?

While many Canadians pay for their prescription drugs themselves, some are covered by private benefit plans or by federal or provincial government programs. In British Columbia, that program is PharmaCare—assisting eligible residents to pay for certain prescription drugs and certain medical supplies. In 2005/2006 the government expects to spend almost \$900 million on PharmaCare.

PharmaCare provides several benefit plans. The main plan is Fair PharmaCare, which provides insurance to B.C. families for prescription drug costs. Several other plans exist to address the health needs of individuals, including seniors in long term care facilities, severely disabled children who are cared for at home, enzyme treatment for people with cystic fibrosis, and clients on provincial income assistance.

Why is PharmaCare Important?

Managing the cost and use of drugs not only affects what PharmaCare covers (overall about 50% of the cost) but also what others pay, such as private insurers and the public. This responsibility is shared with other agencies. The federal government decides which prescription drugs can be sold in Canada and through the Patented Medicines Review Board, establishes the maximum price the manufacturers can charge pharmacies for each drug. Also, a joint federal/provincial Common Drug Review process provides information and recommendations on the cost-effectiveness of new drugs. Each province then determines which drugs to provide as benefits through their drug programs and the amount of reimbursement.

Pressures Facing PharmaCare

Expenditures for prescription drugs has risen from \$372 million in 1996 to about \$900 million in the current year—on average increasing about 9% each year. The main reasons for increased drug spending are the higher volume of drug use and the entry of new drugs (typically at higher prices) into the marketplace. Although implementation of the Fair PharmaCare plan, with coverage based on citizen's ability to pay, has slowed the increase, experts agree that drug cost pressures will continue to threaten the sustainability of the province's drug insurance program.

Getting objective information to the prescribing physicians about the efficacy and varying costs of drug choices is problematic. Ministry funded Therapeutics Newsletters cover a small

number of drugs, but the major source of information comes from drug manufacturers, focusing on new drugs. In the future, the PharmaNet computer system may provide this information, but currently it is used mainly to capture all prescription drug transactions at the pharmacy to identify possible drug interactions, adjudicate claims and calculate amounts owed to pharmacies from PharmaCare.