



Public Interest Alberta

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The Alberta Government's Pharmaceutical Strategy Background Information

The Pharmaceutical Strategy unveiled by Health Minister Liepert on December 8, 2008, was presented as a plan to give free prescription drugs to poor seniors by reducing the benefit to those who can afford it. This plan masquerades as a tax on the wealthy, which it is not!

What it really is, is a form of tax on middle-income seniors who are sick or chronically ill, and therefore in high need of prescription drugs. Most seniors are relatively healthy and don't spend anything like 5% of their income on medications. The only ones that do are those suffering from chronic health conditions. "When did it become acceptable public policy to put the heaviest load on those who are the sickest and frailest", asks Noel Somerville, Chair of PIA's Seniors Task Force?

A second major problem with the pharmaceutical strategy is that it indexes supplementary health care coverage to income. Most Albertans carry supplementary health care insurance and pay a fixed rate for fixed coverage with a fixed deductible. Under the pharmaceutical strategy, that will no longer be true. What seniors would pay for the drugs they need would be a function of your income.

A third major problem is that income disparity is already adjusted through the taxation system. "It is a form of double jeopardy to address income differentials again through the health care system", said Noel Somerville. Several years ago, Alberta adopted a maximum 10% flat tax system: Regardless of your income, we would not be taxed more than 10% of our taxable income. Now, however, it seems Minister Liepert thinks it acceptable to require seniors to lay out up to 5% of their gross income as a deductible on their prescription drug coverage. Granted, that money isn't paid to the government, but it is paid to reduce government expenditures.

A fourth major issue for many seniors is the invasion of privacy implicit in a scheme that requires confidential financial information be made available to pharmacists, so they know when the deductible has been reached, and to insurance companies, so they know the magnitude of the risk they are assuming.

There are many other flaws in Mr. Liepert's pharmaceutical strategy:

- It changes the rules on those who carefully planned for their retirement on the assumption that the long-standing 'Blue Cross for Seniors' plan would be available to them.
- It comes at a time when many seniors have seen the book value of the nest egg they set aside for their retirement shrink by 40% or more.
- It makes mockery of the principle of universality and is so unfair that it is difficult to rationalize it as anything other than blatant ageism.

None of these shortcomings will be addressed by simply adjusting the income thresholds upwards, as suggested by some government sources.

Rather, we propose that the Pharmaceutical bill for Alberta should provide equal access to prescription drugs, should be publicly funded and controlled, and cover essential drug costs in the same way that Medicare now covers hospitals and physicians.

The present system is incapable of resisting cost and safety problems. We need a system that is accessible, affordable, safe, and does not discriminate against people according to age, health, or income. A public Pharmacare plan should provide essential drugs approved by a provincial formulary to all Albertans. Seniors, children and those persons with disabilities would be immediately included.

A public Pharmacare plan must include an independent agency to approve drugs, set standards and ensure research findings are made public. Drug company marketing must be seriously curtailed and replaced with more reliable information. We need a provincial formulary of essential and emerging drugs, approved in process that considers both safety and cost effectiveness. A provincial, public Pharmacare plan would have the negotiating strength to obtain lower prices for drugs. This Pharmacare plan would benefit employers by removing responsibility for the health care of their workers to cost-controlled public system.

This Pharmacare bill would be one part of a plan to merge provincial and territorial drug strategies into a national Pharmacare plan, thus realizing even more savings and better coverage for all Canadians.