Drug coverage in Canada: who is at risk?
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Abstract
Drugs are playing an increasingly important role in health care. However, unlike physician care and hospital care, Canadians do not have universal coverage for drugs. Generally, many employers provide drug coverage as part of employment benefits. In addition, provincial governments provide coverage to some parts of the population, generally, seniors and families on social assistance. Two important recent reports on the state of health care in Canada – the Kirby and Romanow reports – focus on the need for relief to families for rising cost of drugs. Policy makers need good information not only on the likely costs of such a project but also the impact of increasing drug costs on individuals and families with significant drug expenses. One of the keys to assessing scenarios for such relief is knowledge about the extent and depth of existing drug insurance coverage. However, the needed information is scattered over a number of data sources. We have put together a comprehensive and cohesive micro database synthesizing data from these diverse sources. The resultant micro database contains individual/family drug coverage information arrayed by socio-economic characteristics. This paper uses the data set to conduct an extensive analysis of the extent of drug coverage under public and private drug plans in Canada. The paper then goes on to analyze the level of such coverage in terms of out-of-pocket drug expenses faced by Canadian families in an effort to identify gaps in coverage.

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1. Introduction

Prescription drugs costs have been rising at a very rapid pace in recent years. Between 1990 and 2000, expenditures on prescription drugs in Canada rose at an annual average rate of 9.2%. By contrast, total health expenditures grew at almost half that rate, i.e. 4.8% per annum. Canadian households have had to bear much of the burden of the escalating costs of prescription drugs, with out-of-pocket expenses on prescription drugs growing at 8.6% per annum. These drug expenditure trends are expected to continue over the coming years with the advent of newer drugs and greater utilization associated with aging population [1].

Every Canadian has free access to physician and hospital services, but not all are covered for prescription drugs. Coverage for prescription drugs may be available to Canadians by way of employee group benefit plans, individual private group insurance plans, and/or public (government) drug benefit plans. Interestingly, for drug coverage, Canadians are almost in the same situation as Americans are for their entire medical care coverage.