



What's the Impact of National Pharmacare?

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We have relied on all the data and information provided as complete and accurate as of the presentation date (March 5, 2025). We have reviewed this information for overall reasonableness and consistency but have not audited or independently verified this information. Estimates may have been made if data were not available.

Additionally, there remains considerable uncertainty regarding national pharmacare as the drug landscape is rapidly evolving.

Key components in a private drug plan

ABC Insurance Company



Joe Smith
Policy ID: 00753
Member ID: 3947291



Plan sponsor

- Employer or organization that offers health insurance benefits to its employee or members (e.g. retirees)



Plan member (Joe Smith)

- Employee or retiree who is entitled to receive benefits



Public drug benefit programs

- Each jurisdiction offers drug benefits for eligible groups (e.g. seniors, recipients of social assistance)
- If plan member eligible for public funding, costs will shift to public



Pharmacy

- Charges a drug markup and dispensing fee for each prescription
- Prices for the same drug can vary between pharmacies and between private and public plans

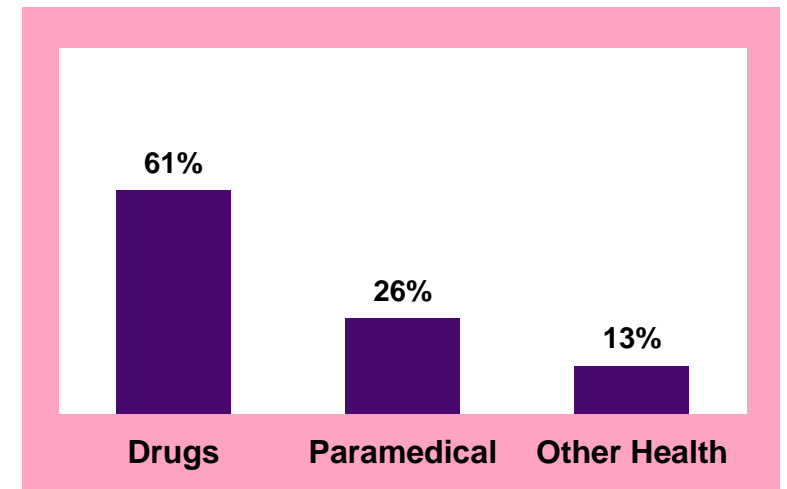
Private payer landscape

Prevalence of common drug plan design features

96%	Prior authorization High-cost drugs need to be pre-approved
96%	Generic substitution Reimburses up to the generic price
55%	Managed formulary Designed to favour more cost-effective drugs
50%	Dispensing fee cap Most common cap is \$8.00 to \$10.00
22%	Preferred retail pharmacy network Incentives to fill prescriptions at a particular group of pharmacies
16%	Lifetime maximum



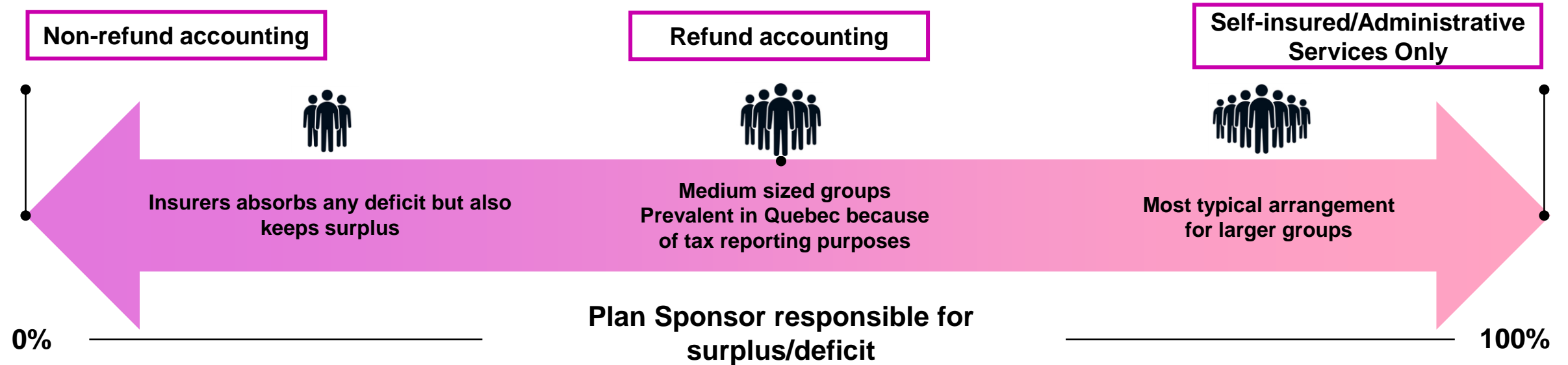
Drugs represent the highest portion of extended healthcare costs



Source: WTW 2023 Financial Benchmarks Survey

Private insurance funding arrangements

Financial arrangements determine who is responsible for the risk.
Insurer or Plan sponsor?



Private drug plans versus public drug plans

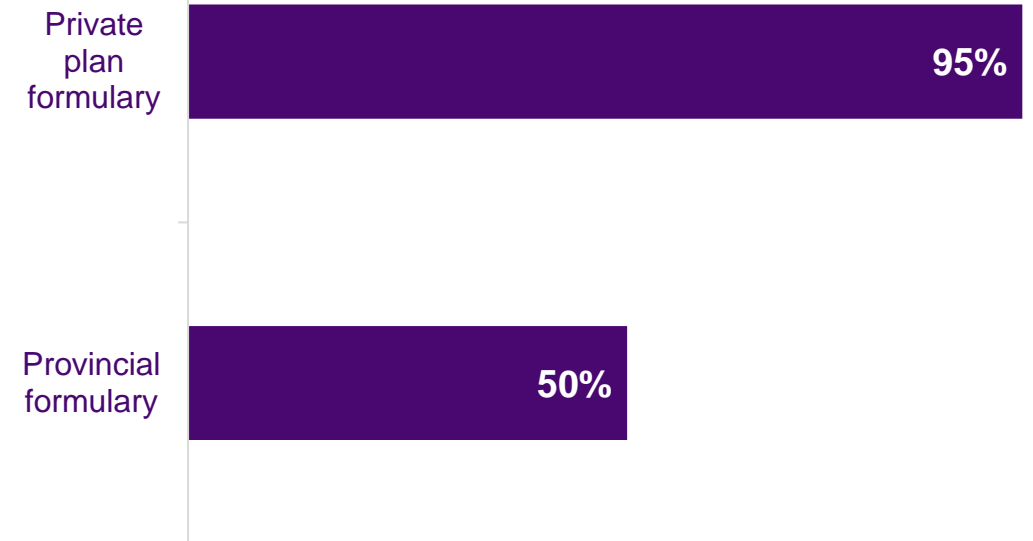
☑ More drugs are eligible

☑ New drugs are usually listed much more quickly

☑ Each insurer negotiates discounts separately


☑ Criteria are usually more relaxed

Percentage of prescription drugs on the market covered on the formulary

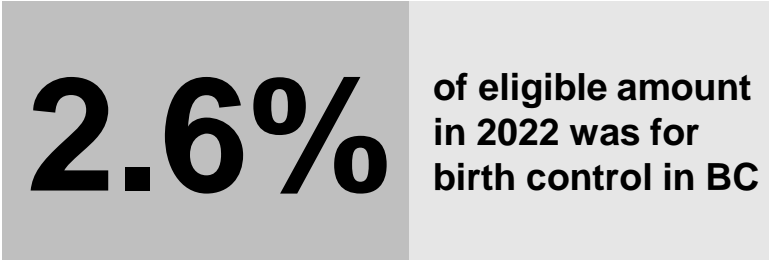


Potential impact of national pharmacare

Drug categories proposed under national pharmacare

Contraceptives	Diabetes
<ul style="list-style-type: none">✓ Oral birth control pills✓ Copper and hormonal IUDs✓ Injections, implants, rings✓ Morning-after pills <p>Cost: \$200 to \$300/year</p> 	<p>Medications</p> <ul style="list-style-type: none">✓ Insulin (\$900 to \$1,700/year)✓ Metformin (\$100/year)✓ Sulfonylureas and SLGT-2 inhibitors (\$100 to >\$1,000/year) <p>Devices and supplies</p> <ul style="list-style-type: none">✓ Supplies for administering insulin✓ Supplies for monitoring blood sugar levels (up to \$4,000/year)

Starting April 1, 2023, BC was the first province to provide full universal coverage of birth control. Other provinces such as Manitoba and PEI are planning to follow



Source: TELUS Health Retrospective 2022: Drug trends and national benchmarks



Potential savings to private plans

Other provinces such as Manitoba and PEI planning to follow

What is the potential impact on private plans

- ➔ Anticipate initial cost shifting to public plans, but the extent is uncertain as the model is not yet defined (i.e. 1st or 2nd payor)
- ➔ If the public plan's criteria are more restrictive than private, drug may remain under private funding, but the model is not yet known
- ➔ Pharmacies may earn less revenue as public payers usually pay lower markups and dispensing fees which could result in increase costs to private plans
- ➔ Enhanced buying power with national pharmacare
- ➔ Opportunity for simplified administration for pharmacies and plan sponsors
- ➔ National pharmacare unlikely to be implemented in the immediate future as there are several steps before the legislation is effective and the federal government would need agreements with provinces and territories

