

SALE OF DRUGS IN PUBLIC HOSPITALS

Introduction

Canadians are concerned with their future sustainability as increases in health care outpace economic growth. For example, if health care spending continues at its present pace, more than 50% of Ontario's total public budget will soon be spent on health care. There is general agreement that a significant cause of cost increases is the influx of new technologies, particularly expensive drug therapies. In response, publicly funded insurance schemes (OHIP) are increasingly scrutinizing the costs and benefits of new drugs and may decide that a drug, although of therapeutic benefit, is not sufficiently beneficial given its price to warrant public funding. The drug is thus not considered "medically necessary" for the purposes of the public plan, although a physician may recommend it in treating a patient. All of this has had a huge impact on hospitals that are struggling to find creative ways to balance their budgets. Recently, reports are emerging of patients being required to purchase drugs and bring the drugs to the hospital for administration. This contravenes The Canada Health Act which requires hospitals to fund the costs of medications administered in hospitals.

Implications

If patients are forced to pay for services and drugs at local hospitals, RTO/ERO fears that dangerous precedents are being set. These include the potential for the entrenchment of a two-tier system, the possibility of fewer expensive drugs being funded, the delisting of some drugs that are currently listed, and the introduction of more user fees. RTO/ERO Health Plan members would see escalating costs for our Health Plans. This, in turn, would cause some members to drop out of the Health Plan.

Position of RTO/ERO

RTO/ERO supports the most basic principle of the Canada Health Act that all residents, regardless of income, have equal access to medically necessary hospital services. This principle was reaffirmed by the First Ministers in the Ten Year Plan to Strengthen Health Care. They agreed that no Canadian should suffer undue financial hardship in accessing needed drug therapies. The Canada Health Act requires that all "medically necessary" drugs be provided to in-patients within a public hospital free of charge. However, the term "medically necessary" is not defined. Therefore, whatever is covered in a province's insurance plan is typically regarded as "medically necessary".

Managing Drug Costs

Governments need to work together to use their market power to negotiate better prices for drugs. This has worked for big businesses and it can work for drug costs. There are several ways to moderate the growth in drug costs. One is already in place - to create a Common Drug Review process to fully assess new drugs for their therapeutic and economic value. A second is to create a buying syndicate for all governments so they can bargain for volume discounts. A third is to ensure that patients and physicians have the information they need to choose the most cost-effective option. It follows that patterns of prescribing must be monitored to find out if the most cost-effective drugs are actually being used. If our government contained drug costs, hospitals would not be forced to find alternate ways of funding medications administered in hospitals.

Proposed Action Plan

RTO/ERO supports equitable access to Health Care. In addition, RTO/ERO believes that allowing user fees for drugs in hospitals compromises the principles of the Canada Health Act. If there is therapeutic value to a drug, it should be considered "medically necessary" and should be covered by the province. RTO/ERO supports the establishment of safe environments for the infusion (administration) of drugs in all areas around the province. RTO/ERO is in favour of a government procurement policy that would result in major cost savings for drugs and vaccines.

Questions

1. Would your government/party establish a transparent process to determine what is defined as "medically necessary"?
2. Would your government/party establish a procurement policy for drugs for all residents in order to save money on drug costs?
3. How does your government plan to provide access to drugs that currently must be paid for privately?

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