

Ontario's Public Drug Programs – The Canadian Outlier

CARP Advocacy



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Ontario – The Outlier

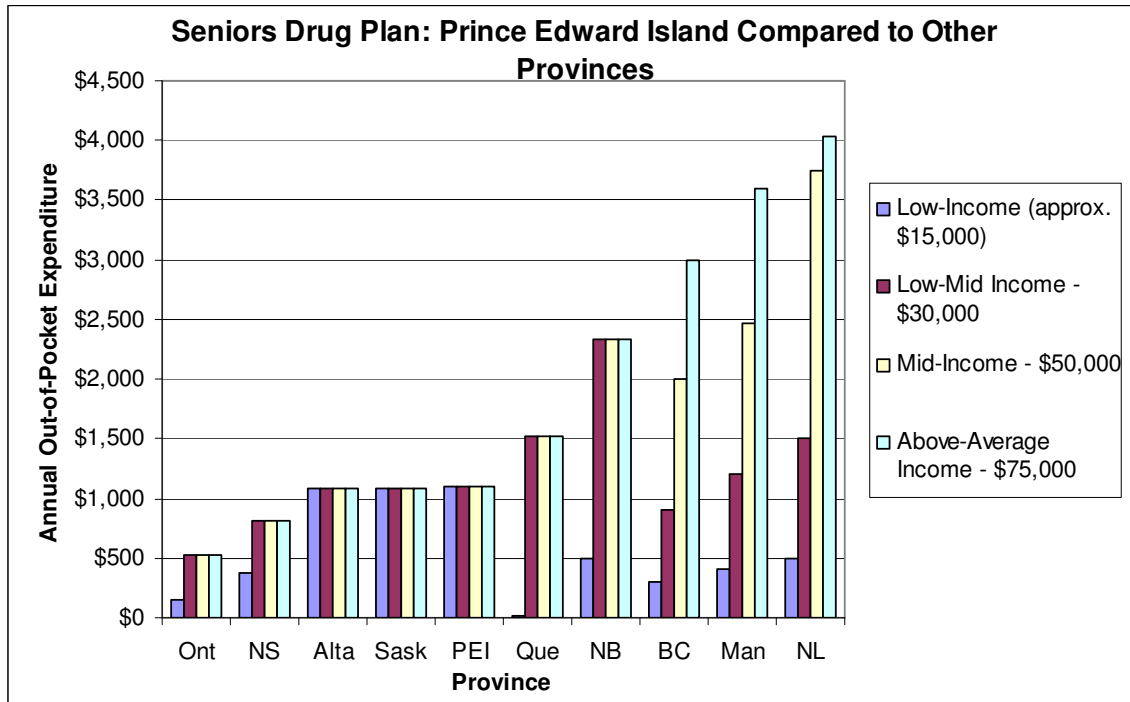
Ontario remains the only province that offers a very low-cost and truly universal seniors drug program through the Ontario Drug Benefit (ODB). Seniors in Ontario pay a \$100 deductible, annually in prescription costs. Once this deductible is reached, they are eligible for ODB coverage, paying \$6.11 or less in copayments per prescription.ⁱ Low-income seniors are not required to pay deductibles and only pay up to \$2 in copayments per prescription. With these modest charges, the ODB is the lowest-cost seniors' drug plan across all provinces.

A senior living outside of Ontario who needs 6 drugs priced at \$50 per prescription and earning \$50,000 can be expected to pay anywhere from \$806 - \$4104, annually. In Ontario, the same senior would pay a maximum of \$512, annually.

Figure 1 is a provincial comparison of the out-of-pocket expenses borne by a single/unattached senior who needs 6 drugsⁱⁱ priced at \$50 per prescription, monthly. Using four different income levels,ⁱⁱⁱ we calculated the annual out-of-pocket expenses an individual would pay.

The graph shows that with the exception of low-income seniors living in Quebec, Ontario's seniors' out-of-pocket expenses are consistently the lowest for seniors of all income levels.

Figure 1



*Newfoundland's seniors' drug program only provides coverage for low income seniors. There are other programs, including the province's catastrophic plan (the Assurance Plan) tested below. The catastrophic plan would assist the Low-Mid Income individual, reducing his/her out-of-pocket expenditure to \$1,500.

Catastrophic Coverage – Provincial Variation

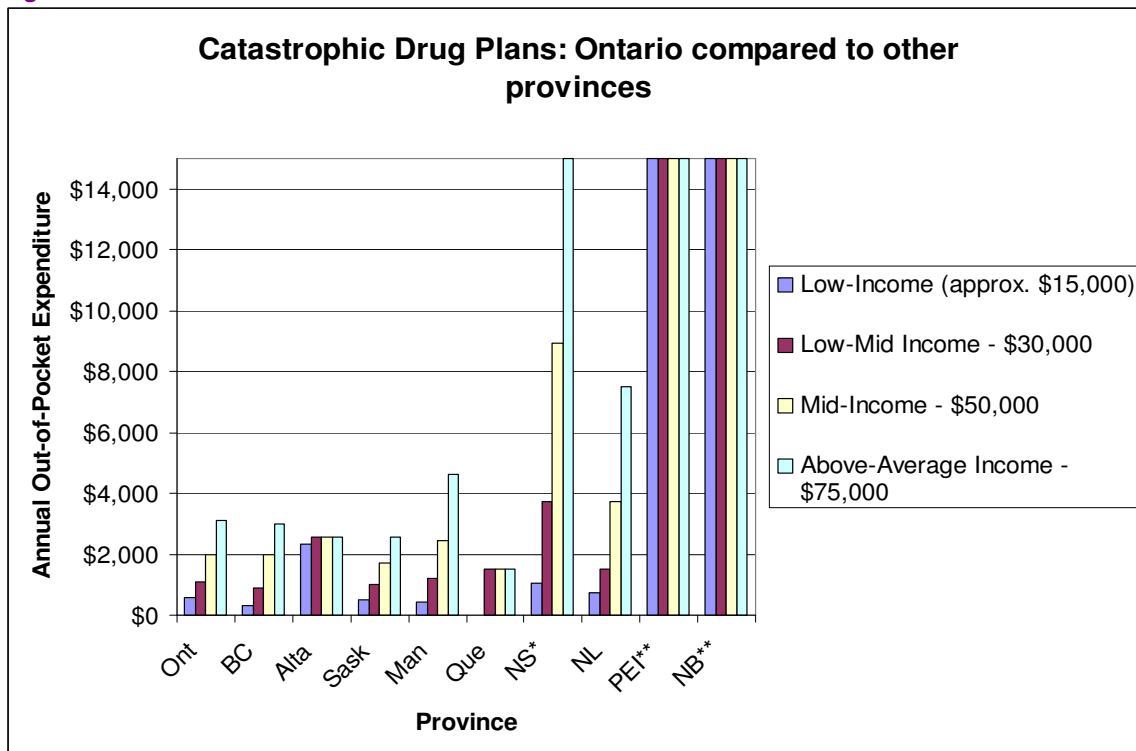
Catastrophic drug coverage is the general level of coverage provided by some provinces in order to protect individuals from out-of-pocket drug expenses that may lead to undue hardship.^{iv} This type of coverage varies considerably across provinces. While New Brunswick and Prince Edward Island are still without catastrophic programs, other provinces have measures in place that help contain drug costs to anywhere from 2% through 8% of income.

Ontarians who qualify are amongst those who pay the least in out-of-pocket expenses on drugs. The Trillium Drug Program provides coverage to applicants who are under the age of 65 and have high prescription drug costs in relation to their household income. Ontarians with drug costs exceeding 4% of their income (the deductible) pay a maximum of \$2 in copayments per prescription.

British Columbia, Manitoba, and Quebec have income-tested programs that cover all residents, regardless of age. In Ontario, despite the roughly 4% cap on out-of-pocket drug expenditures, seniors still pay significantly less for the same basket of drugs as would the rest of the population.

Figure 2 compares catastrophic programs across Canada. It shows yearly out-of-pocket expenditures for a basket of 6 drugs that cost \$500 each, totaling \$36,000/year, based on province and level of income.

Figure 2



*The out-of-pocket expenditure for a Nova Scotian earning \$75,000 is \$21,938.

**PEI and New Brunswick do not have catastrophic coverage. There may be other drug programs available.

References

ⁱ Eligibility for coverage depends on whether the prescription is covered by the province. The ODB formulary outlines the medications that are covered by the program:

http://www.health.gov.on.ca/english/providers/program/drugs/odbf/odbf_formulary.html.

ⁱⁱ This number is based on the average number of drugs that the average senior in Canada uses. Found in: Canadian Institute for Health Information "Drug Use Among Seniors on Public Programs: 2002-2008,"

<https://secure.cihi.ca/estore/productFamily.htm?pf=PFC1404&locale=en&lang=EN&mediatype=0>.

ⁱⁱⁱ Income levels are based around the average seniors' household income according to Statistics Canada, 2009.

^{iv} Parliament of Canada. (2009). "Catastrophic Drug Coverage in Canada,"

<http://www.parl.gc.ca/Content/LOP/ResearchPublications/prb0906-e.htm>.