All drugs administered in hospitals are fully funded by the Medicare system at no cost to patients under the Canadian Health Act. Canadian hospitals operate under fixed budgets, and typically procure drugs through purchasing programs that establish group contracts for set prices. The hospital then directly purchases drugs from the manufacturer at the contract price.

Describes

- Wholesale and pharmacy markups
  - Wholesale pharmacy markups
    - The Canadian Drug Review (CDR) and pan-Canadian Oncology Drug Review (pCODR)
      - The pan-Canadian Pharmaceutical Alliance (pCPA)
      - Manual DrugWatch
        - DrugWatch responds to the climbing prescription drug prices through the implementation of a new approval process, which ensures new drugs meet a clinical effectiveness standard in relation to their price.
        - The scrutiny of drugs in the DrugWatch program is intended to give Manulife more leverage to negotiate prices with drug manufacturers. Nearly 3.8 million Canadians have drug coverage through one of the company’s plans. The program is unique to Canada in that it will be the standard process for all Manulife’s clients, without them opting in or out.
    - Wholesale and pharmacy markups
      - No policies exist, these may be negotiated by individual insurers (e.g. Preferred Pharmacy Networks).

- Cost-sharing structures
  - Cost-sharing structures
    - The Common Drug Review (CDR) and pan-Canadian Oncology Drug Review (pCODR)
      - Through the pCODR and CDR processes, the Canadian Agency for Drugs and Technologies in Health (CADTH) evaluates the clinical, economic, and patient evidence for cancer drugs (pCODR) and other drugs (CDR). Based on these evaluations, CADTH provides reimbursement recommendations and advice to Canada’s federal, provincial, and territorial public drug plans (with the exception of Quebec), as well as to the provincial cancer agencies. The recommendations are not binding but are considered by the public drug plans when making formulary listing decisions. As of April 1, 2016, CADTH will no longer accept confidential submitted prices for the CDR and pCODR reviews. The submitted price will be disclosed in all applicable reports.

- Patient eligibility and cost-sharing
  - Patient eligibility
    - private plans generally cover all prescription drugs, although private formulary plans do exist, in which case, private drug plans make their own listing decisions.

Pricing

- Wholesale and pharmacy markups
  - PAN-PHARMACEUTICAL (5%)*
  - Most employers provide private drug insurance for working-age beneficiaries and their dependants.
  - PAN-PHARMACEUTICAL (5%)
  - Individuals not covered by a public or private plan, or those with deductible or co-payment costs.

- Cost-sharing
  - Cost-sharing structures
    - Twenty-four insurance companies across Canada share the costs of very expensive and recurring drug treatment claims. This approach is intended to set affordable prices for fully insured employer drug plans as well as shelter their employees from the full financial burden of prescription drug treatments. Since 2013, the new pooling mechanism paid more than $4,000 prescription drug claim costs of over $25,000. Several individual claims exceeded $500,000. One was over 1.2 million.

- Canadian Drug Insurance Pooling Corporation
  - Canadian Drug Insurance Pooling Corporation
    - Twenty-four insurance companies across Canada share the costs of very expensive and recurring drug treatment claims. This approach is intended to set affordable prices for fully insured employer drug plans as well as shelter their employees from the full financial burden of prescription drug treatments. Since 2013, the new pooling mechanism paid more than $4,000 prescription drug claim costs of over $25,000. Several individual claims exceeded $500,000. One was over 1.2 million.

- Wholesale pharmacy markups
  - Wholesale pharmacy markups
    - Pan-Canadian Pharmaceutical Alliance (pCPA)
      - Since 2010, provincial and territorial governments have implemented individual policies aimed at reducing the price of drugs. More recently, through the pCPA initiative, they have been working together to achieve greater value for brand-name and generic drugs. Through these policies and the pCPA initiative, the prices of generic drugs have been reduced to levels as low as 18% of the reference brand-name prices.

- Brand-name drugs
  - Brand-name drugs
    - Private plans do not negotiate the prices of brand-name drugs collectively and do not benefit from the discounts/rebates available for public plans.

- Generic drugs
  - Generic drugs
    - The generic prices that are negotiated by the pCPA are available to both private and out-of-pocket markets.

- Manual DrugWatch
  - DrugWatch responds to the climbing prescription drug prices through the implementation of a new approval process, which ensures new drugs meet a clinical effectiveness standard in relation to their price.
  - The scrutiny of drugs in the DrugWatch program is intended to give Manulife more leverage to negotiate prices with drug manufacturers. Nearly 3.8 million Canadians have drug coverage through one of the company’s plans. The program is unique to Canada in that it will be the standard process for all Manulife’s clients, without them opting in or out.

- Wholesale and pharmacy markups
  - Wholesale and pharmacy markups
    - No policies exist, these may be negotiated by individual insurers (e.g. Preferred Pharmacy Networks).

- Out-of-Pocket (22%)
  - Out-of-Pocket (22%)
    - Individuals not covered by a public or private plan, or those with deductible or co-payment costs.

- Canadian Drug Insurance Pooling Corporation
  - Canadian Drug Insurance Pooling Corporation
    - Twenty-four insurance companies across Canada share the costs of very expensive and recurring drug treatment claims. This approach is intended to set affordable prices for fully insured employer drug plans as well as shelter their employees from the full financial burden of prescription drug treatments. Since 2013, the new pooling mechanism paid more than $4,000 prescription drug claim costs of over $25,000. Several individual claims exceeded $500,000. One was over 1.2 million.