

**PROVINCIAL AND PRIVATE DRUG  
INSURANCE PLANS IN CANADA**

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**20 June 1996**



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## PROVINCIAL AND PRIVATE DRUG INSURANCE PLANS IN CANADA

### BACKGROUND

The market for drugs in Canada in 1994 amounted to \$9.2 billion, 68% of which involved private funding. The provinces spent \$2.7 billion in 1994, which represented 32% of all expenditures for drugs. PEI had the highest drug expenses per capita at \$366.34, while Alberta had the lowest, at \$266.53; the Canadian average was \$313.94. All of the eastern provinces had higher per capita drug expenses than the western provinces.

**Table 1**  
**Drug Expenditures in Canada and the Provinces, 1994**

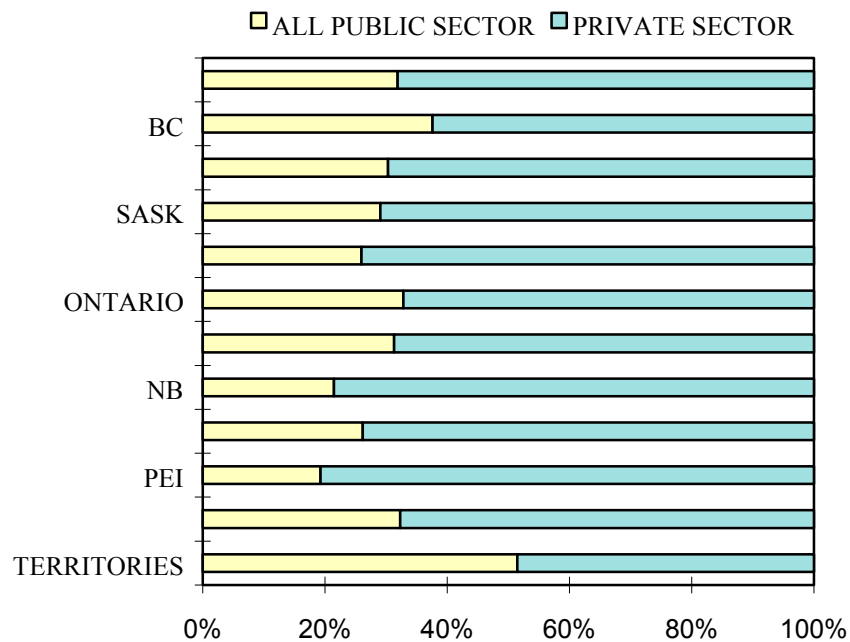
	<b>Provincial Government</b>	<b>Other Public Sectors</b>	<b>Private Sector</b>	<b>Total</b>	<b>Total per capita</b>
	in millions of dollars				\$
<b>Newfoundland</b>	50.0	6.9	119.1	176.0	302.29
<b>Prince Edward Island</b>	7.2	2.3	39.8	49.3	366.34
<b>Nova Scotia</b>	78.0	5.8	236.0	319.8	341.38
<b>New Brunswick</b>	47.3	4.2	188.2	239.7	315.75
<b>Quebec</b>	652.6	24.9	1,486.1	2,163.6	297.16
<b>Ontario</b>	1,208.7	54.4	2,585.2	3,848.3	352.16
<b>Manitoba</b>	57.0	21.8	224.7	303.5	268.37
<b>Saskatchewan</b>	66.2	19.9	210.0	296.1	291.41
<b>Alberta</b>	198.9	20.7	504.4	724.0	266.53
<b>British Columbia</b>	360.5	25.7	641.6	1,027.8	280.17
<b>Territories</b>	4.4	11.6	15.1	31.1	329.30
<b>Canada</b>	2,730.9	198.1	6,250.3	9,179.3	313.94

Source: *National Health Expenditures in Canada, 1975-1994, Full Report*, Health Canada, January 1996.

The *Canada Health Act* does not provide for national standards with respect to prescription drugs. Each province has its own drug insurance plan, with the focus primarily on

seniors, social assistance recipients and those with low incomes. Before the introduction in January 1997 of the Quebec drug plan, no province was providing universal coverage. Consequently, a majority of Canadians protect themselves from high drug expenditures by means of private market drug insurance. According to the Canadian Life and Health Insurance Association, approximately 21% of the Canadian population, or 5.6 million people, are covered by supplementary health and dental plans offered by a number of government programs.<sup>(1)</sup> Private plans cover 60%, or 18 million people, while 13%, or 3.6 million people, have no coverage.<sup>(2)</sup> Chart 1 shows the distribution of private and public drug expenditures for 1994 by province.

**Chart 1**  
**Distribution of Drugs Expenditures Among Provinces by Finance Sector**



The Chart shows that the public sector plays a relatively large role in British Columbia, Ontario, Quebec and Newfoundland; the public sector in the Territories has the highest drug expenditures. Manitoba, Prince Edward Island, New Brunswick and Nova Scotia have a smaller portion of drug expenditures paid by government.

(1) These include provincial programs for the elderly and social assistance recipients, workers' compensation, and federal expenditures.  
(2) *Submission to the House of Commons Standing Committee on Finance*, Canadian Life and Health Insurance Association Inc., December 1995.

## PROVINCIAL PLANS

All provinces provide a drug plan for those 65 years of age or older.<sup>(3)</sup> Newfoundland is the only province which provides benefits only for seniors receiving GIS; all other provinces provide benefits for all seniors with or without premiums, co-insurance and/or deductibles, though those receiving GIS or who are low-income earners do receive preferential treatment. Table 2 shows that all provinces, except for the territories, ask seniors to share costs.

Most provinces have publicly administered seniors' drug plans. The provinces of Alberta and New Brunswick ensure that all seniors are able to obtain insurance through Blue Cross. In Alberta, all seniors are in the same insured pool as other residents with Non-Group Blue Cross; the Alberta government pays the premium for seniors<sup>(4)</sup> but its share of costs is the same as for other insured Albertans. In New Brunswick, those 65 or over and who are receiving GIS, or whose income is under a certain level, are eligible for coverage under the provincial plan; others 65 and over can purchase community-rated coverage negotiated by the government with Blue Cross Atlantic Canada.

New Brunswick, Quebec, Ontario and Saskatchewan ask social assistance recipients (SAR) to bear some of the cost. Nova Scotia has a special program for handicapped persons and their families. Ontario has a program designed to help families facing drug expenses that are high relative to their income. Yukon and the Northwest Territories provide drugs to persons having any disease classified as chronic. Manitoba, Saskatchewan, British Columbia, and now Quebec make their provincial drug plans accessible to all residents. Only Quebec has obligatory enrolment; in that province, all residents have to be registered in a drug plan and only those who do not have access to a collective private drug plan must be insured with a provincially managed plan.<sup>(5)</sup>

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(3) Residents between 60 and 64 years of age (Quebec and Northwest Territories), widows (Alberta), and dependants may also be included.

(4) Also included are their spouses and dependants, and eligible widows and widowers aged 55 to 64 and their dependants.

(5) Only those 65 of age and over can choose between their private plan and the Quebec plan; they cannot have both.

**TABLE 2**  
**PROVINCIAL DRUG BENEFIT PLANS\***

	<b>NFDL</b>	<b>PEI</b>	<b>NS</b>	<b>NB</b>	<b>QUEBEC</b>	<b>ONTARIO</b>
65 or over <sup>1</sup> <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	If receives GIS <ul style="list-style-type: none"> <li>• None</li> <li>• Prof. Fee (\$6.50)</li> <li>• None</li> <li>• None</li> </ul>	available to all <ul style="list-style-type: none"> <li>• None</li> <li>• \$7</li> <li>• None</li> <li>• None</li> </ul>	available to all <sup>2</sup> <ul style="list-style-type: none"> <li>• \$215/I/Y</li> <li>• 20% (\$3 min.)</li> <li>• None</li> <li>• \$200/I/Y</li> </ul>	available to all <sup>3</sup> <ul style="list-style-type: none"> <li>• \$45/I/M</li> <li>• \$7.05</li> <li>• None</li> <li>• None</li> </ul>	available to all <sup>4</sup> <ul style="list-style-type: none"> <li>• \$175</li> <li>• 25%</li> <li>• \$25/I/3M</li> <li>• \$187.50/I/3M</li> </ul>	available to all <sup>5</sup> <ul style="list-style-type: none"> <li>• None</li> <li>• \$6.11</li> <li>• \$100/I/Y</li> <li>• None</li> </ul>
SAR <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• \$2 or \$4 (age)</li> <li>• None</li> <li>• 250</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• \$2</li> <li>• None</li> <li>• None</li> </ul>
All population <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	None	None	None	None	<ul style="list-style-type: none"> <li>• \$175<sup>6</sup></li> <li>• 25%</li> <li>• \$25/I/3M</li> <li>• \$187.50/I/3M</li> </ul>	None
Other insured <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	None	None	Handicapped <sup>7</sup> <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	None	None	Trillium <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• \$500 or more<sup>8</sup></li> <li>• None</li> </ul>

\*SAR=social assistance recipient; /F/Y=per family per year; I=individual, M=month

<sup>1</sup> May also include widows, widowers, spouses and dependants.

<sup>2</sup> For low-income residents, up to \$300 tax credit may apply.

<sup>3</sup> 65 or older receiving GIS; co-insurance: \$9.05; ceiling: \$250 per individual per year (/I/Y). Single person of 65 or older under \$17,198 of income; family with both spouses 65 or over and less than \$26,955; and, one of the spouses is 65 or under with less than \$32,390: co-insurance of \$9.05; no ceiling.

<sup>4</sup> No premium if family income is under \$10,400 for one adult and \$16,900 for two adults; otherwise \$40 for each \$1,000 over the minimum income up to \$175. If receiving maximum GIS, ceiling, 50\$/I/3M; otherwise receiving GIS 125\$/I/3M.

<sup>5</sup> 65 or over and below \$16,000 a year for individual or below \$24,000 for couple; co-insurance of \$2, no ceiling

<sup>6</sup> Available only for people who do not have access to collective insurance. No premium for families with income under \$10,400 if only one adult; through \$21,900 if two adults with two children (other minimums apply for only two adults and two adults with one child), \$40 for each \$1,000 over the minimum income up to \$175; dependants under 25 (if between 18 and 25 must be at school full time) no premium, no co-insurance, no deductible.

<sup>7</sup> for the family, co-insurance: 20% (\$3 minimum); ceiling: \$150/F/Y.

<sup>8</sup> 1) Deductible of \$500/F/Y on the first \$20,000 of net family income; 2) plus 4.5% of net income over \$20,000; 3) minus \$100 for one dependant and \$50 for every other, to a \$200 max.; 4) if an individual pays any portion of private insurance premiums, \$100/single or \$200/family can be added to the drug cost to satisfy the deductible.

**TABLE 2 (continued) \***

	<b>MANITOBA</b>	<b>SASK.</b>	<b>ALBERTA</b>	<b>BC</b>	<b>NWT</b>	<b>YUKON</b>
65 or over <sup>1</sup> <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	Avail. to all <ul style="list-style-type: none"> <li>• None</li> <li>• 30%</li> <li>• \$129/F/Y</li> <li>• None</li> </ul>	Avail. to all <sup>2</sup> <ul style="list-style-type: none"> <li>• None</li> <li>• 35%</li> <li>• \$850/F/6M</li> <li>• None</li> </ul>	Avail. to all <ul style="list-style-type: none"> <li>• None</li> <li>• 30% (max. \$25)</li> <li>• None</li> <li>• None</li> </ul>	Avail. to all <ul style="list-style-type: none"> <li>• None</li> <li>• Prof. Fee (\$6.50)</li> <li>• None</li> <li>• \$200/I/Y</li> </ul>	Avail. to 60 or over <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	Avail. to all <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>
SAR <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• \$2</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>
All population <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• 40%</li> <li>• 227.60/F/Y</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• 35%</li> <li>• \$850/F/6M</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• \$123/3M/F<sup>3</sup></li> <li>• 30% (max. \$25)</li> <li>• None</li> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> <li>• 30%</li> <li>• \$600/F/Y</li> <li>• \$2000</li> </ul>	None	None
Other insured <ul style="list-style-type: none"> <li>• premium</li> <li>• co-insurance</li> <li>• deductible</li> <li>• ceiling</li> </ul>	None	None	None	None	resident with chronicle disease <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>	resident with chronicle disease <ul style="list-style-type: none"> <li>• None</li> <li>• None</li> <li>• None</li> <li>• None</li> </ul>

\*SAR=social assistance recipient; /F/Y=per family per year;I=individual, M=month

<sup>1</sup> May also include widows, widowers, spouses and dependants.

<sup>2</sup> 65 or over receiving the GIS; deductible: \$200/F/6M and co-insurance: 35%. 65 or over receiving the GIS and housed in a Special Care Home; deductible: \$100/I/6M and co-insurance: 35%. Under certain circumstances, the deductible or the contribution (or both) may be reduced.

<sup>3</sup> The premium for a single person is \$61.50/Y