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## CCHE Seminar Series Cost Estimate of a Single-payer Universal Drug Plan



**Lisa Barkova**  
**Office of the Parliamentary Budget Officer**

**Date and Time: Friday, February 9<sup>th</sup>, 2024, 10:00 AM – 12:00 PM**

**Location: Health Sciences Building and [Zoom](#)**

**Room: HS 412 (fourth floor)**

**Abstract:** This report estimates the total and incremental public cost of a single-payer universal drug plan— “Pharmacare”—over 2023-24 to 2027-28. The estimated cost reflects a national application of Quebec’s Régie de l’assurance maladie du Québec (RAMQ) formulary with universal access and a copayment scheme. This report also includes cost estimates for frameworks in which alternative lists of drugs to be covered by Pharmacare (the formulary) are considered. Total drug expenditures under Pharmacare are estimated to be \$33.2 billion in 2024-25 (the assumed first full fiscal year of implementation), increasing to \$38.9 billion in 2027-28. After accounting for status quo spending on provincial drug plans and direct federal spending, as well as Pharmacare copayment revenues, the incremental cost to the public sector (that is federal and provincial governments combined) is estimated to be \$11.2 billion in 2024-25, increasing to \$13.4 billion in 2027-28. While there are incremental costs to the public sector resulting from the transfer of expenditures currently covered by the private insurance and out-of-pocket outlays, economy-wide spending on the drugs listed on the formulary is estimated to be lower. The economy-wide savings are projected to increase from \$1.4 billion in 2024-25 to \$2.2 billion in 2027-28, as the expenditure growth rate of Pharmacare is slower compared to the baseline (5.3 per cent vs. 5.8 per cent). This is because historically, drug expenditures of private plans grow at a faster rate than those of public plans.

Lisa is an Analyst at the Office of the Parliamentary Budget Officer. Prior to joining the OPBO, she worked as a research assistant on several academic research projects in experimental economics, financial economics, and gender economics with primary investigators affiliated with the University of Chicago, Emory University, Queen’s University, and York University. Lisa holds an MA in Economics from Queen’s University and a BA in Economics from York University.