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## PHARMACARE

# National program will cost taxpayers: ex-watchdog

**ANDY BLATCHFORD**  
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OTTAWA — Former federal budget watchdog Kevin Page will deliver a blunt message to premiers this week about the costs of a future national pharmacare program: if Canadians want one, taxes will have to go up.

Page, who now heads a University of Ottawa think tank, will walk through the numbers Friday when he gives a presentation to the provincial and territorial leaders on what lawmakers should know about creating a cross-country, publicly funded plan for prescription drugs.

The federal Liberals have put together a group of advisers, led by former Ontario health minister Eric Hoskins, to consult Canadians and explore options for a national program. The council is due to report back next year, when the topic of pharmacare is sure to become a major issue during the federal election campaign.

But the burning question remains: who's going to pay for it?

Last fall, an analysis by the parliamentary budget officer estimated national pharmacare would carry a hefty cost in the neighbourhood of \$20 billion a year. That's about one percentage point of Canada's gross domestic product and twice Ottawa's annual deficit projections in each of the next few years.

Page said there's a solid argument to be made for national pharmacare because it would help Canadians save significantly on their out-of-pocket drug expenses and create more consistency in terms of health costs across the country. The 2017 parliamentary budget office study estimated such a plan would save Canadians more than \$4 billion every year on prescriptions.

But Page said Ottawa's books are already facing a difficult fiscal situation and warned the federal balance sheet would become unsustainable if it assumed the full cost of such a program.

The provinces, as a group, are in even rougher fiscal shape, he added.

His presentation, which is based on a study by his Institute of Fiscal Studies and Democracy to be released Monday, recommends spending cuts and tax increases as ways to afford it.

Page, however, believes there's no way to avoid tax hikes if Canada is serious about pharmacare. One option would be to boost the GST by two points, back to seven per cent, he added.

"Raising taxes is never easy, politically, in this environment, but I think if we're going to really do something like this, we're going to have to do it," he said in an interview.

"I don't see any other way of really moving this forward."

Page will address the premiers in St. Andrew's, N.B., where they will gather this week for Council of the Federation meetings. Without tax increases, governments will see their shortfalls balloon well beyond existing levels, he said.

"I think it would shock people," Page said. "Deficits would literally double."

He supports the argument that, in certain cases, public servants have a responsibility to tell taxpayers that raising taxes is in their interests as a way to make life easier for politicians to take unpopular decisions.

"I think the case for a national public pharmacare program is pretty strong, even from a fiscal perspective," he said.

"Just on the numbers, it's pretty clear that these public systems . . . produce much lower costs. Canadians are paying a lot for drugs, a lot."

Health-care advocates have long urged Ottawa to work with provinces and territories to implement a universal public prescription drug program that covers all Canadians.