

Pharmacare won't help much

Your recent editorial on pharmacare caused me to wonder if government will ever learn.

Some pundits suggest this is an election ploy by the federal Liberals to stay ahead of the same free lunch being promoted by the NDP. This was a re-election ploy used by Ontario's Liberal government, but even they realized what a financial disaster this will become, so they restricted it to those younger than 25, where it is least needed.

Ontario is spending about 40 per cent of its budget for medicare and is going broke. Of all the countries that offer such schemes, Canada is the first or second biggest spender on a per capita basis, with some of the worst levels of service. I wonder, if they can't keep on top of medicare, how will they ever cope with pharmacare, which will grow out of control due to program creep?

'Soaring' drug costs are noted in the article and will be one of the excuses for more government involvement. The automatic assumption of this statement is that the drug companies are making out like bandits, so bulk buying by government will bring them into line. Brand name pharmaceutical prices have remained on average relatively stable for some time. Copy-cat generic drugs, which government enabled, are much higher in Canada than they are in the U.S., for example, so they could be a reason for the costs going up. However, the reason for 'soaring' drug costs may be due to the quantity being used, not their prices. This would be the result of an aging population. Higher usage may mean savings are being made in other areas of medical treatment.

The big drug companies are an easy target for politicians of all stripes, who will claim that when a whole nation's supply is up for grabs, they'll get the best prices. Economics teaches that there is a rule of diminishing returns, which means that once a certain quantity is reached in manufacture, there are no more savings to be had by increasing the volume produced. A byproduct of this price squeezing is that some companies will not bother bidding on the contracts, thus limiting the government's number of suppliers. This can have disastrous results, as happened in Quebec a few years ago when the primary contractor had a fire at their factory, leaving the government scrambling to buy the vaccine they made anywhere they could get it at whatever prices were on offer. If the feds get into the drug business, I assume the provinces that have such schemes will get out of it. Or perhaps it will shake out like medicare, where the feds get the glory and the provinces have to implement it. This will work out like medicare and the bureaucracy will increase quickly at great cost. And when this doesn't lower costs as expected, the cut-backs will follow. I hope those folks with uncommon conditions and truly staggering drug bills don't get their hopes up, as their's may not be included and the number of votes they represent is low.

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