



A Pharmaceutical Industry Perspective/Opinion on British Columbia's 2019 Budget

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Background

The last provincial election in BC was held May 9, 2017 and with the backing of the BC Green Party, the NDP under the honourable John Horgan, were sworn in to lead the first non-majority legislature since 1952.¹ The Liberals won 43 seats, just short of the required majority, allowing the NDP/Green alliance to swoop in with their combined 44 (41 + 3) seats to form government.

The second NDP budget was presented February 19, 2019 and continues to build on their main themes. In short, Finance Minister, Carole James, presented another year of projected surpluses and a balanced budget, to “build directly on the work started in Budget 2018 to deliver better services for people, make life more affordable, and put B.C. on a more sustainable path.”² The track record in BC has been positive with the NDP producing a balanced budget and BC remaining the only province in the country to maintain a AAA credit rating.

Having a strong economy, eliminating the operating debt for the first time in 4 decades, and estimating a surplus of \$374 million over the coming year, the NDP are in a good position to stay the course and continue to focus on their five major initiatives:

- Making Life Better
- Making Your Life More Affordable
- Delivering Better Services for Your Family
- Reconciliation with Indigenous Peoples
- Investing in A Strong, Sustainable Economy That Works for People

With the broader picture briefly stated, hereafter I will focus on those portions of the budget that may impact, influence, or are connected to the broader Pharmaceutical Industry.

Medical Services Plan Premiums

The BC NDP campaigned on eliminating the Medical Services Plan (MSP) premiums which the former Liberal government had doubled. By halving the MSP premiums during their first year in power, the NDP introduced the biggest middle-class tax cut in the history of the province. Under the current budget, the previous savings of \$450 for individuals and \$900 for families are set to double as they fully eliminate all MSP premiums by January 1, 2020.

The largest direct implication for patients, government, and industry is the impact on the balance between household fixed needs and disposable income. Compared to two years ago, the challenge of choosing between shelter, utilities, nourishment and medications will be eased by \$900 to \$1,800. For lower income families, this can make a stark difference. The

additional funds have the potential to ease financial pressures impacting the filling of prescriptions and compliance. For those who are in lower earning brackets where fiscal budgeting constraints are amplified, this will have a significant impact on their ability to pay for medications and realize better health outcomes.

MSP savings combined with the introduction of the new Child Opportunity Benefit, translates to middle class families experiencing the biggest reduction in taxes. Through these two policy shifts, a family of four earning \$60,000 will receive a tax savings of more than \$2,500 by 2020. A similar family earning \$80,000 will save \$2,400 in taxes.

Delivering Better Services

Building and Expanding Hospitals

The BC NDP are committed to building and improving hospitals to meet the demands of today and prepare for the future. Through its *Health Care That Works Better for Patients* initiative the budget accounts for the following:

- To meet current demands the province is building, renovating, and expanding hospitals in multiple communities from Dawson Creek to North Vancouver.
- To meet future demands the province has major capital projects underway and in development including the redevelopment of the Royal Columbia Hospital in New Westminster, a new patient care tower at the Royal Inland Hospital in Kamloops, and a new St. Paul’s Hospital at the Station Street site in Vancouver.
- This year, work will continue on expanding the emergency departments at Langley Memorial Hospital and Peace Arch Hospital and building a new emergency department for Eagle Ridge Hospital.

Through the government’s investments in building, expanding and renovating hospitals, the system’s ability to address emergencies will be improved and more patient needs addressed in a shorter period.

Along with capital investments made by the government, there may be opportunity for key members of the pharmaceutical industry to explore specific therapeutic, clinic, project, or capital investment/donation opportunities.

For the medical device, imaging, and medical equipment industries there will be a variety of opportunities as a result of the NDP’s medical infrastructure investments.

Better Care and Shorter Wait Times

Under the 2019 budget, BC will be hiring 200 new family practice physicians, 200 nurse practitioners, and 50 clinical pharmacists. There will be 11 new post-secondary healthcare assistant seats allocated, and additional millions to help train health care professionals. The NDP have continued their commitment to building a new network of urgent primary care centres in Vancouver, Surrey, Langford, Quesnel and Kamloops. There will be five more announced this spring.

To shorten wait times through improved diagnostics services, funding for more than 800 hours of MRI time has been added per week including the addition of four new MRI machines. This places BC on track to provide 37,000 more MRI exams this year throughout the province.

Through the combined allocation of funds directed at training, funding and supporting more active family practice physicians, nurse practitioners, clinical pharmacists, and an increase of 37,000 MRI exams over the next year, patients in BC should experience fewer wait times, and easier access to medical services. Patients as a result, can expect a quicker path to diagnosis and to treatment.

An increase in medical services investment should result in patients having better and faster access to diagnostics, health care professionals, and medications resulting in better outcomes.

Cancer Care Services

Cancer Care Services have received an additional \$105 Million over the next three years to support the delivery of services by the BC Cancer Agency. The funds are expected to improve the agencies ability to meet the increasing chemotherapy demands, the number of cancer related surgeries, diagnostic imaging and expand PET and CT Scans.

Although a funding increase is welcomed and needed, it is unfortunate that there was not a greater investment in BC's Cancer Care Services. Considering the growing needs in this area and that the provincial drug budget falls within the BC Cancer Agencies jurisdiction, this will leave many needs without funding. It is encouraging to see the focus on surgeries, diagnostics and imaging. This investment should improve the patient experience, improve the systems ability to meet patient access needs and ensure improvements in time to treatment. It is disappointing to see the therapies mentioned, restricted to chemotherapy.

Caring for Seniors

The province is restoring the hours of care for seniors in need to approximately 270,000 additional direct care hours in long-term-care settings. This initiative along with other steps will see the allocation of an additional 1.2 million hours of care across all facilities. This includes the conversion of part-time and casual staff to full-time positions. The province has set a goal of providing an average of 3.6 hours of care per day for each senior in its long-term-care facilities.

Opioid Overdose Crisis in BC

To help fund paramedic, build pilot programs and expand the distribution of the naloxone take-home kits, all of which contribute to the saving of lives, the province is increasing the BC CDC and BC Emergency Services funding by \$30 million to \$608 million. St. Paul’s Emergency Department Suboxone Pilot Program is a good example of how the province is helping to stabilize those at risk. Other actions being taken are:

- Continued support of the 21 overdose prevention sites and 9 supervised consumption sites
- Funding and enabling organizations to implement safer supply programs
- Investing 1.7 million in innovation community programs
- Tripartite agreement with First Nations and the Federal Government regarding mental health and addictions approach for First Nations communities
- Investing \$20 million over 3 years to address overdose and addictions in the First Nations Community.
- Support and expand beyond the 6 OAT clinics.

The opioid crisis is an extremely complicated and difficult issue to address. BC has been an innovator through much of its work in this area and the additional \$30 million will be welcomed. The suboxone pilot program out of St. Paul’s Hospital and other innovative initiatives will hopefully result in a more comprehensive program to assist those in need. The additional investments in Mental Health and Addictions should also help to deflect the mortality and morbidity we are witnessing as a result of this crisis.

BC is considering a treatment program where safe drugs are provided, and the country is looking to BC as a centre of leadership and continued innovation. There are some differences across Canada in terms of naloxone access which may be interesting to study as a pilot. Companies with innovative ideas and products may want to explore some form of partnership with BC CDC in a pilot program format.

Provincewide Mental Health Services Approach

The NDP quickly established a Mental Health and Addictions Ministry when it came to power and since then has worked towards improving services and programs to improve mental health care in the province. Under the direction of the Honourable Judy Darcy, the 2019 Budget announces an additional \$74 million to help improve access to services. The new children and family services include:

- Opening additional Foundry centres to bring services together under one location for youth between the ages of 12 and 24
- Further support the social and emotional development of children through increase programs accessible to parents and families
- Provide specialized family care services or day treatment programs
- Support specialized family care services and day treatment programs to prevent intensive emergency services such as hospitals.

BC should be commended on its progress in addressing mental health and the initiatives taken by its new ministry. The drug budget under BC PharmaCare continues to fund many of the older products used to treat mental health conditions. Perhaps there is the need for a more specialized drug budget program specific to mental health and addictions.

Under the Ministry of Mental Health and Addictions, a provincewide drug budget could be formed to focus on the specific needs of mental health patients, like the Cancer Care and Renal drug budgets. Access to more modern medicines are needed in this therapeutic space to compliment the efforts in developing more comprehensive patient and family programs and services.

The industry may wish to explore supporting this new ministry as it continues to evolve. Perhaps there is the need for a similar separate and focused drug budget under Mental Health and Addictions.

Expanding PharmaCare and Reducing Costs

Under the 2019 Budget the BC PharmaCare Deductible will be eliminated for working families with the lowest incomes. A 3-year \$105 million investment will eliminate or reduce the deductible for approximately 240,000 families earning less than \$45,000. For families earning less than \$30,000, the family deductible will be eliminated.

BC PharmaCare will also be investing an additional \$42 million to cover more drug options in the therapeutic areas of pulmonary arterial hypertension, diabetes, asthma and eye infections.

BC PharmaCare has been innovative and progressive but at times, can also be slow to act. From an industry perspective, the province offers both opportunity and challenge. It is however, encouraging to see the NDP invest \$42 million in additional funds directed at a few specific prioritized therapeutic areas of great need.

Progressively, the government has acted to remove family funding barriers through tax breaks (MSP and the Child Opportunity Benefit) and should be commended for these policies. As intended, this should result in more prescriptions being filled and better patient compliance for families in the lower income brackets.

BC PharmaCare and the Ministry of Health are progressive when motivated. Companies are encouraged to exploring potential avenues forward with BC in advance of pCPA negotiations. Understanding their issues, priorities around drug funding, challenges and how BC PharmaCare integrates with other health initiatives can be extremely helpful.

If the projected surplus budget is realized, there may be opportunity to increase funding in key therapeutic areas under future budgets. Understanding the government’s priorities, associated programs and fiscal challenges would be a productive step in preparing for future drug investments in BC.

BC Tech: 106,000 Jobs and Growing:

“The tech sector in B.C. is one of the fastest growing areas of our economy. More than 10,200 tech-related businesses throughout the province support over 106,000 good paying jobs.”³ The government is working closely with industry to create a global technical hub of innovation and connectivity. The government will invest in the following:

- Scholarships to attract and retain top talent
- 10.5 million investment in co-op opportunities and entrepreneurial training
- Programs to make it easier for companies to recruit top international talent
- Announced BC’s first Innovation Commissioner, Alan Winter (former President and CEO of Genome BC).

The BC-Led Canadian Digital Technology Supercluster recognizes the digital and technological needs of the future. The Canadian Federal Government has invested \$153 million of \$950 million,⁴ in the BC-Based Digital Technology Supercluster which is intended to draw top talent and support industry growth. It is encouraging to see the BC Government recognizing the need to retain promote and develop top technical talent in its 2019 Budget.

There is a robust biotech and medical device sector in the province and government support through investment and policy is critical to its growth and continued success. Pharma can and has contributed significantly to this growing sector of the BC economy.

The announced Scholarships and 10.5 million in co-op opportunities may represent a significant opportunity for companies who are positioned to partner in the growing health and related industries throughout the province.

The Precarious Leadership Triangle, What's Next?

I am often asked about the situation in BC, and how long I think the NDP will remain in power given the NDP and Green Party hold just 44 (41 + 3) seats vs. the Liberals 43 seats. These questions seemed to follow shortly after the first Budget presented by the NDP government and have continued up to present. It is not an easy question to answer; and I am not one to gaze at clear spherical crystals, but there are several motivations I feel are at play and worth considering.

The situation is precarious with the Green Party or a few disgruntled MLA's having the ability to tip the balance in favour of an election. There are a few political objectives to consider in holding up the NDP government:

1. The NDP party seems to be comfortable and cohesive in its direction and governance. There seems to be little in-fighting and plenty of enthusiasm to prove they can govern, balance the budget, improve social programs, energize business, and support a healthy economy. They have the most to lose if an election is called before they have proven themselves and we are only entering their second budget term.
2. The Green Party recognizes it is in a position of moderate strength. They have the most to gain by demonstrating their ability to strike a balance between pushing their agenda and not overstepping. The BC public was not interested in heading back to the poles shortly after the last election. The Green Party is eager to support the NDP so long as it does not over-compromise its values. They view this as an opportunity for them to prove themselves, especially as a moderate, reasonable, smaller wedge-party, that both the Liberals and the NDP should be prepared to partner with. Their objective is simply to gain more seats and continue to position the party as the ideal partner in forming minority governments.
3. The Liberals failed to sequester an in-person meeting with the Green Party prior to their supporting the NDP. They are working at every turn to hold the NDP accountable and continue to do the job of the opposition in our system. There is a sense that they are ready when the government topples and will be aiming to gain a firm majority vs. working in a minority legislature with a supporting party such as the Greens. The Liberals continue

to support their base while trying to expand support when the NDP policies and actions permit.

When considering these three points, the NDP and Greens seem to have hit a balance that is working at present and they are both benefitting. Neither is ready at this point, to overstep the others tolerance for bending their values. I would anticipate another year of support from the Greens. It is also important to consider the distance between the Liberals and the NDP in terms of values. The gap is far greater than what most Canadians traditionally view between these two parties as a result of the Liberals blended past with more central leaning Conservatives.

Neither the NDP nor the Greens have achieved all they need to or can politically at this point, so I anticipate the BC government to remain firm without any major shifts until some time after the next budget in 2020. Once we enter the third budget cycle, I would look to see if the NDP and or Greens feel they have made the gains they need to enter the next election... if one of them feels the answer is yes... BC politics will churn with excitement!

About the Author:



Stephen Filbey is the founder and Principal Consultant at WestPAR Consultancy Inc. He is an accomplished professional with more than 25 years of experience in the pharmaceutical and related industries and has been working throughout the western provinces for 27 years. Over the 10 most recent years, Stephen has guided more than 40 organization in developing and implementing Reimbursement, Market Access, Advocacy and

Policy Strategies throughout Western Canada, addressing rare disease, oncology, non-oncology and medical device files. He has successfully negotiated multiple agreements with BC PharmaCare, BC Cancer Agency, Alberta Health, Saskatchewan Pharmaceutical Services Unit and the Saskatchewan Cancer Agency, and has contributed to pCPA strategy development from a western perspective.

Stephen holds a bachelor's degree in Science from the University of Windsor and has completed a one year, non-accredited Continuing Medical Education & Needs Assessment Internship through the department of CME at the University of Calgary.

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Although note specifically referenced above, all information pertaining to the 2019 Budget was taken from the following two documents:

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