

Hot Topic: Biologic Agents

CAPT Conference
April 19, 2011

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NEWS

Workplace drug plans due for 'radical change': experts



An increase in high-priced specialty medicines is likely to force workplace drug plans to decrease the number of drugs they cover. Mark Blinch/Reuters/Files

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Workplace drug plans due for ‘radical change’

The savingswill soon be “swamped” by the costs of the new speciality drugs, complex formulations designed to attack specific conditions.... They include biologics, made from living organisms or their products.

Benefits managers are rattled by the fact many of the high-cost medications are for ongoing, long-term treatment of conditions, rather than, say, an expensive cancer drug that may only be needed for a few months.

The result is likely to be restrictions on what is covered and overall caps on how much each employee can claim it is possible some drug plans will be cancelled entirely.

“We’re moving into an era where, if the drug spend rises too high, too quickly, employers will likely take drastic action,”

..... plans will have to take more measures to control costs, such as ensuring that medical guidelines are followed, which can mean reserving the new, high-cost drugs as last-ditch treatments.



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National Post – April 13 2011

<http://www.nationalpost.com/news/Workplace+drug+plans+radical+change+experts/4611052/story.html>

Agenda

1. Private Coverage Overview
2. Biologics and Private Plans



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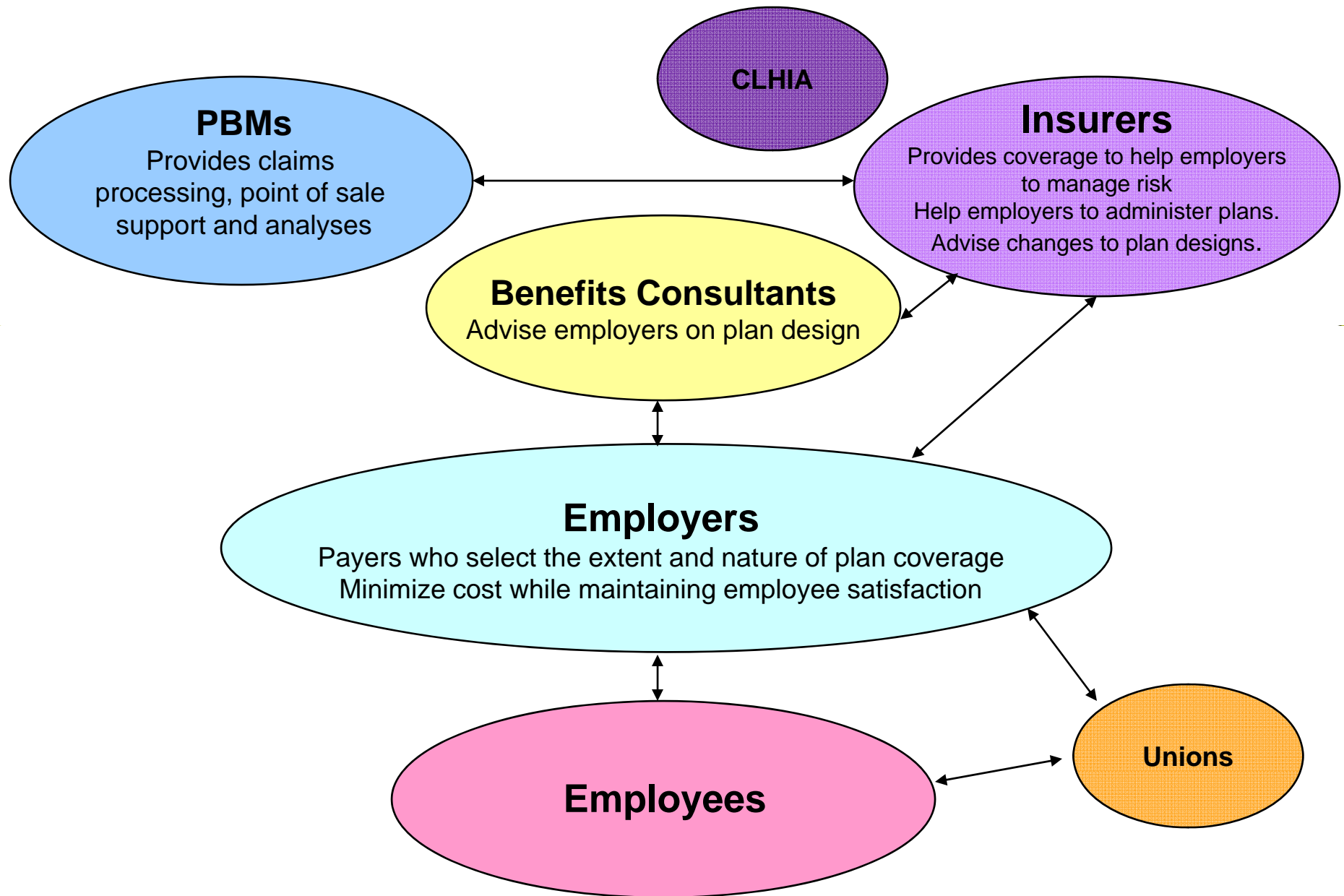
Private Coverage Overview



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Private Market Dynamics



What drives Private Payers?

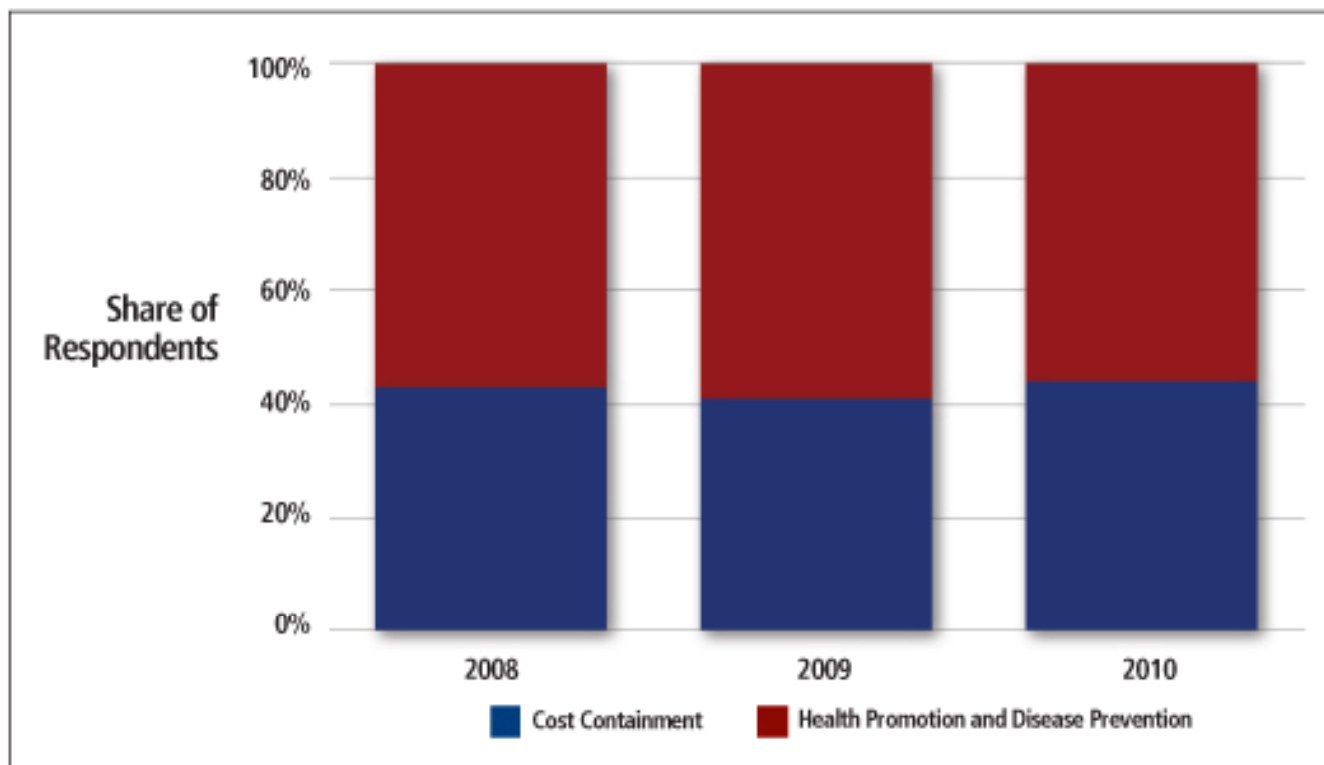


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Philosophy – Drug Benefits

Figure 5: Philosophical Approach to Drug Benefits



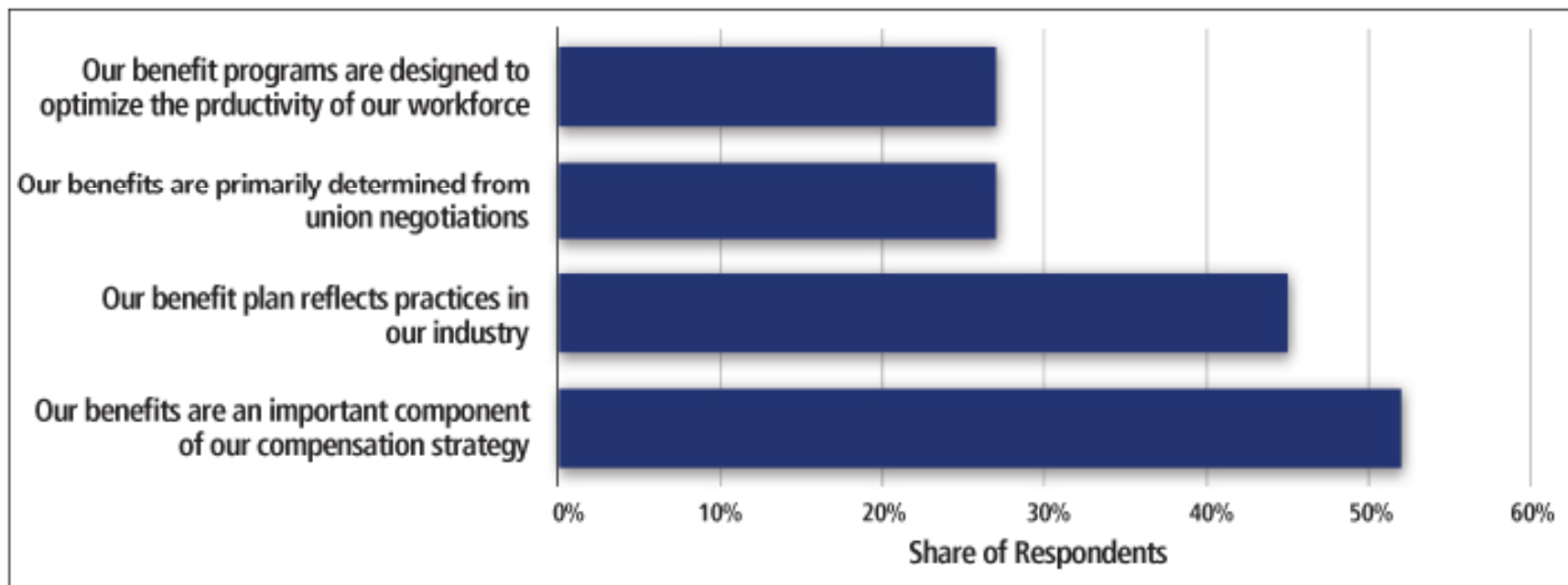
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Applied Management – Employer Survey 2010 8

Reasons for offering benefits

Figure 6: Reasons for Offering Benefits Programs.



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Applied Management – Employer Survey 2010 9



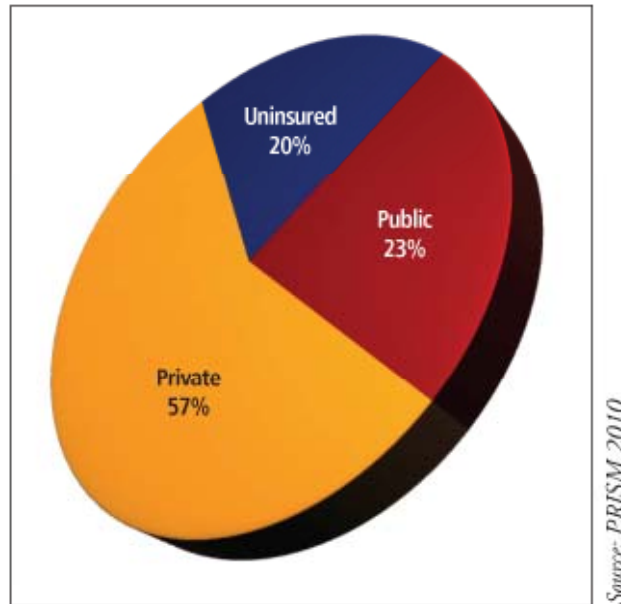
- 1. Drugs**
- 2. Absenteeism**
- 3. Disability**
- 4. Productivity**
- 5. Engagement**
- 6. Attraction & Retention**



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Benefit coverage for Canadians



- In most cases the only source of coverage for Canadians < 65 yrs is private insurance or paying out of pocket
- Less than 25% of Canadians > 65 yrs have access to private insurance and this will continue to decline.



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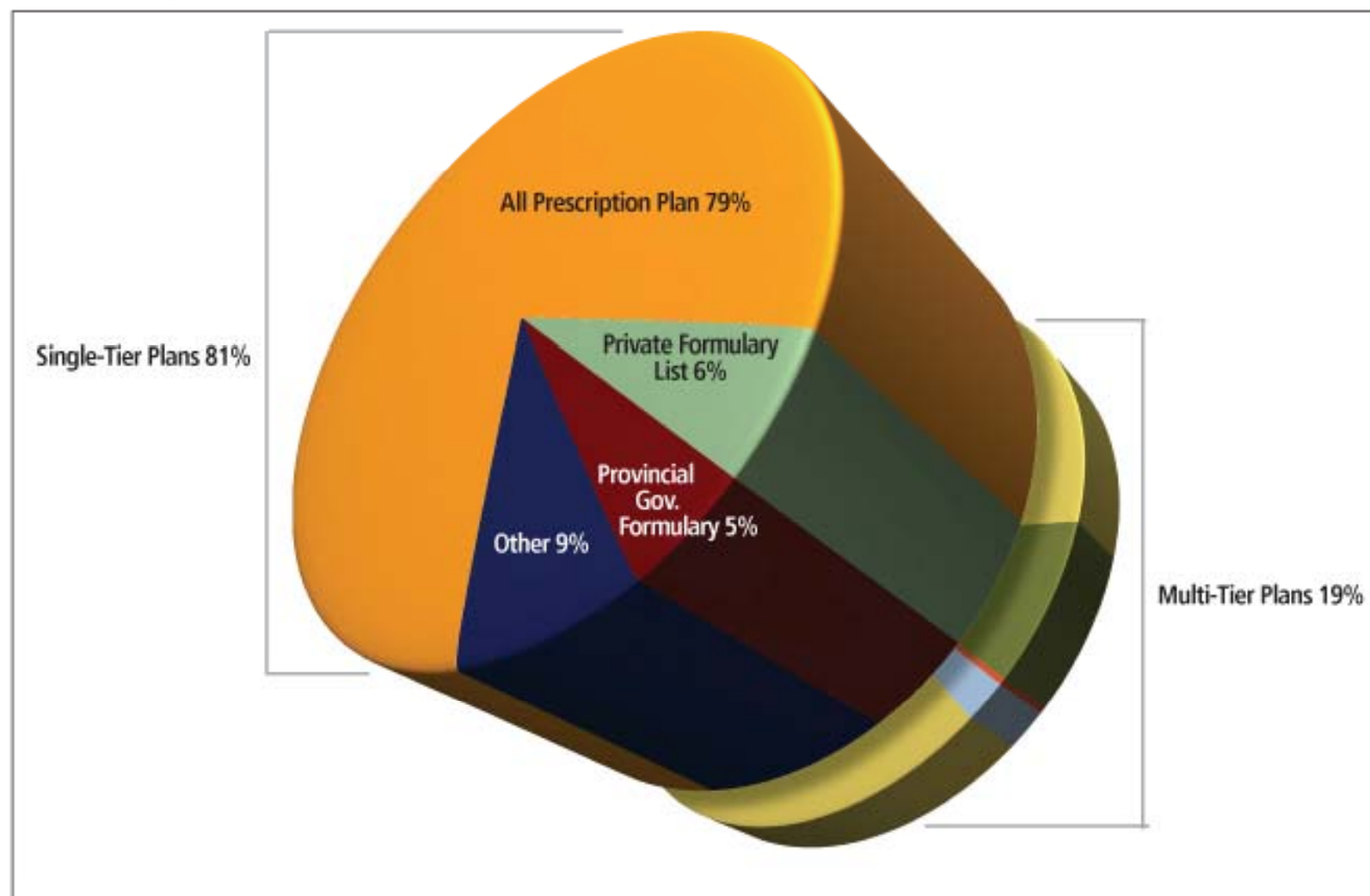
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Applied Management : Prism 2010

Formularies determine which drugs a private plan pays for



Figure 11: Share of Beneficiaries by Plan Types



Source: Applied Management Employer Database, 2009



Insurer's position on IV Drugs

Interpretation of Canada Health Act:

- Requires that medically necessary hospital and physician services be insured.
- Medically necessary hospital services include drugs, biologicals and related preparations when administered in a hospital
- If the hospital services (in-patient or out-patient) are “medically necessary for the purpose of maintaining health, preventing disease or treating an injury, illness or disability,”
 - **they are considered insured services under the Act**
 - **should be funded by the hospital global budget**



Biologics and Private Plans



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Biologics are in the cross hairs

Easy to target

- High price tag
- Top of drug plan lists
- Faster growth
- Increased quantity and indications
- Limited government coverage



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Biologics

- 14 - 16% of drug spend ^{1 2}
- < 1% of claims ³
- 33% of drug spend in 2014¹
- 60% of catastrophic claims ²
- Growing @ 14% per year [*vs 4% for other drugs*] ¹

1-ESI Canada 2010 Drug Trend Report

2-Telus Health Solutions 2010

3 -ESI Canada 2009 Drug Trend Report

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Managing Rx Costs

- “Prescription drug costs are the leading reason for health care cost inflation, and employers are actively combating drug cost increases”
- Top drivers of the increases in prescription drug costs
 - aging population
 - increase in **specialty drug use**
 - government cost shifting
 - drug company profits



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International Foundation of Employee Benefit Plans (IFEBP) survey, 2010 Group Health Care Cost Control in Canada, (poll of 665 Canadians from the employee benefits industry)

Top Therapeutic Classes by Paid Amount	
2010 YTD (Nov 2010)	
1. Cholesterol	8.9%
2. Blood Pressure	7.5%
3. Depression	7.1%
4. Diabetes	6.6%
5. Rheumatoid Arthritis	6.3%
6. Ulcers	6.1%
7. Asthma	5.1%
8. Antibiotics	4.5%
9. Narcotics	4.4%
10. Skin Disorders	3.2%

Telus Health Solutions 2010

TELUS Health Top DINs By Paid Amount

BRAND_NAME	GENERIC_NAME
REMICADE INJECTION	INFLIXIMAB
LIPITOR 20MG TABLET	ATORVASTATIN CALCIUM
LIPITOR 10MG TABLET	ATORVASTATIN CALCIUM
NEXIUM 40MG TABLET	ESOMEPRAZOLE MAGNESIUM TRIHYDRATE
CRESTOR 10MG TABLET	ROSUVASTATIN CALCIUM
ENBREL 50MG INJECTION	ETANERCEPT
LIPITOR 40MG TABLET	ATORVASTATIN CALCIUM
HUMIRA 40MG/0.8ML PFS INJ	ADALIMUMAB
PLAVIX 75MG TABLET	CLOPIDOGREL BISULFATE
PREVACID 30MG CAPSULE	LANSOPRAZOLE
NORVASC 5MG TABLET	AMLODIPINE BESYLATE
EZETROL 10MG TABLET	EZETIMIBE
ACTONEL 35MG TABLET	RISEDRONATE SODIUM

Managing Rx Costs

- Want lowest cost therapeutic alternative
- Limited expertise in evaluating clinical evidence, assessing health outcomes and health economics
- May look to CADTH/CDR for guidance
- Prior authorization – right drug, right person, right time and right location
- Integration with government programs



Managing Rx Costs

- To help control rising prescription drug costs, employers have implemented a number of cost-management techniques including:
 1. Pay-direct card plans (71%),
 2. Promoting the use of generic drugs (62%)
 3. Requiring participant contributions (59%).
 4. Informing employees of the costs of filling prescriptions in an effort to make employees smarter consumers (48%)
- Compared to 2009, Canadian employers in 2010 are more apt to use the following strategies:
 1. promote the use of generic drugs,
 2. place limits on specialty or biotech drugs,
 3. high-amount claims pooling,
 4. lowest-cost alternatives
 5. prior authorization
 6. utilization management
 7. pharmacy benefit managers
 8. step therapy
 9. therapeutic substitution

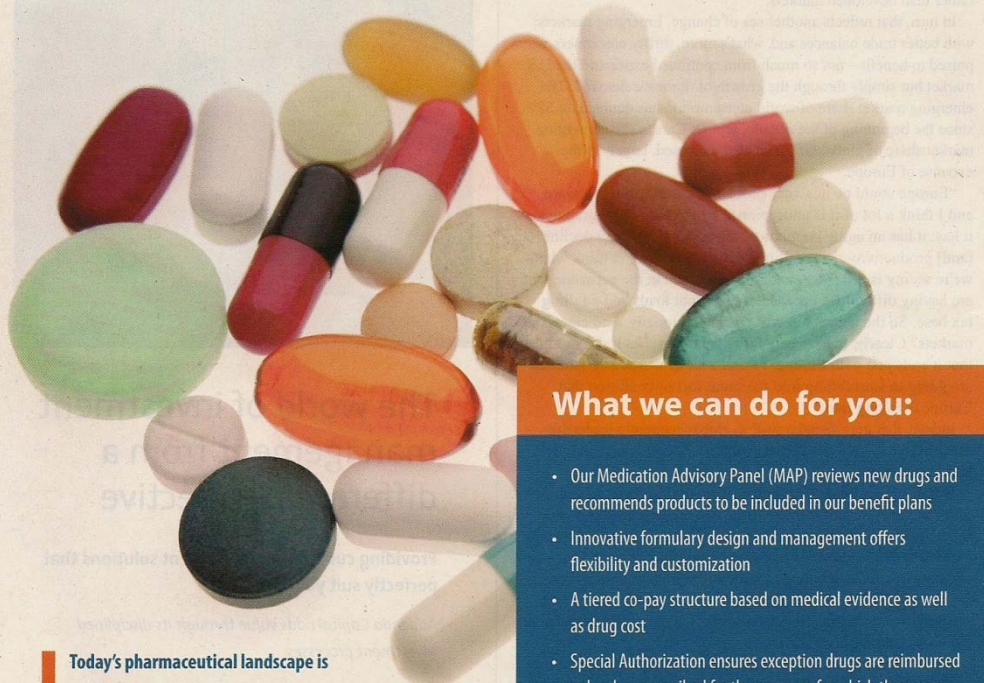


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At Medavie Blue Cross, our flexibility means **Optimal Benefit Management Solutions**



Today's pharmaceutical landscape is changing quickly. While plan sponsors will see some relief to their drug plan costs with generic product entries, there are many new drugs entering the market, bringing both health advances and higher price tags.

The need for an innovative, adaptable and outside-the-box approach to benefit management has never been greater.

At Medavie Blue Cross, we work with our clients to create solutions that are right for them. Visit our website at www.medavie.bluecross.ca/optimalbenefits for more information.

What we can do for you:

- Our Medication Advisory Panel (MAP) reviews new drugs and recommends products to be included in our benefit plans
- Innovative formulary design and management offers flexibility and customization
- A tiered co-pay structure based on medical evidence as well as drug cost
- Special Authorization ensures exception drugs are reimbursed only when prescribed for the purposes for which they were intended and the treatment guidelines are followed
- With Step Therapy, equally effective lower-cost drugs are tried before more expensive medications
- Our Supplemental to Government policy ensures benefits offered under our plans supplement – not duplicate – those provided by government
- On-staff pharmacists available for employer consultations
- We can provide our clients with a statement quantifying the savings they see when benefit management solutions are applied

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Questions and Discussion



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