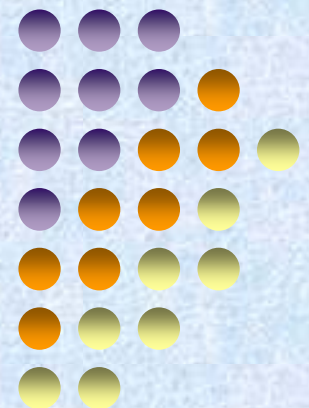


# Utilization Management Agreements: A new policy direction

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*April 19, 2009*

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Manitoba Health and Healthy Living



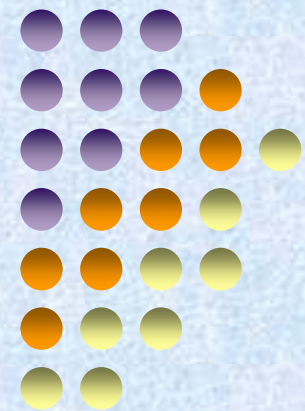
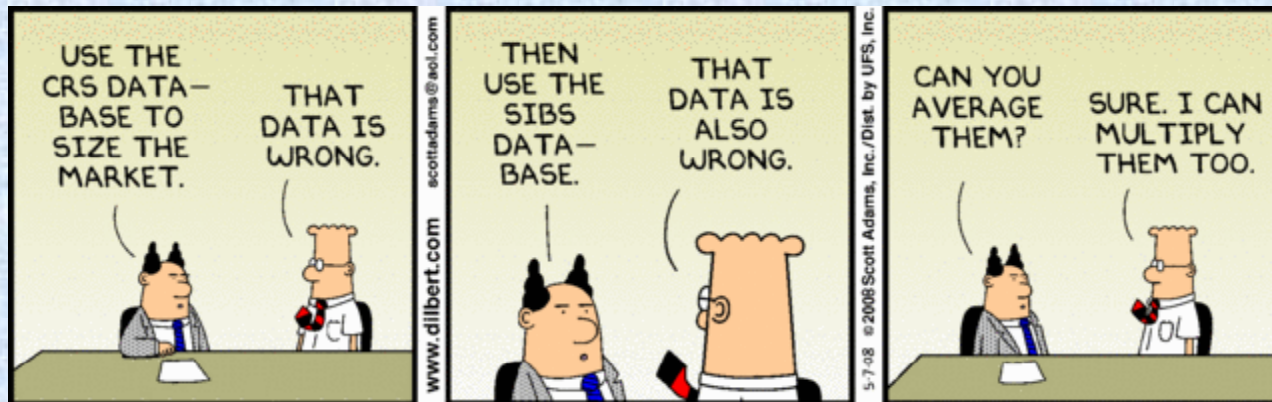
# Presentation Outline

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- Expenditure Trends
- Manitoba Strategic Direction
  - Generic Submission Requirements
  - Utilization Management Agreements (UMAs)
- Utilization Management
  - What are Utilization Management Initiatives
  - Engagement
  - Next Steps
  - Opportunities
- Questions

# Expenditure Trends





# Expenditure Trends - Overview

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- According to the Canadian Institute for Health Information (CIHI) Report *National Health Expenditure Trends, 1975 to 2008*:
  - Health expenditures, as a proportion of GDP, grew to an estimated 10.7%, the highest share ever recorded.
  - Hospitals continue to make up the largest component of Canada's health care spending - 28.0% (\$48.1 billion) of total health care spending, down from 30.7% in 1998 and 44.7% in 1975.
  - This year spending on drugs is expected to grow faster (8.3%) than spending on hospitals (5.8%) or physicians (6.2%).
  - Prescribed drugs and dental care account for the largest shares of private health care spending.



# Expenditure Trends - Overview

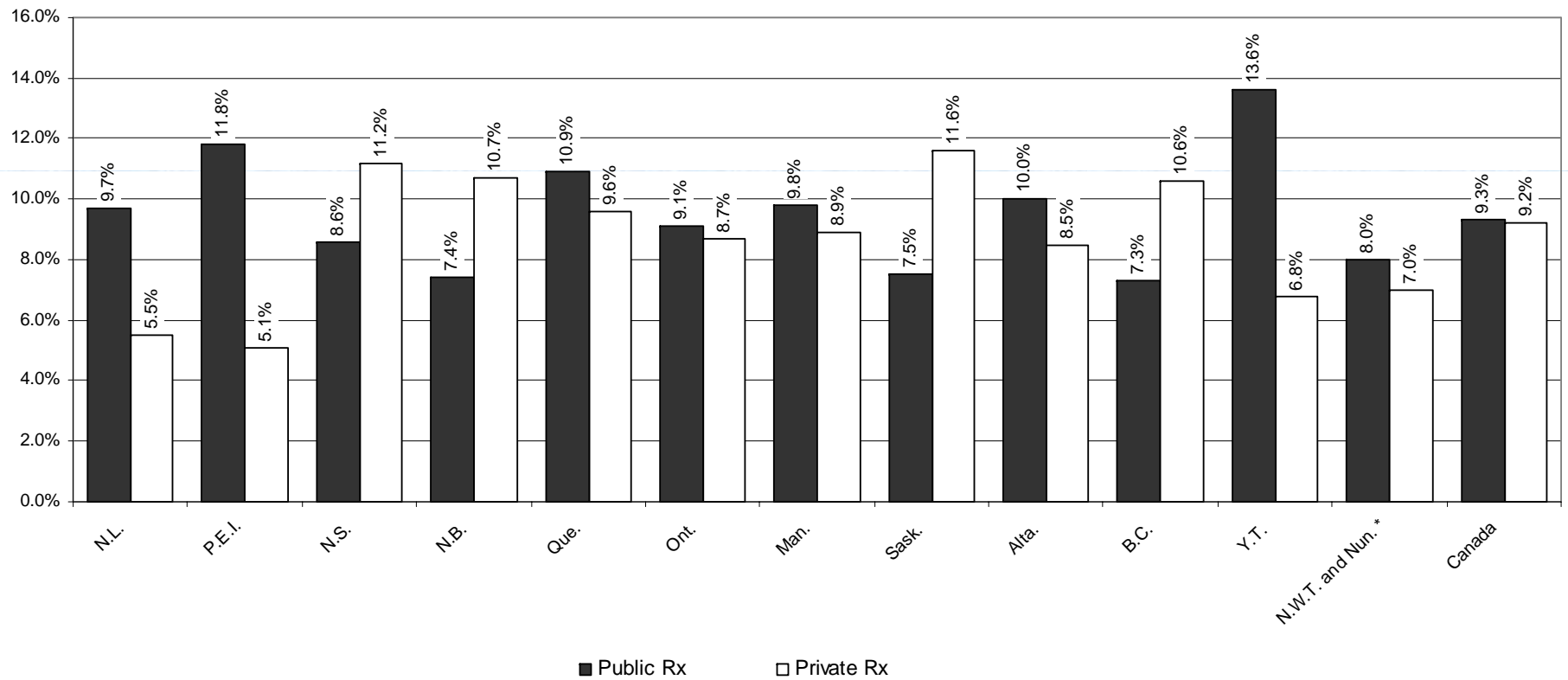
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- The CIHI Report *Drug Expenditure in Canada, 1985 to 2008* noted that:
  - In 2008, spending on drugs (including both prescribed and non-prescribed medications) is expected to account for 17.4% of health care spending (\$29.8 billion), up from 9.5% in 1985.
  - Over 2007, 2008 total drug expenditures are forecasted to have increased by 8.3% (\$29.8 billion up from \$27.5 billion)
  - Across Canada, the proportion of public spending on prescribed drugs financed by the public sector ranged from ~32% in New Brunswick to ~53% in Saskatchewan.

# Average Annual Growth Rate



Figure 15 Average Annual Growth Rate for Prescribed Drug Expenditure per Capita by Source of Finance, by Province/Territory, Between 1985 and 2008f



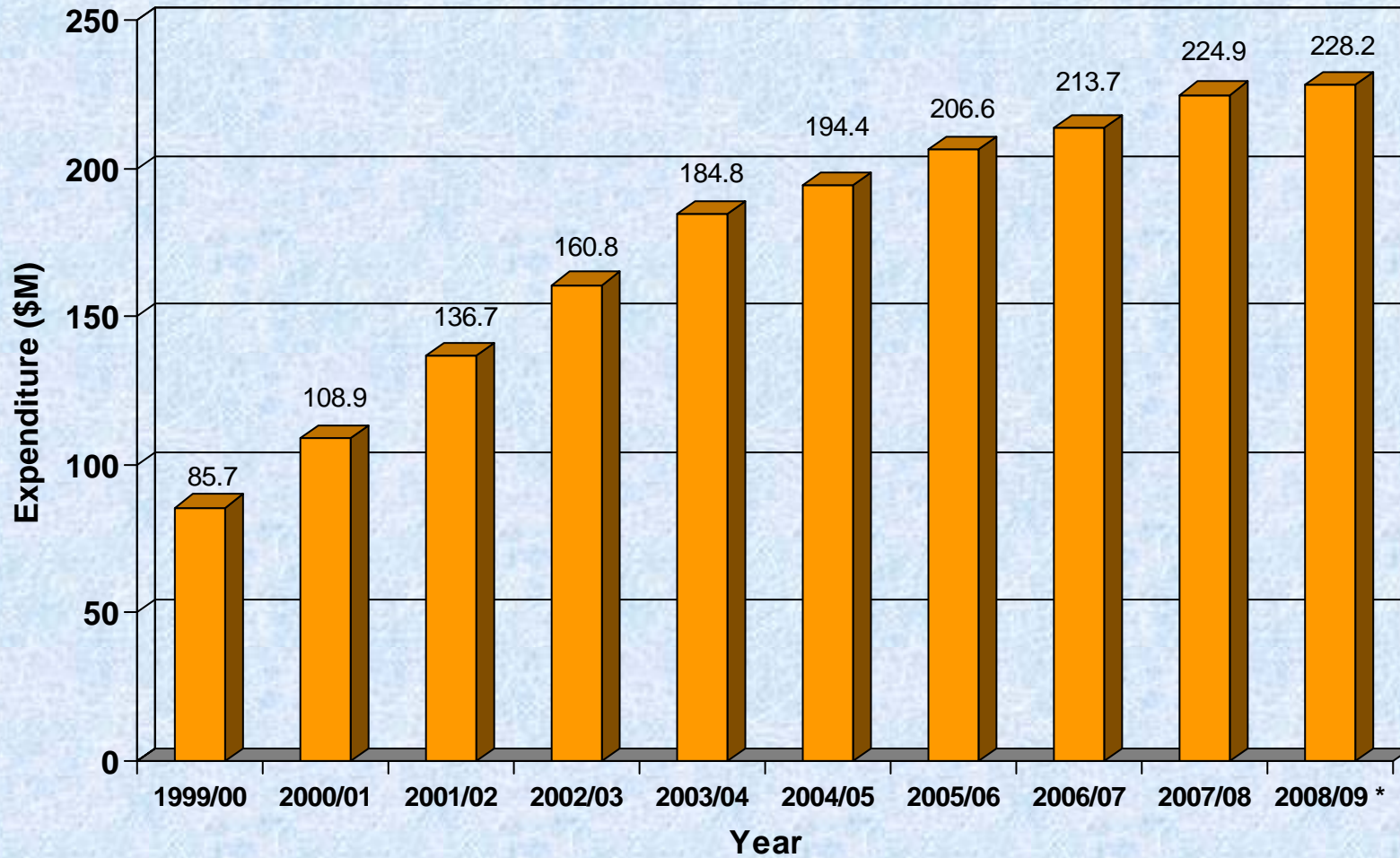
# Provincial Drug Programs - Overview

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- Manitoba Provincial Drug Programs (PDP) provides pharmaceutical benefits pursuant to the following programs:
  - Pharmacare
  - Employment and Income Assistance
  - Personal Care Home
  - Palliative Care

# Pharmacare Expenditures by Year



\* Projected





# Pharmacare Utilization Metrics

Utilization Metric	1999/2000	2008/2009	Variance
Number of Beneficiaries (family units)	62,519	87,943	41%
Number of Prescriptions	1.8M	3.2M	78%
Average Number of Prescriptions per Family	29.1	36.2	24.4%
Average Cost per Prescription	\$40.00	\$57.89	45%
Average Price per Prescription *(incl. dispensing fees)	\$47.08	\$70.70	50%
Dispensing Fee as a Percentage of Total Costs	15.0%	18.2%	21%

# Utilization Trends

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- In Manitoba, the therapeutic categories with the greatest contribution to change in prescription transactions were:
  - Mental Health Products;
  - Drugs for Acid-Related Disorders;
  - Serum Lipid Reducing Agents; and
  - Drugs Used in Diabetes.

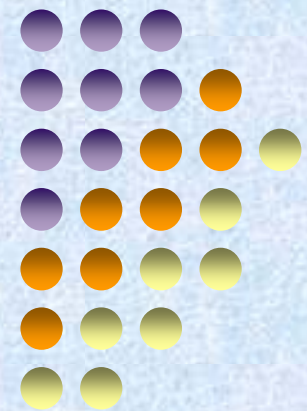


# Utilization & Cost Drivers

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- Prescription expenditures and the number of claims are influenced by a number of factors which include:
  - Incidence and treatment of diseases
  - Structure of pharmaceutical markets
  - Federal, provincial, and territorial pharmaceutical policy
  - Physician prescribing patterns/practices
  - Patient compliance and persistence to treatment
- To a lesser extent, changes to patient demographics (eg. ageing) impact prescription expenditures growth; demographics account for only 1.1% of overall annual expenditure growth in Manitoba.

# Manitoba Strategic Direction





# Manitoba – Strategic Direction

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- The Office of the Auditor General (OAG) Report of April 2006 noted various recommendations including that Manitoba Health and Healthy Living (MHHL):
  - “manage promotion and appropriate prescribing, measure health outcomes, and list the most cost-effective benefits”; and
  - “investigate practices to minimize commercial marketing practices”.



# Manitoba – Strategic Direction

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- In 2007, in consideration of the OAG Report's recommendations, Manitoba undertook a shift in strategic direction to:
  - realign organizational structure to expand HR capacity and expertise (i.e. establishment of pharmaceutical policy, drug utilization, and business management expertise);
  - focus on pharmaceutical policy development to ensure appropriate physician prescribing, and pharmaceutical use, and industry marketing/promotion; and
  - evaluate the unique value proposition for each new product.
- Therefore MHHL:
  - introduced UMAs as a listing requirement in Manitoba;
  - revised generic submission requirements; and
  - Implemented process improvements to increase operational efficiencies.

# Manitoba – Strategic Direction

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- A UMA is a legal contract between MHHL & the manufacturer and is designed to:
  - delineate the unique value proposition of the pharmaceutical product;
  - ensure accurate cost projections;
  - establish appropriate risk sharing mechanisms;
  - focus on appropriate prescribing and utilization; and
  - focus on health outcomes.
- The revised generic submission criteria were developed to obtain more equitable generic drug prices for Manitobans, ensure adequate product supply, and establish price guarantees without regulating commercial business practices.

# UMAs – Success to Date

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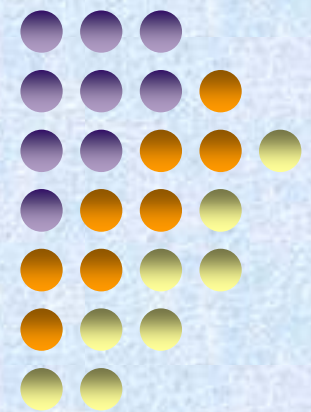


- Pharmaceutical companies have responded favourably to the UMA listing requirement.
- Recently, the UMA approach has been introduced to multisource products in high utilization categories (Proton Pump Inhibitors (PPIs) and second-generation antipsychotics).
- UMAs have resulted in the:
  - development of accurate cost projections – expenditures projected to be “at print”;
  - establishment of appropriate risk sharing mechanisms that are based on Manitoba-specific budget impact models;
  - assurance between the product marketing/promotion and the product’s agreed-upon unique value proposition; and
  - commitments for specific utilization and/or health outcomes research initiatives.



# Utilization Management

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# Utilization Management Initiatives

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- Utilization management is applicable to all pharmaceutical products.
- Utilization Management Initiatives are designed to evaluate the appropriateness, medical need and efficiency of health care services/procedures and facilities according to established criteria or guidelines under the provisions of an applicable health benefits plan.
- Utilization management improves patient safety and health outcomes through directed education, and collaboration with other health professions to identify and intervene where appropriate in clinically significant deviations from current medically endorsed clinical prescribing guidelines or recommendations.

# Engagement

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- Key Stakeholders play a critical role in utilization management. For example:
  - Identifying indicators that may influence health outcomes, such as inappropriate dosage, situations of duplicate therapy, or deviations from current clinical prescribing guidelines
  - Developing and validating intervention strategies, resources, and communications
  - Designing real world health outcomes and effectiveness studies

# Next Steps

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- Currently, initiatives, in the form of population-based programs, pilots, or data collection studies, are in development for the following therapeutic categories:
  - Mental Health Products
  - PPIs
  - Diabetic Products
- Initiatives should roll out over the next 12 to 24 months.

# Opportunities

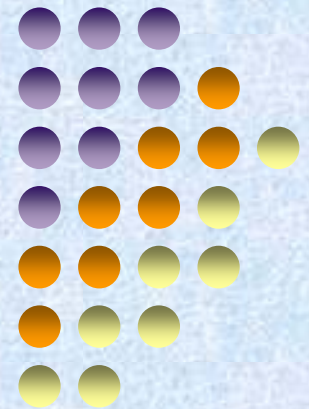
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- Focus on appropriate utilization
- Application of portfolio management
- Initiate dialogue early in the market access process
- Maximize potential of the pharmaceutical product
- Continuous Learning

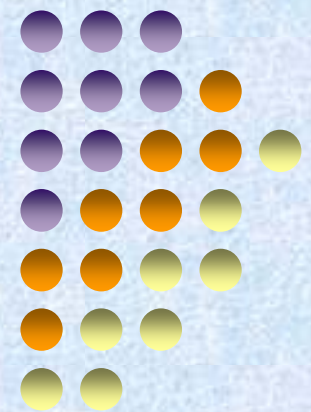
**An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.**

**Jack Welch**



# Questions

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**Thank you!**

