



# Drug Plan Management in an Era of Catapulting Growth

## CPBI Southern Alberta Professional Development Day

**October 7, 2015**



# Agenda

## 2015 is going to be a BIG year for drug spending

Today we will discuss:

- What is changing in the drug landscape to drive drug spending to new heights
- Why this is happening now
- What you can do to keep your drug plan affordable and sustainable





# Test Poll

- **37607 to join**
- **text LIFEKO**
- **Then text response**

**Polling uses standard text messaging, so no extra fees and watch out for auto-correct!**





Practice poll questions:

1. Have you already started your christmas shopping?
1. Have you already finished your christmas shopping?

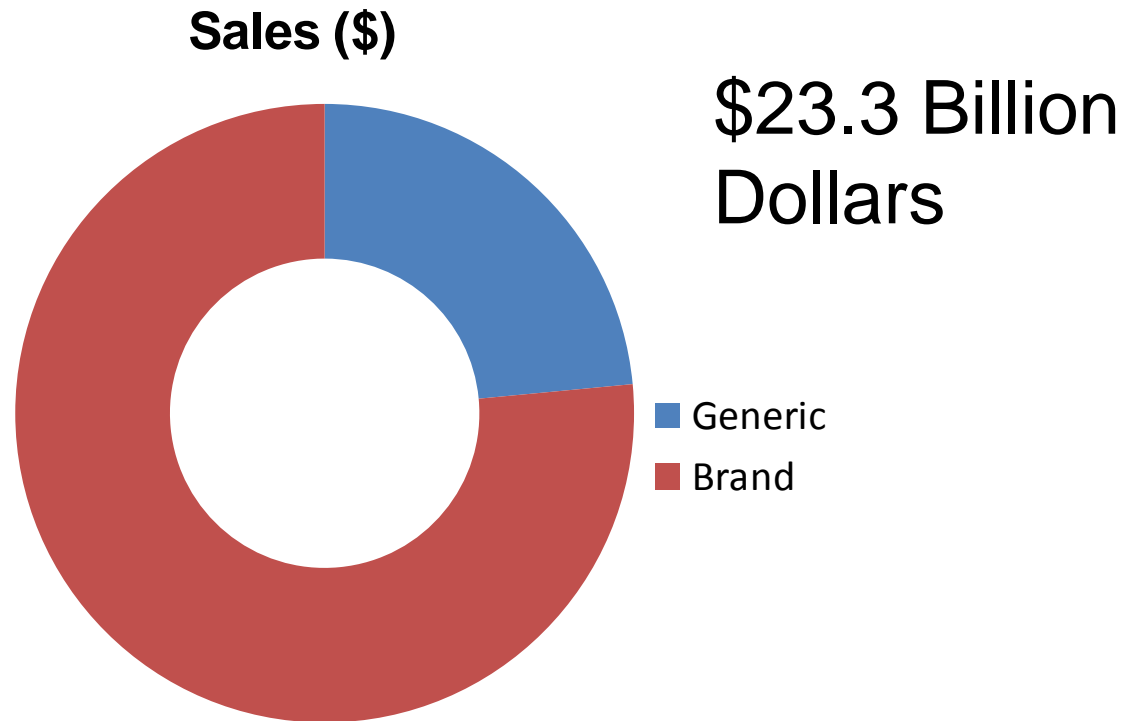


## POLL

- How much was spent on prescription drugs in Canada in 2014?



# Canadian drug spending 2014





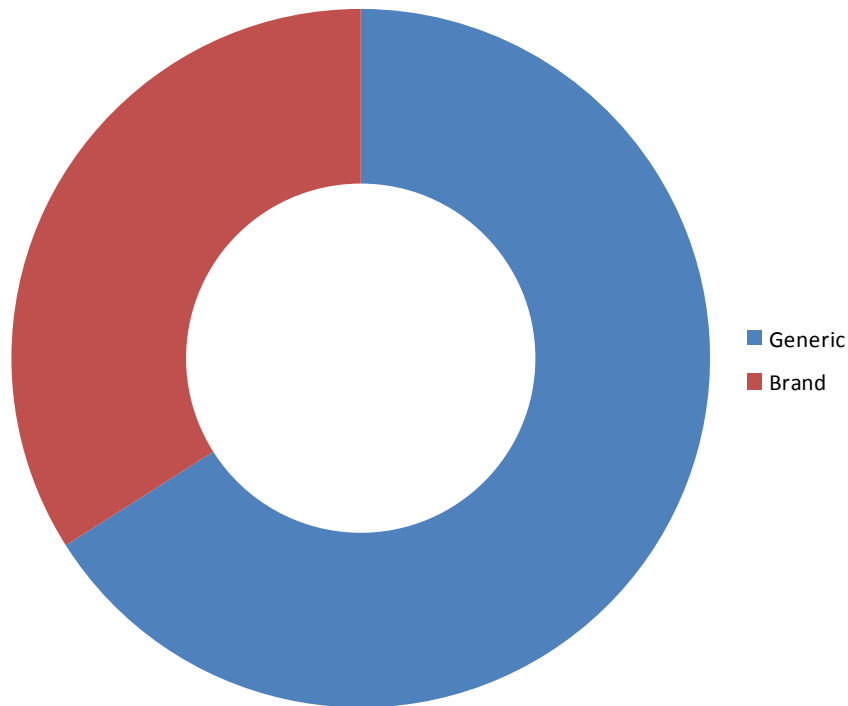
## POLL

- How many prescriptions were filled in Canada in 2014?



# Canadian Prescriptions filled 2014

Number of Claims (#)



599 Million  
Prescriptions





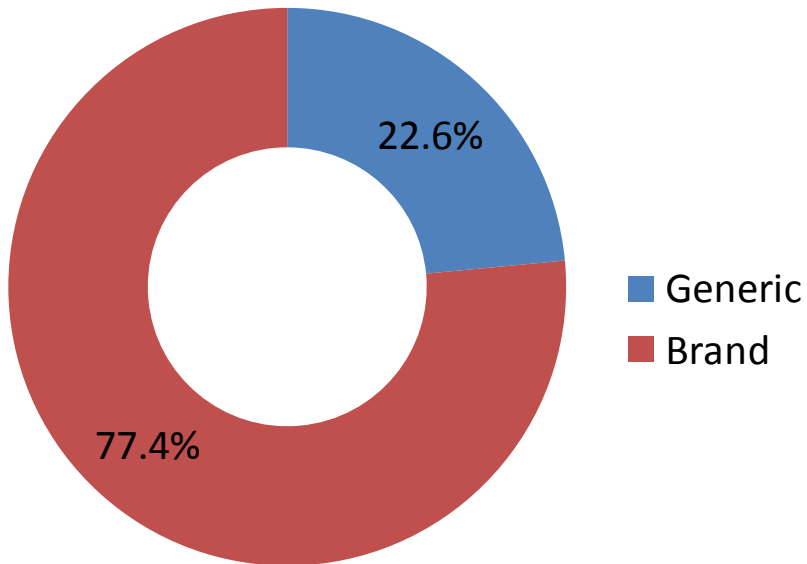
## POLL

- What percentage of prescriptions filled in Canada in 2014 were filled with a generic drug?



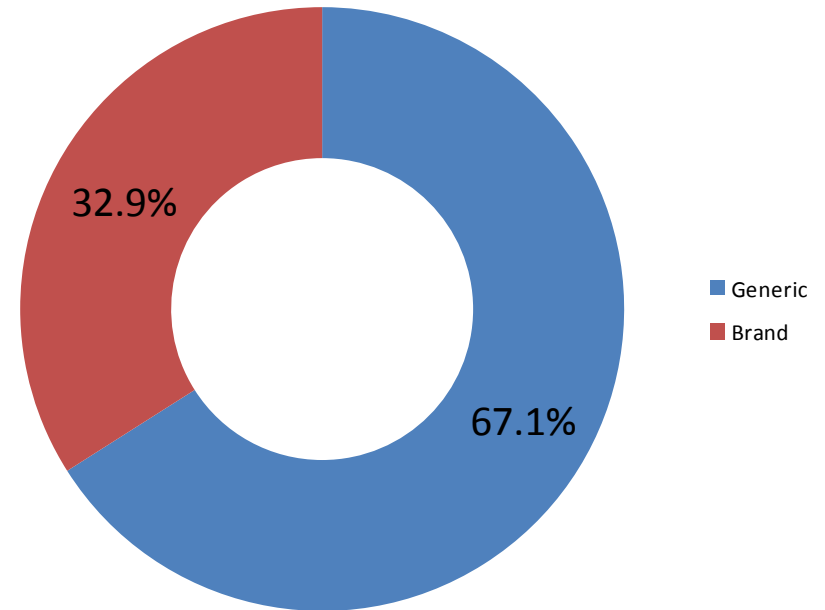
# Total Canadian Rx drug spending 2014

### Sales (\$)



\$23.3 Billion Dollars

### Number of Claims (#)



599 Million Prescriptions



# 2015 poised for major growth!

Why?

High cost biologic and specialty drugs are dominating the market but this is not new. What has changed?

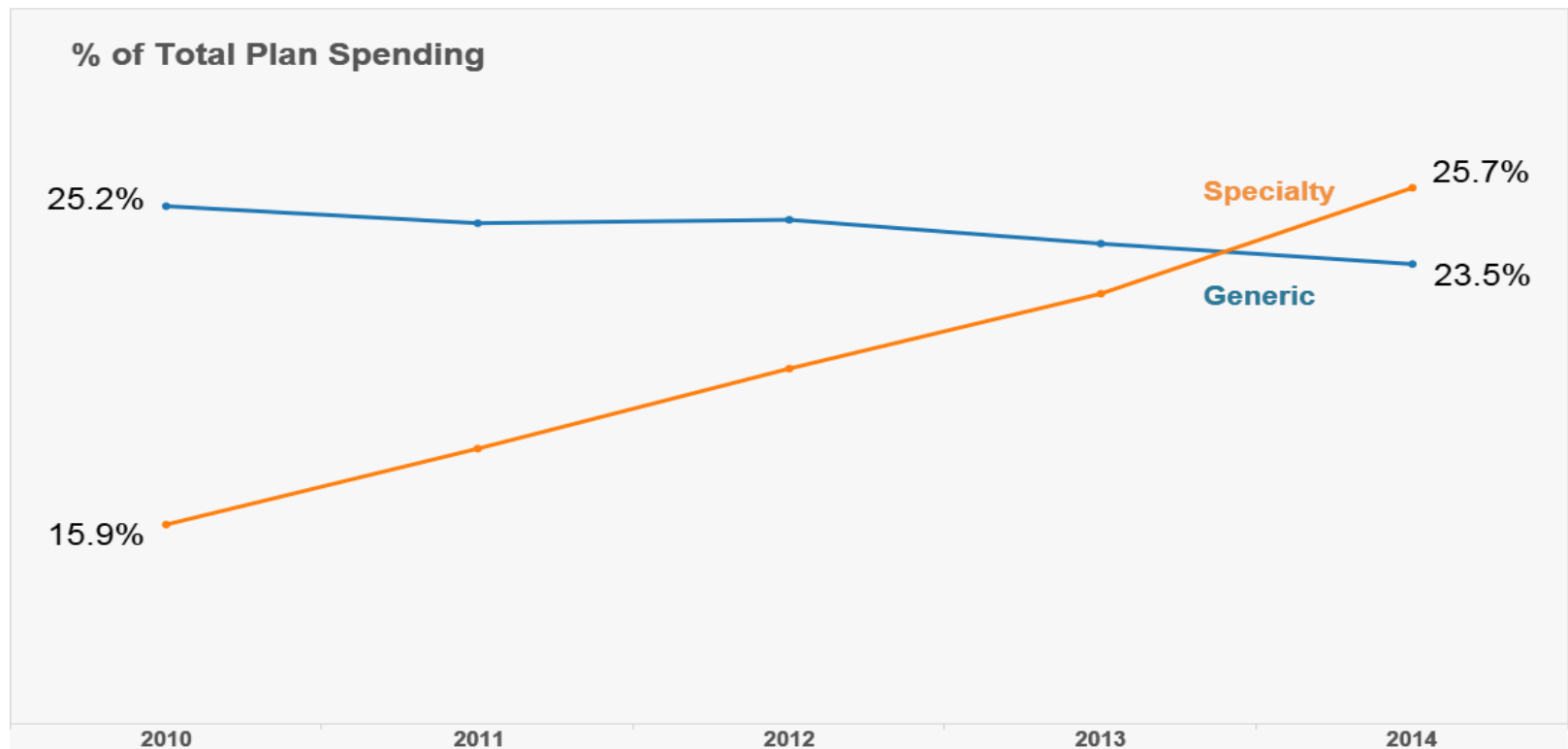
Effect of patent cliff over

Large numbers of new specialty/biologic drugs coming to market and unlike the past, a growing number are for more common conditions



# Era of Passive Savings is Over

- **2014 was the Year of Inversion:** Plans covering Canada's workforce now spend more on specialty drugs than on all generics combined



Source: Cubic Health Canadian Drug Database, 2015



# Hepatitis C

Why and how this will impact private plans



# Hepatitis C

- Hepatitis C is a virus that harms the liver
- Estimates of over 300,000 Canadians infected
  - Less than half are aware of diagnosis
- Transmitted from person to person through contact with blood
- Slow disease progression
- 25% of people will clear the infection on their own



- Old generation drugs not very effective (50% cure rate) and significant side effects during 12 months of treatment
- New generation drugs very effective (90% cure rate) with fewer side effects during 12 – 24 weeks of treatment



# New Hepatitis C treatments

Brand Name (chemical name)	Other drugs used in combination	Length of Treatment	Estimated total treatment cost
Galexos (Simeprevir)	Ribavirin and interferon	12 weeks Triple therapy. Additional 36 weeks of Ribavirin and Peginterferon alfa	\$53,000 – \$64,000
Sovaldi (Sofosbuvir)	Ribavirin +/- interferon	12 – 24 weeks	\$67,000 - \$135,000
Harvoni (Ledipasvir/Sofosbuvir)	None	8, 12 or 24 weeks	\$51,000 \$72,000 \$154,000
Holkira Pak (Ombitasvir/Paritaprevir/Ritonavir and Dasabuvir)	+/- Ribavirin	12 – 24 weeks	\$64,000 - \$128,000





## Public Health Agency of Canada

- Screening for those with risk factors such as injection drug use and immigration from high-risk countries

## Canadian Liver Foundation recommendation

- Screen all born between 1945 and 1975

## What is the outcome of baby boomer screening?

- Large increase of Hepatitis C patients seeking treatment



<b>Top 10 DINs by % of Paid - 2013</b>	<b>Therapeutic Class</b>	<b>% Paid</b>
REMICADE INJECTION	Rheumatoid Arthritis	3.9%
HUMIRA 40MG/0.8ML PFS INJ	Rheumatoid Arthritis	2.2%
ENBREL 50MG INJECTION	Rheumatoid Arthritis	1.5%
CIPRALEX 10MG TABLET	Depression	1.1%
NEXIUM 40MG TABLET	Gastrointestinal/Ulcers	0.9%
APO-ESOMEPRAZOLE 40MG TABLET	Gastrointestinal/Ulcers	0.9%
SYMBICORT 200 TURBUHALER	Respiratory disorders/allergies	0.9%
CYMBALTA 60MG DR CAPSULE	Depression	0.9%
EZETROL 10MG TABLET	Cholesterol Disorders	0.8%

<b>Top 10 DINs by % of Paid - 2014</b>	<b>Therapeutic Class</b>	<b>% of Paid</b>
REMICADE 100MG INJECTION	Rheumatoid Arthritis	4.2%
HUMIRA 40MG/0.8ML PFS INJ	Rheumatoid Arthritis	2.4%
ENBREL 50MG INJECTION	Rheumatoid Arthritis	1.4%
SOVALDI 400MG TABLET	HIV/Hepatitis	1.1%
CIPRALEX 10MG TABLET	Depression	1.1%
CYMBALTA 60MG DR CAPSULE	Depression	0.9%
SYMBICORT 200 TURBUHALER	Respiratory disorders/allergies	0.9%
APO-ESOMEPRAZOLE 40MG TABLET	Gastrointestinal/Ulcers	0.9%
NEXIUM 40MG TABLET	Gastrointestinal/Ulcers	0.8%
VICTOZA MULTIDOSE PEN INJECTOR	Diabetes	0.7%

<b>Top 10 DINs by % of Paid - Jan/Feb 2015</b>	<b>Therapeutic Class</b>	<b>% of Paid</b>
REMICADE 100MG INJECTION	Rheumatoid Arthritis	4.3%
HUMIRA 40MG/0.8ML PFS INJ	Rheumatoid Arthritis	2.6%
HARVONI 90MG/400MG TABLET	HIV/Hepatitis	2.5%
ENBREL 50MG INJECTION	Rheumatoid Arthritis	1.4%
SYMBICORT 200 TURBUHALER	Respiratory disorders/allergies	1.0%
CYMBALTA 60MG DR CAPSULE	Depression	1.0%
APO-ESOMEPRAZOLE 40MG TABLET	Gastrointestinal/Ulcers	0.8%
NEXIUM 40MG TABLET	Gastrointestinal/Ulcers	0.8%
VICTOZA MULTIDOSE PEN INJECTOR	Diabetes	0.7%
NEULASTA 10MG/ML PFS WITH ULTR	Blood Formation	0.7%



## POLL

- If all Canadians estimated to have Hep C are treated with one of the new Hep C drugs at an average cost of \$100,000 how much will be spent?



# The cost of treating Hepatitis C in Canada

- \$30 billion dollars
- We spend \$23.3 billion for all drugs in Canada today



# Biologic cholesterol drugs

Why and how this will impact private plans



# PCSK9 – biologic for cholesterol

PCSK9 - Proprotein Convertase Subtilisin/Kexin type 9

- A gene that regulates the body's LDL receptors, overseeing the process by which the liver cleans bad cholesterol out of the blood

First PCSK9 inhibitor now approved in Canada – **Repatha**

- Injectable antibody (i.e., biologic), administered every 2-4 weeks

Estimates of \$7,000 - \$12,000 per year treatment cost in Canada

Sources: Health Affairs Blog 2015 <http://healthaffairs.org/blog/2015/02/17/in-the-debate-about-cost-and-efficacy-pcsk9-inhibitors-may-be-the-biggest-challenge-yet/>



# PCSK9 – biologic for cholesterol

...with a potential \$2.6 billion annual impact

11% of current  
Canadian drug  
spending!

At \$7,000 annual treatment cost:

Indication	Prevalence	Annual Cost	Therapeutic Alternatives
Familial Hypercholesterolemia	70,000 Canadians	\$0.5 billion	Statins LDL Apheresis
LDL > 190	100,000 Canadians	\$0.7 billion	Statins
Intolerant/Unresponsive to Statins	200,000 Canadians	\$1.4 billion	Fibrates Niacin
<b>Potential Market Size (Public &amp; Private Payor)</b>		<b>\$2.6 billion</b>	

Sources: Health Affairs Blog 2015 <http://healthaffairs.org/blog/2015/02/17/in-the-debate-about-cost-and-efficacy-pcsk9-inhibitors-may-be-the-biggest-challenge-yet/>



# Drug Trend Impact Summary

- The patent cliff has ended reducing the opportunity to lower costs through generic drugs
- Hepatitis C will dominate drug plan spending in the next year
- Drug pipeline has a large percentage of high cost specialty drugs and some are targeted for more common conditions such as high cholesterol
- Drug trend is on the rise and drug plan sustainability is an issue





# What can be done about it?

Range of options:

- Absorb the costs
- Control the costs
- Shift the costs
- Eliminate benefits



## POLL

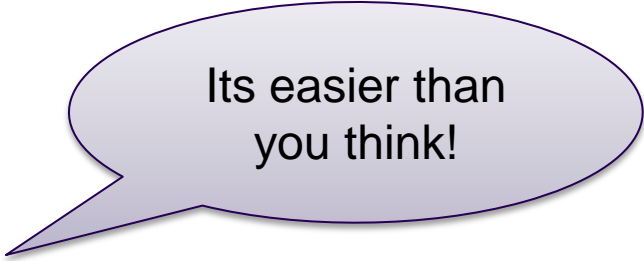
- How is your organization likely to respond?



# What can be done about it?

Range of options:

- Absorb the costs
- Control the costs
- Shift the costs
- Eliminate benefits



Its easier than  
you think!



# Controlling Drug Costs

## Strategic Plan Management and Communication

1. Work with your advisor or carrier to fully understand your drug plan spending
2. Refine your drug plan design ensure it fits your organization and the needs of plan members
3. Targeted management of high cost plan members
4. Manage high risk plan members by directing healthy behaviors



# Understanding drug spending

- **Identify costs and risks**
  - Drug Plan Performance Report
  - Groupnet Reports
  - Predictive drug plan management report
  - Organizational Health Risk Report



# Drug Plan Analysis

## Case Study

- Large increase in drug spending
- HR is meeting with finance, need to explain reasons behind increase and what can be done about it
- The answers lie in the data



# Large increase in drug spending per claimant (15.9%)

Figure 1: Claims Experience

	Feb 2014-Jan 2015			Feb 2013-Jan 2014			May 2012-Jan 2013		
	Employee	Dependent	Total	Employee	Dependent	Total	Employee	Dependent	Total
Number making claims	320	195	515	178	101	279	128	67	195
Total claims	5,056	2,146	7,202	2,242	787	3,029	1,344	423	1,767
Total amount submitted	\$224,798	\$92,619	\$317,417	\$104,825	\$33,069	\$137,894	\$67,767	\$18,621	\$86,388
Total amount covered	\$221,205	\$91,309	\$312,514	\$104,825	\$33,069	\$137,894	\$67,767	\$18,621	\$86,388
Total amount paid	\$162,868	\$67,080	\$229,948	\$82,380	\$25,078	\$107,458	\$51,375	\$14,767	\$66,143
Average number of claims per claimant	15.80	11.01	13.98	12.60	7.79	10.86	10.50	6.31	9.06
Average amount paid per claimant	\$508.96	\$344.00	\$446.50	\$462.81	\$248.30	\$385.16	\$401.37	\$220.41	\$339.19



# Average prescription costs decreased

Figure 2: Claim Cost Breakdown

	Feb 2014-Jan 2015	Feb 2013-Jan 2014	May 2012-Jan 2013
Average covered claim cost	\$43.38	\$45.51	\$48.88
Average covered ingredient cost	\$32.56	\$34.45	\$38.12
Average covered dispense fee*	\$10.82	\$11.06	\$10.76





# No biologic/specialty drugs driving increase

Figure 5: Top Therapeutic Classifications from May 2014 to Apr 2015

Therapeutic Class	Amount paid	Percent of total	Great-West percent of total
Depression	\$29,540	12.66%	6.65%
Blood Pressure	\$23,021	9.87%	6.78%
Diabetes	\$19,618	8.41%	8.23%
Gastrointestinal/Ulcers	\$16,451	7.05%	4.83%
Birth Control	\$13,795	5.91%	2.80%



# Generic fill rates are excellent

Figure 4: Brand vs. Generic Drug Claims

	Feb 2014 - Jan 2015		Feb 2013 - Jan 2014		May 2012 - Jan 2013	
	Brand	Generic	Brand	Generic	Brand	Generic
Number of claims	2,432	4,770	1,053	1,976	622	1,145
Percent of total	33.77%	66.23%	34.76%	65.24%	35.20%	64.80%
Amount paid	\$123,712	\$106,236	\$60,950	\$46,509	\$36,530	\$29,612
Percent of total	53.80%	46.20%	56.72%	43.28%	55.23%	44.77%
	2015		2014		2013	
	Brand	Generic	Brand	Generic	Brand	Generic
Great-West percent of total number of claims	36.11%	63.89%	37.84%	62.16%	39.50%	60.50%
Great-West percent of total amount paid	71.47%	28.53%	71.24%	28.76%	70.82%	29.18%



# Increase in claims-per-claimant of 3.12

- additional cost of \$135.35 based on avg Rx cost of \$43.38

Figure 1: Claims Experience

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## Refine the drug plan design

- Be strategic to reduce the number of claims and claims cost, not just shift costs to employees:
  - Dispensing fee cap
  - Dispensing fee frequency limits
  - Costco program
  - Education campaign for employees – 90 day supplies on maintenance drugs



## The right drug plan design should . . .

- Reflect the plans coverage philosophy
- Reflect the plans budget and other objectives
- Reflect the plans risk tolerance
- Eliminate ad-hoc decision-making
- Have criteria that can be applied uniformly and fairly
- Be clearly described in the plan text/member communications
- Be reviewed on a regular basis to ensure it meets objectives



# Managing high cost plan members

- Not about eliminating drugs!
  - Prior authorization
  - Step therapy
  - Health case management
  - Specialty pharmacy network
  - Manufacturer agreements



October 2006

### Great-West drug prior authorization

Great-West Life's prior authorization process is designed to provide an effective approach to managing claims for specific prescription drugs by requiring prior approval from Great-West before reimbursement of these drugs can be considered. The practice of requesting additional information is designed to help:

- provide coverage for appropriate drug treatment
- ensure that drugs prescribed are considered reasonable treatment for the condition
- keep drug plans affordable and accessible
- ensure that drugs are reimbursed according to contractual provisions

### Prior authorization philosophy

Great-West believes it is important to authorize drugs when the cost of the authorization process makes economic sense, the administrative burden is reasonable and the effect on the claimant is minimal. This is a standard offering and a value-added adjudication service Great-West provides at no additional cost to plan sponsors.

### Drug review process

Great-West's drug review process includes a criteria-based review and a detailed assessment on a drug-by-drug basis rather than by drug class. The criteria established for this process helps evaluate the medical, financial and contractual impact of the drug to our plans. The drug review is done in consultation with Great-West's Medical Board, Health and Dental Benefits Drug Services unit and Group Marketing. An annual review of the current list of prior authorized drugs is also conducted to determine whether any drugs should be removed from this process.

### Drug selection process

Great-West does not authorize a therapeutic class of drugs. Each drug is reviewed independently. The addition of a drug to Great-West's prior authorization process is considered when the drug is introduced to the Canadian market or upon review of drug trends for existing drugs. Great-West may decide to authorize a drug that has been on the market for many years if there is a claiming pattern that suggests inappropriate prescribing or abuse.



**Prior Authorization Program - Remicade**  
 Great-West Life's arrangement... Reduce the cost of Remicade...  
 Great-West Life is implementing an initial Authorization Program. We're working to provide cost savings directly to eligible members.  
 Remicade is a specialty drug used for ankylosing spondylitis, psoriatic arthritis and psoriasis. It's included on Great-West's list of prior authorized drugs.  
 Our arrangement with Janssen is experienced by eligible plan members.  
 • Lower the annual total cost  
 • More closely align the cost with the same condition

**Prescription drug claim process changes: what they mean to you**  
 Prescription drug costs are a rapidly growing segment of total Canadian healthcare costs, funded largely through benefits plans or directly out of patients' pockets. While Great-West Life is making changes to claims processes to help curb this cost growth, we are committed to maintaining coverage for appropriate and effective healthcare treatment and recovery.  
 This document outlines important changes to Great-West's claims practices for prescription drugs, and what they mean to you. Please keep the information with your benefits plan documents.

**Health Case Management**  
 New drug treatments and breakthroughs are helping Canadians with conditions once thought to be untreatable. But with the cost of specialty medications ranging between \$30,000 and over \$600,000 per year, many Canadians are unable to afford them without the help of a group benefits plan.  
 Great-West is working hard to ensure that your benefits plan is sustainable while also providing coverage for effective treatment. Monitoring and managing treatment plans can help achieve better health outcomes without incurring unnecessary costs.  
 Case Management is a program that allows Great-West to work with patients who require treatment plans and their doctors to better understand the treatment plan and identify support, education and assistance. How Health Case Management can make a difference in your treatment plan effectiveness.  
 • A health case manager will work with patients and their doctors to ensure the effectiveness of a treatment plan (applies to new claims only).  
 • A health case manager can help improve a treatment plan that is not working effectively.  
 • A health case manager can help keep patients access and adherence to their treatment plan.  
 • A health case manager can help keep patients on their treatment plan.  
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 • A health case manager can help keep patients on their treatment plan.

**Great-West's Drug Prior Authorization**  
 This form is used to request prior authorization for a drug. It includes fields for drug name, quantity, and other details. A table at the bottom lists various drugs and their authorization status.



# Managing high risk plan members and directing healthy behaviours – most carriers have programs at NO COST

Canada's  
**healthyworkplace**month

Great-West Life Presents

**Healthy Mind, Healthy Body, Healthy Work**  
*...A Positive Workplace Works!*

The screenshot shows the Great-West Life GroupNet website. At the top, it says "Great-West Life GROUPNET by Web Motion". Below this is a navigation bar with links for "HEALTH HOME", "DRUGS", "CONDITIONS", "TESTS AND PROCEDURES", "COMMUNITY SUPPORT", "HEALTH TOOLS", and "HEALTH FEATURES". The main content area includes a search bar, a "How Healthy is Your Life?" section with a "START NOW" button, a "Subscribe to Great-West's FREE health newsletter!" section with an email input field and a "SUBSCRIBE" button, and a "HEALTH CENTRES" sidebar with categories like Men, Women, Family and Child, Seniors, Mental Health, Cancer, Diabetes, and Smoking. There is also a "TOP TEN ARTICLES" section and a "MOST POPULAR HEALTH TOOLS" section with icons for various calculators and tools.



**Great-West Life**  
Centre for  
Mental Health  
in the Workplace



# Closing

- Your drug plan costs are going up
- Are you ready for the new era?
- The tools and resources you need are available to help you design and manage a sustainable drug plan