

DRUG PRICING IN CANADA: MOBILIZING PATIENTS TO ACTION

November 15, 2016

Karen Voin

AVP, Group Benefits and Anti Fraud



Agenda

- Context
- Employer responses
- Insurance company responses
- CLHIA response
- Summary

Prescription Drugs: costs are rising again

- 2012 – 14 cost growth – while at historical lows – remained higher for private payers than provinces
- But, we are through the patent cliff now and costs are rising back to more of the historical average
 - Specialty drugs driving much of this and pose serious concern
 - New challenge: mass market + high costs = budget buster
 - Coming Challenge: Orphan Drugs
- Potential for fundamental pharmacare reform is growing
 - PMPRB, PCPA, HoC Health Committee, Council of Federation etc.

Employer Responses:

- Employers want aggressive cost management
 - Impact on employees is a key factor that impacts types of controls they will consider
- Openness to change is growing however, and more management of plans is a trend in the market
- Employers also asking for more aggressive interpretations of coordination rules with government plans

Insurance Company Responses:

- All carriers are actively promoting numerous drug plan management solutions to clients. For example:
 - Promote / require generic substitution and managed formulary designs
 - Preferred Provider Networks
 - Cost controls at point of service – maximum drug pricing, limitations in mark-up, frequency of dispensing (90 day for generic)
 - Pharmacy agreements
 - Prior authorization - right drug, right time
 - Case management – including health coaching
- In April 2012, industry launched a Canada wide drug pooling solution for all fully insured plans

What is CLHIA's response to all of this?

- Focus on four priority areas:
 1. Continued advocacy to join the provinces to negotiate lower pricing
 2. Focus on development of collaborative public/private approach to "orphan drugs"
 3. Supporting of PMPRB Reform and enhance Federal role
 4. Proactive engagement in "pharmacare" debate

In summary

- Potential for fundamental changes to the market
- Accelerating cost pressures on all payers as more rare(ish) high cost drugs come to market
- Employers are warming to more management of formularies and insurers are responding
- Best approach will be greater collaboration between public and private payers