

# Perspectives

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GROUP INSURANCE and PHARMACEUTICAL COMMITTEE  
Educational Workshops – *Working Together for Better Solutions*



## Welcome to **Perspectives**, GIPC's Newsletter!

We are excited to introduce you to the first edition of our newsletter, which will be published periodically and which is designed to share information and resources on past and upcoming events with GIPC as well as other developments and news in the industry. We hope this newsletter will be a resource for you to consult and to find out what is happening in the industry. We welcome your feedback and suggestions.

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## 10<sup>TH</sup> ANNUAL 2013 GIPC SESSION

Interested to find out what has happened since last year and what can be expected going forward? Join us April 15, 2013 for the 10th Annual GIPC Event to listen to a cross-section of industry leaders discuss the latest hot topics:

- EP3 pooling: What are the different carrier approaches?
- What are the current trends and latest developments in the pharmaceutical industry?
- How is the face of pharmacy practice changing?
- Patient assistance programs: what are they and how do they work?
- What are some of the latest developments with employers' health benefits?

The event will be held at the Manulife Financial Building, 200 Bloor Street East, Toronto

To register, please contact **Marlene Tsukada** at [Marlene.Tsukada@markcap.com](mailto:Marlene.Tsukada@markcap.com)

Visit the GIPC website for more details:

[www.GIPC.ca](http://www.GIPC.ca)

# SUMMARY OF THE 9<sup>TH</sup> ANNUAL GIPC SESSION APRIL 16, 2012

## Private Drug Plans: Where are we now? Where are we going? What it all means

“Private drug plans are changing. What does the future hold?”

This was the core question posed to a leading cross-section of private drug plan stakeholders at the 9th annual GIPC session in Toronto. The day's events saw more than 225 registrants from across the industry come out to hear top thought leaders share their insights on this and other questions from the perspective of key drug/health plan stakeholders - an employer, a physician, a pharmacist, an insurer, and the research-based pharmaceutical industry.

The morning was kicked-off with an environmental scan by **Stephen Frank of the Canadian Life and Health Insurance Association (CLHIA)**. He noted that:

- Over the last decade, there has been a downward trend in annual drug cost growth – in part due to medicines coming off patent and recent provincial generic drug price reforms.
- Yet, even with declining growth rates, CLHIA members paid \$9.5 billion in drug costs in 2011 and concerns over drug plan sustainability are increasing, especially with small to medium enterprises (SMEs).
- Some of this concern is driven by the growth in high cost drug claims at 15-20% per year. Frank referenced a recent CLHIA poll of SME employers which found that, even though they are satisfied with their drug plan coverage, one-third would consider changes to their drug plans if costs were to increase by 25%.

In order to ensure that groups are insulated from the full financial impact of recurring high cost drug claims, CHLIA announced on April 3, 2012, an industry-wide drug pooling agreement, with participation of all its member companies. This agreement covers all non-refund, fully-insured plans and incorporates two components: **1.** Mandatory insurer internal pooling and **2.** A joint industry-level pool to help insurers sustain the costs associated with the mandatory pooling.

### Key take-aways from the event

- An ageing population and workforce have increased the focus on public health initiatives and physician guidelines for chronic disease management – in particular on the leading causes of disability: chronic pain, mental illness, diabetes, and circulatory disorders.
- To ensure health care sustainability in the long-term, innovative medicines are integral. The pharmaceutical industry can be a key partner in this dialogue.
- Transformations in pharmacy will see greater scope of practice including immunization, minor ailment prescribing, pain management, and diabetes and asthma education.
- Targeted communications to plan members with examples on how to make cost-effective decisions when using their drug plan is one technique to educate and engage plan members and also manage costs.
- For employers to strike the right balance between drug costs and health outcomes, an integrated approach between private and public drug plans as well as other key stakeholders is necessary.



## INSURER PERSPECTIVE: The balance for better health outcomes

Echoing the need for partnership across stakeholders to maximize health outcomes, **Marilee Mark of Manulife Financial**, remarked that demands for employers to be competitive in the global economy, along with increasing government cost shifting, advances in pharmaceutical innovation, developments in pharmacy and insurance practices have caused pressure on benefits cost management.

- Even with a flat to small negative trend in drug costs per claimant in 2011, the expenditure on specialty and biologic drugs is increasing and is estimated to grow from 17.5% of total expenditure in 2010 to 25% in 2015. Mark suggested that these trends have raised questions of drug plan affordability in many employers' minds.
- In response, more complex drug plans are being designed that require more engagement by employees and their prescribers.

- Mark reminded the audience, however, that drug plans are one of the most valued benefits offered as part of total compensation, with employees holding a strong sense of entitlement to their plans.

### So what are employers looking for?

The right balance between managing costs and striving for better health outcomes. Mark predicted that managed formularies based on cost-effectiveness will continue to become more prevalent and include a more integrated approach

to health and disability. This will require increased member engagement as well as appropriate claims and health management. Hopefully, she says, this will also include an integrated approach between public and private drug plans and dialogue across stakeholders, including government, employers, manufacturers and pharmacy.



## PHARMACY PERSPECTIVE:

### Transformations in pharmacy

Pharmacist **Donnie Edwards of Boggio and Edwards IDA**, described the vast transformations in pharmacy over the last 30 years and how it will continue to play an essential role in the future of patient care.

- He reviewed the traditional model, where pharmacy revenues were mainly derived from dispensing activities as well as generic professional allowances.
- He also remarked on the impact of legislation in recent years (e.g. the Ontario Transparent Drug System for Patients Act [also known as Bill-102] in 2006 and Bill 16 in 2010), which banned the payment of rebates to pharmacy by manufacturers

and phased in the elimination of professional allowances in Ontario. As a result there is a need for pharmacy to transform its business model and focus more on delivering a broader range of professional services, e.g. through leveraging pharmacists' expanded scope of practice and public funding for MedsCheck, smoking cessation counseling, providing pharmaceutical opinions, as well as authorization to provide refills.

### Where is pharmacy going?

Edwards predicted that pharmacy in the near future will further transform and see integration with electronic health records, greater scope of practice including immunization and minor ailment prescribing as well as an increased focus in health service and education, including specialty compounding, pain management, diabetes and asthma education, and nutrition and fitness.

## Sector Perspectives (cont'd)



### PHYSICIAN PERSPECTIVE:

Indicators of well-being and changes in physician practice

To offer perspective on physician practice and treatment of chronic diseases now and into the future, **Dr. Joan Saary of the Occupational Medicine Specialists of Canada**, first described three important indicators of well-being from Human Resources and Skills Development in Canada to watch: population growth rate, type of disabilities, and mortality from leading diseases.

- Canada's declining population growth, anticipated to be 0.9% from 2010 to 2060, increased life expectancy, and the effects of the baby boom, have led to an ageing population and workforce.
- Among adults, Statistics Canada data from 2006 found that the most reported disabilities were lack of mobility, pain and reduced agility. In fact, according to the Workplace Safety and Insurance Board of Ontario, sprains and strains accounted for 48.5% of time lost claims in 2010. Other leading chronic health conditions include mental illness, diabetes, and circulatory disorders.

- The leading causes of death in Canada are diseases of the circulatory system (heart attacks, strokes) and cancers. Dr. Saary stressed that the increasing trends in all of the aforementioned indicators, cause strain not only on the public system, but on the workforce as well.

#### So, what is being done today?

Dr. Saary touched on a number of public health initiatives underway to assess the burden of these chronic illnesses, as well as new physician guidelines to help manage some of these conditions, such as those for opioid use in chronic pain, stroke prevention, healthy active living, and management of hypertension, and finally national

standards for psychological health and safety in the workplace. What can we expect for the future of physician practice? Dr. Saary anticipated that advances in promising therapeutics for diabetes, strokes, chronic inflammation, mental health, and cancer will lead to further changes in physician practices. She expected this would include movement from medical to surgical management of chronic conditions, such as diabetes and chronic low back pain, expansion of vaccine-treatable conditions, innovations in genetic stem cell therapy, and increased consumer engagement with links to electronic health medical records.

## EMPLOYER PERSPECTIVE:

What does it all mean for an employer sponsored benefit plan?

As the final speaker for the day, **Christy Goldberg from Kraft Foods and Shawn O'Brien from Aon Hewitt**, brought us back to the critical question “where are private drug plans going?” by sharing employer experiences at Kraft Foods in both the US and Canada.

- In the US, the current drug plan design includes a four tiered formulary with varying levels of coinsurance, mail order delivery of maintenance drugs, and 26 disease management programs. Many of these features are meant to encourage employees and their family to take greater responsibility and become active and educated healthcare consumers.
- At Kraft Foods Canada, by contrast, the US-influenced changes to benefits design in Canada have been less progressive than in the U.S., in part due to a heavily unionized environment.. The typical plan design is a traditional or “open” formulary with very little coinsurance by the employees, which, Goldberg suggested, provides minimal

incentive to change prescribing behaviour or product choice. Current strategies utilized in Canada include: pay direct drug card, coinsurance levels to up to 20%, pharmacy dispensing fee caps, reimbursement of diabetic supplies, and a prior authorization program for certain drugs.

**What actions are new at Kraft Foods Canada?** O'Brien highlighted a recent targeted communication strategy that was implemented to encourage plan members to make cost-effective treatment choices – without having to make a plan design change. The attention was focused on products where a brand name drug had a generic equivalent. Communication was directed to each employee that showed, based on their

individual claim experience, how much they could save from out-of-pocket co-insurance payments with the generic alternative. The pilot project resulted in a 25% switch rate when members were presented with information regarding cost effective drug product selection.

The final session of the day was a panel Q&A, where members of the audience were invited to partake in the conversation, comment and ask questions. The event closed with all speakers in agreement that private drug plans in Canada are transforming and that engagement across all key stakeholders is necessary to ensure that they remain a valued benefit that supports members' health needs and optimizes health outcomes.



## Want more information?

Check out our website for presentations from this event as well as past years. Go to: [www.GIPC.ca](http://www.GIPC.ca)

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