

# Special

## The future of prescription drugs

# Patient-centred health care

Strategic approach critical to reducing costs, improving health outcomes

We hear often that the sustainability of Canada's health-care system is threatened by an aging society and the prevalence of chronic disease. Among the related inflationary pressures, prescription drug costs are seen as being particularly unmanageable, with some specialty medications costing tens of thousands of dollars per treatment.

But recent research reveals a different, much more optimistic picture. In fact, it indicates that, with effective management, prescription drugs are both affordable and cost-effective, keeping Canadians healthier and more productive while reducing hospitalization and other types of care.

"Health-plan cost increases are being driven by many different factors, including the availability of new drugs to treat conditions for which there previously weren't any treatments available," explains John Herbert, director of pharmacy and clinical services at Express Scripts Canada. "But our research on employer-sponsored health plans finds that cost increases are largely driven by patient decisions. When a patient uses pharmacy services that are more expensive, or a medication that costs more but offers no clinical advantage, waste ripples through the system."

Express Scripts Canada's research has determined that poor decisions contribute up to \$5.1 billion in annual drug spending waste. "This is equivalent to 33 per cent of the \$15.4 billion in private sector prescription drug spending in Canada each year – one of every three dollars is wasted," says Mr. Herbert.

The organization, which provides services that enable plan providers to better manage costs while improving employee health, defines waste as "spending more without improving health outcomes."

One source of waste – costing about \$1.2 billion each year, according to the Express Scripts Canada 2012 Drug Trend Report – is patient decisions about where, how and when they fill their prescriptions. Another source, at a cost of \$3.9 billion a year, relates to the prescriptions themselves: higher-cost medications that generate no additional health benefit; choosing brand-name drugs instead of generics clinically proven to be equally effective while costing 75 per cent less; and non-adherence, when patients do not take their medication as prescribed, worsening their condition and adding costs

*"When a patient uses pharmacy services that are more expensive, or a medication that costs more but offers no clinical advantage, waste ripples through the system."*

**John Herbert**  
is director of pharmacy  
and clinical services  
at Express Scripts Canada

### DOLLARS AND SENSE

Each year, uninformed patient decisions are costing Canadian businesses up to

**\$5.1 billion**

**\$3.9 billion**

Created by using higher-priced prescription drugs when clinically equivalent alternatives exist

**\$1.2 billion**

Driven by the use of higher-priced delivery channels as well as inferior dispensing intervals that result in more dispensing fees than necessary

for plan sponsors.

"We see needless hospitalizations, re-hospitalizations and emergency room visits that could be completely avoided," says Michael Sullivan, president of Cubic Health Inc., adding that employer drug claims data in Canada routinely shows that 40 to 50 per cent of plan members do not take their medications according to their doctor's direction. "This leads to a whole host of complications, and it often keeps individuals away from the workplace."

One barrier to compliance is affordability, reports Mr. Sullivan. "If an employer plan has a significant cost-sharing component, there is a disincentive. At the same time, it is important that employees are accountable for the decisions they're making."

Without more effective management, the sustainability of both private (employer-sponsored plus household out-of-pocket expenditures) and public (taxpayer-funded) health-care plans may be at risk. Prescription drug spending (as measured by the Canadian Institute for Health Information) has doubled every decade in the private sector, reports Mr. Herbert, with \$15.4 billion spent on prescription drugs in Canada this year, up from \$7.9 billion in 2002 and \$3.2 billion in 1992. "That's far in excess of inflation, and it represents a drag on the competitiveness of Canadian companies."

For employers, "good health-care coverage is important for attracting and retaining top talent in an increasingly competitive market," says Nathalie Laporte,

### ABOUT

Express Scripts Canada is one of Canada's leading providers of health-benefits management services. Based in Mississauga, Ontario, Express Scripts Canada provides a full range of integrated pharmacy benefit management (PBM) services, including health-claims adjudication and processing, to insurers, third-party administrators, plan sponsors and the public sector. Express Scripts Canada also provides active PBM services that drive better plan member decisions and lower costs through the use of Health Decision Science<sup>SM</sup> tools, therapy-optimization processes, home-delivery pharmacy services, benefits-design consultation services, formulary management and drug-data analysis services.



EXPRESS SCRIPTS®

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vice-president of group and business insurance product development and marketing at Desjardins Insurance. "Yet with 50 per cent of adult Canadians now living with chronic conditions, costly new biologic drugs, rising stress levels among younger employees and government cost-cutting, the health-care burden is increas-

ing for the private sector – it's expensive."

There is readiness for change in the market, she reports. "Employees are open to employer involvement in health management, and evidence is growing that plan members have an essential, active role to play in managing their own health."

Employers are aware that the health of their employees has an impact on productivity, and they know that prevention is critical, says Ms. Laporte. She points to a 2013 survey by Sanofi Canada in which 87 per cent of plan sponsors said insurers should play a larger role in managing employee health outcomes. "Insurers are moving away from the traditional role of benefits payer towards a health-management role."

With these kinds of interventions, it is possible to lower costs while preserving or improving health outcomes, says Mr. Herbert. "Better patient decisions reduce waste and gaps in care. That can be accomplished by encouraging employees to use more cost-effective delivery channels, using optimal dispensing intervals and using lower-cost medications when they're clinically proven to be as effective."

Finally, he adds, individuals need to understand that it's essential to take their medication as prescribed.

"When employers understand why people make the decisions they do and what can be done to influence better decisions, the result is cost savings to both employer and employee," says Mr. Herbert.

### 1 out of 3 dollars

The amount wasted within a typical drug benefit plan

Source: Express Scripts Canada's 2012 Drug Trend Report



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THE FUTURE OF PRESCRIPTION DRUGS



Providing accessible advice and education to patients allows Express Scripts Canada to enable better health outcomes while reducing costs for both patients and employers. SUPPLIED

SOLUTIONS

Targeting waste helps manage rising drug costs

Employers facing steadily rising drug costs in their health benefit programs are looking for solutions. Some simply shoulder the extra cost, while others ask employees to pay a greater share, or put caps on coverage.

These traditional approaches may bring short-term savings, but they don't improve employees' health outcomes or build plan sustainability, says Michael Biskey, president of Express Scripts

Canada, one of the country's largest providers of health-benefits management services.

"Employers and plan sponsors should be careful to consider whether the capping of benefits penalizes employees with more serious health conditions and the greatest needs for drugs," says Mr. Biskey. "Instead, employers can better manage spending, and keep their plans strong over time, by reducing waste."

"Each and every day, patients

unintentionally create waste within their drug plans by making uninformed decisions," Mr. Biskey says. "Most employees don't understand their benefits very well, and they don't know to ask their physician about drug alternatives. And physicians don't know what's covered in the patient's plan. All decisions get made in a passive way, without the necessary information."

Express Scripts Canada provides a number of employers with

CASE STUDY

Strategic prescription-drug management delivers better health outcomes and benefit-plan sustainability

SCI GROUP  
Containing drug-plan costs with a focus on promoting health

In 2010, Canadian company SCI Group Inc. decided it was time to take action to deal with a troubling trend – an average six to eight per cent increase each year in the cost of health benefits for its 1,300 employees across the country.

The third-party logistics services provider recognized the likelihood that staff would be concerned to hear of plans to curb benefits spending and wanted to send a message of reassurance.

"We told employees that one of our goals was to control and contain these costs without jeopardizing anybody's health or wellness," says Steven Phinney, SCI Group's senior vice-president, corporate services.

To achieve these objectives, the

*"[Express Scripts Canada] services complemented other steps we've taken, and we have been able to halt the steady cost increases with no impact on the quality of health care."*

**Steven Phinney**  
is SCI Group's senior vice-president, corporate services

company implemented a range of initiatives, including signing on with Express Scripts Canada to manage drug-plan spending. "These services complemented other steps we've taken, and we have been able to halt the steady cost increases with no impact on the quality of health care," says Mr. Phinney.

SCI Group's employees have responded positively to the services. "Employees appreciate the savings they've realized and the convenience of having their medications delivered wherever they choose," he says.

Mr. Phinney adds that he has also been encouraged and impressed by how receptive employees are to exploring drug alternatives with their doctors and pharmacists. "They are becoming more knowledgeable about their treatment options, as well as more active in their health care and overall health," he says.



For Canadian companies challenged by rising health benefits costs, strategic approaches to prescription drug management are helping to ensure plan sustainability and improve employee health outcomes. ISTOCKPHOTO.COM

a package of services known as Active Pharmacy Benefit Management, or ActivePBM. "This is a novel approach to achieving healthier outcomes at lower costs," says Mr. Biskey. "It engages patients to make informed, cost-conscious decisions with the support of their physicians."

ActivePBM especially focuses on employees' maintenance medications, drugs that are taken regularly to manage chronic conditions, such as high blood pressure and arthritis. These drugs are often the biggest cost-drivers in benefit plans.

The pharmacy team at Express Scripts Canada uses research from its clinical services group to identify therapeutically beneficial yet less costly drug therapies, says Dr. Cory Cowan, the organization's senior manager of pharmacy operations. "Based on these findings, we have an outreach program to work with both the patient and the prescribing physician, to educate them on the opportunity to use the lower-cost alternative if it makes sense clinically."

The services additionally address the waste that Express Scripts Canada identifies as "gaps in care," which occur when patients fail to take their medications properly. Lapses in medication adherence can worsen health outcomes over the long term.

Dr. Cowan says that adhering properly to medications revolves around two key issues, accessibility and education, both of which are addressed through the company's strategic approach to care delivery. Pharmacists provide drug counselling and are available 24/7 for patients who have clinical questions regarding their medications. A web portal includes tools to help patients manage prescriptions and improve adherence, as well as information on alternative therapies and prices.

Express Scripts Canada also provides a delivery service, dispensing medications from one of its pharmacies in Moncton, Mississauga, Winnipeg and Burnaby, and sending them to the individual's home or workplace, anywhere in the country (except Quebec). The service focuses on maintenance medications and generates fewer dispensing fees by promoting clinically optimal dispensing intervals. In addition, its proprietary supply-monitoring program helps eliminate the problems that can occur when patients fail to get their refills.

Many Canadian employers using these services have realized significant savings, says Steven Nowak, director of sales at Express Scripts Canada, adding that employees also save in the meantime. "Employers have frequently chosen to re-invest the drug savings into enhanced health benefits and wellness initiatives."

The issue of plan sustainability is growing in importance, adds Mr. Nowak. "Job candidates are putting more emphasis on benefits than ever before. Employers know that to compete for talent, they need to have attractive benefits that can be sustained into the future."

Employers that sponsor health-benefit plans have been feeling uneasy for some time about steadily rising plan costs, but many have hesitated to take "aggressive" action to tackle the problem, according to Gary Coles, senior vice-president of administration at Industrial Alliance Insurance and Financial Services Inc.

"There's been a general reluctance to tamper with benefit plans at the risk of alienating employees," he says. "Companies have been somewhat immobilized, because they weren't aware of solutions that didn't involve offloading costs to employees."

But Industrial Alliance is now offering its clients innovative remedies to tackle soaring costs through its partnership with Express Scripts Canada, which manages the prescription drug component of the insurance provider's services.

"We really believe in Express Scripts Canada's strategies, which are designed to reduce drug spending without adding extra costs to employees and without putting health outcomes at risk," says Mr. Coles.

A national company headquartered in Quebec City, Industrial Alliance provides group insurance to a range of public- and private-sector employers. It manages benefits for some 300,000 plan members across the country.

Express Scripts Canada is highly regarded for its efforts to address the often-hidden cost drivers of benefit plans, says Mr. Coles. This includes amassing valuable data on the waste in the system and developing approaches, through active drug-benefits management, to reduce it.

"The biggest innovation comes in their strategies for engaging consumers behaviour to choose lower-cost therapies," Mr. Coles stresses.

GAPS IN CARE

When patients don't take medication as prescribed, it can lead to more health-care issues (and additional costs). In 2012, patients deemed non-adherent in specific therapy classes included:

**28.2%**  
of patients using high blood pressure medications were deemed non-adherent to their therapy

**29.4%**  
of patients using high cholesterol medications were deemed non-adherent

**35.5%**  
of patients with diabetes were deemed to be non-adherent to their treatment regime

Source: Express Scripts Canada's 2012 Drug Trend Report



*"Employers and plan sponsors should be careful to consider whether the capping of benefits penalizes employees with more serious health conditions and the greatest needs for drugs. Instead, employers can better manage spending, and keep their plans strong over time, by reducing waste."*

**Michael Biskey**  
is president of Express Scripts Canada

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THE FUTURE OF PRESCRIPTION DRUGS

OPTIONS

# New card offers peace of mind to patients on brand-name medications

**F**ritz Rieger takes eight medications to manage his heart condition and Parkinson’s disease. When the patent on one of the Parkinson’s drugs expired and Mr. Rieger, 69, switched to taking a generic medication, his symptoms worsened within days.

“You could tell there was something wrong, that there was a change,” recalls his wife, Durhane Wong-Rieger. “It made him very stressed, which aggravated everything. It made his shakes worse and his memory worse. He switched back to the brand and the symptoms disappeared.”

Fortunately Mr. Rieger, a professor of business at the University of Windsor, has a private

drug plan that covers the higher price of the brand-name medication. In the select circumstance where a patient requires brand and was on a public drug plan, or who doesn’t have drug benefits, they would be on the hook to pay the difference between the generic and the brand-name one.

As chair of the Consumer Advocate Network, which promotes patient involvement in health-care policy, Ms. Wong-Rieger has a problem with that. “Many medicines are interchangeable and you can adapt to them without too much difficulty, but there are also times when you can’t. And in those cases, we have to make sure we have a system that’s flexible enough to

optimize individual prescribing.”

Ms. Wong-Rieger adds that ensuring patients are on the right drug is critical to improving the odds of them actually taking the drug, the drug working and the patients avoiding becoming more sick or even hospitalized.

“Two-thirds of patients do not take their medications as prescribed,” she notes. “The more we can do to ensure patients get the most appropriate therapies, the more we can be sure we will get the right outcomes.”

Ms. Wong-Rieger says that a new patient benefit card that allows patients to continue on brand-name medications at a cost equivalent to generics, with the branded companies picking up the cost difference, is a step

BY THE NUMBERS

**\$172 billion**  
Amount spent on health care in Canada last year

**\$25.5 billion**  
Amount spent on prescription drugs alone

**\$30,000**  
Canadian pharmaceutical spending (per physician) spent marketing to doctors each year

**25%**  
Percentage of drug revenue expected to be lost due to patent expiry in the next four years



**10%**  
Prescriptions abandoned before they’re even filled

**50%**  
Patients who adhere to chronic disease treatments after six months

**5,000**  
People who signed up for innoviCares card within two weeks of its launch in Quebec

**400%**  
Growth in innoviCares card use since 2011

Source: STI Technologies Ltd.

in the right direction. The free card allows for continuity of care for patients who want to stay on drugs that are working for them.

Halifax-based STI Technologies Ltd. launched the innoviCares program earlier this year, and it’s being used in thousands of pharmacies across the country. Patients simply present the card (which they can obtain from their physician, pharmacist or at the [innovicares.ca](http://innovicares.ca) website) along with their prescriptions each time they are filled.

With generic medications successfully used by millions of Canadians every day, programs like innoviCares simply provide an option for those people who need to stay on brand medications. “It’s a lifesaver for some people,” says Ms. Wong-Rieger.

Dr. Salva Gideon, a family physician in Etobicoke, Ont., has recommended the card to about 150 of her patients so that they can stay on their brand-name medications at no extra cost.

Although the active ingredients in brand-name and generic drugs are the same, the inactive ingredients, or “fillers,” can vary and cause more side-effects, which may require additional medications. “Side-effects such as stomach upset, loose stools and headaches that were not present with the brand medication can cause more visits to the doctor and more unnecessary investigations – and therefore more costs to the health-care system,” she says.

For Vancouver cancer survivor Kathy Barnard, being able to stay with a familiar brand of medication translates into less anxiety about her health.

Ms. Barnard began taking sleeping pills 10 years ago, when she was diagnosed with metastasized malignant melanoma. Three years later, she was switched to a generic drug when the one she was taking went off-patent. She continued to take the original drug although she had to pay the difference, about \$40 every three months. But what really bothered her was the fact that the change was one more thing to worry about.

“I wanted to stay with the brand, because it worked for me and gave me peace of mind. With my history of cancer, I’d been through enough, and I didn’t want to have to deal with any trial-and-error,” says Ms. Barnard, who founded the Save Your Skin Foundation to raise awareness about skin cancer.

The new innoviCares card gives patients like her the option to stay with a brand that’s working, she adds. “It’s win-win, because it’s not costing the patient anything and it’s not costing the drug plan anything.”



An innovative new program enables patients to access familiar brand name medications at a cost similar to that of generic versions. SUPPLIED

Q&A

## Improving choices, improving outcomes

The innoviCares card allows patients to continue taking certain brand-name drugs at the same price as generics. **Steve Nicolle**, CEO of STI Technologies Ltd. of Halifax, says that several hundred thousand Canadians have started using the new benefit card since the company introduced it earlier this year. He answers questions about how and why the card works.

**What’s unique about the innoviCares card?**  
There are other companies with brand-specific cards, but we are the innovator in getting multiple drug manufacturers aligned on a single card.

**Which drugs are covered?**  
We’re just shy of 50 brands and growing rapidly. Some are drugs that have recently come off-patent, such as Concerta for attention deficit disorder and Crestor for lowering cholesterol. Others, such as Imovane, a sleep disorder drug, have been off-patent for a while, and now people have the choice to resume using them.

**Why is it important for people to have a choice between the brand-name and the generic drug?**  
We know there are situations where having a choice is important. Some people don’t react as well to the generic, or at least they have the perception that they don’t react well. Sometimes the generic is in short supply. Physicians know the right drug for their patients and are

*“Studies show that patients who adhere to their medications have better outcomes and save the health-care system millions of dollars. You can buy a lot of prescription drugs on the back of one hospital visit.”*



Steve Nicolle, STI Technologies Limited CEO, stresses that reducing cost while improving choice can improve adherence. SUPPLIED

thrilled to have the option of this card.

**How do you see the pharmaceutical industry changing? What is the impact on patients?**  
The industry is going through massive changes because of generic reform and the “patent cliff” – the expiration of the patents on many brand-name drugs. The opportunity going forward is to determine what to provide the patient in terms of good outcomes. It’s not just about dispensing pills in a bottle, it’s about offering greater choice. That’s where our innoviCares card comes in – it offers choice and is a vehicle for patient engagement. Just the fact that patients care enough to register for the card

shows they are interested in their drug therapy.

**How does the card fit with employer benefit plans?**  
It fits very well. For example, I run a company with 50 employees and want to provide them with the best benefits possible, but I also need to be economical. The drug plan we have is a generic substitution plan that keeps costs low. If my employees are taking a brand-name drug and are told it’s not covered anymore, they now have a supplementary plan to cover it through this card – it’s the best of both worlds.

**How does the innoviCares card reduce waste in drug spending?**  
It helps companies that are

on the fence about having a generic substitution plan, by giving them a “generic-plus” choice. As a result, both the employer and the employee pay less. Plus, our research shows that patients with the card have greater adherence to their medications. Studies show that patients who adhere to their medications have better outcomes and save the health-care system millions of dollars. You can buy a lot of prescription drugs on the back of one hospital visit. The third way it saves money is by allowing physicians to continue to prescribe the lowest cost drug, even if it’s a brand. So the card increases choice, without increasing costs.

THE FUTURE OF PRESCRIPTION DRUGS

PREVENTION

Prescription drug abuse reaching “crisis proportions”

Prescription drugs have revolutionized the delivery of health care, bringing vastly improved health outcomes and prolonging life-spans for patients. At the same time, their presence in our medicine cabinets raises potential for harm, with misuse of prescription medicines becoming a critical problem, especially among Canada’s youth. Prevention and health promotion measures are in the works to address this national health issue.

In partnership with the National Advisory Council on Prescription Drug Misuse, the Canadian Centre on Substance Abuse (CCSA) recently released a comprehensive 10-year strategy to address the harms associated with the problem.

“Prescription drug abuse is the leading public health-and-safety concern facing Canada, and has reached crisis proportions,” says Dr. Amy Porath-Waller, the CCSA’s senior research and policy analyst. “Canada is now ranked as the world’s second-largest per-capita consumer of opioids, just behind the United States.”

The 2010-2011 Youth Smoking Survey, financed by Health Canada, showed that 3.9 per cent of Canadian students in grades six to 12 had used prescription pain relievers to get high and not for medical use during the previous year. The survey also found that 1.5 per cent of youths used prescription tranquilizers and 2.2 per cent used prescription stimulant medication, the ADHD medications, to get high and not for medical purposes.

“When the drugs associated with potential abuse – prescription opioids, sedatives and tranquilizers, as well as stimulants – are used appropriately, under the care of a health professional, they

do have therapeutic benefits,” Dr. Porath-Waller notes. “But when young people, and adults for that matter, use these drugs while not under the care of a doctor and not prescribed, there’s a serious risk associated, including overdoses, injuries and the potential for addiction.”

Youth represent a high-risk group, as their brains are undergoing rapid and extensive development, she explains. “Neuroscience is a rapidly progressing field – we don’t yet know all the effects these drugs can have.”

Research shows that young people consider prescription medication to be safe to take for recreational purposes, Dr. Porath-Waller explains.

“We need to invest in prevention and health promotion efforts to address this perception,” she says, noting that the problem is not just among young people. “It’s everybody’s issue. It affects adults, our senior population, families, communities and society.”

Ensuring that patients are informed about the medications they’re taking is an important step toward reducing abuse, she suggests. “They may be legal and prescribed, but they still have the potential to cause serious harm.”

It’s essential to weigh possible risks and benefits with a health-care professional, she notes. Young people and adults should also take their medications as directed, and not give the drugs to others. “They may feel they’re helping out a friend who has a headache or back pain by sharing their prescription opioids, for example, but these drugs do have the potential to harm,” says Dr. Porath-Waller. “In some cases, such as with sedatives and tranquilizers and prescription stimulant medication, a dose



Parents, educators and health-care professionals all have an important role in helping youth avoid the dangers of prescription drug abuse, says expert. ISTOCKPHOTO.COM

*“Canada is now ranked as the world’s second-largest per-capita consumer of opioids, just behind the United States.”*

**Dr. Amy Porath-Waller**  
*is the senior research and policy analyst for the Canadian Centre on Substance Abuse*

that may be safe for one person could be lethal for another.”

If they are chronically abused in high doses, prescription stimulant medication can lead to various cardiovascular complications. The human impact of addiction – withdrawal, overdose and death – on an individual’s family and community can also be devastating.

The other risk is that many of these medications can impair the ability to drive a motor vehicle, Dr. Porath-Waller says, which is a

“deadly combination” for young people who are just learning to drive.

Parents, educators and health-care professionals, as well as prescribers, dispensers, legislators, manufacturers and distributors, all have a role to play in helping youth avoid the dangers of prescription drug abuse, she adds. “Collectively, each of these groups needs to work toward increasing awareness among young people that it’s not just illicit drugs that can be harmful.”

COSTS

Specialty drugs target complex diseases – at a price

Pharmaceuticals have come a long way since the first synthetic drug was discovered in 1869. Today they are an important component of health care in Canada and around the world, and they’re becoming increasingly more advanced as drug companies devote research and development resources to creating specialty treatments.

“Pharmaceutical technology and R&D have advanced so much,” says Dr. Priscilla Po, manager of clinical services at Express Scripts Canada, a company in Mississauga, Ont., that provides health-benefits management services. “In the last 50 years, we had a lot of great products being manufactured to treat common chronic conditions such as diabetes, cholesterol and hypertension, and these drugs are being used by millions of patients around the world.”

Pharmaceutical companies have more recently directed their research efforts to developing specialty drugs to treat more complex conditions such as cancer, cystic fibrosis, multiple sclerosis and HIV/AIDS, Dr. Po says.

DID YOU KNOW?

Traditional drugs only make up 36 per cent of the pharmaceutical development pipeline.

ExpressScripts Canada believes that the increasing use of specialty drugs will change the future reimbursement landscape with the introduction of new specialty drugs into the marketplace, as well as a shift to in-home and outpatient administration.

Historically, drug treatments for complex conditions come in injectable formulations, but Express Scripts Canada sees an emerging trend with the increase in the proportion of specialty drugs that are now available in oral dosage forms. Drugs indicated for the treatment of cancer clearly demonstrate this trend.

Indeed, such drugs make up 64 per cent of all medications currently in development, she notes. Of the 52 new drugs that were approved in Canada last year, 29 – or 52 per cent – were specialty treatments.

“Specialty drugs have proven to be very effective in treating complex diseases,” she says. “They can prevent or delay the progression of conditions such as rheumatoid arthritis, psoriasis and multiple sclerosis.”

This, of course, is welcome news for Canadians, who can look forward to more effective treatment options for complex diseases. Many people are already using such medications today; according to Express Scripts Canada, specialty drugs accounted for 22 per cent of the total expenditure on prescription drugs in Canada last year, compared with 13 per cent in 2007.

But there is a downside: specialty drugs come with a high price tag. A treatment for non-Hodgkin lymphoma, for instance, costs \$30,000 to \$50,000 a year, while drugs for melanoma run \$104,400 to \$141,000 a year.

Dr. Po says it’s critical to ensure that Canadians who need access to specialty drugs continue to have appropriate levels of coverage. To ensure that employer-sponsored plans are sustainable, they must drive better patient decisions within the use of traditional medications that would free up funds to spend on specialty medications.

*“It’s critical to ensure that Canadians who need access to specialty drugs continue to have appropriate levels of coverage.”*

**Dr. Priscilla Po**  
*is manager of clinical services at Express Scripts Canada*

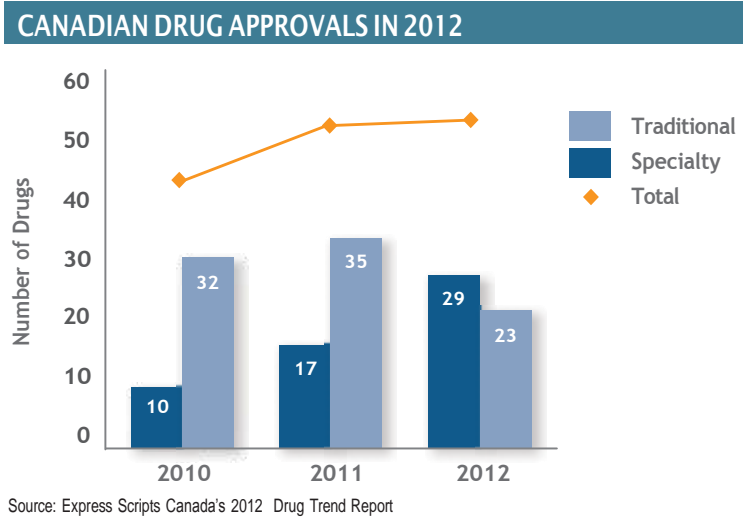
satisfies particular criteria.

“With prior authorization, the physician would need to provide more information, and the insurer or health-benefits manager would try to assess if the drug being prescribed is being used for the condition recommended by Health Canada, and not for off-label use,” explains Dr. Po, referring to the practice of using a drug to address a condition beyond what has been approved. “We would also make sure that other alternative drugs have already been considered.

“We can do a lot to ensure that drug plans remain sustainable so that Canadians get access to the specialty drugs they need,” she adds.

SPECIALTY DRUGS APPROVED IN 2012 (PARTIAL LIST)		
High price tags create financial burden for many patients and plan sponsors.		
Brand Name	Indication(s)	Annual Ingredient Cost/Patient
Aloxi*	Nausea and Vomiting Due to Chemotherapy	\$69.30 (per course of chemotherapy)
Esbriet™	Idiopathic Pulmonary Fibrosis	\$44,000
Caprelsa™	Thyroid Cancer	\$696,000
Fampyra™	Multiple Sclerosis	\$4,950
Feraheme™	Chronic Kidney Disease	\$8,900 - \$23,750
Halaven®	Breast Cancer	\$2500 - \$30,000
Inlyta™	Renal Cell Cancer	\$5,900 - \$70,800
Intelence®	HIV	\$4,200
Jakavi®	Myelofibrosis	\$60,000
Kalydeco™	Cystic Fibrosis	\$325,000
Mozobil™	Autologous Transplantation in Patients with Non-Hodgkin Lymphomas & Multiple Myeloma	\$7,550 - \$15,100
Prezista®	HIV	\$8,000 - \$11,400
Treanda®	Non-Hodgkin Lymphoma	\$30,000 to \$50,000
Velcade®	Multiple Myeloma	\$59,000 - \$118,400
Xalkori™	Non-Small Cell Lung Cancer	\$111,350
Xeomin® Cosmetic	Cosmetic	\$330 - \$3,900
Yervoy™	Melanoma	\$104,400
Zelboraf™	Melanoma	\$141,000
Zyclara®	Actinic Keratoses	\$7,500

Source: Express Scripts Canada's 2012 Drug Trend Report



CASE STUDY

Today’s employers take action to reform health-benefit plans

A significant attitude shift has occurred over the past few years among employers who sponsor employee health benefits, according to Sue Reibel, senior vice-president of business development for group benefits and retirement solutions with Manulife Financial.

The change in employer mindset came sharply into focus for Ms. Reibel earlier this year, when she returned to group benefits after focusing on the group retirement line.

“Five years ago, there was an intense discussion about the need to design plans differently, but it was just that, discussion,” she says. “When I came back, I saw how we’ve evolved from discussion to action.”

Plan sponsors are ready to do business differently, she explains. “Companies see that making smart choices and using innovative approaches helps them control costs while optimizing the value to employees’ health.”

Manulife currently covers three million Canadians through 19,300 employee benefit plans. Its pharmacy benefit partner, Express Scripts Canada, helps process payments for prescription drug claims.

Express Scripts Canada’s focus on plan-member engagement is a key success factor, says Ms. Reibel. “It’s about encouraging and educating employees to look for lower-cost alternatives and be smart consumers.”

Employers also want to sustain benefits, recognizing these are an important component of compensation. Adds Ms. Reibel, “New, more creative approaches to plan management allow smaller companies to offer health plans, which allows them to compete for top talent.

“Employers increasingly understand a competitive benefit plan pays the organization back in other ways including healthier employees, lower absenteeism and greater productivity.”

THE FUTURE OF PRESCRIPTION DRUGS

OPINION

Generic prescription medicines offer hope of health-care sustainability



By Jim Keon, President of the Canadian Generic Pharmaceutical Association

Canada's aging population and rising treatment costs are creating significant challenges for our health-care system. To ensure its ongoing sustainability, we must find creative ways to save money without sacrificing patient care. A strong focus on value for money for all of our health-care spending is essential, and generic prescription medicines are an important part of the solution, both now and in the future. As health-care costs continue to rise, the savings offered by generic medicines are becoming even more critical. The generic pharmaceutical industry exists to develop,

produce and market high-quality affordable pharmaceuticals. The industry helps to ensure essential medications are available to people who might otherwise not be able to afford them. Using generic products in place of the brand-name medication provides patients with the same treatment at a much lower cost. That is excellent value for our health-care dollar, and the money saved can fund other health priorities. It is important for Canadians to know that Health Canada will only approve a generic prescription drug after they are confident in three primary areas: first, scientific studies have demonstrated the same therapeutic outcome as the brand product; second, the generic manufacturer can produce the product to the same rigorous quality standards as the brand-name version; and, third, that all relevant patents on the brand-name product have been dealt with under the existing intellectual property regime.

*"The role of Canada's generic industry has never been more crucial. Our products are a solution for payers who are under intense pressure to control health-care costs while maintaining and improving patient outcomes."*

FORMULARY GENERIC PRICES AS PERCENTAGE OF BRAND PRICES									
Province	2010		2011		2012		2013		2014
Alberta	45%				35%		18%		18%
Ontario	60%	50%	35%		25%				25%
British Columbia	60%		42 -	50%	40%		35%		25%
Québec	45%		37.5%	30%		25%		18%	
Saskatchewan	60%		40% - 45%		35%				35%
Nova Scotia	60%		45%		40%		35%		35%
New Brunswick	60%				40%		35%	25%	25%
Newfoundland & Labrador	60%				45%	40%	35%	25%	25%
Prince Edward Island	60%				35%				35%
Manitoba	60%				48%				48%*

\* Express Scripts Canada Analysis  
According to Express Scripts Canada research, generic drug costs are expected to continue to decrease in 2013.

By the numbers

SPECIALTY DRUGS ARE EXPECTED TO DRIVE FUTURE INCREASES IN DRUG SPEND

64% of items in the pipeline are specialty drugs

Specialty drug spending has experienced double-digit growth since 2007:  
2007: 13%  
2012: 22%  
2017: 25-30%

Source: Express Scripts Canada's 2012 Drug Trend Report

In Canada, generic prescription drugs account for less than three per cent of total health-care spending, which is even less than what is spent on health-care administration. According to sales data from IMS Brogan, of the 565 million prescriptions filled in Canada, more than 65 per cent of them are filled using generic drugs, yet the cost of the generic medicines represented only 24 per cent of the \$22 billion Canadians spend annually on prescription drugs. Every day in Canada, approximately one million prescriptions are filled with generic medicines. And while a generic utilization rate of 65 per cent may seem high, consider that in the United States, generic drugs are dispensed to fill 84 per cent of all prescriptions. [ExpressScripts Canada research finds that the generic utilization rate among private health-care plan members is just 55 per cent.] If the use of generics in Canada were equal to U.S. levels, Canadians would have saved more than \$6 billion more in 2012. Consider that for every one per cent increase in generic utilization, Canadians save an additional \$298 million per year. The ongoing sustainability of public and employer-sponsored drug benefit plans in Canada is highly dependent on the use of generic prescription medicines. Policies to increase the use of generic prescription medicines in Canada are essential for ensuring the ongoing sustainability of drug benefit plans and the broader health-care services upon which Canadians rely, including:

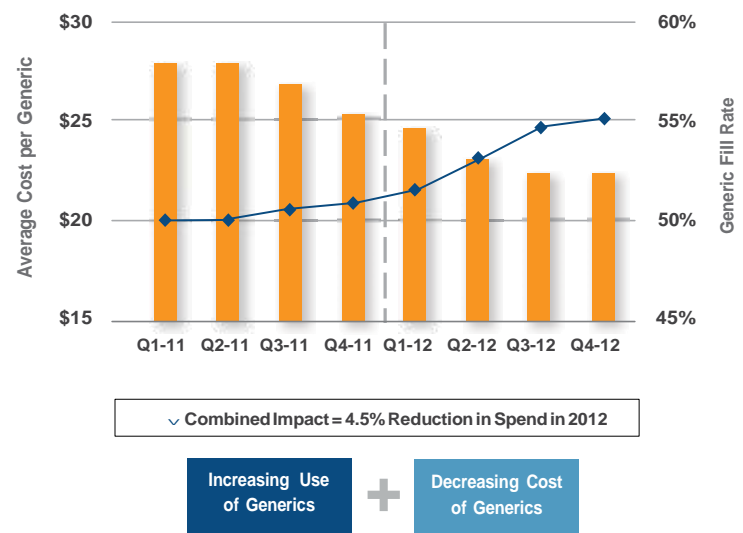
- sustainable, stable and more predictable pricing and reimbursement systems to ensure the ongoing and future supply of cost-saving generic medicines in Canada;
  - meaningful incentives for generic pharmaceutical manufacturers to make the investments and assume the significant risks required to bring new, lower-cost prescription medicines to market;
  - intellectual property rules that are more balanced and fair for generic pharmaceutical manufacturers and payers;
  - timely national and provincial review and approval of new generic pharmaceutical products;
  - changes to the design of both public- and private-sector drug benefit plans to ensure maximization of the use of cost-saving generic medicines once they come to market; and
  - careful, unbiased, clinical evaluation of the cost effectiveness of new, expensive, patented medicines to ensure they provide therapeutic improvement to patients.
- Canada's generic pharmaceutical industry is eager to work with key stakeholders to influence the structure of drug plans and reimbursement systems that encourage the appropriate use of generics and generate savings that will help ensure sustainable drug plans for Canadians. The role of Canada's generic industry has never been more crucial. Our products are a solution for payers who are under intense pressure to control health-care costs while maintaining and improving patient outcomes.



More than 65 per cent of prescriptions in Canada are filled using generic drugs, yet the cost of the generic medicines represent only 24 per cent of the \$22 billion Canadians spend annually on prescription drugs. iSTOCKPHOTO.COM

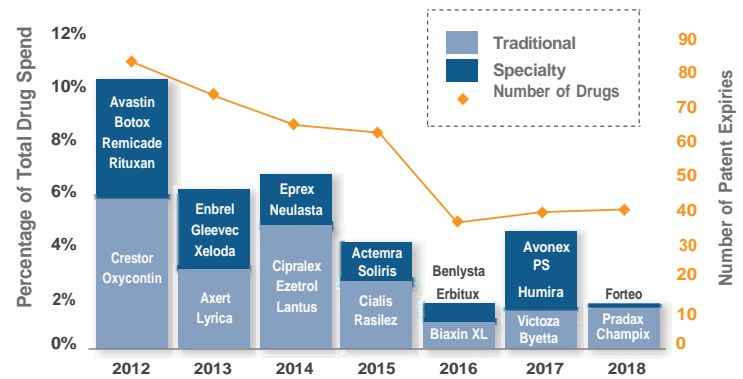
DOWNWARD PRESSURE ON COST PER SCRIPT

Impact of Patent Cliff and Government Pricing Relief



PATENT CLIFF SLOWING

Expected Decline in the Number of Patent Expiries



THE FUTURE OF PRESCRIPTION DRUGS

INVESTING

New approaches to health-care delivery promise to keep Canadians healthier, reduce costs

Matthew Mosesohn is the kind of highly skilled, mobile employee that globally competitive companies look to attract.

In the first four years of his career, one of the benefits that his U.S. tech sector employer offered was a health savings account (HSA). The company contributed \$100 a month to the plan and Mr. Mosesohn gave another \$90; both contributions were tax-free.

But what really excited him was the ability to invest his unused HSA funds for tax-free capital gains. "This transforms the HSA into an incentive for young people to care about their future health," says Mr. Mosesohn, who currently works as a technology deployment engineer at Mirantis in Moscow. "I was able to build a small portfolio

*"Health plans are one of the last tax-free benefits an employer can provide an employee, and they have tremendous value to the employee."*

**Marla Schwartz**  
*is president of Benecaid*

that will grow until my retirement and help cover future medical expenses."

In Canada, although health spending accounts are administered somewhat differently, they are an increasingly popular way of meeting the challenges that small- and medium-sized companies face when competing for top talent.

"Entrepreneurs are concerned about the health of their employees, and they want to look after them. But they're also worried about costs and are busy running their business," says Marla Schwartz, president of Benecaid, a health benefits company administrator based in Toronto. "We work with them to provide a health benefit solution that meets their needs, within the budget that's available to pay for it."

Especially for smaller employers, the health spending account is a welcome option. The employer makes a defined contribution, and the employee decides how to use the funds, limited only by Canada Revenue Agency's list of eligible expenses.

"Employees appreciate that measure of control," says Ms. Schwartz. "We find that health spending accounts are warmly embraced by employees and are thoughtfully spent. People really think about spending as they would their own money. Insurance can also be included in the plan to address more catastrophic needs."

Benecaid partners with Express Scripts Canada to strategically manage prescription drug costs while maintaining health outcomes. "Health plans are

one of the last tax-free benefits an employer can provide to an employee, and they have tremendous value to the employee," says Ms. Schwartz. "We have guard-rails in place in our drug plans to help manage claim activity and keep the plan sustainable."

The result, she says, is that extended benefit plans are now accessible to a whole new range of business owners who thought they couldn't afford a health plan, as well as to the many employees of small- and medium-sized companies. "You can put a health spending account in place, fix your cost of benefits and add a layer of insurance where it's appropriate," Ms. Schwartz adds. "Protect against the unexpected, plan for the predictable and make everyone happy."

TECHNOLOGY

Physician-led telemedicine promises to shorten wait times and improve treatment outcomes

When it comes to health-care delivery, outcomes depend on delivering the "right care at the right time and at the right cost," says Dr. Mark Godley, CEO of Livecare, a physician-led organization that uses innovative technologies to provide treatment to patients who wouldn't otherwise have timely access to a doctor.

Just launched earlier this year in Vancouver, Livecare currently operates in Nelson, where access to primary care physicians and specialist services is limited, as well as in a large First Nations community in northern B.C., which often has no physicians at all, says Dr. Godley. The company uses telemedicine to provide the same level of care that patients would experience in a face-to-face interaction with a doctor, wherever they are, even though the doctors are located miles away in urban settings.

*"Through a headset, the cardiologist can then listen to the patient's heart rhythms. Medical-quality imaging allows the doctor to examine the patient's throat or ears, just as if they were in the same room."*

**Dr. Mark Godley**  
*is CEO of Livecare*

"We provide dispatch units so that a cardiologist, for example, can ask [an on-site] nurse or medical assistant to place a stethoscope on the patient's chest," he explains. "Through a headset, the cardiologist can then listen to the patient's heart rhythms. Medical-quality imaging allows the doctor to examine the patient's throat or ears, just as if they were in the same room."

In one instance, Livecare was able to start providing physician services to a remote community of 5,000 patients within three days, reports Livecare's chief operating officer Dr. Amit Mathur. In addition to improved health outcomes, shorter wait times and reduced costs, he notes that telemedicine has the potential to significantly reduce the carbon footprint of health care. "In northern Manitoba, for example, half of the budget of the regional health authority currently goes



Dr. Howard Koseff, on screen, works with a medical assistant and Live-care technology to provide treatment to patients in remote areas. SUPPLIED

toward travel," he says.

For patients with chronic diseases such as diabetes, access to such care may prevent severe complications that can lead to blindness, amputation and kidney or heart failure. Through telemedicine, nurses in remote communities or even on home visits in urban centres can consult with physicians or specialists as needed. "These are often complex cases, and they need endocrinologists and other specialists," says Dr. Godley. "The most exciting potential here is to reduce the wait times Canadians currently experience when they need to see a specialist."

In future, Livecare plans to extend services to include caring for patients at home after they are discharged from hospital, as well as to residential care homes. "The readmission rate for patients can be up to 20 per cent, because their care level drops off once they're back in their community, and there is often a lack of compliance with medications and so on," he says. "Telemedicine allows us to follow the patient into the community, to reduce the risk of hospital readmission."

THE FUTURE OF PRESCRIPTION DRUGS

INVESTING

Managing chronic disease key to sustainable health care

Working together, individual Canadians, employers and private insurance plans have the power to help reduce soaring health-care costs by taking steps to better control and prevent chronic conditions.

Chronic diseases such as stroke and heart disease currently account for nearly 60 per cent of Canada's health-care spending, \$190 billion in 2010 alone.

Anne-Marie Aumont, an actuarial consultant at Desjardins Insurance, notes that it is not just government health plans that are under pressure: as the average retirement age rises, so does the cost to companies that provide health insurance – and ultimately, to employers.

The good news is that many chronic diseases are largely preventable. According to the World Health Organization, some 80 per cent of diabetes, strokes and heart attacks, as well as 40 per cent of cancers, could be averted with lifestyle changes.

“According to U.S. Centers for Disease Control and Prevention, 10 per cent of what determines your health is access to health care, 20 per cent is genetics, 20 per cent is environment and 50 per cent is health behaviours such as eating well, getting enough exercise, quitting smoking and using alcohol safely,” says Paul Gauthier, product manager of wellness and disability at Desjardins Insurance.

Employers can significantly increase a worker's chances of successfully adopting healthier habits, he says, by serving healthy fare in the company cafeteria or adjusting work hours to accommodate lunchtime workouts, for example.

Private insurers can help, too. For instance, Desjardins' online health platform helps subscribers navigate the sometimes complicated Canadian health-care system and allows them to search for services in their local community, Mr. Gauthier notes. It also features a questionnaire that identifies areas where their health may be at risk for condi-



“Education is also a key to helping people with chronic conditions take control of their health. Symptoms and benefits of treatment may not be initially obvious, which can also contribute to non-adherence.”

**Nathalie Rivest**  
is a pharmacist and product manager at Desjardins Insurance

“It's fairly unequivocal that for the therapeutic categories of treatment that account for a large amount of our health-care spending, adherence is a good thing.”

**Steve Morgan**  
is associate director of the Centre for Health Services and Public Policy Research at the University of British Columbia

tions like heart disease, and provides a personalized plan of action, based on the individual's responses.

The data is collected in an anonymous, aggregated report for employers, allowing them to get the best return on their investment in health-promotion programs. For example, a smoking cessation class isn't likely to succeed unless participants are actually ready to quit – a point that's covered on the questionnaire.

For the one in three Canadians already living with a chronic disease, lifestyle changes can help control the condition and reduce the risk of complications. The same is true of taking prescribed medications as directed.

“Keeping patients on appropriately prescribed medicines improves outcomes,” says Steve Morgan, associate director of the Centre for Health Services and Public Policy Research at the University of British Columbia in Vancouver.

The “vast majority” of more than one hundred studies have shown that adhering to medi-

cations is vitally important for patients, he notes. For example, people with diabetes can reduce their chances of disabling and costly complications like vision loss, leg pain from blood-vessel disease and heart attacks. In one study, diabetics who didn't take their medications as directed were 2.5 times more likely to end up in hospital than those who stuck to their drug regimen.

“It's fairly unequivocal that for the therapeutic categories of treatment that account for a large amount of our health-care spending, adherence is a good thing,” Mr. Morgan adds.

Medication costs are the single-biggest barrier to adherence, so public and employer-sponsored plans that cover those costs result in significantly improved health outcomes.

At the same time, prescription drug costs can be a challenge to plan sustainability if not strategically managed. Desjardins Insurance, for example, partners with Express Scripts Canada to provide services that help employers reduce prescription drug spending while encouraging

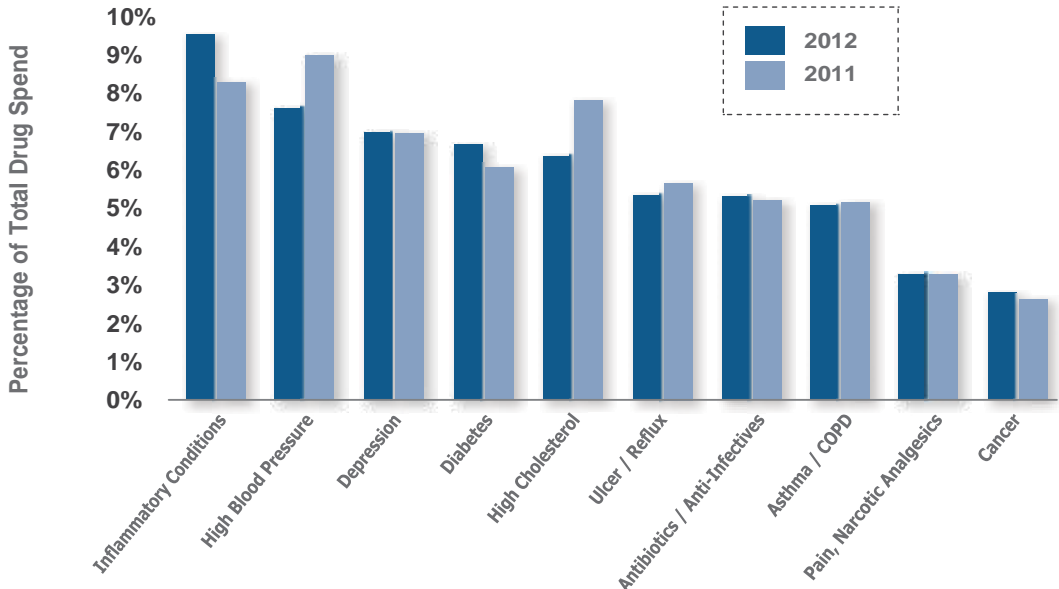
adherence and improving health outcomes.

Education is also a key to helping people with chronic conditions take control of their health. Symptoms and benefits of treatment may not be initially obvious, which can also contribute to non-adherence, says pharmacist Nathalie Rivest, a product manager at Desjardins Insurance. “If you know how to measure your blood pressure or blood sugar, or look at a lab report and know what a high or low cholesterol level is, it makes the results more tangible and encourages adherence.”

Pharmacists can help individuals understand how to use a blood-pressure monitor and glucometer, and how to understand the target values, she adds. “They also have different logs, or journals, to help you keep track of the results, which will help your doctor follow up appropriately.”

When it comes to chronic disease, “prevention is always better, but it's never too late to take action by changing your lifestyle habits,” Ms. Rivest stresses.

TOP 10 THERAPY CLASSES BY SPENDING



Source: Express Scripts Canada's 2012 Drug Trend Report

Shouldn't your prescription drug benefit do more than just dispense drugs?



Express Scripts Canada's active pharmacy benefit management service can result in better health decisions and lower costs

Research from Express Scripts, a Fortune 25 company, has determined that \$1 out of every \$3 spent by Canadian employers on drug benefits is being wasted.

Sadly, \$5 billion is wasted every year within drug-benefit plans due to poor patient decisions that drive higher costs, but generate no additional health benefits. An additional \$7 billion to \$9 billion in health-care costs are caused by patients who fail to take medications as prescribed.<sup>1</sup>

That is waste that no health-benefits plan can afford.

Express Scripts Canada offers a proven solution that is helping employees and their companies reduce the cost of the prescription drug benefit. To learn how call (888) 677-0111.

1. Express Scripts Canada 2011 Drug Trend Report  
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