

# Managing the “expense” in expensive drugs for rare diseases

CADTH Symposium

April 15, 2019

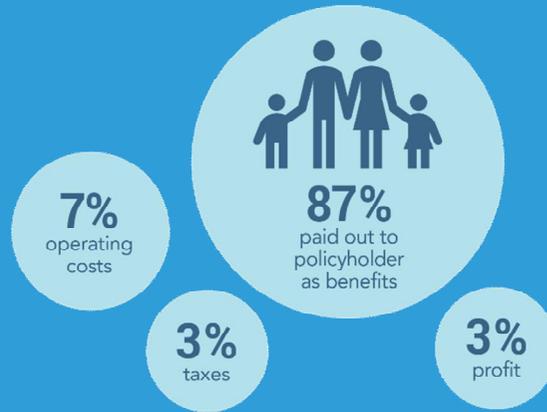


# AGENDA

- Industry overview
- Managing the expense
- Closing thoughts



# Health insurance



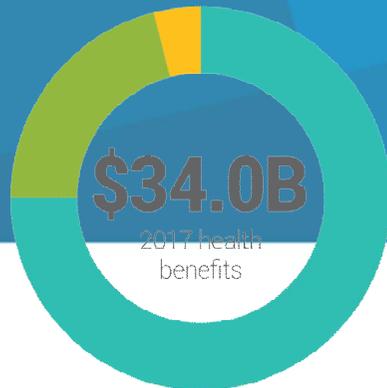
The above demonstrates how health premiums are put to work, providing value to consumers (5-year average)

The cost of specialty drugs is anticipated to reach 40% of prescription drug costs by 2022\*



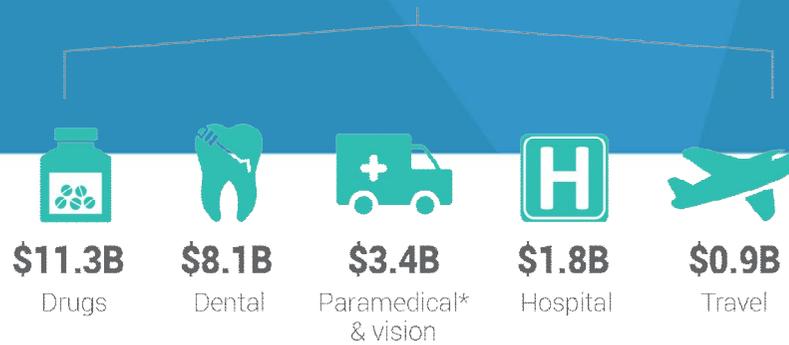
\*Source: Drug Trend Report, Express Scripts Canada

## Benefits by coverage type



- Ext. health 75%
- Disability 21%
- Other 4%

### Ext. health



\*Refers to services and professions, such as physiotherapy, that supplement and support medical treatment



# Industry Overview

Canada's life and health insurers play a key role in providing a social safety net to Canadians:



**25M** Canadians have access to an **extensive range of prescription drugs** and other health supports through extended health care plans.



The number of Canadians with workplace benefit plans has increased over the past **10 years** from **71% to 79%**, demonstrating the continued value of these plans to both **employers and employees**.

# **EXPENSIVE AND RARE DISEASE DRUGS MANAGING THE EXPENSE**



# Why Employers offer Benefits



# The Challenge

- Canadians pay some of the highest prices in the world for their medications
- Increasing prevalence of high cost drugs- cost of specialty drugs is anticipated to reach 40% of prescription drug costs by 2022 \*\*
- Balancing affordability with providing access

\*\*Source: *Drug Trends Report*, Express Scripts Canada



# Managing the Expense

- Private drug plans are more likely to offer new, innovative drugs approved by Health Canada
- According to research by the Canadian Health Policy Institute, of the 479 new drugs approved by Health Canada from 2008 to 2017, 87% were covered by at least one private drug plan\*\*
- Prevalence of high cost drugs remains a concern for plan sustainability
- Insurers continually evolving products and processes to assist employers with managing plan costs

While these will vary by insurer, the following are some examples:

- Prior Authorization (PA)
- Health Technology Assessments (HTA)
- Private Listing Agreements (PLA's)
- Industry Drug Pooling (CDIPC)

\*\* Canadian Health Policy Institute. *Coverage of new medicines in public versus private drug plans in Canada 2008-2017*



# National Pharmacare

- Industry believes that all Canadians should have access to affordable prescription medicines they need
- Comprehensive reform is needed leveraging the strengths of the existing system
- Any reform should include 3 key elements:
  - Providing drug coverage for everyone
  - Protecting and enhancing existing benefit plans
  - Ensure affordability for consumers and taxpayers



# Recommendation for rare disease drugs

## The CLHIA recommends that:

- A national evidence based minimum standard formulary be established
- It should provide for coverage of both chronic illnesses and **drugs for rare diseases** and set maximum allowable out-of-pocket amounts, possibly based on income, for all Canadians
- The government should also work with the industry **to establish a national risk-sharing model for rare disease and high cost drugs** to ensure all regions and/or employers in Canada can afford to offer the minimum standard



# Lowering Drug Prices Can Be Achieved Today

Lower drug prices can be achieved today

- The industry fully supports initiatives underway to address these high costs:
  - PMPRB proposed changes on how drug prices are regulated

Better negotiating power through the pCPA

- Currently, the pCPA only leverages half the market to negotiate lower prices
- Public and private insurers should work together to bring the full volume of the Canadian market through the pCPA



# Recent Developments

## **Advisory Council on National Pharmacare:**

- Interim report released March 2019
- Recognized the unique challenges of funding and accessing expensive drugs for rare diseases
- Final report expected in June

## **Federal Budget 2019:**

- Committed funding for drugs for rare diseases
- Committed 4 year funding for development of Canadian Drug Agency



# Closing Thoughts

- System reform is needed to ensure all Canadians have access to affordable medications
- Any reform needs to address access to rare disease drugs
- Lower drug prices can be achieved today
- A reformed system must ensure the continued viability of the health benefits plans that the majority of Canadians rely upon and value today.
- The industry looks forward to collaborating with government to develop sustainable solutions that will improve access to affordable medications for all Canadians

