The

INSIDE STORY®

MAY 2016

What's Inside

GSC HEALTH STUDY 2015

DRUG WARS: THE PAYOR AWAKENS

Last year GSC made the great leap from drug study to *health study*. And we found all sorts of interesting things in our data. Remember? Headlines of babies getting chiropractic services (*babies?*) and thousands of teenagers dipping into their parents' benefits plans to access a li'l massage (*puh-leeze…Instagram is exhausting!*).

Well, this year's headlines have us careening back into the drug world we're so famous for…

It was a study period that displayed unprecedented year-over-year increases in prescription drug spend—our industry was hit financially, and downstream, clients were too. Here's the story behind exactly what happened…

From across the age bands

What the 1% says...

After years of the annual growth of drug spend at GSC hovering between 2–4%, we saw an unprecedented jump in 2015 to over 9%. While we have been relentless in telling our readers that the Impactables—our middle-aged chronic disease sufferers—have been driving up costs over time, this year it was a different group of patients that captured our attention.

A key metric we share every year is "the 5%," i.e., our most expensive prescription drug users. In 2014, and in the years that preceded it, the Top 5% of drug users accounted for 45% of our total drug spend. That was pretty stable. In the 2015 study, this rose to 50%. *In one year.*

More on the 5%: the entry-level annual spend to get in the 5% club is $2,200. In this group, we see two kinds of patients—first, the Impactables, who are using a big combination of lower cost drugs that, when you add them all up, get to that $2,200 (and above) number. (We're talking drugs for hypertension, diabetes, cholesterol, pain, depression…the usual suspects.) And the other group: patients who are using very, very expensive drugs—sufferers of rheumatoid arthritis, Crohn's and colitis, cancer, and a major new entrant to this list of disease states…but more on that a little later.

As you can imagine, this startling year-over-year change sparked a flurry of further analysis for our 2015 study. Specifically, for the first time ever, we felt it essential to report on the Top 1% of drug users, and it turns out they account for 30% of our total drug spend. Let that sink in for a moment.

The significance of the Top 1% is massive; consider that the minimum spend to enter the Top 1% is $6,200 compared to $2,200 to enter the Top 5%. In addition, the average spend in the Top 1% is $17,500 per plan member per year versus the average spend in the Top 5% of $6,200 per plan member per year. And inside the 1%, there is a further group with a rarified level of spend: in this study period, the number of $50,000-and-above patients rose 50%.

So what's causing the increase? Although over the last few years, we could attribute those 2–4% annual drug spend increases primarily to demographics—basically plan members getting older, sicker, and using more drugs—this was no longer the predominant factor in 2015. And although you might assume the rising costs are due to biologics, in the 2015 study period, our biologics spend as a percentage of total spend rose only half a percentage point.

Two words: speciality drugs. The predominant factor influencing costs in 2015 was specialty drugs, which you can think of as a more all-encompassing label for all high-cost drugs which may or may not be biologics. The percentage of overall GSC drug spend in the specialty realm went up by 2.3% in the study period. That is significant. Remember, not all of the new-generation high-cost drugs are technically biologics—and the ones that rocked our world are not biologics at all.

One word, one letter: hepatitis C.

The last 18 months saw a huge impact from the new generation of hepatitis C drugs, which on their own accounted for almost half the increase in the speciality drug spend. There's more. In 2015, expenditures on the two most well-known new hepatitis C drugs—Harvoni® and Sovaldi®—increased by almost 500% at GSC.

Hepatitis C drugs changed the game not only because of their high cost but also due to the large volume of plan members they can potentially help. Fact: they are amazing drugs with a 95% cure rate. And the carrier world quickly added them to their formularies, so Canadians could access their life-changing impacts. But let's keep it real for a second. The pricing of these drugs broke all the rules we had become accustomed to in the payor world. Namely that drugs with enormous price tags (a.k.a. these $60,000 to $80,000 hepatitis C drugs) were priced at that level because there was a small population of patients that would use them. But wait, there are 250,000 (not 25,000, not 2,500) untreated hepatitis C sufferers in Canada.

High Cost Drug Claimants

New To List

RANK	DISEASE STATE	SHARE OF TOTAL COST	SHARE OF CLAIMANTS
1	RA/CROHN'S/COLITIS/PSORIASIS	20.7%	25.9%
2	DIABETES	10.0%	35.1%
3	CANCER	6.1%	7.7%
4	PAIN	5.3%	46.0%
5	MULTIPLE SCLEROSIS	4.5%	1.7%
6	DEPRESSION	4.4%	37.8%
7	ASTHMA AND COPD	4.4%	29.5%
8	HEP C	4.3%	0.7%
9	HYPERTENSION	3.1%	49.0%
10	ACID RELATED GASTROINTESTINAL CONDITIONS	2.7%	36.7%

So, by listing these drugs and abiding by the principles of insurance, we and our competitors took a bottom-line beating, and plan sponsors got whacked with price increases. Now looking ahead, the question top of mind is, as specialty drugs continue to enter the market, will their prices be defensible and our drug plans sustainable?

Our crack at a dramatic, rallying-cry closing...

What's becoming abundantly clear is that private payors cannot simply play by the old rules if portions of the pharmaceutical industry are not. And we expect that the financial trauma inflicted by hepatitis C drugs was the wake-up call for us.

At the same time, we need to balance the need for pushback with maintaining the reasons drug plans exist. In short, we're not supporters of putting our sickest and most financially vulnerable plan members in the middle of this specialty drug pricing challenge. Asking them to go to a specific pharmacy to get a lower price seems a reasonable request. But delaying the listing of these drugs or eliminating coverage of specialty drugs altogether is a discouraging precedent when one considers the situation of the very sick patient who is sitting and waiting for a life-changing or life-saving drug. Surely we can find more creative solutions.

continues...

WHAT TO EXPECT IN 2016

- → **Repatha™ and Praluent® (biologics for cholesterol):** more expensive than traditional statins but specific indications for a small patient population. Cost: $8,000 per year.
- → **Daklinza™ (speciality drug for hepatitis C):** used in combination with an existing hepatitis C drug for a small patient population. Costs for the indications reimbursed by GSC can be up to $91,000 for the entire course of treatment.
- → **Orkambi™ (specialty drug for cystic fibrosis):** indicated for a potentially significant percentage of cystic fibrosis patients with specific genetic mutations. Cost: $250,000 per year.

Prior authorization must be vigilant in ensuring only the appropriate indications receive coverage.

Where to from here?

The message from the 2015 Health Study is clear—something probably has to give. First, industry heal thyself—we need to rally our buying power to bring sanity to the drug spend. And second, while it is uncomfortable to contemplate "takeaways" in our health plans, Mom or Dad may one day need to foot the bill themselves for Junior's competitive dance- or soccer-induced massage. And we haven't even mentioned increasing investment in chronic disease prevention and management in this issue! (Go back and check out the April issue of *The Inside Story* for that topic.)

If we are going to take care of the sickest among us, plan sponsors may no longer be able to afford to cover it *all*. Sponsors and their advisors are likely going to have to grapple with defining plan member "needs" versus "wants" and "likes." Sticky issue, we know, but the time for those discussions may come sooner rather than later.

…And by the way, we haven't even shown you the most unique and startling data from the 2015 study. We looked at mental health. Finally. And in a world where we are talking more about mental health, in June we are going to show you the kind of care our plan members receive when they raise their hand for help. Spoiler alert: there are issues.

OUT & ABOUT…*Events not to miss*

BCPHA Annual Conference & AGM – May 26-28, 2016
Delta Grand Okanagan, Kelowna, B.C.
www.bcpharmacy.ca/conference
GSC's David Willows will be presenting and sharing insights on the challenges for private payors in the current benefits landscape.

Healthy Outcomes – June 9-10, 2016
Ritz-Carlton Hotel, Toronto, Ontario
www.benefitscanada.com/conferences/healthy-outcomes-conference
Peter Gove, GSC's innovation leader, health management, will be speaking about health benefits strategies for millennials.

COMMUNITY GIVING PROGRAM

HERE'S HOW WE **ADD** TO THE **GREATER GOOD**…

Paving the way for a brighter future
Take a look at how our grant recipients are making a difference

Frontline care—like dental services, vision care, prescription drugs, disease management, and mental health supports—can act as a catalyst for change. That's why the GSC Community Giving Program is focused on supporting organizations and initiatives that provide frontline care for underinsured or uninsured populations. And all grant recipients include a navigator component—this means ongoing positive change as clients are referred to any additional services they may need.

Frontline care in action...

GSC frontline care™

Richmond Family Place Society – Access Health Project
The Family Place provides support to families in Richmond, British Columbia, with the mission: "Ensure every child in Richmond reaches their full potential." GSC funding is making it possible for the Family Place to extend the reach of their Access Health Project, which raises awareness of health care support in the community. To learn more, visit www.richmondfamilyplace.ca.

Providing Alternatives Counselling & Education Society (PACE) – Peer Health Navigator
PACE is a not-for-profit organization that promotes safer working conditions for sex workers in Vancouver, British Columbia, through education and support. GSC funding is making it possible for a peer health navigator to engage, educate, and support sex workers to connect to health services. To learn more, visit www.pace-society.org.

University of Victoria (UVIC) – HerWay Home Outreach Pilot
UVIC is supporting a pilot project of an outreach worker role with the Victoria-based HerWay Home program. This program provides health care and social support for high-risk pregnant and parenting women who face a range of challenges, including poverty, substance use, mental health issues, violence, and trauma. GSC funding has enabled the HerWay Home program to hire an outreach worker to help women make connections to supportive services. For more information, visit www.viha.ca/children/pregnancy/herwayhome.htm

Scarborough Women's Centre – Counselling Support Services and Mentoring for Marginalized Women
The Centre aims to empower women in Scarborough, Ontario, to make positive changes so they can transition from abuse, poverty, and isolation. GSC funding is allowing the Centre to expand its counselling and mentoring services connecting more women to education, housing, legal assistance, social services, and health care. For more information, visit www.scarboroughwomenscentre.ca.

Pine River Foundation – Pine River Institute Aftercare Bursary Program
The Foundation raises funds for the Pine River Institute near Shelburne, Ontario, which provides therapy and education to adolescents who are struggling with addiction and mental health issues. GSC funding is making it possible for the Pine River Institute to offer their Aftercare Bursary Program to more youth in need, helping them continue to abstain from substance abuse as they transition back to their home communities by providing access to the Aftercare Program and additional community-based therapy services. For more information, visit www.pineriverinstitute.com.

What's UP...

FIRST-EVER GLOBAL REPORT ON DIABETES

The World Health Organization has released its first-ever *Global Report on Diabetes*. The report is a call to action urging regions globally to enhance their environments to decrease risk factors like physical inactivity and unhealthy diets and to strengthen their ability to provide effective treatment. Key findings include that diabetes:

- → Is growing in all regions of the world and a major risk factor is being overweight or obese; in 2014, more than one in three adults over 18 years old were overweight and more than one in 10 were obese.

- → Has major health and socioeconomic implications especially in developing countries. Complications of diabetes can lead to heart attack, stroke, blindness, kidney failure, and lower limb amputation.

- → Caused 1.5 million deaths in 2012. An additional 2.2 million deaths were due to higher-than-optimal blood glucose which increases the risks of cardiovascular and other diseases. Forty-three per cent of these deaths are considered premature (before the age of 70 years old), and are largely preventable by developing environments that promote healthy lifestyles and better detection and treatment.

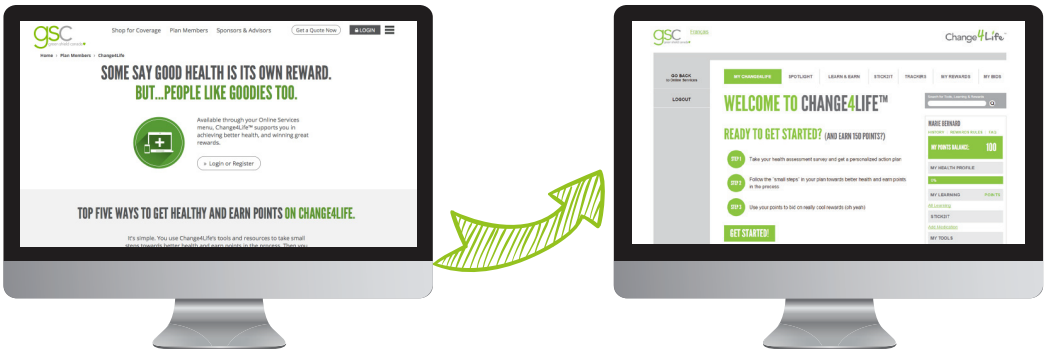
- → Can be effectively managed through medication, healthy lifestyles, patient education to promote self-care, and regular screening for early detection and treatment of complications.

The report highlights the enormous scale of the diabetes issue, however, it also emphasizes that there is potential to reverse the current trends in diabetes. There are no simple solutions, so we must address the issue from all fronts—everyone needs to get involved. To help your plan members take action, refer them to the Change4Life portal where they can learn about diabetes and how to make important lifestyle changes to prevent it, as well as to effectively manage it.

For more information and to download the report, please visit: www.who.int/diabetes/global-report/en/.

And plan members can register for Change4Life at www.greenshield.ca/en-ca/plan-members/change4life.

> "Everyone can play a role in reducing the impact of all forms of diabetes. Governments, health-care providers, people with diabetes, civil society, food producers and manufacturers and suppliers of medicines and technology are all stakeholders. Collectively, they can make a significant contribution to halt the rise in diabetes and improve the lives of those living with the disease."



NEW INSIGHT INTO POTENTIAL FUTURE HEALTH CARE APPROACHES

Two recent reports commissioned by the Canadian Pharmacists Association identify possible strategies for ensuring Canadians have access to the medications and the care they require:

→ *Pharmacare Costing in Canada* examines the costs and trade-offs of four pharmacare models. To close the gaps in coverage while protecting patients' access to medication, it concludes that the most effective and realistic approach is a pan-Canadian strategy that builds on existing public and private programs. By investing up to $2.15 billion a year in a pan-Canadian approach, the study estimates that a pharmacare program could assist approximately 10% of Canadians who are not covered or have inadequate coverage. For more information and to download the report, visit: www.pdci.ca/pdci-pharmacare-costing-study-report-2016-final/.

→ *Review of Pharmacy Services in Canada and the Health and Economic Evidence* conveys that pharmacists can have a growing and wide-ranging impact in a variety of areas, including cardiovascular disease and related conditions, asthma and chronic obstructive pulmonary disease, neuropsychological (brain) health, including smoking cessation, flu vaccination, medications, and minor ailments. This report is the first in a three-part series. The second report will model the health and economic impact of expanding key pharmacy services and programs. The third report will investigate policy options and recommendations for optimizing the scope of pharmacy practice in Canada. For more information and to download the report, visit: www.pharmacists.ca/cpha-ca/assets/File/cpha-on-the-issues/Pharmacy%20Services%20Report%201.pdf.

May Haiku(s)

Drug costs up and up
How can we afford it all
We probably can't…

Little Red Corvette
Was our vital '80s jam
Long live his music

WINNER OF THE DRAW FOR A FITBIT

Congratulations to **C. CADOGAN**, of **Guelph, ON**, the winner of our monthly draw for a Fitbit. Through this contest, one name will be drawn each month from plan members who have registered for Plan Member Online Services for that month.

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London	1.800.265.4429	**Vancouver**	1.800.665.1494
Toronto	1.800.268.6613	**Windsor**	1.800.265.5615
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		Customer Service	1.888.711.1119