The

INSIDE STORY®

FEBRUARY 2017

What's Inside

WANT TO KEEP EMPLOYEES AND THE FINANCIALS OF YOUR BENEFITS PLAN HEALTHY?

THERE'S DEFINITELY 'SMART SPENDING' STRATEGIES EMERGING

As 2017 begins to unfold, we'd like to set the scene by conveying a sense of urgency around spending and the sustainability of health benefits plans. We know you're probably thinking, *here they go again*… and you're right, here we go again—and with good reason. The future of the industry has forever changed. Keep reading to find out why and for things to think about while assessing your plan to evolve with the times. We brought together some of GSC's finest… just ask them… to provide their take from differing perspectives. Here's what they had to say as David Willows, GSC's vice president, Strategic Market Solutions moderated the discussion:

DAVID: Thanks to everyone for coming, not that it was optional. So around the table today we have…

GSC's pharmacy strategy leader, Ned Pojskic, or technically I should say, *Dr.* Ned Pojskic. With a master's degree and PhD in pharmaceutical sciences, Ned will help us tackle issues from the prescription drug world and provide an evaluation of options available to plan advisors and sponsors using the best scientific evidence.

Joining us we also have Peter Gove, GSC's innovation leader, health management. As our behaviour-change guru, Peter's take will provide a different perspective, one that looks at issues with an employee health lens.

And to further round out the discussion, we'd like to introduce you to a fairly new face around GSC—Erin Crump, who by training is an actuary—which is essentially a fancy word for a math and data-analysis wizard whose expertise lies in measuring and managing uncertainty and risk. Erin's aptitude for everything analytical plus her past lives as a benefits plan advisor and HR professional make her ideally suited to be GSC's director, pricing and corporate analytics. Erin's perspectives will also help us meet the goal of today's discussion—to help plan advisors and sponsors evolve with the times by effectively assessing what to consider "smart spending" in today's challenging environment.

Now in terms of context for today's discussion: based on what we learned in 2015 and 2016 by expanding our annual drug study to also include health benefits, we've been pretty vocal—OK, more like very loud—in trying to spread the word about the importance of assessing whether spending on various traditional services is tackling critical health issues like the rising incidence of chronic conditions. Remember teenage massage? So let me put it to the group… now with the rapidly increasing introduction of high-cost speciality drugs, some even for chronic diseases, would you agree that this long-standing message—that plan sponsors need to critically examine their investment—is becoming more urgent?

NED: Yes, agreed. To be able to afford these truly life-altering drugs, plan sponsors are going to have to examine everything included in their plan. There is no longer a lot of leeway for spending that could take away from their ability to afford new drug innovations. And that is not just aimed at things like massage and "baby chiro"… it includes paying for brand drugs when generics and biosimilars are available.

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ERIN: Definitely no leeway especially when you consider that the introduction of new high-cost drugs represents "the new normal." This new normal poses major challenges regarding how plan sponsors will be able to afford the new drug treatments. Now more than ever it all comes down to the purpose of a health benefits plan—which I know GSC has been talking about for a while now.

First, plan sponsors need to have a clear idea of the purpose of their plan. Is it just additional compensation? Is it insurance to protect employees from financial losses? And is it an aid to workplace health management? With these questions answered, they can assess whether or not what they are investing in makes sense in terms of their plan goals.

Without questioning what the plan is all about, plan sponsors often end up trying to include absolutely everything. For example, a plan sponsor that wants to provide every type of paramedical service available may end up adding drug plan caps to essential drugs to make this possible. Ultimately, this approach risks the plan's ability to afford the new, life-altering drug innovations that are in the pipeline.

PETER: And picking up on that, if the goal is to enhance plan member health, then plan sponsors need to understand that the new normal also includes the rising incidence of chronic conditions. Fortunately, our ongoing investigation into the value of health management initiatives continues to reveal positive outcomes. The more plan sponsors can invest in ways to encourage plan members to eat better, exercise regularly, sleep well, stop smoking, and so on, the better chance they have at curbing chronic conditions and the associated costs like absenteeism and drug spend.

NED: Also, to save costs as a way to afford the new drug innovations, drug plans across the board need to embrace biosimilars [also known as subsequent-entry biologics]. In fact, to facilitate this, GSC is taking a leadership position by making biosimilars the only option for "new starts" [a.k.a. plan members just starting a biologic therapy] on GSC plans.

DAVID: So far is the industry embracing biosimilars?

NED: In the past, there was a widespread perception that there were only two possible options to achieve savings: working with the manufacturers of originator products to secure better pricing *or* embracing biosimilars. Fortunately, the mindset is shifting toward recognizing that biosimilars are the way to go. However, what's not happening is the ***action*** required to encourage adoption. For new starts, reimbursement should be restricted to biosimilars. What's more common right now is to see both the originator and the biosimilar listed in drug formularies on par. Physicians' actions have made it abundantly clear that when faced with a choice of a biosimilar and originator products—with which they have much greater experience—they will almost always choose the originator. As a result, prescribing patterns will not change, and the market for biosimilars will stagnate, thereby creating a challenge for the sustainability of the biosimilar market in Canada. Without new biosimilars coming to market, opportunities for significant savings will diminish as will any possible pricing deals with originator products. By encouraging the prescribing of biosimilars, drug plans will motivate physicians to educate themselves on biosimilars and gain further experience with these products.

DAVID: And what about the issue of interchangeability? Will the science eventually demonstrate interchangeability, and in turn, lead to easier adoption of biosimilars?

NED: The reality is that in many cases, interchangeability may never be possible in terms of how we think of brands versus generics. It's just the nature of the beast with biosimilars that there are numerous factors at play that limit interchangeability. So this is where the scenario differs from the traditional brands-versus-generics scene. And this is a big part of why drug plans need to take a very different approach to biosimilars than with generics.

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DAVID: And what about the public payors, are they doing their part to encourage adoption of biosimilars?

NED: Absolutely, the public payors are ahead of our private industry in making the case for biosimilars. This past spring, the pCPA [the pan-Canadian Pharmaceutical Alliance] came out with the *Subsequent Entry Biologics First Principles* to provide a framework for adoption by the other provincial plans. For example, Inflectra was negotiated by the pCPA and now it's available on various public plans across Canada at 47% of the price of Remicade.

Overall, public payors have a model in place and at GSC we have a model in place, so the main thing that is going to grow the market for biosimilars now is for plan advisors and sponsors and other carriers to follow suit. Again, it's a new reality out there, unlike brands and generics where the system—like interchangeability executed by pharmacists in stores—helped drive change. With biosimilars, action has to happen by plan advisors and sponsors at the drug plan level.

DAVID: Sounds like consensus is that strategically listing biosimilars should be an important focus for drug plans in 2017. So now let's move on to another industry development that these days is hard to miss as virtually every industry conference or seminar has covered it—and that's pharmacogenomics. Now, we have been leading proponents of considering new services for benefits plans—we have advocated health coaching services performed by pharmacists and registered dietitians aimed at preventing and better managing chronic disease. And the vast majority of our clients have embraced these programs and are paying for them—a first in our industry. So, here is another new option for plan sponsors to consider. Is the buzz around pharmacogenomics warranted? Is it potentially smart spending for our clients?

Pharmaco-what?

The concept behind pharmacogenomics is that variations in a patient's genetic profile can help determine how the patient will respond to certain medications. Based on the patient's genetic profile—revealed by a genetic test—doctors and pharmacists can potentially use the results to choose medications better suited to each individual patient. For more background, please re-visit the July/August 2016 edition of *The Inside Story*.

NED: Well, the concept seems cool and the current narrative around it is appealing: that for a relatively small expenditure, it can provide a straightforward answer to many issues around medication prescribing. However, a closer look reveals that it's not so simple. Looking at it through a research lens, it needs to answer this fundamental question: does pharmacogenomics have enough explanatory power to tell how a patient will react to a drug? And the answer from the scientific evidence today is no—so if pharmacogenetic testing is used, it should be considered as just ***one*** factor involved in making effective prescribing decisions.

DAVID: We have committed funding to the research that the British Columbia Pharmacy Association is doing in this space. To us, developing evidence is crucial. Are you hopeful that pharmacogenomics will eventually evolve to the level where the scientific evidence demonstrates that genetic testing provides enough valid information to dictate prescribing decisions? And as a result, at some point, will reimbursement for pharmacogenomics testing by benefits plans make sense?

NED: A cautious yes. There may well end up being some *very specific cases* where there is enough evidence around pharmacogenomics to improve clinical practice and potentially warrant reimbursement. However, overall, a person's genes typically only explain a small part of treatment response; there is also a range of psychosocial and physiological variables that affect prescribing that has nothing to do with genes. Basically at this point, the sales pitch around pharmacogenomics is a great story, but it's not yet backed by the science.

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PETER: Actually, a good example of the importance of taking a range of variables into prescribing decisions is antidepressants. Pharmacogenomics is largely about how fast or slow the patient metabolizes a medication, which relates to blood levels. However, with antidepressants, blood levels and efficacy are unrelated. So even if a patient is a fast metabolizer of a certain medication and, as a result, has lower blood levels, this is meaningless in terms of clinical outcomes regarding depression.

For example, as experts explained at the recent Mental Health Summit in Vancouver, diagnosis of depression involves the presence of at least five symptoms out of a list of nine: issues with sleep, energy, and appetite, as well as problems with memory and concentration, and feelings of hopelessness, guilt, and suicidal thoughts. But in reality, there are over 200 possible combinations of symptoms of depression, suggesting that there may be over 200 variations of this illness. We are not even close to understanding the best treatment approaches including the best psychotherapies. As a result, the psychiatrists I talk to and hear speak on the topic believe we are a long way from a point where pharmacogenomics will add value here.

DAVID: Overall, do you think plan sponsors are recognizing that there is a new normal and are assessing what they are investing in so that they evolve with the times and will be able to afford things like high-cost drugs?

ERIN: Actually, I think many plan advisors and sponsors are very aware of the trends of the last couple of years, but have not yet accepted that this is the new normal and evolved accordingly. I think this may be because they are wary of how changes to the plan may be perceived by plan members. As an industry, we've been caught up in the idea of adding more and more and more, so now the idea of freezing or even taking away—even if it means shifting things to be more value-based and aligned with the plan's goals—is hard for some plan sponsors to get their heads around, and to be quite honest, would be much tougher to communicate to employees. Also, the necessity of making some tough choices is not necessarily something enough industry stakeholders are advocating. The rise of drug caps is evidence of this—a seemingly simple solution that arguably harms the sickest and most vulnerable plan members.

In addition, because the drug landscape is changing so dramatically, plan sponsors also need to recognize that the risk profile of their plans has also changed dramatically, which is another aspect of spending that needs to adapt. For example, if your risk appetite hasn't changed, your stop loss threshold should not be the same as it was five years ago. A $10,000 claim used to be a rare event; now it's much more commonplace—the new normal.

Overall, to be prepared and mitigate risk, plan sponsors need to shift their mindset toward spending based on what is coming in the future rather than what has happened in the past. Using only the past to predict the future no longer fits today's reality. Plan advisors and carriers need to help plan sponsors understand the new normal—and a good way to do this is to show them the numbers—the changing distribution of drug claims, what's coming down the pipeline, and more. The numbers are objective and clearly demonstrate the challenge of affording new high-cost drugs.

DAVID: Just like the numbers have a lot to say, based on this discussion, sounds like we do too. And let us make clear, GSC is not suggesting a blank cheque on new high-cost drugs. We have been very vocal on the unsustainability of drug prices attached to new entrants in the marketplace. And the industry is doing its part by raising its voice on Patented Medicines Pricing Review Board reform and expressing a willingness to partner with the pCPA on negotiating better pricing for both public and private plans.

But those wheels can grind slowly. So boiling our discussion down to its concrete message for plan sponsors, sounds like what we're saying is that to face—and even embrace—the new normal that includes high-cost speciality drugs that are here to stay and grow, plan sponsors need to critically assess their plan's current expenditures, as well as put any new potential expenditures through the same rigour. On a case-by-case basis, they need to ask: is it smart spending? And if they are struggling with the answer, they know we have scoured the claims data and the scientific evidence and will be willing to share an opinion… or two or three… we are happy to help.

What's UP...

WE'RE HITTING THE ROAD WITH THE GSC 2017 HEALTH STUDY: COME HEALTH OR HIGH WATER

Come out and learn what the data is saying about strategies to keep afloat in the wake of numerous industry developments. The latest and greatest claims data analysis and research will provide important insights, plus there's sure to be a laugh or two along the way (…you're laughing with us, not at us, right?).

We'll also be sure to have on hand some insurance industry swag that, in our humble opinion, is cooler than most. And of course, for you keeners out there, it's your chance to earn CE credits.

You'll receive an official invitation with more details soon (if you haven't already), but in the meantime, be sure to save the date!

WINDSOR	MARCH 21
LONDON	MARCH 22
KITCHENER	MARCH 23
TORONTO	MARCH 28
OTTAWA	MARCH 29
VANCOUVER	APRIL 10
EDMONTON	APRIL 11
CALGARY	APRIL 12
WINNIPEG	APRIL 19
HAMILTON	APRIL 27
MONTREAL	MAY 11
VICTORIA	JUNE 1
HALIFAX	JUNE 6

PROPOSED FEDERAL TAX ON EMPLOYER HEALTH BENEFIT CONTRIBUTIONS

The federal government is considering taxing employer contributions to health benefits plans, meaning that group health benefits would become a taxable benefit for plan members. Although the details under consideration are not available yet, the Canadian Life and Health Insurance Association (CLHIA) shared with GSC their understanding that the tax changes would include taxing employer benefits and then using the proceeds to introduce some kind of broad refundable tax credit for health care expenses. Timing is also yet to be revealed, but industry insiders predict that the changes could be announced as early as the spring 2017 federal budget.

Never mind... WE WON.

For more information: The CLHIA has teamed up with a number of other organizations to raise awareness of the negative impact the tax changes would likely have on the benefits plans and health of Canadians. If you or your plan members would like more information or would like to get involved, visit this advocacy website: http://donttaxmyhealthbenefits.ca.

We'll continue to monitor the situation and keep you posted on developments.

RECENT RESEARCH SHEDS LIGHT ON HEALTH MANAGEMENT EFFORTS

Added sugar presents challenges for healthy eating

The message around sugar consumption is clear: one of the best ways to ward off a range of health conditions, as well as enhance disease management, is to decrease sugar intake. One of the top recommendations to decrease sugar consumption is to steer clear as much as possible from processed and packaged goods. A recent study provides more backup for this recommendation.

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In March 2015, researchers reviewed the ingredients lists of over 40,000 processed and packaged foods and beverages available at one of Canada's largest grocery retailers. They recorded whether the item included "added sugar"—and, if so, how much added sugar—as well as what term the product uses to identify added sugar. Here's what the researchers discovered:

- → 66% of the products contained at least one added sugar.
- → Presence of added sugar was highest in products like candy, baked goods and soft drinks, but also very high in food products that many consumers would consider "healthy options" like snack bars, cereal, and juice.
- → The term most frequently used to identify added sugar was "sugar" followed by "dextrose."

Overall, the findings highlight that added sugar is a major factor in the Canadian food supply. In fact, the finding that about two-thirds of the packaged foods available at this major grocery retailer contain added sugar, is similar to estimates of added sugar in the food supply in the United States. The implication is that so much added sugar makes healthy eating more difficult than ever as an increasing proportion of Canada's food supply is categorized as processed and packaged foods.

In addition, although the term "sugar" is likely familiar to consumers, numerous other terms like dextrose may not be well known, posing another challenge for people trying to limit their sugar intake. Establishing a baseline regarding added sugar in the Canadian food supply should be helpful in assessing outcomes of future changes like the potential of changing sugar labeling policies in Canada.

To review the study—*Added sugar in the packaged foods and beverages available at a major Canadian retailer in 2015: a descriptive analysis*—visit CMAJ Open at http://cmajopen.ca/content/5/1/E1.full.

Heart health research highlights the role of chronic stress

A recent research study is the first to link regional brain activity to subsequent cardiovascular disease. These findings provide additional support for the long suspected link between emotional stress and the increased risk of cardiovascular issues. And in turn, it reinforces the health management message that the benefits of reducing stress are many; stress reduction not only improves psychological wellbeing, but also helps prevent heart disease and stroke.

Researchers took images of the brain, bone marrow, and spleen activity, as well as artery inflammation, of 293 patients over 3.7 years. During this time, 22 of the study participants experienced a cardiovascular issue like heart attack, heart failure, stroke, and narrowing of arteries. The researchers found that participants with a highly active amygdala—a region of the brain involved in stress processing—had a greater risk of cardiovascular disease and developed problems sooner than those with lower amygdala activity.

In addition, the researchers tested 13 patients with a history of post-traumatic stress disorder. Participants who reported the highest levels of stress had the highest levels of amygdala activity, as well as more signs of inflammation in their blood and the walls of their arteries. Overall, the findings identify chronic stress as a true risk factor for cardiovascular diseases.

To review the study—*Relation between resting amygdalar activity and cardiovascular events: a longitudinal and cohort study*—visit The Lancet at http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)31714-7/abstract.

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.

GSC frontline care™

Frontline care in action

Homeless Connect Toronto

Homeless Connect Toronto is based on a successful initiative that started in San Francisco in 1998 and has since been implemented by 221 communities in North America. The vision is to engage the community and create sustainable partnerships to overcome homelessness. Individuals experiencing homelessness—and those at risk of homelessness—receive increased access to services to help change their situation through Homeless Connect Toronto special events. The events—like the event held at Toronto's Mattamy Athletic Centre on October 30, 2016—bring together a wide range of service providers to provide free services. Homeless Connect Toronto makes this possible by promoting collaboration among local social service agencies and encouraging businesses to build partnerships with social service agencies. As a result, volunteers and private and not-for-profit organizations from various sectors participate in the events and become part of the solution to homelessness.

Lots of helping hands—all under one roof

Flu shots, dental and vision screening, chiropractic adjustments, legal support, job training, ID clinics, housing support, and even haircuts and manicures are all available for free from service providers who participate in the events. Often those most in need don't know how or where to access services, so the providers deliver as many services as possible during the event. This on-the-spot approach removes barriers like the need for referrals or followup. In addition to important services, event attendees also receive free clothing and toiletries, as well as information about mental health and addiction.

One-stop shop that now includes dental services

The events have become known as a single stop to help end homelessness. In addition to all the logistical details of the event, community volunteers act as navigators by accompanying attendees from registration to the services most appropriate for their needs. Funding from GSC has helped give it a truly comprehensive approach by ensuring that dental services are now part of the mix. As a necessary component of health care, attendees can receive a free dental examination, as well as necessary services like cleaning, tooth extractions, and root canals. The 2016 event had 773 attendees with 84 organizations providing free services through the efforts of their 200 staff volunteers—all supported by 212 community volunteers. To learn more, please visit http://www.hctoronto.org.




February Haiku

Four people talking
Is so much easier folks
Than writing new stuff

WINNER OF THE DRAW FOR A FITBIT

Congratulations to **M. LI**, of **Scarborough, 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.

gsc green shield canada

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