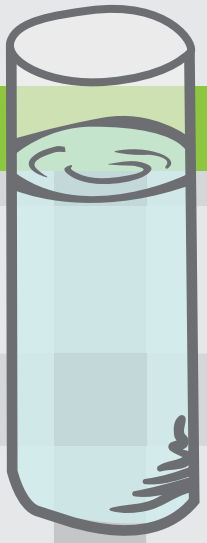
The

# INSIDE STORY®

SEPTEMBER 2017



## What's Inside



RESEARCH EVIDENCE FACTS DATA

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# IT MAY NOT BE COMFORT FOOD...

## BUT THE 2017 GSC HEALTH STUDY SERVES UP THE FACTS

Every year we cook up an *Inside Story* feature that serves up the tasty morsels from our annual GSC Health Study. So readers, it's time to feast…

But before we get all serious, shout-outs to the terrific audiences that gathered across the country between March and June. We would never be so bold as to claim they saw the best Health Study presentation ever, but we can report as a fact they saw the LONGEST. Clocking in at just over an hour, audiences endured a relentless onslaught of claims data, health research, and an unabashed opinion about the state of private health benefits plans in Canada. All survived, but the late afternoon start times and free-flowing adult beverages provided much-needed sustenance to survive our stress-inducing story.

What was that overarching story in 2017?

It was that all of us responsible for designing, administering, and writing the cheques for health benefits plans need to embrace data, research, and facts. We mean real facts, not the alternative variety that seem to be floating around south of the border. With this disciplined approach, we may be able to make difficult but necessary choices on coverage. This will be required to ensure our plans will be able to survive drugs that are priced in the tens of thousands, hundreds of thousands, or millions of dollars combined with a growing number of plan members and dependents spending up to their plan maximums on non-pharmaceutical benefits, namely health services, many with little or no research demonstrating their effectiveness.

We know these topics are not new to these pages or GSC Health Studies, but we did stir up some new topics to demonstrate the particular challenges we all face and provide a recipe for optimism—if we adopt some seemingly straightforward strategies.

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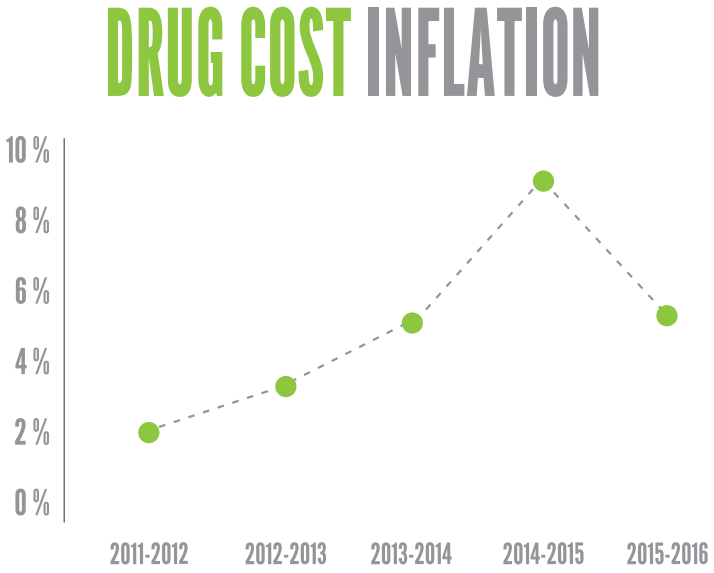
## Let's get started...

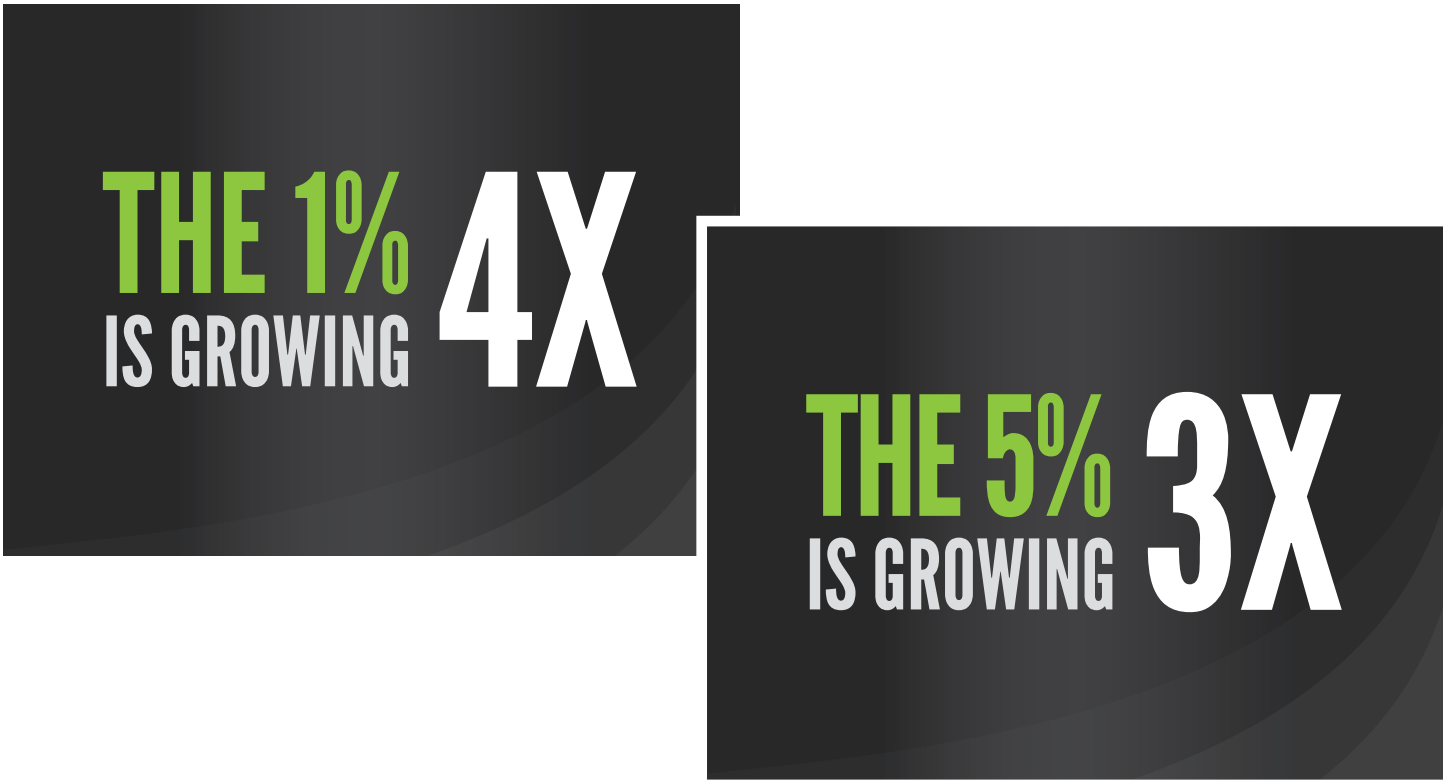
No recap of our Health Study can go far without reviewing the bottom-line numbers on drug costs. The big money number we highlight each study is the year-over-year increase in GSC's total drug spend. This year that number was 5.8% over the study period. Is that the sound of a relief-filled exhale you hear? Well, 5.8% is definitely better than last year's 9%. But let's not set our bar so low. The last three years have seen successive increases of 5%, then 9% on top of that 5%, now 5.8% on top of that gaudy number nine. Not a terrific trend at all.




Just like last year, we also focused on the top one per cent of drug plan users, who made up 28.8% of overall drug costs and whose costs have been rising at four times the rate of the other 99% of drug plan users over the past five years. For the first time, our five percenters cracked the 50% mark of total GSC drug spend, at 50.2%, and we calculated that they have been growing at three times the pace of the other 95% over the last five years.

High cost drugs… high cost claimants… a familiar refrain.

So we started looking for some dollars that could bring some relief.

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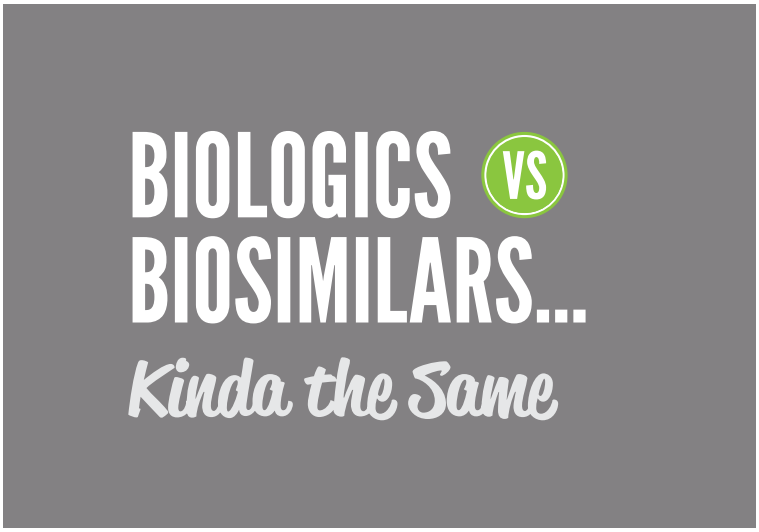
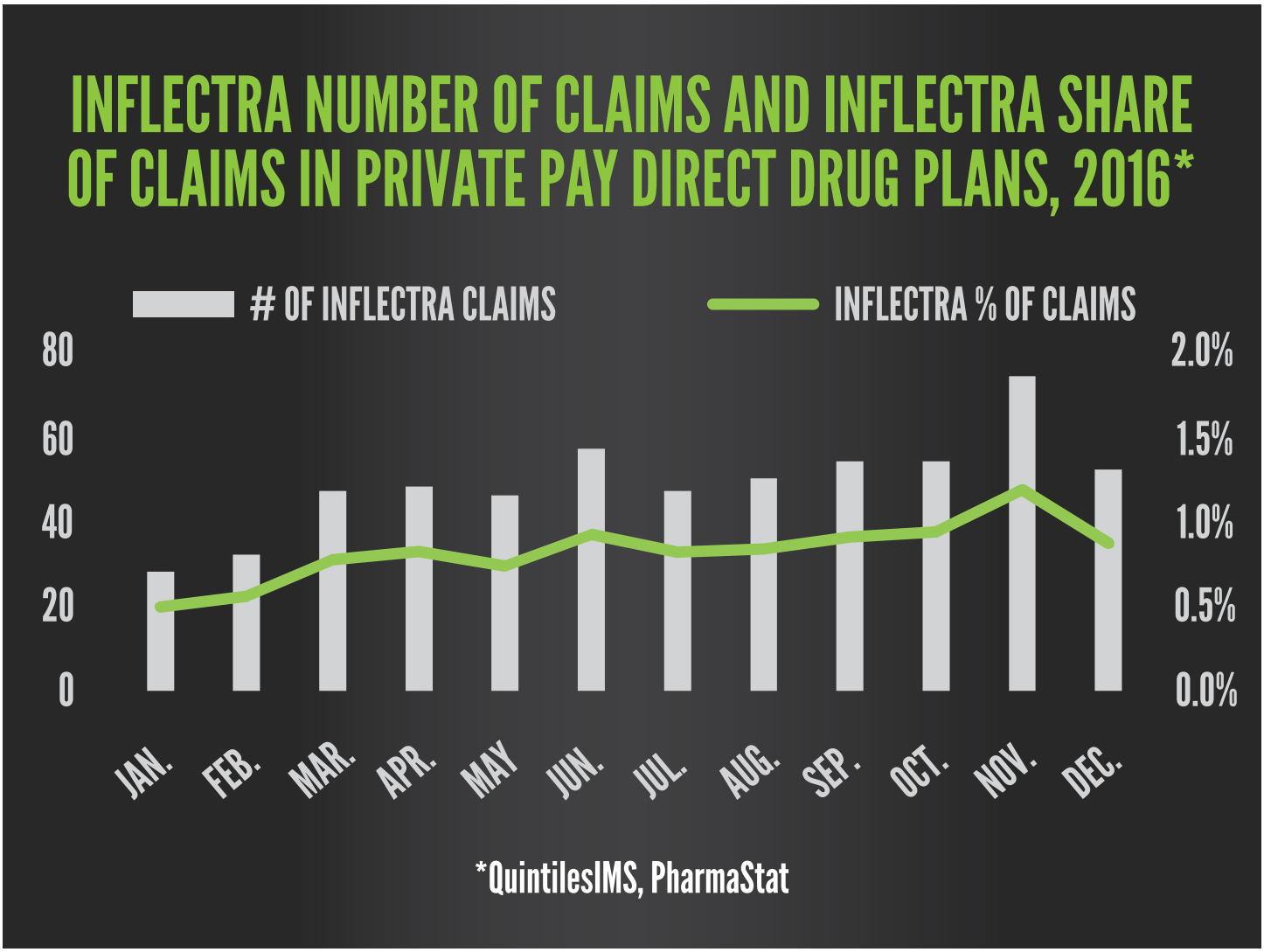
## It's the biosimilars, stupid

To paraphrase the infamous Clinton electoral strategy catchphrase from the late 80s, here's one obvious topic in the world of high-cost drugs that takes us to the savings we need. There are literally hundreds of millions of dollars up for grabs for private and public drug plans if we get on the biosimilar bandwagon. But we're kind of blowing it, especially in the private payor world. Most carriers have been signing up for the easy deals—i.e., product listing agreements—to prop up the originator biologics, while uptake of equally effective, but materially less expensive biosimilars, is frustratingly low… except for those few of us that have developed administrative policies requiring new patients to use them. At 7% market share, GSC generated 37% of Inflectra (the biosimilar for Remicade) claims in the private market. We're hoping to see more of our friends in the industry join us to support building a viable biosimilar market in Canada through forward-looking strategies. We did it for generics last decade, so we can do it again.

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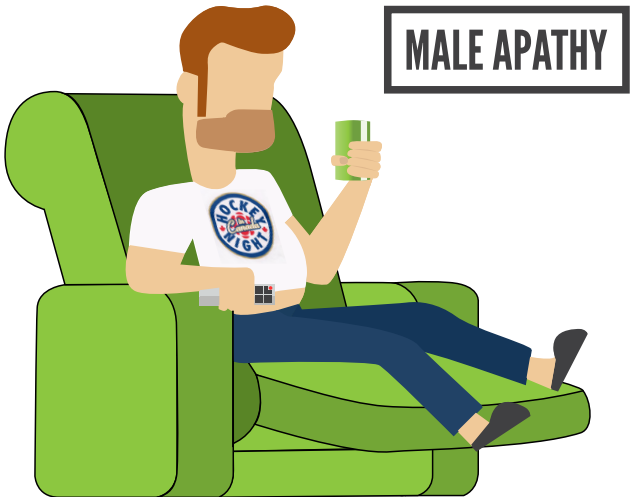
## Hands up, who is 'Changing4Life'?

A hard nut to crack is getting our well-ingrained unhealthy habits to take a backseat to new healthy ones. There are lots of dollars to be had in getting us all healthier. Our data has clearly shown the cluster of chronic diseases that create our "Impactables" class of plan members—folks who combine a number of drug therapies to become one of those expensive five percenters noted earlier. What drugs? The ones that treat cholesterol, hypertension, diabetes… then mix in antidepressants, and lots of pain medication too.

The reduction in the human and financial cost of chronic disease was clearly at the heart of the creation of our online health management portal, Change4Life®. A year and a half after our launch, we have tens of thousands of users—and their fresh health risk assessment (HRA) data to sift through. For the first time ever, we gave audiences a peek at that data and asked: who exactly is using the portal and what are they telling us about their health?

Who are the users? Well, mostly it is, duh… WOMEN! Two-thirds of users are women to be exact. Sorry, but we can't resist tweaking those of you who are of the male persuasion by pointing out that this is not new news. Our Health Study data over the years has repeatedly shown that in adherence to prescription drug therapy, use of basic dental services… you name it… men are the laggards.




The profile of the most-average Change4Life user is a middle-aged woman, heavier than a healthy weight, eating poorly, suffering from financial stress, but still trying to fit in some exercise!

Oh yes, she uses lots of massage too—and we know this because we specifically cross-referenced our claims data with the HRA data. In a first for a GSC *Inside Story* feature article, we will be brief on that topic. But you know what we're thinking… a long brisk walk might often be a better, less expensive prescription for long-term health than a massage.

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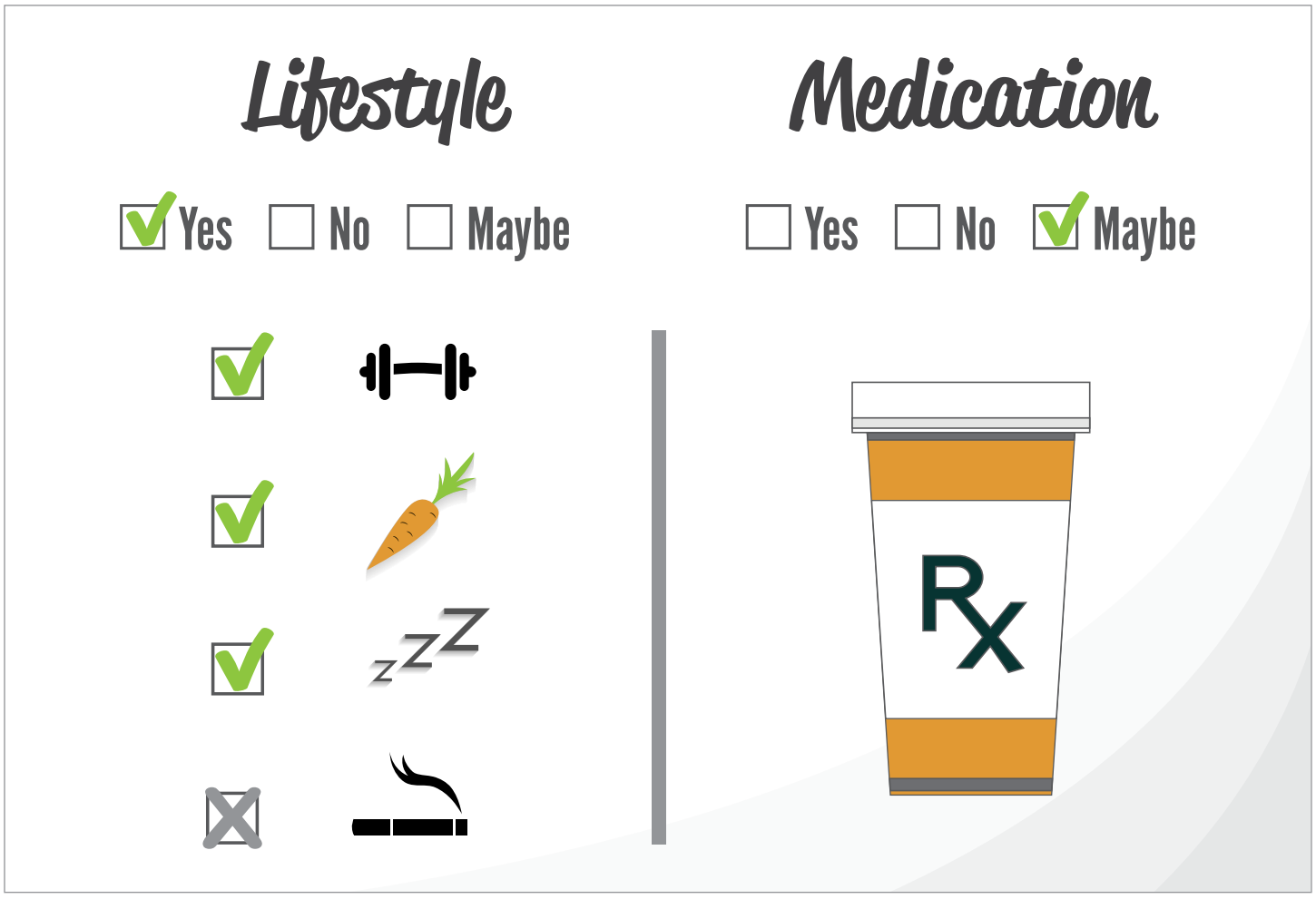
## Bad medicine… is what we don't need…

(Speaking of middle-aged, that is our first ever Jon Bon Jovi reference. 80s hearts are aflutter.)

# THE MEDICALIZATION OF Unhappiness

The Health Study again shone a light on the tendency of our medical system to call too many of life's inevitable ups and downs "depression," with the go-to remedy being antidepressants as a first-line therapy. As a result, Canadians are the third-highest users of antidepressants in the world. Unsurprisingly, the perennial number-one drug-cost category at GSC is antidepressants—$45 million over the study period. Here's the thing. Our mining of data, especially on adherence, leads us to believe that a sizeable portion of that money is spent on ineffective treatment for plan members that in turn becomes a wasted spend for plan sponsors. The preponderance of evidence tells us a lot of those plan members would be better served with mental health services—cognitive behavioural therapy (CBT) to be specific—in their community and/or online. Sure, that would also cost plan dollars, but we believe CBT would deliver better health outcomes for many plan members (you know, as in a value-based benefits spend for plan sponsors… GSC's emerging obsession).

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## The big picture

Our call to action for Health Study attendees was to consider some of the hard decisions that loom over our industry. Where will we find continued funding for health benefits plans that deliver the health care that plan members will need in the most dire of circumstances? Some of our industry's most recent decisions—the emergence of drug plan maximums ("caps"), for instance—are the opposite of hard decisions. A drug cap is the easy thing to do with respect to impacting the fewest plan members, but it means sacrificing the one percenters, the sickest of our sick, before taking a critical look at other spend that does not sustain or save lives. Whatever happened to insurance?



GSC will do its part to make it easier for advisors and plan sponsors to avoid such decisions in the future—through strategic positioning of biosimilars in drug plans; through the long-term goal of helping plan members better their health through coaching and an online portal that rewards their best efforts; and through introducing high-quality, virtual and community-based cognitive behavioural therapy to provide physicians with a sound alternative to the seemingly automatic antidepressant prescription.

And by the way, we're working on other cool stuff too…

Well, if that was a meal, it was a bit of a slog—we admit it was not the tastiest—more like the written equivalent of an undressed kale salad.

But you made it through… as did the audiences. There are never easy answers and change can be hard to swallow. But we will continue to foster the conversations and try to create a bit of spirited debate.

## SPEAKING OF DEBATE...

If you're a faithful reader of GSC publications—*The Inside Story*, *Follow the Script*®, *g(sc) Talk*®—then you clearly have an appetite for in-depth examination of our industry's biggest challenges. But let's face it, reading can be exhausting, and we stubbornly stick to old-fashioned sentences and paragraphs, not character-limited snippets. Yes, we're looking kind of stodgy!

So, here we come with something completely new… and different. A podcast! Your parents may not know what that is, but we think you do. We will be launching Canada's first health benefits podcast this fall. Watch for more details soon…

# What's UP...

## NEW ALBERTA DENTAL FEE GUIDE SPARKS CONTROVERSY

Alberta has been the only province without a current dental fee guide. In early 2016, a review of Alberta's dental industry confirmed that Alberta dental fees are the highest in Canada, and increasing faster than anywhere else in Canada. This prompted the Alberta Dental Association and College (AD&C) to release Alberta's new dental fee guide.

The Alberta health minister did not see the fee guide before it went public and feels that it does not meet expectations in making dental services more affordable for Albertans. For example, the Alberta guide recommends the fee for a standard oral examination for a new patient at $75.36, compared to British Columbia's suggested fee of $43.10. In the Alberta guide, the fee recommended for returning patients is $70.75 compared to $27.70 in B.C.

The Canadian Life and Health Insurance Association's (CLHIA) take is that producing a fee guide is a step in the right direction. However, the CLHIA feels that more work is necessary to bring fees down to reasonable levels.

The Alberta government and the AD&C are resuming discussions with a goal of reducing the suggested fees by more than three per cent.

**What does this mean for your plan?** GSC is looking into the issues and our options regarding the guide. Based on our assessment and any further developments, there will be more to come regarding the impact on GSC plans.

For more information, visit www.dentalhealthalberta.ca/index/Pages/media-room.

## QUEBEC REACHES AGREEMENT FOR GENERIC PRESCRIPTION DRUGS

The Quebec government has reached an Agreement in Principle with the Canadian Generic Pharmaceutical Association that aims to save the province more than $300 million a year on generic prescription drugs—an annual cost reduction of about 40%. The agreement will strive to save over $1.5 billion over its five-year term through further price discounts and the launch of new generic prescription medications.

The agreement is expected to come into effect on October 1, 2017. In addition, over the agreement's term, the Quebec government has agreed not to issue tenders for generic prescription drugs. Quebec was ready to launch the tendering process on July 1, 2017, but when the government received a revised proposal from the Canadian Generic Pharmaceutical Association on June 30, 2017, it called off the launch and proceeded to negotiate the new agreement which achieves the sought-after savings.

**What does this mean for your plan?** It's not clear yet what the agreement will mean for GSC plans, especially since the details of the agreement are still confidential. The Canadian Life and Health Insurance Association and its Quebec arm, the ACCAP, have invited GSC to discussions about the new agreement—we will report back once we know more.

For more information, visit montrealgazette.com/news/local-news/barrette-seeks-to-cut-quebec-drug-costs-with-generic-pharmaceuticals.

## HEALTH CANADA MAY SCALE BACK VANESSA'S LAW

From previous coverage in *The Inside Story*, you may recall *The Protecting Canadians from Unsafe Drugs Act*—also known as Vanessa's Law. This law aims to protect patients from potentially dangerous prescription drugs. Although it became law in 2014, the provision that requires the reporting of all serious adverse drug reactions to Health Canada has not been enacted, and Health Canada may scale back this requirement. However, advocates feel that diluting this provision will not enhance Health Canada's ability to better understand what prescription drugs are harming and killing Canadians—the essence of Vanessa's Law.

**Why not implement to the full degree as outlined in Vanessa's Law?**
Central to Vanessa's Law is the provision that *every* serious drug reaction that occurs at *every* health care institution in Canada must be reported. However, Health Canada did not immediately enact this provision, instead seeking advice and input from the provinces and territories and various other health care stakeholders. Health Canada finished its consultations and in response to the stakeholders' comments produced the consultation paper *Toward Mandatory Reporting of Serious Adverse Drug Reactions and Medical Device Incidents by Health Care Institutions.*

The consultation paper hints that Health Canada may make the reporting requirement mandatory only for acute care hospitals. In addition, these hospitals would be required to report only "unexpected" serious adverse reactions—like permanently debilitating or life-threatening reactions—that did not occur during a clinical trial. This means that reporting wouldn't include any "expected" adverse reactions—those listed on the drug label. Health Canada explains that the provision may take this watered-down approach because of concerns about burdening hospital staff with additional reporting, which would take time away from direct patient care.

**But what about all the other adverse reactions?**
Regarding "expected" adverse reactions, Health Canada says it will continue to rely on the current system. This means it will continue to rely on patients and doctors to report adverse reactions to the drug manufacturers. However, since adverse drug reactions are significantly under-reported, advocates of Vanessa's Law feel that only a fraction of the actual number of adverse reactions would be reported putting Canadians at risk.

It's still to be determined to what degree Health Canada will implement the provisions of Vanessa's Law. We will continue to report developments as they unfold.

For more information about Vanessa's Law, visit: https://www.canada.ca/en/health-canada/services/drugs-health-products/legislation-guidelines/protecting-canadians-unsafe-drugs-act-vanessa-law-amendments-food-drugs-act.html.

For the consultation paper, visit https://www.canada.ca/en/health-canada/programs/consultation-reporting-serious-adverse-drug-reactions-medical-device-incidents/document.html#sum.

**September Haiku**

Like *Inside Story*
But instead people talking
Here comes our podcast

# OUT & ABOUT... *Events not to miss*

## We're back on the road with the GSC 2017 Health Study: *Come Health or High Water*

If you're in B.C., don't forget to come out and learn what the data is saying about strategies to keep health benefits plans afloat in the wake of numerous industry developments. The latest and greatest claims data analysis and research will provide important insights.

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|---|---|
| VICTORIA | **SEPTEMBER 13** |
| KELOWNA | **SEPTEMBER 14** |

We look forward to seeing you there.

## The Medicalization of Unhappiness

**Peter Gove** will examine the changing medical and social landscape that has led to the proliferation of mental health diagnoses and the widespread prescribing of antidepressants.

**September 20, 2017 – Royal Mayfair Golf and Country Club, Edmonton, Alberta**
http://cpbi-icra.ca/Events/Details/Northern-Alberta/2017/09-20-The-Medicalization-of-Unhappiness

**September 21, 2017 – Fairmont Palliser, Calgary, Alberta**
http://cpbi-icra.ca/Events/Details/Southern-Alberta/2017/09-21-The-Medicalization-of-Unhappiness

# FITBIT WINNER

Congratulations to **J. STEWART**, of **QUATHIASKI COVE, BC**, 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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