

## Ideas for Managing Drug Costs in your Health and Dental Plan

From TELUS Health (a subsidiary of Telus)

The following are some advanced plan design or re-design ideas to help clients cope with plan design where drug costs are a principal concern.

### 1. Trial Script

Some drug categories may be limited to a trial script of 7–14 days for the first prescription. The recommendation is to start with a smaller initial dose to see if the patient can tolerate the drug before dispensing a full month's supply. This is done to avoid drug wastage and save money. According to TELUS Health's analysis, there is potential to save 11% on specific drug categories included in this program (such as statins and channel blockers), or 0.3% of overall drug plan costs.

### 2. Step Therapy

Step therapy is a program designed to control costs and ensure that the safest drug has been prescribed by aligning claim reimbursement with therapy sequences approved by Health Canada and recognized clinical practice guidelines. The program ensures that a plan member begins medication for a condition with the most cost-effective drug therapy available and then progresses to other more costly drug therapies only if and when necessary. Plan members get the right treatment at the right time, while plan sponsors control costs by authorizing reimbursements according to approved treatment plans.

### 3. Mandatory generic substitution

As the strongest contributor to reducing plan costs, mandatory generic substitution ensures that a benefit plan pays for the cost of a generic drug when it is available. A plan member can choose the more costly brand version drug if preferred, but is then responsible for paying the price difference.

The 2015 TELUS Health Trends and Issues in Plan Design report shows that approximately 75% of plan members have a form of generic drug plan, and 44% of them have a mandatory generic drug plan. The mandatory generic substitution option ensures plan sponsors always pay the lower generic cost, even in cases where physicians have noted "no substitution." However, these programs do not address the claims costs for single-source drugs that have no lower-cost generic available, which still represent a whopping 67.1% of overall claim costs.

For those reticent to transition to a mandatory generic program, it may be worthwhile complementing generic substitution with other programs, such as Maximum Allowable Cost (MAC) pricing, prior authorization and trial script to optimize the opportunities for saving.

### 4. Maximum Allowable Cost pricing

MAC pricing is a program that dictates the maximum amount the plan will pay for certain classes of prescription drugs. Within a class of drugs, and where no difference in efficacy has been clinically demonstrated, the plan pays only the price of the most cost-effective product – whether brand or generic – in the class. As an example, after analyzing its plan consumption, TELUS applied MAC to five classes of drugs that it identified having the most potential impact on its plan costs, such as calcium-channel blockers used to treat high blood pressure.

### 5. Pharmacy dispensing fee cap

This program caps the maximum pharmacy dispensing fee per prescription, keeping costs predictable. (Not available in the province of Quebec.)

**6. Prior authorization program for specialty drugs**

With this program, plan members with new prescriptions for specific specialty drugs are required to ask their doctors to complete a prior authorization form to get approval from their group insurer before being eligible for reimbursement. To be approved, the plan member must meet specific medical criteria. This means that plan spending to cover specialty drugs, which are usually higher- cost, is incurred less frequently and under specific and controlled conditions.

Not all of these plan features may be available from your supplier, but they may be worth looking in to if you are seeing claims experience drive your plan pricing up. Over time, it's our prediction that higher pricing for the new generation of 'biologics' may well have severe effects on plan costs. So measures to control price increases may well need to be considered.

In BC, we benefit from our Fair Pharmacare program which helps a great deal to reduce runaway plan costs. But there will still be occasions where a new drug that has not been listed by the government plan is required for specialized or unique treatments. As this increases, plan costs will rise despite the assistance of our government plan here.