

# Navigating the Benefit Landscape

John Herbert

Manager, Product &  
Business Development

Nancy Lafrance

Sr. Director,  
Regional Office





# Key Messages

- **Increasing use of basic plan design tools**
- **To mitigate future trend:**
  - **Increase member responsibility**
  - **Sophisticated plan designs**
- **Optimize drug plans by combining several tools**



# Benefit Management Matrix

Low	Low Intervention/ Low Value	Low Intervention/ High Value
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High

**Value**





# Navigating the Benefit Landscape

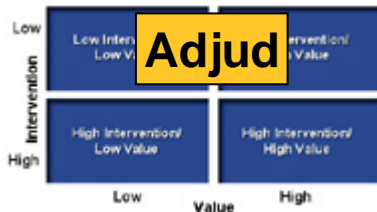
Adjudication	Admin	Plan Design	Member Pay



*Optimizing the value of the drug benefit*

# Navigating the Benefit Landscape

Adjudication	Admin	Plan Design	Member Pay
<ul style="list-style-type: none"><li>• DIN pricing</li><li>• U&amp;C fee and mark-up</li><li>• DUR</li><li>• Audits</li><li>• Specialty &amp; Hospital Drugs</li></ul>			





# Navigating the Benefit Landscape: Administrative Controls

Adjudication	Admin	Plan Design	Member Pay
<ul style="list-style-type: none"><li>• DIN pricing</li><li>• U&amp;C fee and mark-up</li><li>• DUR</li><li>• Audits</li><li>• Specialty &amp; Hospital Drugs</li></ul>	<ul style="list-style-type: none"><li>• Eligibility</li><li>• COB</li></ul>		



# Eligibility

## Positive Enrollment (PE):

- Cardholders must enroll dependents prior to claims being paid
- Reduces likelihood of paying claims for ineligible dependents

## Non-Positive Enrollment:

- Dependents added at time of claim
- Easier to administer

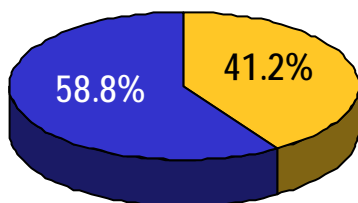
Low	<b>PE</b>	Low Intervention/ High Value
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High
	Value	



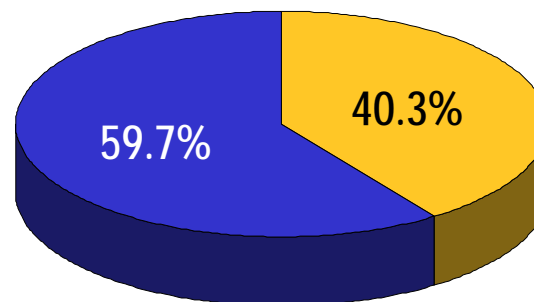
# Eligibility

Admin

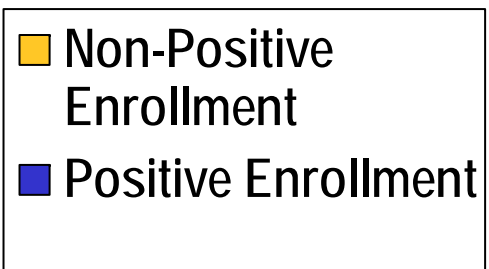
### 1999 ROC



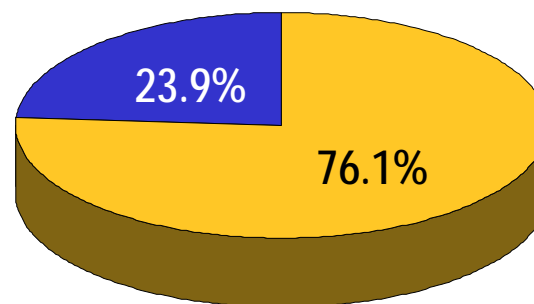
### 2003 ROC



### Registration Method



### 2003 Quebec



# Coordination of Benefits (COB)

Admin

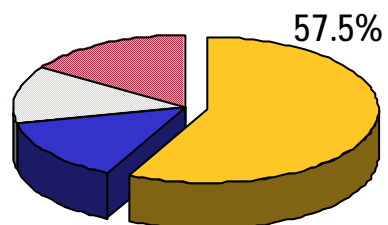
- **COB status indicates whether the dependent has other coverage**
- **Track COB for cardholder/patient via eligibility feed**
- **System ensures claims sent to primary payor**
- **Periodic re-enrollment**

Low	Low Intervention/ Low Value	<b>COB</b>
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High
	Value	

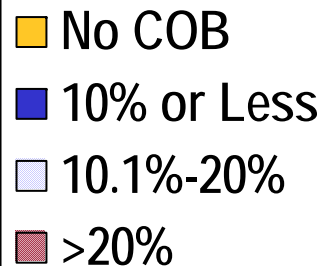


# Extent of Coordination of Benefits

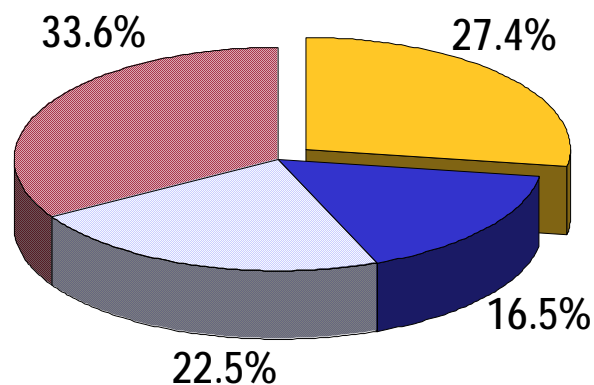
## 1999 ROC



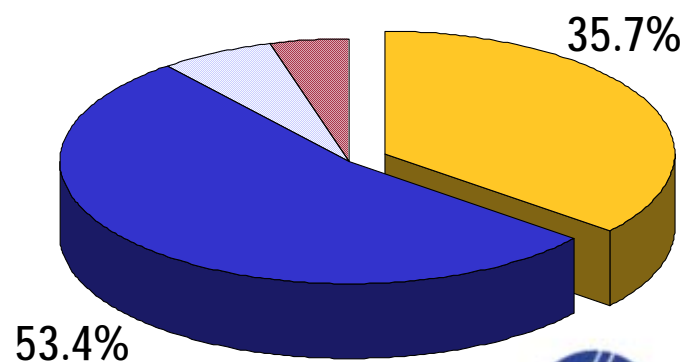
% of spouses with other coverage



## 2003 ROC



## 2003 Quebec



ESI CANADA®



# Navigating the Benefit Landscape: Plan Design Features

Adjudication	Admin	Plan Design	Member Pay
<ul style="list-style-type: none"><li>• <b>DIN pricing</b></li><li>• <b>U&amp;C fee and mark-up</b></li><li>• <b>DUR</b></li><li>• <b>Audits</b></li><li>• <b>Specialty &amp; Hospital Drugs</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Eligibility</b></li><li>• <b>COB</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Drug coverage</b></li><li>• <b>Generic sub</b></li><li>• <b>Prior Auth</b></li><li>• <b>Fee cap</b></li><li>• <b>Days supply</b></li></ul>	



# Drug Coverage

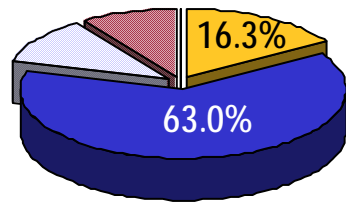
- **Comprehensive**
- **Prescription-requiring**
- **Formulary (Form)**
  - **Provincial**
  - **Closed**
  - **Tiered**

Low	Low Intervention/ Low Value	Low Intervention/ High Value
High	High Intervention/ Low Value	<b>Form</b>
	Low	High
	Value	

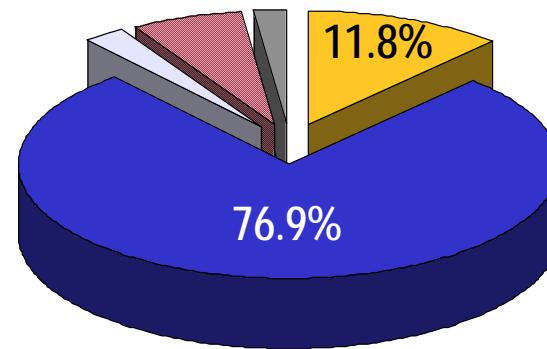


# Drug Coverage

1999 ROC



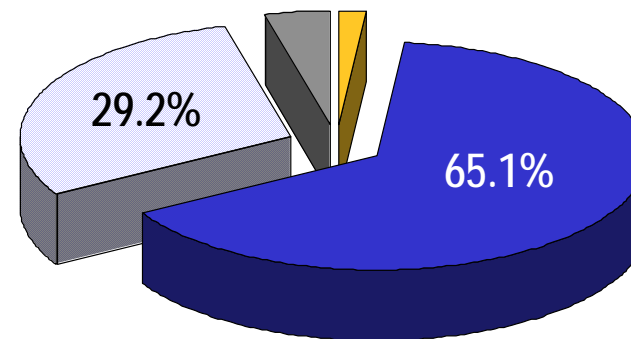
2003 ROC



## Type of Plan

- Comprehensive
- Rx Requiring
- Provincial
- Closed
- Tiered

2003 Quebec



# Generic Substitution (GS)

## Generic Substitution:

- Reimburse price of lowest “interchangeable” equivalent
- Physician may write “no sub” or “dispense as written”

## Mandatory Generic Substitution:

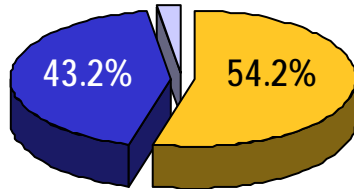
- Reimburse as above, regardless of physician indication
- Potential patient exceptions

Low	<b>GS</b>	Low Intervention/ High Value
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High
	Value	

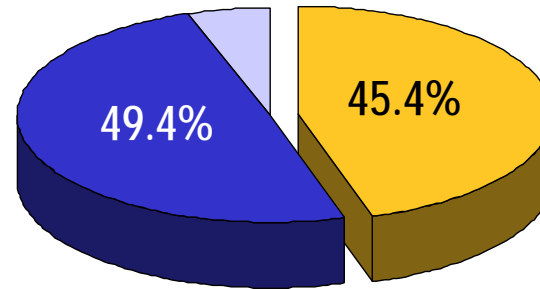


# Generic Substitution

1999 ROC



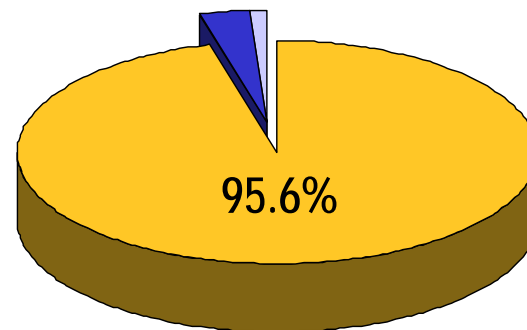
2003 ROC



**Type of Plan**

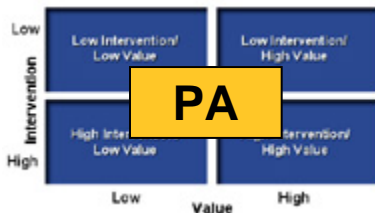
- Regular Plan
- Generic Substitution
- Mandatory Generic Sub

2003 Quebec



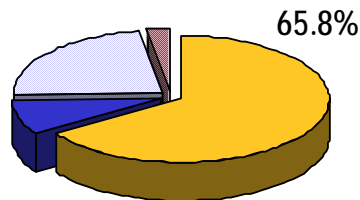
# Prior Authorization (PA)

- **Claims paid if certain criteria met**
- **Deterrent**
- **Costly to administer**

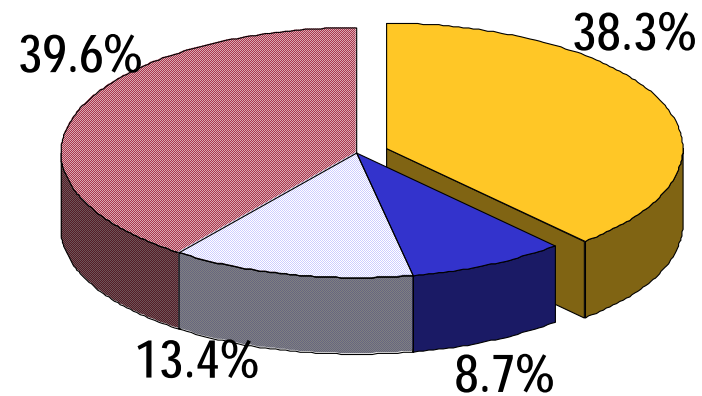


# Prior Authorization

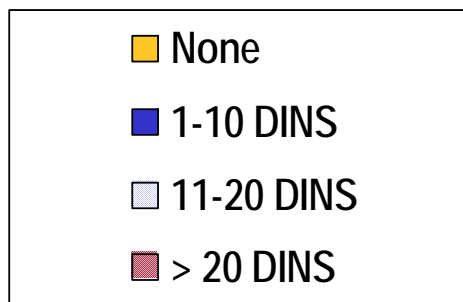
**1999 ROC**



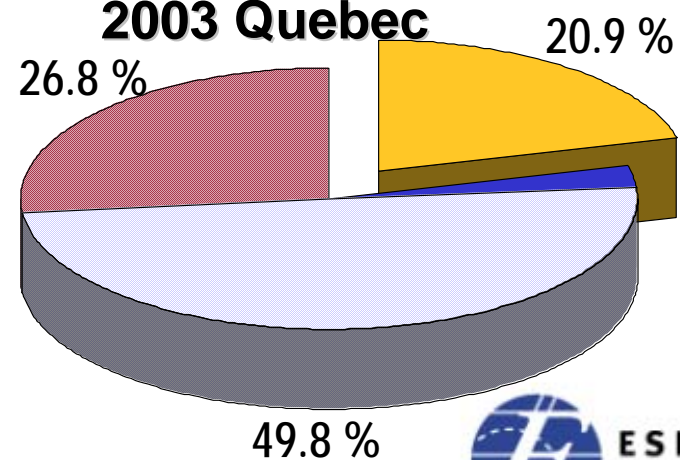
**2003 ROC**



**# of DINS on  
Prior Authorization**

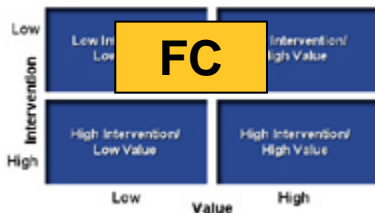


**2003 Quebec**



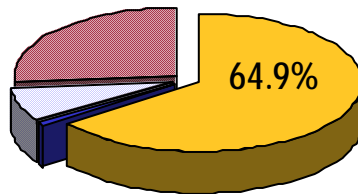
# Fee Cap (FC)

- **Maximum fee that will be reimbursed by plan**
- **ESI Canada has set U&C levels for each province**
- **Group may set their own fee cap to encourage use of low fee pharmacies**

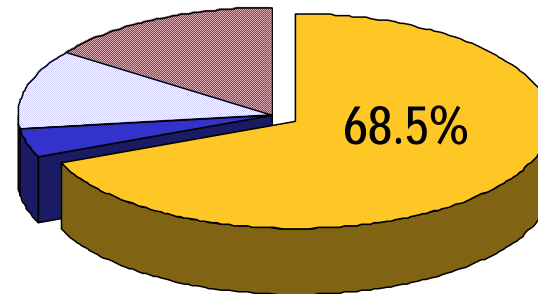


# Fee Cap

1999 ROC



2003 ROC



## Amount of Cap

- U & C
- > \$8.00 but less than U & C
- \$6.51-\$8.00
- \$6.50 or less

2003 Quebec

N/A



# Days Supply Maximum (DS)

Plan Design

## Acute Drugs:

- Low maximum helps reduce wastage

## Maintenance Drugs:

- High maximum encourages fewer:
  - Prescriptions
  - Dispensing fees
  - Claims

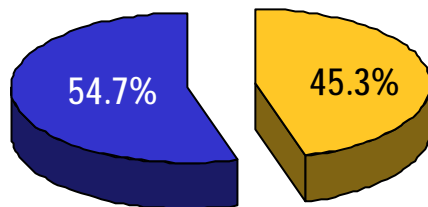
Low	<b>DS</b>	Low Intervention/ High Value
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High
	Value	



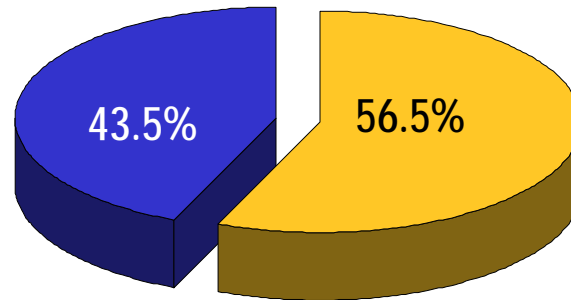
*Optimizing the value of the drug benefit*

# Acute Days Supply

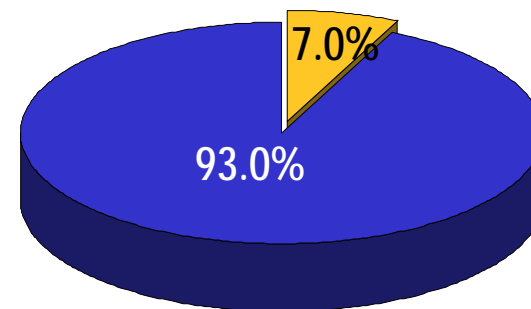
1999 ROC



2003 ROC



2003 Quebec

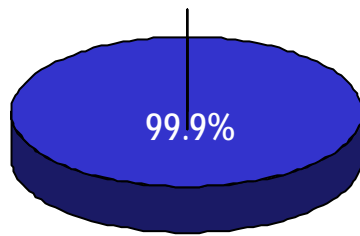


**Acute Max**

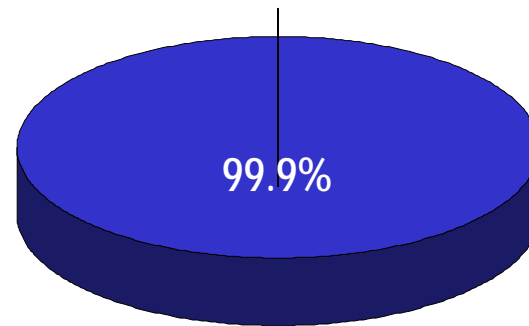


# Maintenance Days Supply

1999 ROC



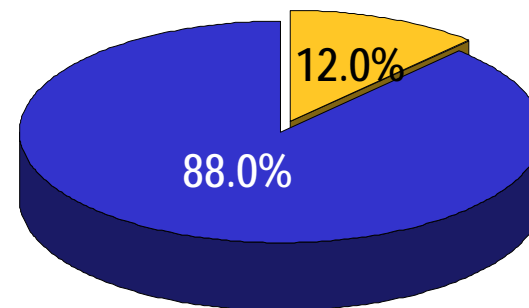
2003 ROC



**Maintenance Max**

- Less than 90 Days
- 90 Days +

2003 Quebec





# Navigating the Benefit Landscape: Member Payment

Adjudication	Admin	Plan Design	Member Pay
<ul style="list-style-type: none"><li>• <b>DIN pricing</b></li><li>• <b>U&amp;C fee and mark-up</b></li><li>• <b>DUR</b></li><li>• <b>Audits</b></li><li>• <b>Specialty &amp; Hospital Drugs</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Eligibility</b></li><li>• <b>COB</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Drug coverage</b></li><li>• <b>Generic sub</b></li><li>• <b>Prior Auth</b></li><li>• <b>Fee cap</b></li><li>• <b>Days supply</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Deductible</b></li><li>• <b>Copay</b></li><li>• <b>Coinsurance</b></li></ul>



# Member Payment Types

## Annual Deductible

- \$ amount/year

## Co-payment

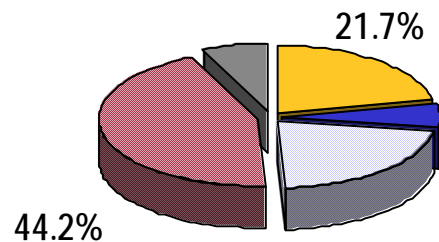
- \$ amount/script

## Coinsurance

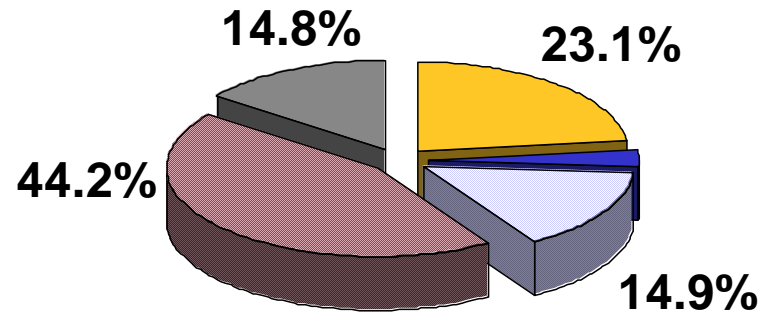
- % of total prescription

# Member Payment Types

**1999 ROC**



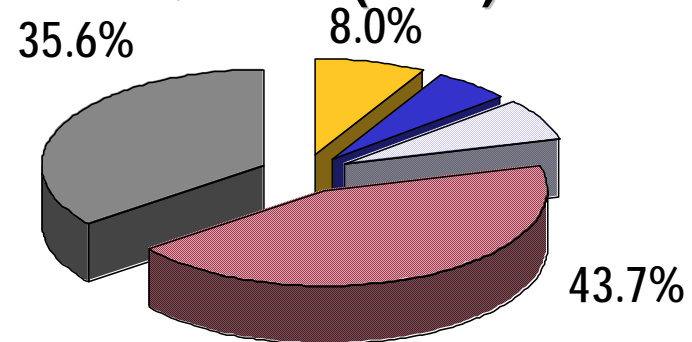
**2003 ROC**



**Type of Member Payment**

- No Member Pay
- Deductible Only
- Copay Only
- Coinsurance Only
- Combination

**2003 Quebec (PDD)**



# Annual Deductible

Member Pay

- **Single or family**
- **Does not influence behavior once met**
- **Does not keep up with trend**

Low	<b>Ded</b>	Low Intervention/ High Value
High	High Intervention/ Low Value	High Intervention/ High Value
	Low	High
	Value	

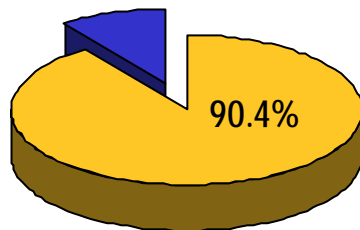


*Optimizing the value of the drug benefit*

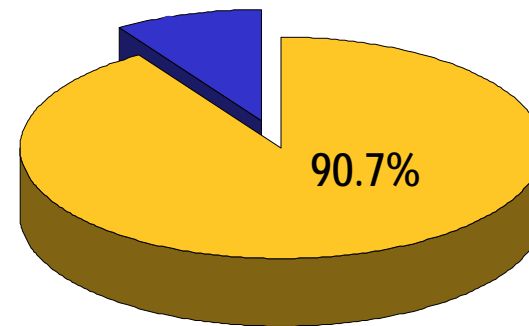
# Annual Deductible

Member Pay

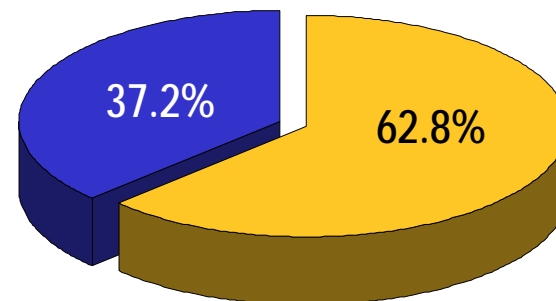
1999 ROC



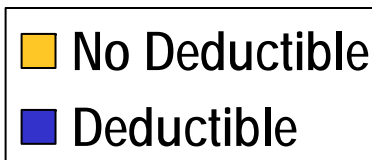
2003 ROC



2003 Quebec (PDD)



## Annual Deductible

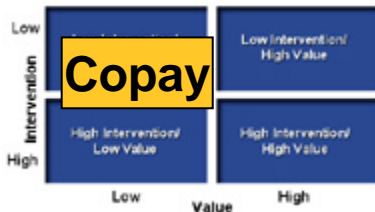




# Copay

Member Pay

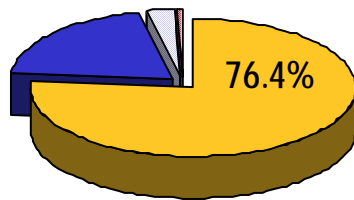
- **Flat \$ copay may have limited impact**
- **Does not keep up with trend**
- **Tiering can influence member behaviour**
- **Can be set equal to dispensing fee**



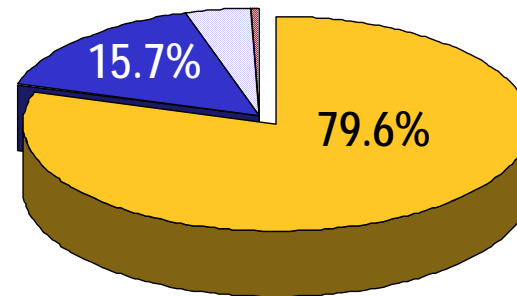
# Copay

Member Pay

### 1999 ROC



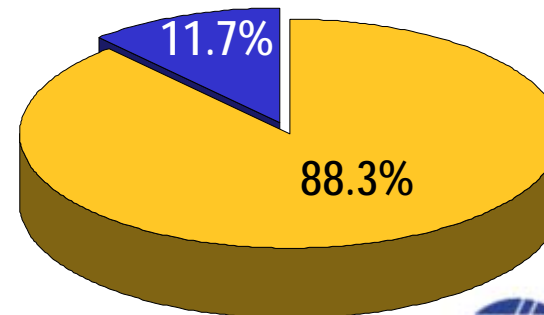
### 2003 ROC



### Type of Copay

- No Copay
- Flat Copay
- Copay = Disp Fee
- Tiered Copay

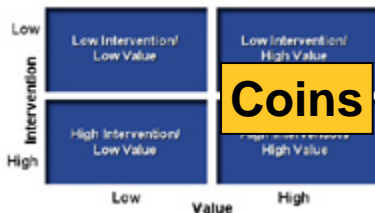
### 2003 Quebec (PDD)



# Coinsurance

Member Pay

- Encourages member responsibility
- Keeps pace with trend
- Tiering can further influence member behaviour
- May require an out-of-pocket maximum

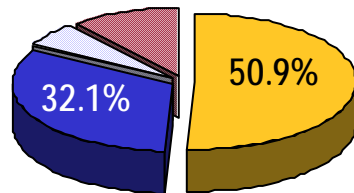


*Optimizing the value of the drug benefit*

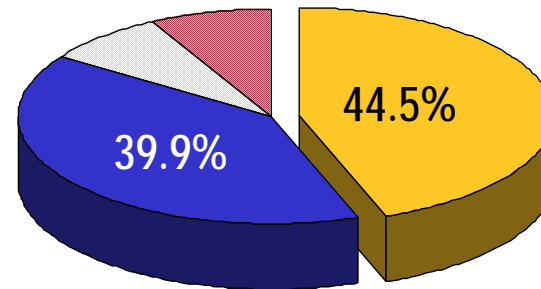
# Coinsurance

Member Pay

### 1999 ROC



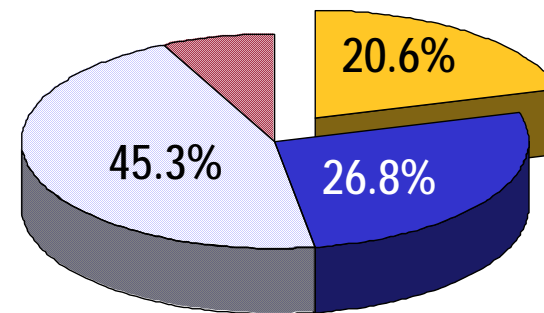
### 2003 ROC



### Type of Coinsurance

- No Coinsurance
- Flat Coinsurance
- Sliding Coinsurance
- Tiered Coinsurance

### 2003 Quebec (PDD)



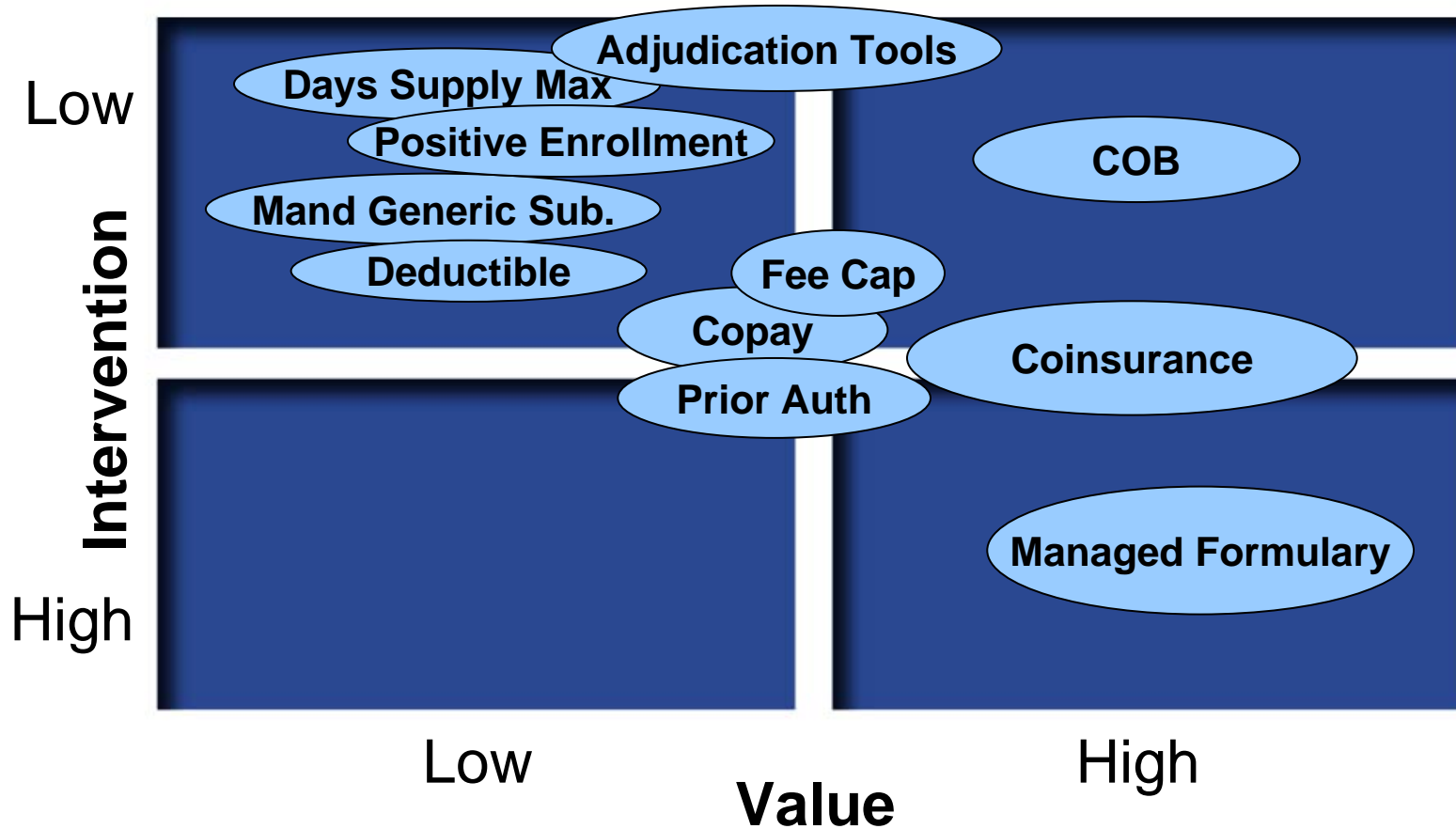


# Navigating the Benefit Landscape

Adjudication	Admin	Plan Design	Member Pay
<ul style="list-style-type: none"><li>• DIN pricing</li><li>• U&amp;C fee and mark-up</li><li>• DUR</li><li>• Audits</li><li>• Specialty &amp; Hospital Drugs</li></ul>	<ul style="list-style-type: none"><li>• Eligibility</li><li>• COB</li></ul>	<ul style="list-style-type: none"><li>• Drug coverage</li><li>• Generic sub</li><li>• Prior Auth</li><li>• Fee cap</li><li>• Days supply</li></ul>	<ul style="list-style-type: none"><li>• Deductible</li><li>• Copay</li><li>• Coinsurance</li></ul>



# Benefit Management Matrix





# Key Messages

- **Increasing use of basic plan design tools**
- **To mitigate future trend:**
  - **Increase member responsibility**
  - **Sophisticated plan designs**
- **Optimize drug plans by combining several tools**

