


ESI CANADA
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The Drug Policy in Québec

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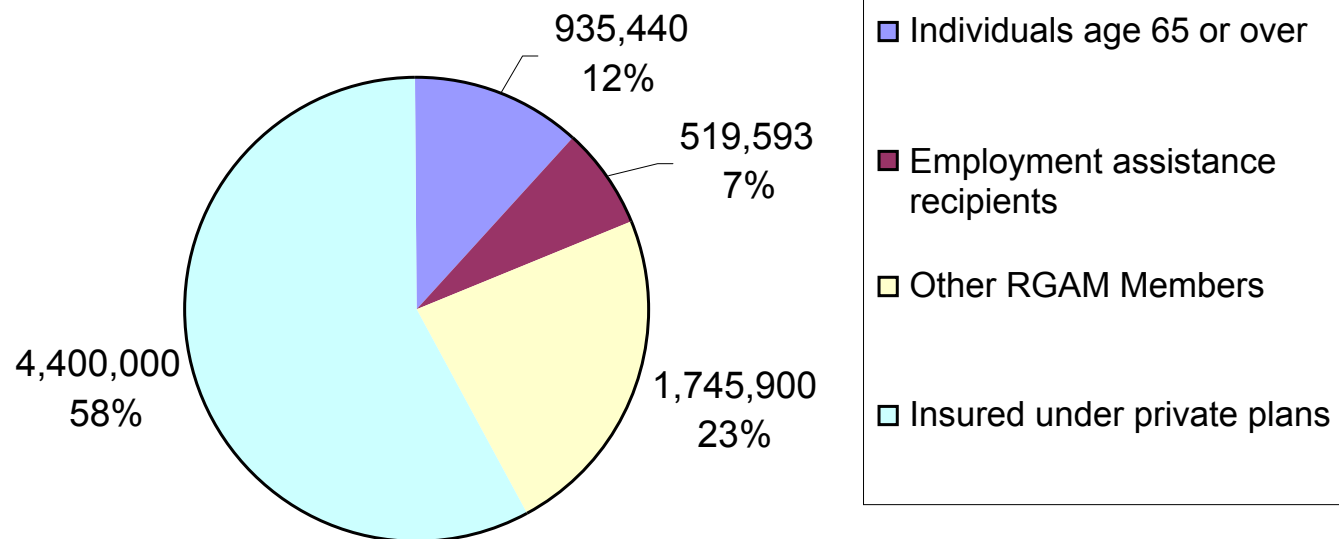
Mississauga, April 17, 2007

The Provincial Prescription Drug Insurance Plan (RGAM)

- ❑ Instituted on January 1, 1997
- ❑ RGAM covers the entire population through the public plan and private plans 
- ❑ Before 1997, 17% of the population did not benefit from any drug insurance coverage (1.5 million people)
- ❑ Total Gross Cost of the public plan: 2.9G\$ in 2005-2006
- ❑ 12.5% average annual increase

Breakdown of RGAM Clientele


Insured under the public plan and insured under private plans (2005-2006)



Source: Régie de l'assurance maladie du Québec, internal data



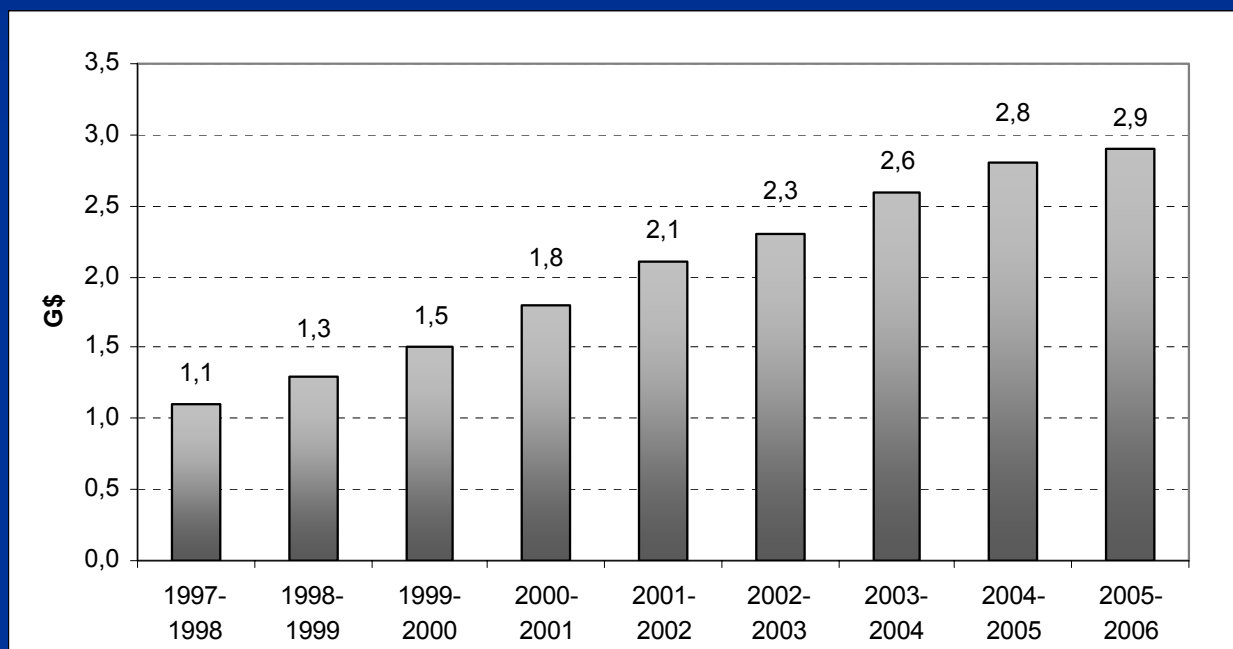
Drug Policy Background

- ❑ Rising of both RGAM and institutional costs 
- ❑ Sustainability of RGAM funding
- ❑ Drug utilization not maximized
- ❑ Maintenance of a dynamic biopharmaceutical industry
- ❑ Market Access

... create tension between

- ↳ The demand and drug plan funding/financing
- ↳ Economic development and health-care budget

Evolution of Gross Drug Costs in the Public Plan, from 1997-1998 to 2005-2006 G\$

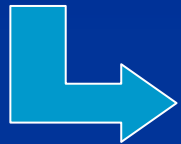


Source: Annual Reports, RAMQ

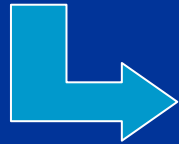


The Approach

Drug Policy Draft



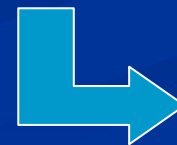
*Public
consultation*



Bill 130



Drug policy



Implementation
plan

The Drug Policy

- Four main themes:
 - Access to drugs
 - Establishment of fair and reasonable drug prices
 - Maximize drug utilization
 - Maintenance of a dynamic biopharmaceutical industry in Québec

- 29 orientations

- Implementation plan over three years

Orientations and Measures

Immediate Effects

Policy and Guidelines

- Drug advisory panel
- No reference pricing policy
- Permanent discussion forum between the industry, the MSSS and the MDEIE

Financial

- Indexation of drug prices
- Implementation of a maximum payable price
- Reduction of generic drug prices
 - From 70%-63% to 60%-54%
- Negotiation of agreements

Indexation of Drug Prices

- ⇒ Effective April 18, 2007
- ⇒ Listed on the drug formulary ≥ 2 years
- ⇒ Maximum allowable increase = CPI increase (2.03% for 2007)
- ⇒ Obligation to provide Quebec with the best price available in Canada
- ⇒ Must enter into a contribution agreement to mitigate the impact of price increases

Implementation of a Maximum Payable Price (MPP)

- ⇒ Difference between (price paid vs MPP) paid by patient
- ⇒ Difference not accounted for in the calculation of the maximum contribution
- ⇒ Exceptional measure if price increase exceeds the allowable rate
- ⇒ Possibility of exceptional grounds to justify an increase exceeding the allowable rate
 - If accepted, included in calculation of the maximum

Partnership Agreements

- ✓ General agreement
 - With associations - Rx&D and MSSS – 3 years
- ✓ Specific agreement
 - Group of manufacturers + Drug Class + Optimal drug utilization
- ✓ Risk sharing agreement
 - One manufacturer
 - Exception list ↔ to Regular list
 - New product – after recommendation of the CdM (Drug council)
 - Scale – 20% maximum overrun



Orientations and Measures

Medium-Term Effects

Financial

- Facilitate the “Limited Use” medication process
 - Grouping of RX
 - Coding
 - Online request
- Drugs acquired in ambulatory care and administered at the hospital (except chemotherapy)
- Access to drug after research
- Rare genetic metabolic diseases
 - Evaluation framework

Orientations and Measures Medium-Term Effects

Financial (continued)

- Commitment by manufacturers and wholesalers
- Management of wholesalers' maximum mark-ups
- Priority evaluation if significant potential savings for the public plan

Orientations and Measures Medium-Term Effects

Policy and guidelines

- Transmission of the therapeutic intent
- Transparency of the process and decisions
- Creation of a new formulary with follow-up
- Professional allowances to pharmacists
- Review of medication at home
- Communication of prescription profiles
- Electronic prescription

In conclusion

- Drug Policy's measures implemented over a three-year horizon

Opportunities:

- Influence the conditions of implementation
- Proactively assess the effects of the policy measures
- Mitigate the financial impact

Risk Sharing Scale

SCENARIO

- The manufacturer estimates the reimbursement level of product X at \$100,000 for year 1
- The MSSS accepts the forecasts
- The manufacturer and the MSSS negotiate the risk sharing within the established limits ($5 \leq X \leq 20$)

Excess vs. forecasts		Risk sharing			
		RGAM		Manufacturer	
%	\$	%	\$	%	\$
+5	5,000	25	1,250	75	3,750
+10	10,000	< 25	<2,500	>75	>7,500
+20	20,000	0	0	100	20,000

