

New Horizons in Pharmacy

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6th Annual Outcomes Conference

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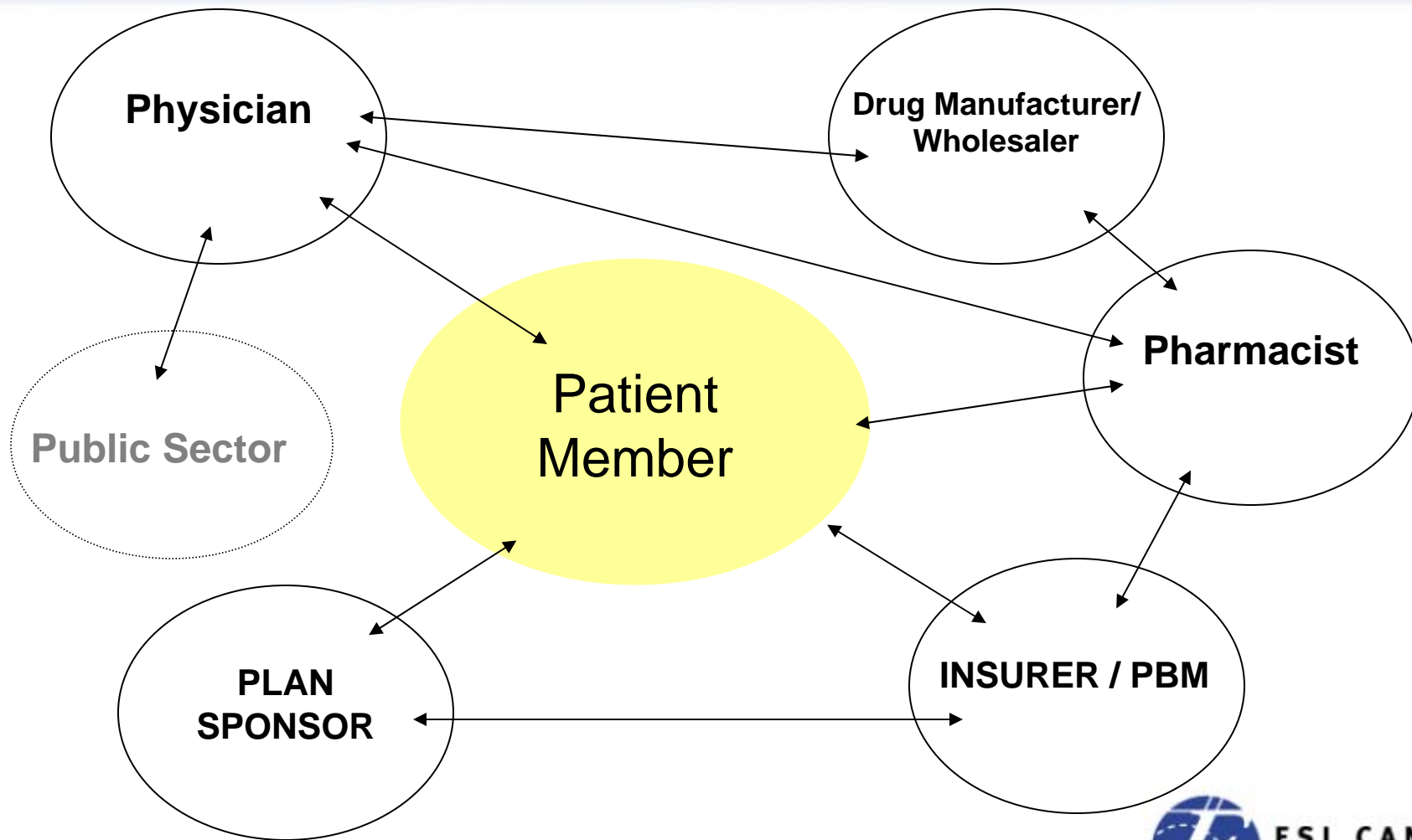


Key Message

The pharmacy environment is shifting, with a number of moving parts...The net effect will be an increase in drug costs and an increase in the drug trend to the private sector



Stakeholders





Key Cost Factors

- 1. Public policy and legislative changes: Cost Shifting**
- 2. Pharmaceutical companies and a new era in treatment**
- 3. Generics continue to be an important off-setting factor**





Key Cost Factor #1

- 1. Public policy and legislative changes: Cost Shifting**
2. Pharmaceutical companies and a new era in treatment
3. Generics continue to be an important off-setting factor





Public policy and Legislative changes

1.1. Bill 102 (ON) and Bill 130 (PQ)

- **Some opportunities for savings, some potential for increased costs**





Public policy and Legislative changes

1.1. Bill 102 (ON) & Bill 130 (PQ)

- Some opportunities for savings, some potential for increased costs

1.2. Pharmacists' increasing role:

- Increased prescribing rights
- Cognitive service fees





Public policy and Legislative changes – IV drugs

1.3. Intravenous (IV) therapies

- **Private infusion clinics vs. hospitals**
- **Cancer Care Ontario (CCO) and the Common Drug Review (CDR)**
- **Québec- Bill 130**





Public policy and Legislative changes – IV drugs

Cancer Care Ontario (CCO)

- Hospitals will have the ability to prescribe and administer non-formulary cancer therapies
- Patients may opt to have their therapy administered in a private infusion clinic





Public policy and Legislative changes – IV drugs

Cancer Care

Ontario (CCO)

- Hospitals will have the ability to prescribe and administer non-formulary cancer therapies
- Patients may opt to have their therapy administered in a private infusion clinic

Québec- Bill 130

(Politique du Médicament)

- With objective to improve patient's access to drugs.
- Drugs can be acquired in retail pharmacies and administered by hospitals.
- With exceptions to cancer drugs for chemotherapy.





Public policy and Legislative changes – IV drugs

- **Less government funding**
- **Administrative costs**
 - Increase in manual claims
 - Lack of standardized claims
- **Increase in auditing activities**
- **Use of private clinics versus hospitals**





Public policy and Legislative changes - Summary

- **Policy and legislative changes usually have the intention of managing costs in the public sector**
 - **Potential for cost-shifting into the private sector**
- **Increased prescribing and increased accessibility to newer, more expensive therapies**
 - **Seamless, more convenient patient care**
 - **Potentially Increased costs in the private sector**
- **Review private plan's philosophy and process for reimbursement of IV therapies**





Key Cost Factor #2

1. Public policy and legislative changes: Cost Shifting
- 2. Pharmaceutical companies and a new era in treatment**
3. Generics continue to be an important off-setting factor





Pharmaceutical companies and a new era in treatment

2.1. Specialized Therapy

- **Specialty Drugs**
 - New breed of specialized oral cancer drugs
 - Orphan disease drugs
 - Biologicals/Biologics
- **Pharmacogenetics/
Pharmacogenomics**





Pharmaceutical companies and a new era in treatment

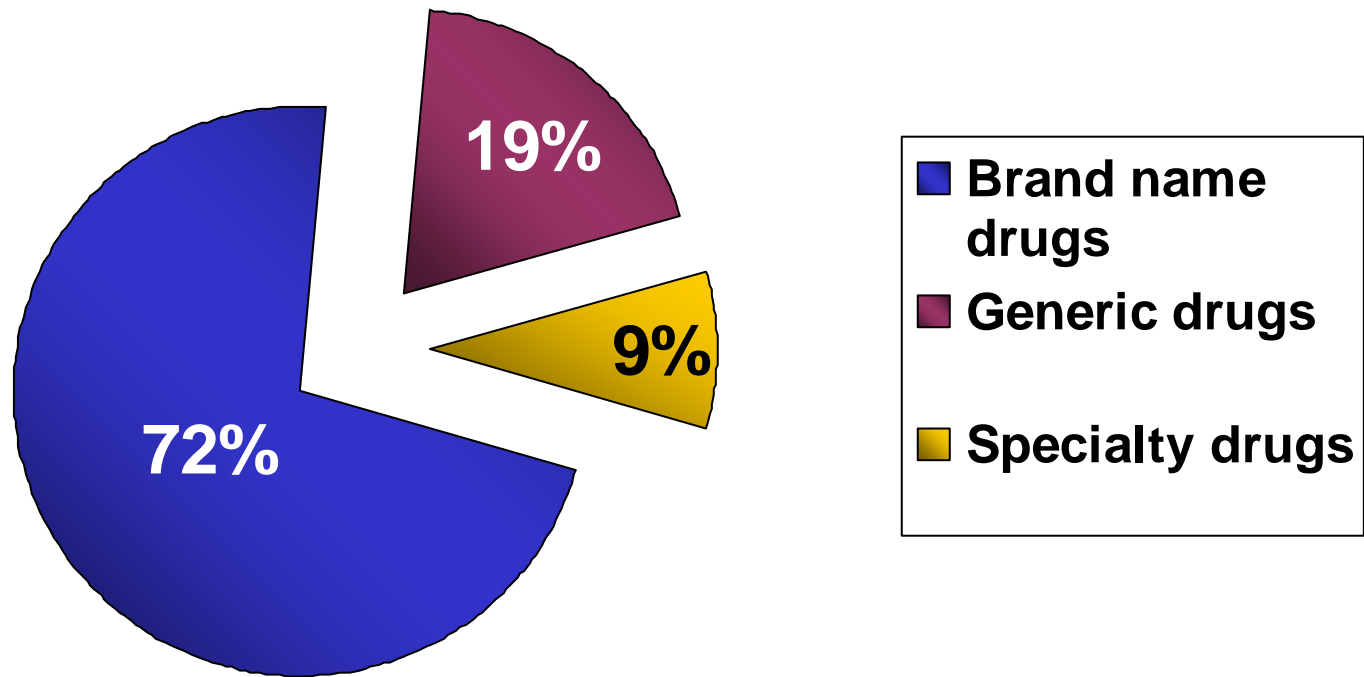
2.2. Growth in private infusion clinics and patient assistance programs

- Increases patient access to newer, more expensive drugs
- May include other fees



Current Market – Specialty Drugs have only a 9% market share

Retail Drugs Sales Canadian Market

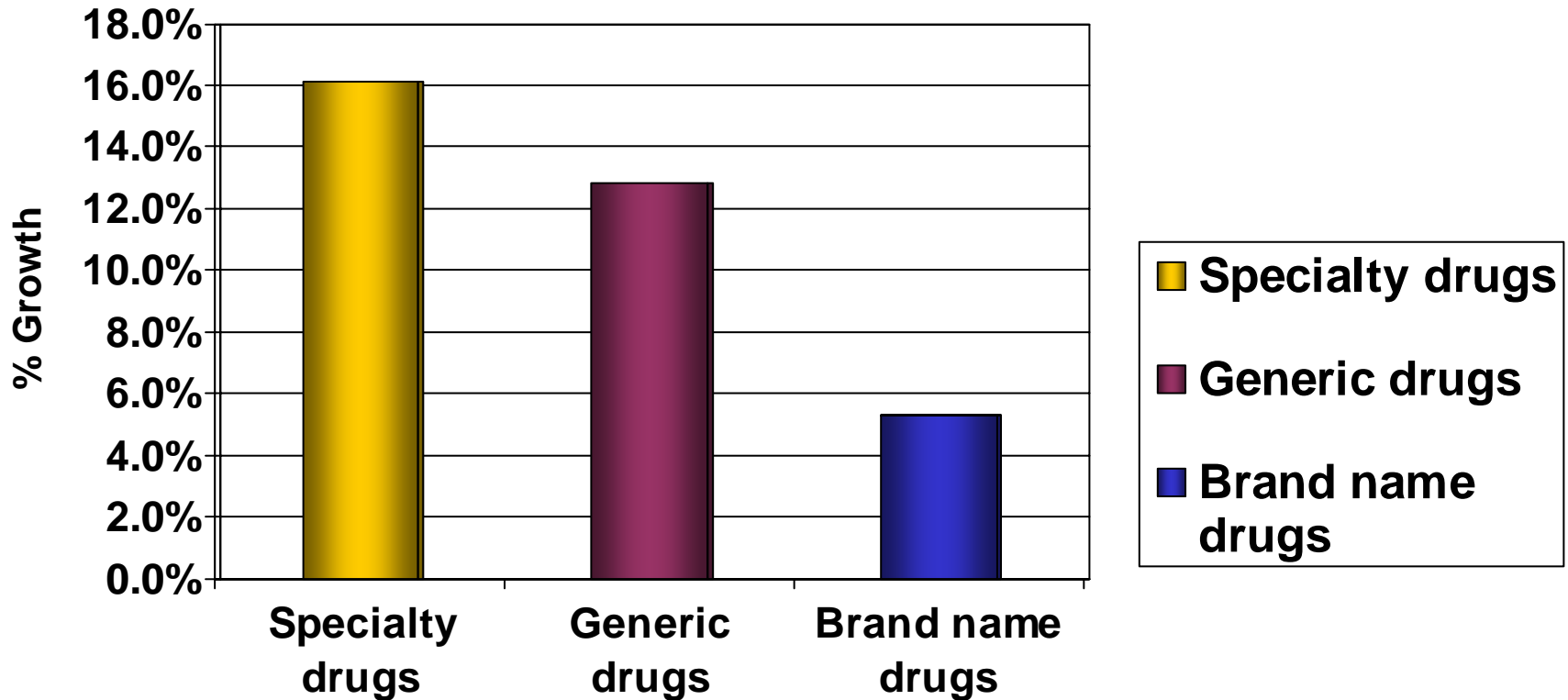


Total market of 15.5 billions of \$

Source: IMS Sept 2006



....but growing faster than traditional drugs



IMS: 12 months data ending in September 2006





Pharmaceutical companies and a new era in treatment

2.3. Vaccines and Chronic Conditions





Pharmaceutical companies and a new era in treatment

2.3. Vaccines and Chronic Conditions

2.4. Patent extensions





Pharmaceutical companies and a new era in treatment

2.4. Vaccines and Chronic Conditions

2.5. Patent extensions

2.6. Drug Safety Concerns

- Vioxx recall due to cardiovascular concerns
- Torcetrapib from Pfizer – cancelled the launch of their pipeline drug due to safety issues





Few vaccines available

Patient Age	Vaccine Indication
2 months	Diphtheria, Pertusis, Tetanus, Polio
4 months	Diphtheria, Pertusis, Tetanus, Polio
6 months	Diphtheria, Pertusis, Tetanus, Polio
15 months	Measles, Mumps, Rubella
18 months	Diphtheria, Pertusis, Tetanus, Polio
4 to 6 years old	Diphtheria, Pertusis, Tetanus, Polio
14 to 16 years old	Diphtheria, Tetanus

Vaccination Schedule in Québec 1985



More vaccines on the market

Patient Age	Vaccine indication
2 months	Diphtheria, Pertusis, Tetanus, Polio, Meningitis, Pneumonia
4 months	Diphtheria, Pertusis, Tetanus, Polio, Meningitis, Pneumonia
6 months	Diphtheria, Pertusis, Tetanus, Polio
6 to 23 months	Influenza (1-2 doses)
12 months	Measles, Mumps, Rubella, Meningitis, Pneumonia, Chicken Pox
18 months	Diphtheria, Pertusis, Tetanus, Polio, Measles, Mumps, Rubella
4 to 6 years old	Diphtheria, Pertusis, Tetanus, Polio
10 years old (4th grade)	Hepatitis B (3 doses)
14 to 16 years old	Diphtheria, Tetanus

Vaccination Schedule in Québec 2006





Priority Review in Vaccines – Increased time delays between launch & public funding

- **Time delays between availability of vaccines and public funding:**
 - **Meningitis: 0 month**
 - **Flu vaccine (influenza): 18 months**
 - **Pneumonia: 3 years**
 - **Chicken Pox: 6 years**
- **Private sector will have more pressure to include vaccines into their plan contracts because of time delays to approve these vaccines.**





Pharmaceutical companies and a new era in treatment - Summary

- **Specialized drugs & Infusion clinics**
 - **Prior Authorization Programs**
 - **Hospital Program**
 - **Review plan wording & philosophy, and reimbursement processes in regards to IV therapies**
- **Vaccines & Chronic conditions**
 - **Review plan wording & philosophy in regards to vaccine coverage**
 - **Managed formularies**





Key Cost Factor #3

1. Public policy and legislative changes: Cost Shifting
2. Pharmaceutical companies and a new era in treatment
3. **Generics continue to be an important off-setting factor**





Generics continue to be an important off-setting factor

- **Generic drugs will continue to cut into brands**
 - **Fewer blockbuster new drugs**
 - **High volume brands coming off patent in 2 – 5 years**
- **Generic biologicals – U.S. and Canada are moving to establish equivalency regulations**





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