

IN THIS ISSUE...

Generic Drugs

- Their impact on private sector plans

Find Renewal this Fall

- Ideas to re-energize, re-focus and re-set your life

Generic Drugs - Realizing the impact on the private sector

I attended a seminar hosted by Arete last May. There were a number of effective presentations, but the one which made the biggest impression on me was delivered by Mike Sullivan. His topic was Drug Plan Management: Moving Ahead.

Mike spoke about the potential that has been touted about the impact of lower generic drug prices on the private sector, and the fact that it has not yet been realized.

In a 2009 and 2010 study of over nineteen million prescription drug claims from the private sector, representing \$866 million in plan spending, the results showed a steady increase in spending on specialty drugs. The most intriguing finding from the research was that generic drugs did not increase market share penetration relative to brand name drugs. This, despite the introduction of generic atorvastatin (Lipitor) in May 2010, and given the presence of generics in the market for former blockbuster brand name products that have lost their patent including Altace, Effexor XR, Celebra, Prevacid, Pantoloc, Losec, and Norvasc – it is stunning to see that the generic penetration rate (GPR) in this data set of millions of claims was only 45%. This is a stark contrast to the GPR of over 75% that is commonly seen in the United States where the generic penetration rate is driven by plan designs that promote the selection of the most cost-effective products where available and where appropriate.

Interestingly, as of last fall, the generic penetration in the 'statin' cholesterol class of medication that includes Crestor, Lipitor, and Zocor was below 20%. There was actually a net decrease in the GPR within the antidepressant medications. The generic versions of Effexor XR, Paxil, Celexa, Zoloft and Prozac lost ground against their brand name competitors Cipralex

and Cymbalta, despite the fact they don't have greater clinical benefit than other drugs in the same class. And although the stomach acid lowering medications feature generic versions of the popular drugs Losec, Pantoloc, Prevacid and Pariet, the brand name Nexium still represented 38% of total spending in this class in 2010. These examples are all evidence of the success of marketing brand name products within competitive drug classes that feature generic alternatives.



**Drug Plan Management
Moving Ahead**

This study also showed in its sample of over 19 million claims, spending on generic drugs was only 25.5% of total plan spending in 2009 and 26.8% in 2010. Given that provincial drug pricing legislative changes were only focused on generic drugs, lower generic prices are going to have a limited impact on plan costs if plans are not seeing significant increases in utilization, or in some cases, are seeing decreasing generic penetration in key classes.

There are some remarkable drug products being brought to market. There have been innovations in the treatment for diabetes, multiple sclerosis, cancer and hepatitis C, for example, that will have a significant impact on patients in the years ahead.

In addition to what has been developed, there are some very exciting therapies in the late stage clinical testing. Specialty drug spending is hands down the fastest growing segment of the market which is being driven not only by biologic-based specialty drugs, but also by non-biologic specialty products.

The only way plan sponsors will be able to afford the increases utilization of specialty drugs (without having to shift more cost to plan members or reduce the benefit provided) will be to take advantage of lower cost therapeutic alternatives where available, and where appropriate.

The good news is that plan sponsors can implement several strategies now to bring their costs under control. Many private sector plans seem to have an open-door formulary policy, which includes covering new and sometimes more costly drugs that offer little or no more clinical benefit than those already covered. Plan sponsors should mandate that both existing and new drugs must be evaluated based on their clinical effectiveness and cost-effectiveness and must demonstrate added benefit over existing drugs. In cases where employees insist on a more expensive drug that is not deemed to provide added benefit, they should be required to pay a higher co-payment. Plan sponsors should consider mandating payment for the lowest-cost product, which is often a generic drug. According to data from the Canadian Pharmaceutical Association, based on generic pricing of 30% to 35% of the brand equivalent, if all public and private plans in Canada mandated the substitution of the lowest-cost drug, the cumulative estimated three-year savings from generic products launched between 2011 and 2013 would be \$6.8 billion.

...continued on reverse

4 ways to find renewal this fall...

Stuck in a rut? Try these four ideas to re-energize, refocus and reset your life.

As the lazy, hazy days of summer come to an end, you may be torn between longing for a few more weeks of summer bliss yet also feeling excited about the start of September. There's something about fall that's particularly energizing. Perhaps it's the cool fresh breeze in the air, or the anticipation of beautiful fall colours, the sweet smell of pumpkin and spices, or the exciting energy of "new beginnings."

At this time of year, you may find yourself feeling like you're in a bit of a rut. Believe it or not, many of us actually get off track with our goals during the summer. We tend to drink more, eat more and depart from our regular routine.

While fall may mean "back to school" and "back to work," when it comes to getting back on track with our goals, many of us wait until January to make any significant changes or commitments. September, on the other hand, is all about "new." New school year, new fall clothes, new season and new goals.

This is actually the perfect time of year to recommit and refocus! If you are feeling stuck, unmotivated or uninspired, here are four ways you can use the energy of the season to your advantage.

...continued from reverse

Ontario could save up to \$2 billion over the next three years as 44 medications, from cholesterol fighting Crestor to the targeted cancer therapy Gleevec, come off patent. Between them Crestor and Gleevec cost almost \$200 million. Savings could be put back into reducing the \$47 billion health-care budget and into buying new medications under the Ontario Drug Benefit Plan.

Drugs make up about ten per cent of the province's health care spending, and 32 per cent of the \$25 billion Ontarians spend on private health care. The savings come at a good time for the health budget. Drugs are one of the fastest growing components as the prices for new, exotic treatments skyrocket and more boomers turn 65, the age at which drugs become heavily subsidized.

There is an important role for both innovative and generic drug products in the marketplace. I suspect there are very few families that have not benefitted in some way from innovative drug products. The research and development of specialty products is something we all need to support, however, plan sponsors and plan members don't have the financial resources to pay for brand name drugs whenever they are required - especially when there are cost-effective alternates to choose from. Ultimately, the private sector mindset needs to shift from a mentality of entitlement to one of empowerment, and to do this employees need to be aware/educated that some drugs cost much more than others yet have virtually the same effectiveness.

Until next time...

Source: Mike Sullivan

1. Make a mental shift

Many of us naturally feel a sense of vitality during this time of year, yet we may not make a conscious decision to approach the fall season with a heightened commitment to ourselves and to our goals.



Make a mental shift this year. Rather than waiting for January before you set goals and make changes, think of September as the official "new year." By the time the new year comes around you will feel less overwhelmed and much happier about the progress you've already made.

2. Take inventory of your goals

You don't necessarily have to create new goals right now. The fall season is also a great time to check in on your progress on the goals you set for yourself at the beginning of the year. Most people set New Year's resolutions and never think about them again until the following January, often to find that they didn't accomplish what they set out to do. If you want to achieve results in any area of your life, it's important to check in and evaluate your progress.

This is often easier said than done. Life gets in the way and we simply get busy and forget to look back on what we aimed for in January. Spend an hour looking back at your goals and take the time to consciously plan your action steps for the next four months.



3. Celebrate your accomplishments

We are often better at noticing what is missing in our lives than everything we have to be grateful for. We are particularly neglectful at recognizing our own accomplishments. Setting goals and wanting more for ourselves and our lives is a good thing—it keeps us from complacency ending up in a permanent state of dissatisfaction.

This time of year is also a great time to check in on your accomplishments. Consciously celebrate and acknowledge the areas in your life where you are doing well, where you've grown and made progress, where you've already achieved what you set out to do or taken steps in the direction of your goals. Be grateful for the many blessings in your life.

4. Go back to school

Don't worry! This isn't about going back to get your Master's or PhD (though if you want to, that's fantastic). Learning is what keeps us young and alive. It feeds our curiosity and gives us focus and direction, especially if we are learning about something we love.

Perhaps you have always wanted to speak Spanish, learn to tango or cook like a professional chef. As the kids go back to school, consider doing the same thing. Sign up for a course in something you are passionate about. It doesn't have to be a huge time commitment. By giving yourself a few hours a month to enjoy and explore your passions, you can reignite your excitement for life, and create a new sense of focus and anticipation that comes from stepping out of your comfort zone.

Find your motivation

Life is busy. Getting off track is going to happen and that's okay. The key is to create checkpoints for yourself that help you to refocus and regain your motivation. The fall season is one of the best times to do this. Not only will this help you make more progress during the year but by the time January 1 rolls around, you will already be well on your way toward achieving your goals.

Source: Victoria Joanna Bailey, Sympatico.ca/Best Health