



Environmental Update Private Payers and Patient Support Programs

PSP Summit

December 4, 2020

Suzanne Lepage, Private Health Plan Strategist



Suzanne Lepage
CONSULTING INC.
www.suzannelepage.ca

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Overview

1. *Refresher*: Private Payers 101
2. Integration of PSP and Private Payer Strategies
3. COVID-19 – Impact on Private Drug Plans
4. Biosimilar Policies
5. Private Payer Industry Developments
6. Questions and Discussion

REFRESHER

Private Payer 101



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No two drug plans are the same

- Each private plan is unique (even within one insurer)
- Plan sponsor/employer chooses the drug plan design(s) they want*
- Plans can even differ within one company/organization (e.g.)
 - Management vs Union
 - Flex Benefits (*each employee can choose their own coverage*)
- Each insurer offers a wide variety of plans to meet different needs
- Different prices for different plans
- Two plans within the same insurer - one may cover a certain medication and one may not
- Plan Sponsors/Employers pay insurer health premiums to manage their drug plan
- Insurance premiums based on actual claims experience and predicted future risk

Premise of private insurance coverage

- Group insurance drug plans designed to **wrap around** government coverage
- Private payers believe that due to Canada Health Act:
 - Public plan should be FIRST payer (*if coverage is available*)
 - Drugs (*including IV biologics*) should be publicly funded when administered in hospital
 - Private plans may reimburse IV drugs delivered in private clinic

Postal Code Lottery

- The integration between public and private coverage varies by province
- Integration is different between
 - oncology drugs and other medications (*due to cancer agencies*)
 - oral vs IV (*based on infusion location*)

Components of a Drug Plan

	Description	Employer	Insurer
Formulary	What drugs are covered	Chooses WHICH FORMULARY	Decides WHICH DRUGS go on each formulary
Plan Design	<p>What adjudication rules are applied to the drug (generic drug plan, category inclusions/exclusions e.g. vaccines, smoking cessation etc.)</p> <p>How much is covered (e.g. coinsurance, maximums etc.)</p>	Chooses plan design	Applies plan design to each drug claim paid

Can be POWERFUL!!!

Integration of PSP and Private Payer Strategies



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PSP and Private Payer Opportunities

Pre-NOC

- Pre NOC-Meetings with Private Payers
- Opportunity to collaborate
- Align PSP and PA processes
- Avoid duplication

Launch

- Built in Coverage Reports
- PSP = early warning system
- What are the outcomes for private payer patient access inquiries?
- What's going well and what's not. And why?

Ongoing

- PSP can support PLAs
- Reimbursement data analysis
- PSP can identify issues with payers where market access team needs to take action

COVID-19 Impact on Private Drug Plans

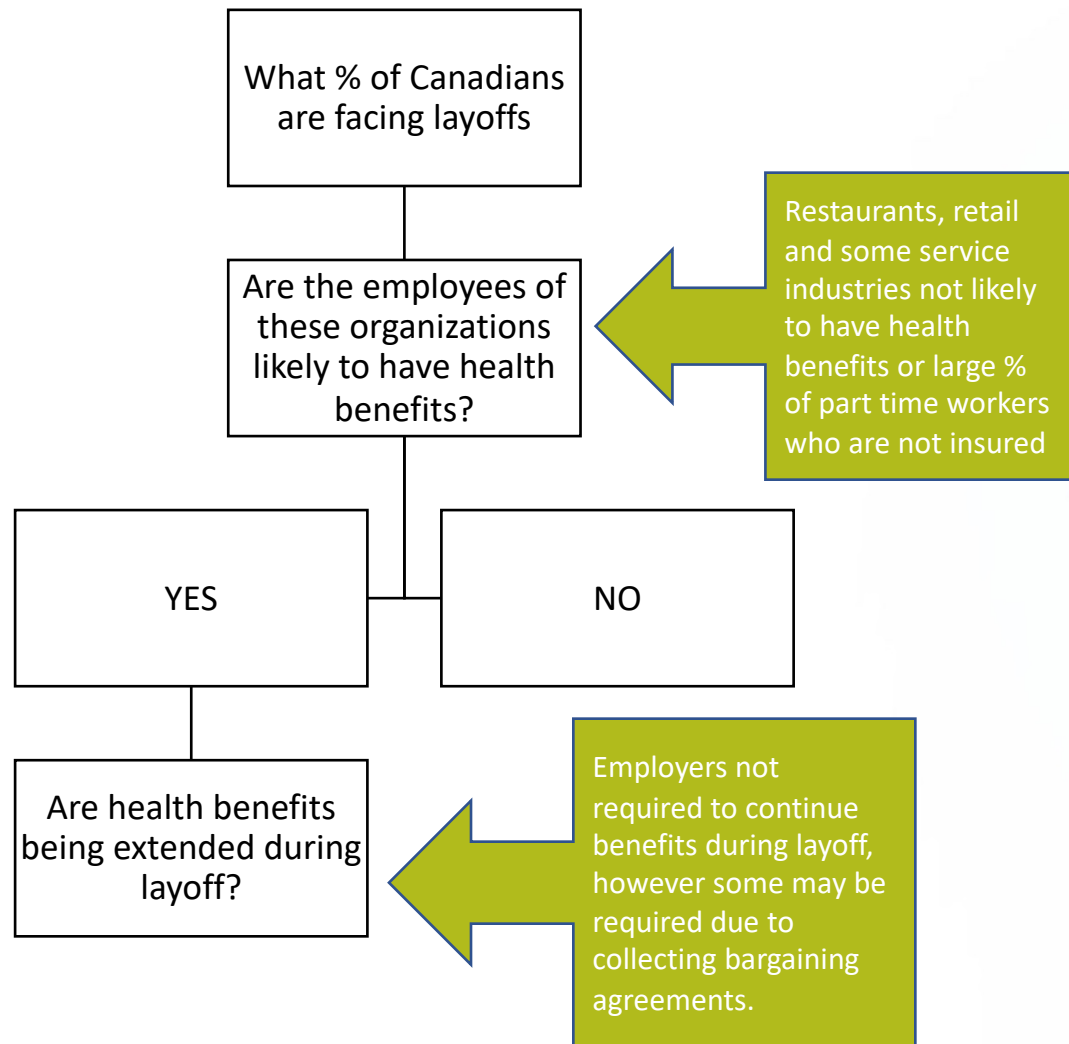


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COVID-19- Impact on Private Drug Plans

- Layoffs and Benefits
- Days Supply – 30 vs 90 days
- Extended prior authorization renewal periods for prescription drugs



98.5 % of 27M
 who had coverage through their health benefit plans in March continue to be covered*

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Biosimilar Policies



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Biosimilars: New Starts

Private Drug Plan Design Options

1. **Step therapy** requires patient to try less expensive medications biosimilar first
2. **Preferential listing** requires new patients to use biosimilar instead of the brand reference biologic.
3. **Lowest cost alternative (LCA), reference-based pricing or maximum allowable cost (MAC)** - limits reimbursement for the brand-name biologic to the price of the biosimilar - if patient prefers the brand name biologic, they must pay the difference.
4. **Listing agreement with the brand-name biologic manufacturer** to ensure price of reference drug competitive with the biosimilar and allows the choice of either product

Provincial Biosimilar Switching Policies

Impact on private drug plans

Bigger impact

- private plans in “pharmacare provinces”
- private plans designed to integrate with public plans to shift risk and cost
- private plans more likely to mimic provincial policies

Pharmacare Provinces

BC, SK, MB

Less Impact

- provinces with no integration between private and public drug plans
- little need for private plans to consider how public drug plans handle biosimilars

Other Provinces*

AB, ON, NB, NS, NF, PEI

Private Payers – Biosimilar Policy Approach

1. Same policy for all biosimilars
2. Policy will be decided on product-by-product basis
3. Policy will reference provincial drug plan

Private Payer Industry Developments and Issues



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www.suzannelepage.ca

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Private Payer Industry Developments

- a. Prior Authorization – monitor for shifting criteria
- b. Cubic Health: FACET Prior Authorization Program
- c. Reformulary: Appeal Program
- d. Sun Life – new PPN
- e. Sun Life – Reference Based Pricing
- f. FYI - Sun Life – Shift from TELUS to ESC

Prior Authorization – monitor for shifting criteria

- Insurer Prior Authorization (PA) criteria can change at any time
- No advance notice or consultation
- Ensure current forms from insurer website are always being used
- Ask PSP to flag any PA changes immediately (early warning system)
- Work with Market Access team to discuss with insurer to
 - Understand what has changed and why
 - Determine how to handle or modify

Cubic Health: FACET Prior Authorization Program

Cubic Health

- Work with plan sponsors to analyze and project drug plan data
- Identify plan inefficiencies
- Make recommendations on claims management and drug plan design

FACET Prior Authorization

- Plan sponsor contracts with Cubic Health to run PA program (separate/ external to the insurer)

“Disease state based Prior Authorization program for complex drug claims”

“Run by independent, Clinical Pharmacists who have no financial interest in the claim”

“Objective, evidence-based decision making”

Cubic Health: FACET Prior Authorization Program

Example: OTIP, Manulife and Cubic Health - How they might work together

Insurer: Manulife

Plan Sponsor: Ontario Education Employee Life And Health Trust (ELHT)

Third-party Administrator (TPA): OTIP (Ontario Teachers Insurance Plan)

- Ontario Education ELHT has contracted with Cubic Health to manage their PA
- Normally insurer manages PA (their forms and criteria)
- In this case the PA is “carved out” and handled by Cubic Health
- Insurer still manages drug plan and the risk
- Insurer refers PA requests to Cubic for handling
- Cubic reviews PA and communicates decision to plan member and insurer

Concerns about Cubic Health FACET PA Program

1. Decisions appear to be based on CADTH recommendations

Doesn't capture:

- Value of the medication for private drug plans (productivity, absenteeism, long term disability etc.)
- Lowered list price (post review)
- Potential PLA with private payer (insurer or PBM)

2. Does not consult with specialists for review of PA

3. Indicates they use a “transparent” PA approach – yet appears to not want to engage or collaborate with pharma

Reformulary: Appeal Program

- Exception and appeal process for declined drug coverage
- Independent from insurance companies and Reformulary evidence-based managed formulary
- Reformulary's independent medical experts review exception or appeal requests and provide a recommendation
- Plan sponsor elects service and contracts with Reformulary
 - Available to any Canadian plan sponsor or plan administrator
 - Currently - one large Canadian association benefit plan subscribes to service

Reformulary: Appeal Program

How it *might* work

- Plan Sponsors/ Employer = ABC CORP
- Insurer = XYZ Insurance Company
- ABC CORP has an insurance contract with XYZ Insurance Company and chosen XYZ's managed formulary
- ABC CORP contracts with Reformulary to review requests for exceptions and appeals

- XYZ formulary covers some drugs, doesn't cover others, and requires PA for some drugs
- Employee John Smith submits claim to XYZ Insurance Company for Drug123 and is declined
- John Smith approaches his employer ABC CORP to appeal XYZ Insurance Company decline and requests exception
- ABC CORP directs John Smith to submit exception request to Reformulary
- Reformulary's independent medical experts review and provide a recommendation
- If the recommendation is to cover - ABC CORP can request that XYZ Insurance Company pay the claim

Sun Life – new PPN

- Changed Preferred Pharmacy Network (PPN) to Express Scripts Canada (ESC) October 15, 2020
- Former PPN = McKesson
- Not mandatory

“All plan members have a choice in their pharmacy provider, whether within or outside of the PPN”

Sun Life – Reference Drug Program (RDP)

- Effective October 1, 2020
- 12-month transition period
- All provinces except Quebec and will generally apply to all Sun Life group benefits plans
- Initially for Neutropenia drugs
 - Non-Reference Drug (biologic): Neupogen (filgrastim)
 - Reference Drug (biosimilar): Grastofil (filgrastim)

“Over the long term, we will include more lower-cost alternatives in various therapeutic categories for biologic/biosimilar and other synthetic drugs”

Sun Life – PBM Change

- Sun Life will change Pharmacy Benefits Managers in 2021
- Shift from TELUS Health to Express Scripts Canada

Questions and Discussion

Suzanne Lepage
(519) 954-8873 (Business)
(519) 635-5175 (Mobile)
suzanne@suzannelepage.ca

www.suzannelepage.ca
ca.linkedin.com/in/suzannelepage/
@suzannelepage