

2024

## IMC Private Market Policy Summit

Sustainability and risk  
management of private drug  
coverage in Canada.



*The 2024 IMC Private Market Policy Summit, held on May 29<sup>th</sup>, focused on the theme of sustainability and risk management of private drug coverage in Canada. The event brought together thought leaders, policymakers, and stakeholders to discuss emerging trends, challenges, and opportunities for collaboration in private drug benefits.*

### Unlocking Timely Access: Insights from the CEO of Pfizer Canada on the Value of Canada's Private Drug Insurance Market

Najah Sampson, President of Pfizer Canada, spoke about the need for timely access to new medicines. She emphasized the value of maintaining Canada's dual-payer system, which provides broad and timely access to medicines for 27 million Canadians with private health benefit plans.

*"Private plans not only provide a valuable benefit to plan sponsors and members, but also increase Canada's attractiveness to launch new medicines by offering more treatment options faster."*

She highlighted a recent example of a medicine that had been available in other global jurisdictions for years that was recently made available in Canada based on our robust private market.

She cautioned that the erosion of the private market's value due to increasing delays and denials not only affects patient outcomes but can also hinder the ability of global pharmaceutical companies to justify investing and launching products in the Canadian market.



She continued, "As head of a multinational company, I'm accountable for maintaining the investment in Canada, oftentimes in competition with all of the other markets where Pfizer has a presence. So, it's not just about Canada, it's about how we compare to other countries where Pfizer works. This means I must advocate for every clinical trial site and every medicine or vaccine in our pipeline. To put it bluntly, I have to make the business case every day for Pfizer Canada's ability to bring breakthrough treatments to Canadian patients."

Ms Sampson noted, "the majority of patients on a public plan don't get access until a year or more after Health Canada approval. This really limits market exclusivity from an IP perspective, but more importantly, it precludes us from being in that first wave of access because we can't predictably ensure that we can get these medicines to the right patients fast enough."

She emphasized the need for a streamlined approach to ensure that new medicines can reach patients faster, thereby improving health outcomes and maintaining the competitiveness of Canada's pharmaceutical sector. Ms Sampson's call to action was clear: **industry stakeholders must collaborate to address these delays and ensure that the private market remains viable and competitive.**

## Exploring Drug Trends in Canada: Insights from Brad Millson

Brad Millson, General Manager of Real World Solutions at IQVIA, highlighted global and Canadian healthcare trends. Key points of the presentation included the challenges posed by our aging population, the rise of chronic diseases, and the explosion of data driving shifts in the healthcare market. Millson discussed innovation in areas such as cell and gene therapy, precision medicine, and mental health, which pose challenges and opportunities for the private market.



Millson pointed out that the **aging population and the rise of chronic diseases are significant drivers of healthcare demand**. These trends underscore the need for innovative solutions to manage healthcare costs and improve patient outcomes in private health plans. He noted that the surge in data collection offers an unprecedented opportunity to leverage real-world evidence in making informed decisions about drug coverage and healthcare policies.

Innovation in healthcare is not without its challenges. Millson highlighted the high costs associated with new therapies, particularly in areas such as oncology and rare diseases, posing significant challenges for private payers, who must balance the need to provide access to cutting-edge treatments with the imperative to manage costs effectively. **Millson called for industry collaboration to develop sustainable models for financing innovative therapies.**



## Addressing Private Drug Cost Drivers: Key Takeaways from Andrea Frankel's presentation of the 2024 IMC Cost Drivers Report

Andrea Frankel, National Private Payer Lead at Sanofi, presented key findings from the IMC Private Drug Claims Cost Drivers Report 2024. Key takeaways included that in

2023, the growth in cost per claimant was 2.7%, and the primary driver of total plan costs was an 8.5% increase in the number of claimants. The data demonstrated that chronic disease drugs continued to account for the majority of cost growth at 80%.

Frankel's presentation underscored that **the 2.7% growth in cost per claimant is sustainable, particularly as it remains below inflation**. The increase in the number of claimants highlights the growing demand for drug benefits, driven in part by

an increasing population, an aging workforce, and the rise of chronic diseases and innovative treatments. Chronic disease medications are a major contributor to cost growth, reflecting the ongoing challenge of managing long-term health conditions.

As a short-term cost management approach, Frankel demonstrated that, where appropriate, **moving to a 90-plus-day supply for lower-cost oral solid medications could yield substantial savings by reducing overall claims costs by up to 30%**. Such measures could help private payers reduce costs in the short term while ensuring that patients continue to receive the medications they need.



## Prioritizing Patient Perspectives: Private Insurance's Role in Cancer Medication Access, Insights from Robert Bick

Robert Bick, Co-Lead & Co-Founder of CanCertainty Coalition, discussed the critical role that private insurance plays in providing faster and broader coverage of new medicines compared to public plans, making it a vital resource for patients with serious health conditions that may require a variety of treatment options. However, Bick noted that **the current system has significant gaps that need to be addressed.**

One of the key issues is the lack of patient input in private reimbursement decisions. Bick recommended that **including patient perspectives could help ensure that reimbursement policies are more aligned with patient needs, ultimately improving access to necessary treatments and patient outcomes.**

Bick concluded that he believes there is not only a real opportunity for private insurers to connect with patient groups to help guide them through the private insurance system, but also to benefit from the wealth of information that patients are generating to inform reimbursement decision-making.





## Sustainable Private Plan Pooling: Perspectives from Paul Henricks and Moderated Panel Discussion

Paul Henricks, Associate Director of Data Innovation and Insights at PDCI Market Access, presented research on principles required to modernize the current pooling system in Canada (outside of Quebec) to improve long-term sustainability.

He pointed out that the private

market in Canada offers significant value to patients, providing choice, flexibility and timeliness that are not always available through public plans. He noted that spreading risk to reduce volatility remains a significant challenge, as smaller plans often face a disproportionate burden when experiencing a high-cost claim. Consequences of inadequate pooling often leads to increased premiums, limited access, and potential unaffordability.



## Henricks emphasized four principles to consider in establishing a modernized approach:



### Affordability

*An adequate pooling model would delink sponsor premiums from cost associated with high-cost claimants and instead consider employer size ratings to establish pooling thresholds.*



### Transparency

*He advocated for standardized pooling rates that are easy to interpret, similar to those used in Quebec, to provide greater predictability and protection for plan*



### Consistency

*"So that employees know what they're getting when they buy into the plan." He stressed the importance of establishing a level playing field, which is achieved by setting a standardized minimum coverage and maximizing eligibility. To address these challenges, Henricks mentioned the possibility of standardizing pooling rates, similar to what is done in Quebec.*



### Scale

*Henricks noted, "It has to be large enough that you can meet the needs of the pool when those needs arise. We need alternative approaches that cover all members and maximize the scale." To increase participation, Henricks proposed expanding the pooling system to include administrative services only (ASO) plans, which are currently excluded from many pooling arrangements.*



*“Inefficiencies in the current CDIPC model create disincentives to participate, creating a need to evolve the current pooling approach to meet evolving market needs to establish a more equitable and efficient distribution of risk. ”*

Critical to the success of supporting fully-insured sponsors, according to Henricks, would be a pooling model that establishes and follows these principles through the lens of the patient and consumer to equitably and effectively spread risk, while ensuring they can continue to offer competitive and comprehensive benefits.

Henricks' presentation then led into a multi-stakeholder panel discussion comprised of insurance, patient, and pharmaceutical industry leaders to further delve into the challenges and opportunities surrounding private drug plan sustainability in Canada.

Helen Stevenson, Founder & CEO of Reformulary, highlighted strategies for achieving short-term savings in the private market. One approach involves Preferred Pharmacy Networks (PPNs), which can help reduce costs through negotiated discounts and markups with pharmacies. Additionally, managed formularies and increasing days' supply can contribute to cost savings. Ned Pojskic, Vice President of Pharmacy Benefits Management at Green Shield Canada (GSC), emphasized that the increased collaboration between the insurance and pharmaceutical industries through negotiating Product Listing Agreements (PLAs) with manufacturers has also significantly contributed to reducing costs. The moderator, Joe Farago, Executive Director of Market Access at IMC, noted that while these strategies can help manage costs in the short term, they do not address the underlying systemic issue of cost volatility and long-term private plan sustainability, which continues to pose a challenge for private insurers.

Philippe Laplante described how the Quebec Drug Insurance Pooling Corporation (QDIPC) model offers an example of how risk can be managed more effectively. While the model has some drawbacks, such as regulation and a lack of flexibility, it guarantees coverage and effectively manages the risk of high-cost claims more effectively than CDIPC.



Additionally, it offers transparency, which can help plan sponsors and members understand the costs and benefits of their coverage. By mandating pooling and standardizing rates, the QDIPC model ensures that the financial burden of high-cost therapies is shared more equitably among insurers, tempering volatility for employers and securing greater access for plan members.

## Conclusion

The need for change to enhance the sustainability of the private market is driven by several factors, including the introduction of pharmacare, benefits to the workplace, industry collaboration, patient input, and the costs of innovative therapies. The example of the Quebec pooling approach demonstrates that change is possible. In that case, the insurance industry decided to innovate and collaborate with Quebec's provincial government to avoid the introduction of a public single-payer system. Pharmacare presents both a similar challenge and opportunity for the insurance industry to innovate and adapt. By working together, stakeholders can develop solutions that ensure equitable, broad, and timely access to medicines while maintaining the financial sustainability of private plans.

Despite the challenges, there are several areas where stakeholders can align their interests. A patient- and plan-member-centric approach is essential, focusing on providing high-quality coverage and access to necessary treatments. Defining and addressing 'gaps' in coverage can help ensure that patients receive comprehensive care without financial hardship. By prioritizing collaboration and innovative solutions, the private market can continue to offer valuable and sustainable drug plan benefits to Canadians.

### SUGGESTED CITATION:

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