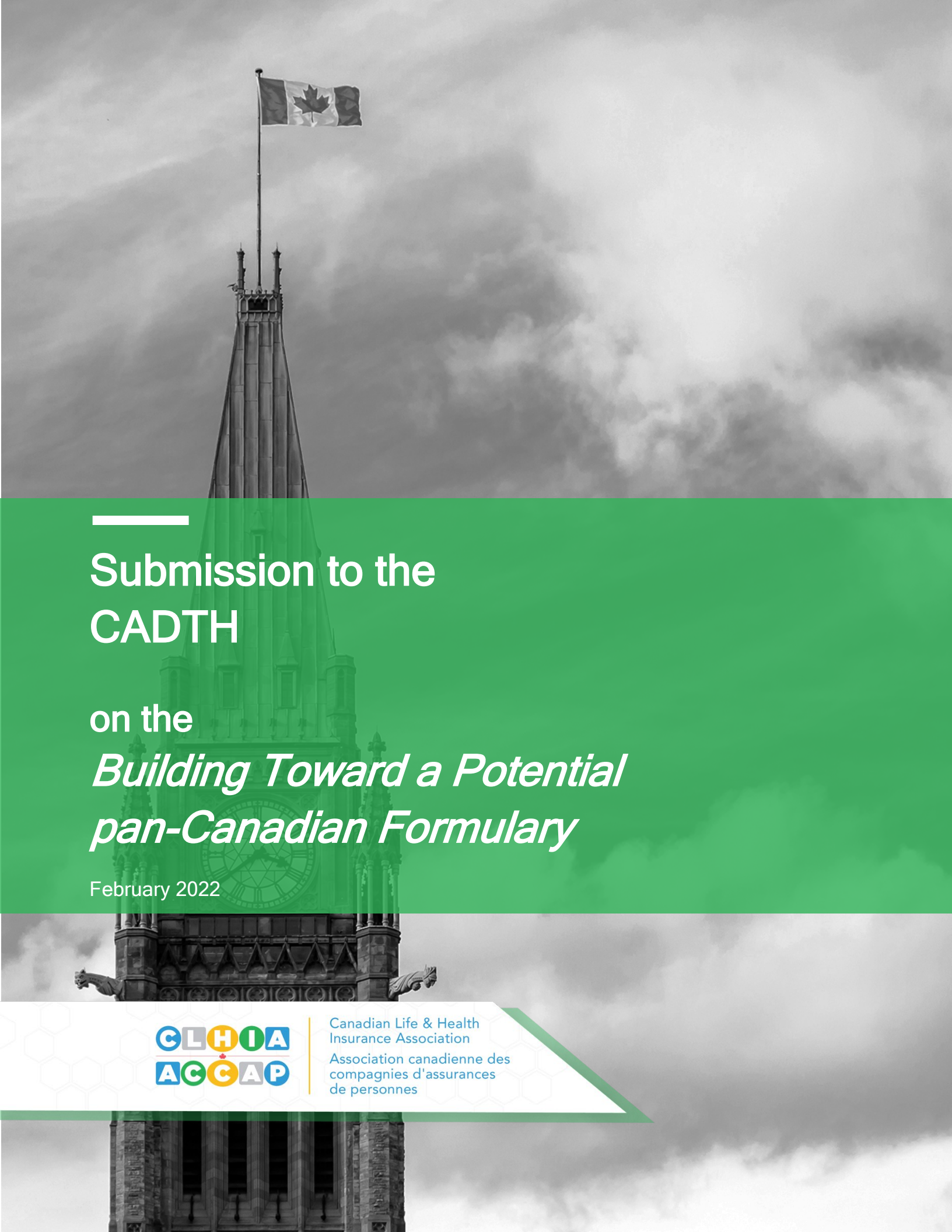


Submission to the CADTH

on the *Building Toward a Potential pan-Canadian Formulary*

February 2022

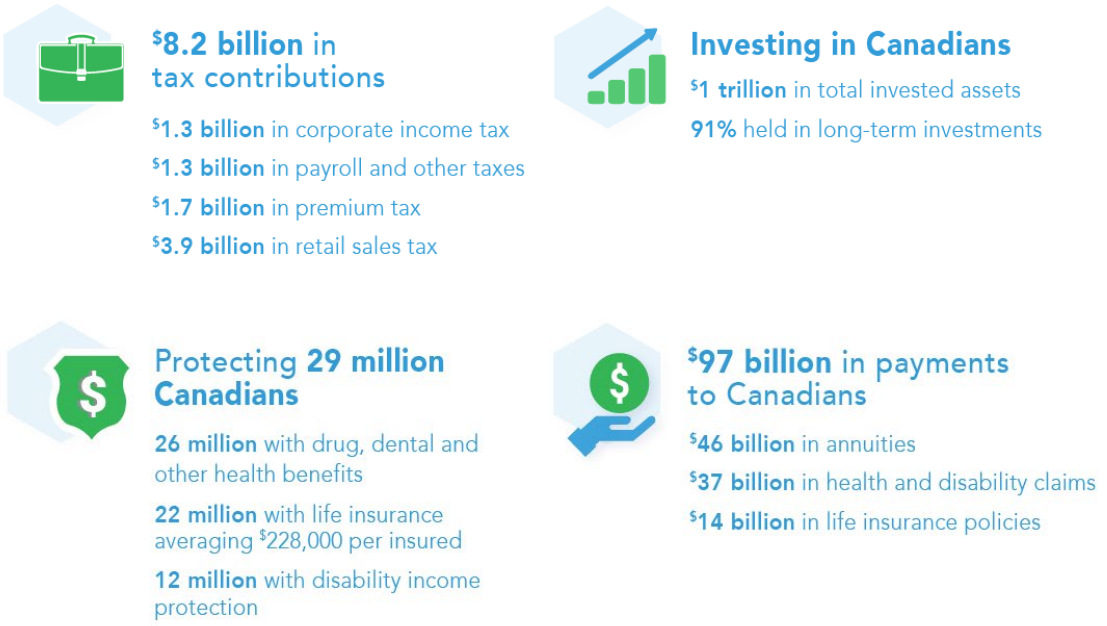
Canadian Life & Health Insurance Association

Association canadienne des compagnies d'assurances de personnes

OVERVIEW

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide its comments to the Canadian Agency for Drugs and Technologies in Health (CADTH) on its discussion paper *Building Toward a Potential Pan-Canadian Formulary.*

The life and health insurance industry plays an important role in providing financial security to Canadians, protecting millions of Canadians through a wide variety of life, health and retirement income products. The industry is also a major contributor to the Canadian economy, employing 158,700 Canadians and providing an important source of stable capital for the federal government through investments and tax contributions.



THE VALUE OF PRIVATE SECTOR PRESCRIPTION DRUG PLANS

The private sector has a significant role in funding prescription drug plans. In 2020, the insurance industry paid out over $12.5 billion in funding for drug expenditures. Over 26 million Canadians had coverage with private drug plans in 2020 – this number remained the same at the end of 2020 as it was at the start. During the early stages of the pandemic, insurers worked with their employer-customers to ensure that they could continue to fund benefits by lowering or deferring premiums for a period of time.

Employers fund private plans in order to attract and retain talent, to ensure their employees are productive and healthy at work, and to support employees on disability to return, when appropriate, to employment.

Insurers have significant experience in developing formularies and sustainable benefit plans that meet the needs of employers and their employees. Prescription drug coverage is one part of a holistic workplace benefits plan that includes other coverage, including mental health, disability and other extended health benefits.

SUMMARY

The insurance industry is supportive of the principles, definitions and structure of the minimum drug list as developed by the CADTH working group.

Insurers have the expertise and knowledge in formulary development to help further develop the pan-Canadian Formulary and contribute to the overall direction of prescription drug policy in Canada.

Insurers recommend that future development of the formulary include transparent and common pricing.

Insurers recommend that the working formulary working group consider the views of employer-sponsored plans in the development of a pan-Canadian national formulary and have expertise from insurers on it. As a major funder of prescription drugs in Canada, private plan impacts have long been omitted from public health interests. Disability and productivity impacts are related to the broader health of Canadians

INSURANCE INDUSTRY SUPPORTS THE CONCEPT OF A NATIONAL FORMULARY

While the insurance industry is generally supportive, we'd like to highlight some points that are key considerations for private prescription drug plans.

Question 1: Do you agree with the proposed principles and definitions? Please provide the reason(s) and suggested changes, if any.

On page 7 of **Setting the Context**, the first paragraph identified that "*the general purpose of a formulary is to ensure that the treatments that are used are safe, effective,* ***affordable and cost-effective."*** We would agree with this definition and yet the work of the panel specifically excluded any review of affordability and cost-effectiveness in the context of the development of the pan-Canadian formulary.

The principle, noted on page 13, is to develop and maintain the formulary on an "inclusive, transparent, and fair process". The process is not inclusive to the perspective of a major funder of prescription drugs in Canada, given that the perspectives of private plans are not considered.

We would request that a review of the suggested formulary be undertaken with a lens of affordability and cost-effectiveness to ensure that both public and private health plans remain sustainable and best able to meet the health needs of all Canadians.

Further, we recognize that the proposed principles and definitions may, from time to time, come into conflict with one another and may need to be prioritized.

We support the criteria that priority be given to biosimilars and generics, where available.

Question 2: Do you agree with the proposed assessment criteria? Please provide the reason(s) and suggested changes, if any.

The proposed assessment criteria for the proposed sample list is guided mostly by the requirements of the current Canadian public drug plans, for example, reducing

hospitalizations. We would ask that the assessment criteria be expanded to include a broader perspective and more comprehensive definition of health and wellness.

In assessing drug effectiveness, private plan considerations also include the need to provide prescription drug coverage for employees on disability and helping people return to work, when appropriate. Private plans often have more comprehensive coverage of mental health treatments, as one example. Employers fund prescription drugs that keep employees healthy and productive, and that minimize absences from the workplace.

It appears the panel has assumed that the drugs currently covered by public formularies are already cost effective for all payers as it is these plans that the pan-Canadian formulary draws upon for the proposed list of covered drugs. We think that this assumption needs to be examined further, especially given confidential discounts that may differ between provinces, and may not be available to employers who fund prescription drugs. The concept of a pan-Canadian formulary opens the discussion to transparent and common pricing for products on the formulary that should be brought forward into future discussions.

We would like to raise the issue of combination therapies that are frequently developed by manufacturers in order to maintain patent exclusivity. Certain combination therapies can become much more costly to fund as a result. However, consideration should also be given to whether a combination therapy provides additional value that may result in improved outcomes such as better adherence.

Question 3 a): Do you have suggestion(s) on a definition and/or criteria to determine the eligibility of related products that could be included on a pan-Canadian formulary? Please provide details.

Related products could include products that:

- Are currently funded through drug programs
- Support the treatment or maintenance of conditions primarily treated by prescription medications
- Are not used as a diagnostic tool

We would recommend that when reviewing a therapeutic category, it is done holistically. For example, when reviewing with diabetes, include all supplies (syringes, pen needles) and testing options (strips, lancets, flash glucose monitoring (FGM), continuous glucose monitoring (CGM)) in the review.

Question 3b: Should related products be listed in the same list for drugs and have the same evaluation criteria applied to them (see Table 3)? Please provide the reason(s). Note that this question pertains only to evaluation of related products; there will be an opportunity to comment on the proposed criteria for evaluation of new drugs in question 6.

Related products should be listed on the proposed formulary or continue to be offered through another benefit program. Related products should be evaluated on similar criteria to prescription drugs, that is, through an evidence-based review.

Question 4 b): Should the remaining therapeutic areas be prioritized based on national health priorities? Please provide the reason(s).

In this section 'national health priorities' are not defined but appear to consider only the public drug plans, excluding private coverage that more than 26 million Canadians access through their workplace. We would ask that privately funded prescription drug programs be included as a step in the proposed approach for consideration of listing status. This would include whether certain drugs are currently funded on private formularies and reviewing utilization data. As noted above, national health priorities will likely consider impacts to the overall Canadian healthcare system (e.g.: hospitalizations) which is essential, but we would also recommend taking a broader view to prevent disability and more.

The proposal to include cancer and special drug programs in the pan-Canadian formulary is interesting as typically these programs are funded partially or entirely by the public plans. Cancer programs vary substantially across the country. There have been changes to the types of products covered with the advent of oral cancer products, as an example. In certain jurisdictions such as Ontario, IV chemotherapy is primarily funded by the provincial program. Other jurisdictions have a program that covers a mix of IV and oral products. The variations in public plan coverage for cancer, using only those programs as the basis for assessment criteria will leave a large void in the number of products reviewed and potentially included in a pan-Canadian National Formulary. It may be helpful to consider the unique nature of cancer drug coverage when developing final recommendations.

Questions 5a and 5b: Which option could be adopted as an alternative to a first-in, first-out submission review process? What criteria could be used to identify priority products?

The insurance industry is supportive of any approach that moves drugs onto formularies more quickly while reducing duplication.

This section mentions the steps that must be taken to by a manufacturer in order to be considered on a *"for inclusion in a public drug plan".* The requirements of Health Canada, the HTA bodies, the pCPA and the FPT payor are listed. We have long requested that the requirements of private drug plans and employers be considered as part of the review. While some manufacturers have taken steps to include some data on productivity, disability impacts and workplace concerns such as mental health etc., many have not. We would suggest that this is a good opportunity to include these broader health concerns as a mandatory part of the submission review.
Another question to be considered is whether the additional review required to be covered on the pan-Canadian formulary through the working group might actually cause a further delay in coverage. The average time from marketing authorization to public listing in Canada was 534 days between 2011-2016. (Innovative Medicines: http://innovativemedicines.ca/wp-content/uploads/2019/04/2019-CADTH-Poster-EN-1.pdf)

Question 6: Do you agree with the proposed evaluation criteria and the considerations for new products?

We'd like to propose that the 'Value for Money' proposed criteria be expanded to include a bullet point that speaks to the needs of employers and private insurers, as well as the 26 million Canadians that enjoy private prescription drug coverage.

- "*Impact that adding the drug on the list will have on the health of employed populations, including the ability to remain physically and mentally healthy.*"

In addition, further consideration to elaborating on how cost-effectiveness is determined may be warranted. Current public facing health technology assessments include the costs to the public health system and not those used by private drug plans, such as disability impacts and productivity. Including the various offsets will provide a holistic view of cost-effectiveness for all Canadians.

Question 7: Should the deliberative process include weighting of the evidence or a score for each criterion?

Page 20 speaks to the creation of a working group to weigh evidence, conduct reviews and identify drugs to be included on the pan-Canadian formulary on a go-forward basis. There are many nuances that make it difficult to apply a rigid scoring system. Expertise on the working group is required to take into consideration all of the principles and produce a well thought out, balanced decision. Given the importance of private drug plans to the Canadian economy and to employers and their employees, we'd like to suggest that our industry's expertise will be key to the development of a successful formulary.

Question 8: What measures could be put in place to ensure operational sustainability, with limited resources and time, including the ability of the stakeholders to participate meaningfully in multiple processes?

As mentioned throughout this document, private insurers have the resources and expertise to contribute to the development and the maintenance of a pan-Canadian formulary. The needs of Canadian employers and their employees need to be taken into account as this important work develops so that the pan-Canadian formulary is relevant to all Canadians. Over the years, private drug plans have developed innovative solutions benefiting working Canadians, including in the areas of opioids, diabetes and mental health.

Is there possibility that the review for the pan-Canadian formulary replace any other reviews that are undertaken?

Another point to be considered as your report is finalized is whether the implementation of a pan-Canadian formulary could actually result in a loss of coverage. The implementation criteria (ie: mandatory, optional, as a base) need to be clearly agreed-upon very early on in development.

CONCLUSION

The life and health insurance industry appreciates the opportunity to engage with CADTH on the topic of *Building Toward a Potential pan-Canadian Formulary*.

Should you have any questions or wish to discuss further, please don't hesitate to contact Joan Weir, jweir@clhia.ca, 416-294-9384.