



Industry - Drug Plan Agreements

The British Columbia Experience

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BC PharmaCare Program - Context

- Covers all BC residents eligible, subject to income-tested deductibles and co-payments
- Defined populations eligible for 1st dollar coverage (e.g. income assistance recipients, LTC residents)
- For eligible beneficiaries, PharmaCare acts as first payer
- 26.7 million paid claims (2009/10) – approx. 42% of BC total
- 780,000 beneficiaries (2009/10)
- Total expenditure = \$1.03 billion (2009/10)
 - HIV drug program funded by PharmaCare but managed by Centre for Excellence in HIV/AIDS
 - Oncology medications funded and provided by BC Cancer Agency



Negotiated Agreements - Concepts

- Coverage with evidence development (CED)
- Risk transfer / risk sharing
- Demand-side initiatives
- Outcome-based reimbursement



Coverage with Evidence Development

- Alzheimer's Drug Therapy Initiative – launched Fall 2007
- Interim coverage for cholinesterase inhibitors provided in conjunction with multi-faceted research study
- Objective – obtain data re safety, effectiveness and appropriate use to inform definitive coverage decision
- Partnership with the three manufacturers marketing cholinesterase inhibitors

Ministry of **Health**

Alzheimer's Drug Therapy Initiative



Providing eligible B.C. residents with PharmaCare coverage of medications used in the treatment of Alzheimer's disease and gathering evidence on their effectiveness.

This initiative is the result of collaboration between the Government of British Columbia, the Alzheimer Society of B.C., the University of British Columbia, the University of Victoria's Centre on Aging, drug manufacturers, clinical experts, researchers and practising clinicians.

Introduction

The Alzheimer's Drug Therapy Initiative (ADTI) was created to address the lack of clinical evidence to support PharmaCare coverage of cholinesterase inhibitors and allow individuals affected by Alzheimer's disease to access these medications without the restrictive cost.

Coverage with Evidence Development

- Successful partnership with industry
- Complex, resource intensive
- Challenges associated with study administration
 - Clinician engagement
 - Participant recruitment
- Extended time horizon for collection and analysis of outcomes data



OBSERVATION

- **Appropriate in limited circumstances. Requires substantial investment and specific expertise to manage.**

Risk Transfer / Risk Sharing

- Applicable to manage or limit financial risk:
 - Total expenditure
 - Cost of therapy (per patient)
 - Relative cost (vis-a-vis therapeutic alternatives)
- Growing experience for government and manufacturers
- Management of risks other than total expenditure requires capacity to generate and analyze detailed data

OBSERVATION

- **Effective tools available to increase fiscal certainty and ensure that payor realizes predicted cost-effectiveness**



Demand-side Initiatives

- Agreement on marketing messages/materials
- Sampling practices
- Grant funding for utilization research and management programs
- Can be challenging to monitor, enforce negotiated terms
- Clinician perceptions re industry involvement in utilization management activities



OBSERVATION

- **Utilization management is critical and has significant challenges**

Outcome-based Reimbursement

- Several discussions to date, but limited results
- Reference short-term outcomes only (e.g. initial response to treatment)
- Identification and measurement of workable outcome metrics is very challenging
 - Requires capacity to combine drug plan data with other sources (e.g. hospital, physician services)
- For chronic conditions, long time horizon for outcome measurement may not be conducive to commercial commitments

OBSERVATION

- **Complex to develop and manage. Consider dynamic listings to reflect real-world experience.**



Key Success Factors

- Desire!
- Senior corporate support.
- Confidentiality, respect and trust
- Capacity and flexibility rather than standardized approaches
- Shared intent to develop and maintain constructive, long-term partnerships

