

# Another devil to slay

*Direct-to-consumer drug advertising is costing U.S. plan sponsors billions of dollars each year. Could the same thing happen here?*

**By Anna Sharratt**

THE BOUNCING, JOVIAL MAN IN THE VIAGRA AD WHO routinely appears on U.S. television, is a lot like the firms behind direct-to-consumer advertising (DTCA) of prescription drugs. He's happy. But U.S. benefits

plan sponsors who are struggling to cap drug cost increases in the double digits are not so pleased. Now the problem is growing in Canada, with U.S. advertising creeping over the border. Add to that the powerful lobby of Canadian pharmaceutical companies and we could soon see the Viagra man on Canadian TV.

The pharma industry in the States certainly has reason to jump for joy. Since the U.S. Food and Drug Administration approved DTCA in 1997, U.S. retail drug costs have grown at an

astonishing rate. From 1999 to 2000, they increased US\$20.8 billion to \$131.9 billion according to the U.S. National Institutes of Health Care Management.

A study, released in June by Barbara Mintzes of the Centre for Health Services and Policy Research at the University of British Columbia, is also alarming. In it, Mintzes compared the behaviour of patients in Sacramento, Calif.—who are exposed to drug ads—with the behaviour of Vancouver-based patients—who are not. Considerably more U.S. patients—7.3% of patients in Sacramento versus 3.3% in Vancouver—requested advertised medications from their physicians.

But ad campaigns have begun to have an effect in Canada. “There is a spill-over effect from the U.S.; we're already seeing that,” says Ron Gathercole, director, business relations, Atlantic Blue Cross Care in Moncton, N.B. Those effects include plan members requesting advertised medication of their doctors and rising drug costs for plan sponsors. There is also the lobby effort by Canadian pharma companies to change legislation here to allow drug advertising. And sponsors could be in trouble if that occurs. “I think sponsors should be concerned about what impact this is going to have,” says Todd McLean, a partner in Eckler Partners' employee benefits practice in Toronto.

## COMPLIANCE BOOST?

While the thought of rising drug costs makes sponsors shudder, not everyone in the industry sees DTCA as a dangerous thing. Mark Daniels, past president and senior advisor with the Canadian Life and Health Insurance Association in Toronto believes that the cost issue is small when it comes to compliance. He feels that advertising can teach patients about effective drug usage and save sponsors money on hospital stays.

“This is not a big issue in the industry,” says Daniels. “There are a lot of devils that need slaying before that. It's true drug costs are rising. [But] it's certainly clear that many drug therapies are an effective substitute for institutionalized care.”

McLean disagrees. “There is always the opportunity that people can ignore that information. And maybe not worry about compliance issues.”

He advises plan sponsors take the following steps:

1. Conduct an awareness campaign, advising employees of the benefits and pitfalls of DTCA. Offer alternatives to costly drugs, such as cheaper generic medications or lifestyle changes.
2. Introduce a frozen formulary, which can restrict the number of new drugs or the amount for which they can be reimbursed. Before limiting their usage, analyze new offerings carefully.
3. Establish preferred provider networks of physicians. “If there is a network of medical practitioners to look after the membership's medical needs, you can ensure the right messages and the same messages are being communicated to these folks,” says McLean.

Sponsors might want to start the awareness campaign now. As more and more ads bombard TV sets, plan members are becoming intimately aware of prescription drugs. “The bottom line is that plan sponsors and consumers need to do better than [be] sitting ducks for this kind of stuff,” says McLean. “It's how you respond and how you prepare your membership to respond.”

**BC**

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