EDITORIAL

# *Address rising drug costs*

With drug prices on the rise, you'd think employers would be making plenty of changes to save costs for their benefits plans.

Surprisingly, that's not the case. As Barbara Martinez, practice leader for drug benefits solutions at Great-West Life, told *Benefits Canada*'s Face-to-Face Drug Plan Management Forum last month, 90% of the insurer's clients hadn't changed the design of their drug plans during the last 10 years.

That's the case despite the fact that, according to *Benefits Canada* research presented during the event, 64% of the more than 200 plan sponsors surveyed have concerns about rising drug costs. Of particular worry are biologic and other rare or specialty drugs.

Biologic drugs, of course, can be highly effective but come at a cost. And with trade deals such as Canada's agreement with the European Union and the Trans-Pacific Partnership looming, cost pressures stemming from longer patent recognition and data exclusivity periods for biologic drugs will likely add to the issue.

Plan sponsors will want to get ahead of the issue.

So what's holding companies back? Fear of change is a likely factor. While introducing or amending co-payments and benefits caps can help control costs, employees aren't likely to embrace them. At the same time, research presented at the event suggested many of those involved in designing plans aren't necessarily aware of all of their options. Information is key, then, as are robust communication plans to employees when companies do decide to change their plans.

**Glenn Kauth**

Not all changes will be negative for employees. Sometimes it's about assessing which benefits employees are using the most and then designing plans around them, while considering options such as managed formularies to control the costs. And if employees understand the reasons, they'll be less likely to complain.

As you'll see elsewhere in this month's issue, concerns about drug costs outweigh the worry about other benefits such as paramedical services. So, while there's a lot for companies to consider, it's clear drug plans are the bigger area for cost control.

The issue isn't just about benefits cuts. One of the keys to controlling costs is investing in employee wellness programs in order to reduce the overall demand for drugs and other services. And, sometimes, the challenge is to ensure the drug coverage you do offer is truly effective.

Are employees stopping their drug regimens too early? Are they taking the right medications? Those issues are key to getting value from their plans, something that's arguably just as important as cost.

Plan sponsors, then, have lots of work to do. It's not easy, but with costs reaching a tipping point, they'd do best to get ahead of the issue now. BC

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