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Medication MANAGEMENT

SUPPORTING SUSTAINABILITY AND ACCESS TO NEW MEDICATIONS

ABOUT

Medication Management is an educational series that takes a closer look at maximizing plan sponsors' investment in drug benefits plans, which includes supporting plan members to be healthy while continuing to protect plan sponsors' bottom lines.

Specialty medications can significantly improve plan members' health, but they may also have a large impact on private drug plan budgets. As more of these medications become available for a wider variety of chronic conditions, the balance between appropriate access and appropriate coverage becomes more challenging. Through insurer case management and patient support programs, insurers and pharmaceutical manufacturers seek to maintain that balance while focusing on improving patient health outcomes.

This installment of *Medication Management* will help readers understand how streamlining their policies around biosimilar adoption can help prevent them from covering drug costs that will be downloaded by provincial plans.

The new way to manage biosimilars

Provincial changes to biosimilars mean carriers need guidance to realign their plans to prevent cost shifting in this complicated new landscape.

It's been just over a decade since biosimilar drugs arrived in Canada.[1] With the arrival of these biologically similar – but not identical – medications came hope for carriers grappling with the high costs of biologic drugs. Biosimilars, which don't have any clinically significant differences from their more costly counterparts, were showing great promise in Europe and Australia in reducing benefits costs and increasing patient access.[2]

Fast-forward eleven years, and biosimilars still offer carriers and plan sponsors the opportunity for significant drug plan savings. Yet their adoption could be better. Though Health Canada has approved 35 biosimilars, Canada lags in its use compared to other countries in the Organisation for Economic Co-operation and Development.[3]

Luckily, that's changing as Canadian provinces implement new coverage rules for

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original biologics to encourage biosimilar alternatives. Some biologics are no longer being covered under public plans, a decision that is made based on a patient's condition and the approved indication of a medication, which is decided by Health Canada. This means that if there's a biosimilar approved to treat a particular condition, the innovator biologic will no longer be covered by the provincial plan.

Handling differences in provincial approaches

The current biosimilar landscape in Canada has been a patchwork of coverage approaches among the two provinces that have adopted policies around their use: Alberta and B.C. "The provinces are moving independently of one another at different points in time for different sets of molecules," says Jason Kennedy, director, Health Business Consulting with TELUS Health in Toronto. "This creates a complexity that needs to be managed."

Alberta has had a biosimilar initiative since 2019,[4] which calls for patients covered by the province currently taking biologics to be switched to an approved biosimilar by January 15, 2021. It has also created a tiered approach to approving patients' use of biologics, ensuring that lowest-cost drugs are used first.

B.C.'s PharmaCare program has made a similar move. In 2019, it introduced the Biosimilars Initiative for Patients,[5] allowing patients to make the switch from biologic medications to biosimilars for certain indications. Cancer patients in the province who are just beginning treatment receive funding only for approved biosimilars.

Yet the provinces are not moving in tandem and there is a need for more clarity.

What does this mean for carriers and the plan sponsors they serve? It means that carriers have to make changes due to the provincial shifts that are occurring. Though the introduction of new biosimilar policies is a positive step, their adoption is creating a gap that could lead to more costs for carriers. For example, if plan members opt to remain on an innovator drug, they will bypass provincial coverage, leaving the insurer to pick up the full cost of the medication. As a result, to prevent cost shifting, it's important for carriers to stay on top of what's happening and to synch their own approaches to covering biosimilars.

How it breaks down

At face value, the varied provincial moves appear to be great news for private plans. In provinces like B.C., the private payer will benefit from a lower-cost claim until the PharmaCare deductible is met. But there is an indirect impact that needs to be addressed. Because of this shift, there will be a halo effect as prescribing habits gradually shift toward the biosimilar molecules for all patients – not just those covered by the province. There will be a potential for cost-shifting when the patient doesn't move to the biosimilar.

For example, in a province like B.C., this can mean that the claim doesn't go through PharmaCare first because it's not covered – meaning the cost doesn't accumulate toward the deductible.

"Or in the case of Alberta seniors, if the originator biologic isn't covered by the province, the full cost may be sent to the private plan versus the $25 maximum that would normally be sent in a coordination of benefits scenario," says Kennedy.

Education is critical

What becomes evident is that while there are benefits to provincial changes around biosimilars, private plans could end up picking up costs they didn't anticipate. That's why it's important for carriers to stay abreast of what's happening and to synch their own approaches to covering biosimilars to prevent cost shifting.

When it comes to biosimilars, some momentum is decidedly needed. "We have to go where the market is going – not where it is," says Kennedy.

Carriers also need to manage this clearly for members when the provinces are not moving at the same time and don't have

the same list of molecules, and when the new rules are applied differently to the same population. For example, in Alberta, the rules apply to those over 65 while in B.C., they apply to all PharmaCare-eligible individuals.

Along with these provincial policies is an added layer of complexity for the private market, as the indication or the condition being treated is a filter that determines whether the biosimilar or innovator molecule is covered. Carriers need this information to understand if a member should be eligible for a biosimilar or the innovator biologic. And they need to communicate those changes to plan members as clearly as possible. The end goal needs to be the presentation of a benefits plan providing the best treatment options that are the most cost-effective.

As a result, there's a need for new strategies that can ensure that benefits costs are managed appropriately. These can prevent sponsors from picking up medication costs they don't need to cover and from those costs being uploaded to a national level – and to take the guesswork out of the entire process.

A new take on biosimilars

A cost-containment program like the Reference Drug Program (RDP) has the ability to link the reimbursement of an innovator molecule to that of the biosimilar. The RDP gets us part of the way there, but given the PharmaCare component of this and the indication component, it falls short when it comes to carriers and plan sponsors.

Carriers will soon have the opportunity to adjudicate claims using a reference drug type capability based on indication and the ability to target biosimilars to the appropriate patients. This can be achieved by customizing their biosimilar program offerings with cost savings in mind – a solution that TELUS Health plans to introduce early 2021. "We now have the option to not just cut back to biosimilar pricing, but also to do so based on indication of treatment. In addition, we've layered in the ability to reject innovator biologic claims where there is an opportunity to go through the provincial plan first," says Kennedy.

What's key, he says, is to be able to tie a plan member's medical condition to the drug identification number's (DIN) indication into the drug adjudication process, provided that it is approved by Health Canada. Then insurers and plan sponsors would have several options. They could opt for a national hard switch option, in which claims in all provinces for all biologic drugs where a biosimilar is available would be denied. In this case, a plan member would need to submit a claim for a biosimilar to have it paid.

Another strategy would be to adopt a provincial solution that applies only to certain populations targeted by the public program in that particular province. "Carriers must have the ability to apply the functionality to all age groups or to only apply the functionality when the claimant is eligible for provincial coverage in the province of dispense," says Kennedy.

A third option would be a price reduction based on indication, also known as a soft switch for insurers. A soft switch is when a price cut occurs on the innovator molecule to the biosimilar price. "This could reduce the eligible cost of the biologic to that of the reference DIN, without having to reject the claim for the biologic," explains Kennedy. In this scenario, the plan member pays the cost difference between the cost of the originator drug and the biosimilar or has the option to change to the biosimilar and not be cut back.

What's key, says Kennedy, is that the adoption of biosimilars isn't one size fits all – and that it's not difficult with the right strategy. He believes that with a customized, targeted plan that matches a plan sponsors' provincial approach, many can efficiently manage the adoption of biosimilars, ensure their plan members get the medications they need and mitigate any cost burden.

"Moving forward, as the country moves the way it has been moving, sponsors need a solution," he says.

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