

# Specialty Drugs

What you Need to Know



October 2016

## An Overview of Specialty Drugs

### Introduction

ClaimSecure has over 30 years of experience in providing customized health claims management solutions to thousands of Canadian corporations. We manage more than 10 million health and dental benefit transactions a year, totaling \$1.3 billion. Our adaptability to a changing environment means we are able to serve a diverse group of clients, which includes corporations, insurers, third-party administrators, unions, associations, and other health benefit plan sponsors, representing more than 1.3 million Canadians.

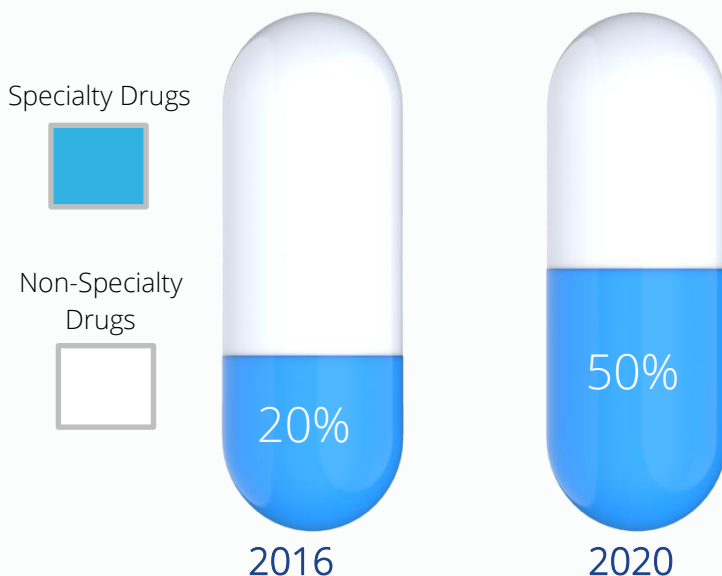
Our goal is simple – deliver cost-effective solutions to plan sponsors while ensuring health and well-being for plan members. The increasing number of Specialty Drugs coming to market is having a large impact on the sustainability of drug plans and maintaining the status quo is becoming more difficult and immensely more expensive. Today, many plan sponsors are faced with rising drug benefit costs and drug benefit management is responding and evolving at a rapid pace.

### What are Specialty Drugs?

Specialty Drugs are typically used for the treatment of complex chronic and / or life threatening conditions, and have an expected annual cost greater than \$10,000. They typically require special storage, handling, and administration.



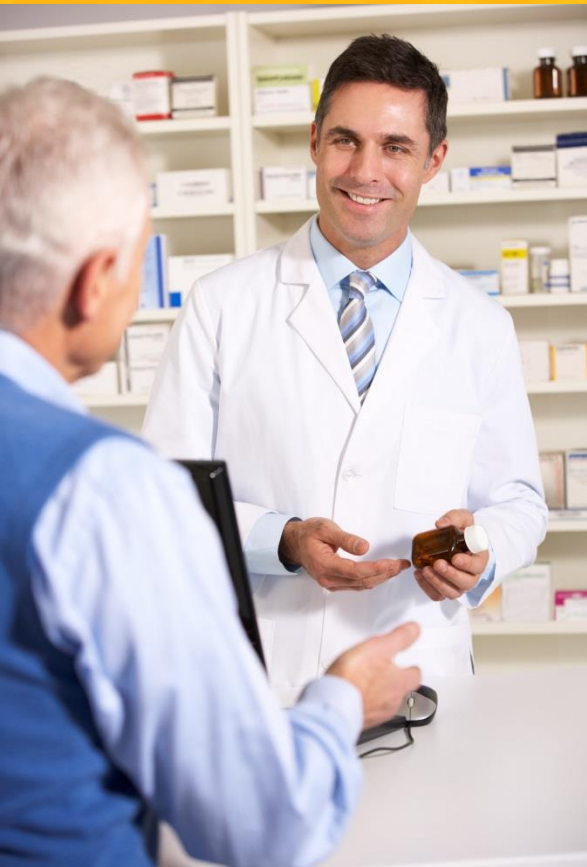
### Drug Expenditures



*NOTE: Results may be lower in Pharmacare provinces*

### How do Specialty Drugs impact your drug benefit cost?

Today, Specialty Drugs represent less than 1% of claims but over 20% of total drug expenditure. This class of drugs is the fastest growth segment for most drug plan sponsors. It is projected that Specialty Drugs will represent 50% of the total drug expenditure for drug plan sponsors by the year 2020.



## What are the most commonly prescribed Specialty Drugs?

Indication	Drugs	Expected Annual Cost
Inflammatory Diseases	Remicade® Humira® Enbrel® Stelara®	\$21,000 - \$40,000
Antiviral – Hepatitis C	Sovaldi® Harvoni® Holkira® Zepatier®	\$60,000 - \$120,000
Autoimmune - Multiple Sclerosis	Copaxone® Avonex® Gilenya® Lemtrada®	\$17,000 - \$50,000
Cancer	Gleevec® Tarceva® Sutent® Xtandi®	\$20,000 - \$60,000

## Specialty Drugs for Rare Disorders

The incidence of rare diseases may be higher than previously thought. According to the Canadian Organization for Rare Disorders, each rare disorder may only affect a small number of people, but there are over 7,000 known rare diseases and dozens more are being discovered each year.

Below is a sampling of the annual specialty drug cost, associated with rare diseases.

Condition	Drug	Expected Annual Cost
Multiple Myeloma	Revlimid®	\$100,000+
Metastatic Melanoma	Cotellic®	\$100,000+
Phenylketonuria	Kuvan®	\$50,000 - \$200,000
Paroxysmal Nocturnal Hemoglobinuria Hemolytic Uremic Syndrome	Soliris®	\$186,000 - \$750,000
Cystic Fibrosis (specific gene mutation)	Kalydeco®	\$323,000

## Rare Diseases in Canada

- ✓ 1 in 12 Canadians will be affected by a rare disorder.
- ✓ 3 million Canadians face a debilitating disease that severely impacts their life.
- ✓ The cost associated with the treatment of rare disorders can exceed \$200,000 annually.



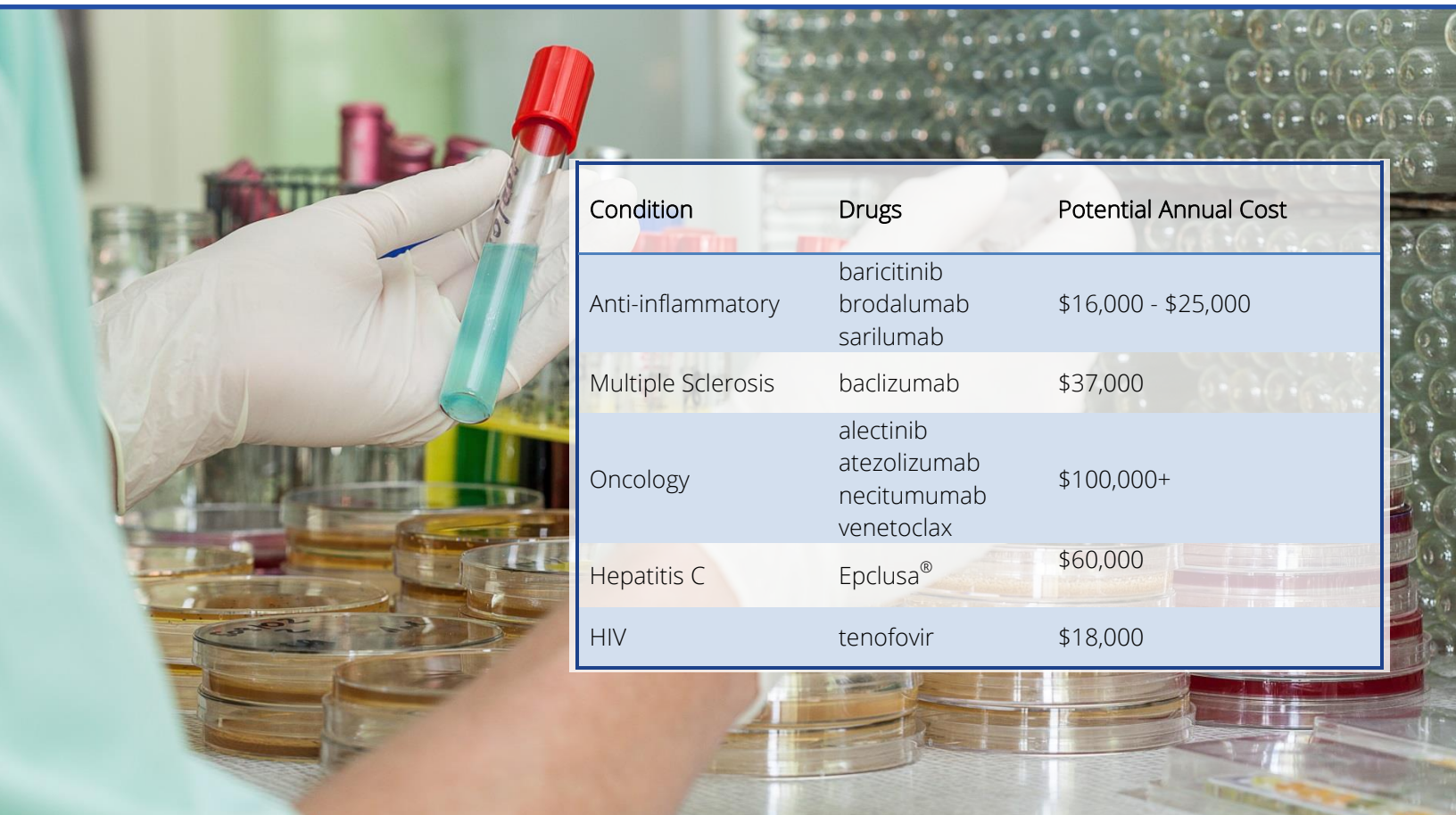
# What's Coming in 2016 and 2017?



In 2015, 60% of the new drugs launched in Canada were Specialty Drugs. This trend is expected to continue over the next few years. There are over 5,800 drugs currently undergoing clinical trials around the world of which over 30% are used in the treatment of cancer. Many of the new cancer agents are available in a pill format that will mean these new agents will not be administered in the hospital and may result in shifting the cost from public programs to private plans.



Here are some examples of new specialty drugs that are currently under review or received Health Canada approval in 2016:



Condition	Drugs	Potential Annual Cost
Anti-inflammatory	baricitinib brodalumab sarilumab	\$16,000 - \$25,000
Multiple Sclerosis	bacalizumab	\$37,000
Oncology	alectinib atezolizumab necitumumab venetoclax	\$100,000+
Hepatitis C	Epclusa®	\$60,000
HIV	tenofovir	\$18,000

# The Formula for a Sustainable Drug Program



## What can plan sponsors do to protect their drug plan?

There is no simple solution. Today's action plan needs to revolve around an integrated approach by implementing programs that impact four important key areas or stakeholders. With the exception of delisting the Specialty Drugs, none of these strategies will deliver significant savings in isolation. Plan sponsors need to leverage as many tools as possible to reduce drug costs and lessen the financial impact of Special Drugs in a meaningful way.

### Plan Design

- Mandatory Generic
- Provincial Program Coordination

Why are mandatory generic plans more important than ever? Some specialty drugs may have generics available and which can yield significant savings.

Drug	Brand Price*	Generic Price*
Gleevec 400 mg	\$116	\$27
Temodal 250mg	\$390	\$195

\*Per tablet

### Drug Manufacturer

- Product Rebate
- Preferred Listing Agreement

Negotiate agreements and pricing discounts with drug manufacturers that deliver savings to plan sponsors while ensuring plan members have access to innovative medications at cost effective prices.

### Formulary Management

- Formulary that excludes Specialty Drugs
- Biologic Policy

Implement a formulary that delists Specialty Drugs and ClaimSecure will assist plan member to obtain coverage through an applicable provincial drug program.

### Pharmacy Provider Network

- Retail PPN
- Specialty PPN with Case Management

RxAdvantage™ Specialty Support Program provides savings on specialty drug costs through a preferred pharmacy network (PPN) and delivers better member health outcome through adherence and case management services.



## References:

1. Canadian Organization for Rare Diseases - [www.raredisorders.ca](http://www.raredisorders.ca)
2. Asembia 2016 – Specialty Pharmacy Summit Conference Presentation, BioMed Tracker Drug Intelligence Platform Accessed at [www.biomedtracker.com](http://www.biomedtracker.com) on March 26, 2016
3. Submission Under Review, Government of Canada Accessed on October 5, 2016-  
<http://www.healthycanadians.gc.ca>

