

Media Briefing

Right Drug, Right Person, Right Price:  
Improving and Governing the Provincial  
Drug System

Ministry of Health and Long-Term Care



# Open & consultative process

Drug System Secretariat established in June 2005 to lead system-wide review

## Phase 1: Research

- 250+ experts consulted
- 2 jurisdictions visited – UK and US

## Phase 2: Consultation

- 105 meetings with 350+ people over 6 weeks
- 92 written submissions received – 1,000+ pages
- Consumer and patient roundtable
- Public opinion focus groups in 5 centres across Ontario

### *Stakeholders included*

- Patients; patient and/or disease groups; Consumer advocacy groups
- Physicians; Family Health Teams
- Pharmacists (community & hospital-based); pharmacies
- Specialized agencies (CCO); Hospitals
- Manufacturers; wholesalers
- Professional associations; industry associations
- Major employers; private insurers
- Other ministries
- Public

## Context for Action

- Patients need better and faster access to drugs
- The public needs a voice in the system
- Government is not getting value for money
- Government does not leverage its \$3.5 billion purchasing power
- Need for collaboration with private sector to help employers manage drug costs and remain economically competitive in Ontario

# Recommendations: Five Key Areas

- Improving access for patients to drugs
- Strengthening our position as a customer to get value-for-money
- Promoting appropriate use of drugs
- Rewarding innovation
- Strengthening the governance and operations of the public drug system

## *Note:*

- Government has given direction to move forward on entire package
  - Some recommendations would require legislative and regulatory changes to the *Drug Interchangeability and Dispensing Fee Act* and *Ontario Drug Benefit Act*
  - Where policy recommendations, approved to move forward
  - Presentation includes complete details on the government's plan for the drug system; not all require legislative and/or regulatory changes. Therefore, there are some elements of the plan that are not in the legislation intended to be tabled

## Improving access for patients to drugs

Recommendations	Impact
<p><b><i>Improve Conditional Listing; Exceptional Access mechanism</i></b></p> <ul style="list-style-type: none"> <li>• We intend to improve access to new drugs by enabling listing drugs under certain conditions while awaiting further evidence.</li> <li>• We intend to enable faster decisions and to have the reasons for them openly communicated.</li> <li>• We will dramatically reduce paperwork for physicians and pharmacists.</li> </ul>	<p>More drugs listed Funding decisions made more quickly No more paperwork for physicians</p>
<p><b><i>Rapid review for breakthrough drugs</i></b></p> <ul style="list-style-type: none"> <li>• We intend to significantly speed up the review process for breakthrough drugs, by starting the review prior to the drug being marketed in Canada.</li> </ul>	<p>Immediate decisions for breakthrough drugs</p>
<p><b><i>Align ODB and hospital drug formularies</i></b></p> <ul style="list-style-type: none"> <li>• We will work with hospitals to create consistent drug lists in hospitals and the community. This will make patient care more seamless.</li> </ul>	<p>Get same drug, whether prescribed at hospital or community</p>
<p><b><i>Interchangeability and Off-formulary Interchangeability</i></b></p> <ul style="list-style-type: none"> <li>• We intend to make more generic drugs interchangeable with brand name drugs.</li> </ul>	<p>Less expensive drugs (benefits cash-paying consumers, employer benefit plans, &amp; government)</p>

# Improving access for patients to drugs

Recommendations	Impact
<p><i>Align funding policies</i></p> <ul style="list-style-type: none"> <li>• We are aligning our public drug programs, so that funding decisions are made irrespective of where or how the drug is given (i.e. IV, capsule).</li> </ul>	<p>Funding decisions made based on drug not form of drug</p>
<p><i>Secondary payer</i></p> <ul style="list-style-type: none"> <li>• We intend to become the second-in-line payer for the federal Public Service Health Care Plan and for working seniors with private insurance plans</li> </ul>	<p>Consistent with 2 other provinces re second-in-line payer</p>
<p><i>CDR process</i></p> <ul style="list-style-type: none"> <li>• We intend to channel feedback that we received concerning the Common Drug Review process through the consultation process to CEDAC</li> </ul>	<p>Input into CDR process</p>

## Strengthening our position as a customer to get value-for-money

Recommendations	Impact
<p><i>Partnership agreements &amp; Competitive agreements for brand drugs</i></p> <ul style="list-style-type: none"> <li>• We intend to improve access to new drugs by entering into partnership agreements with manufacturers.</li> <li>• We aim to secure more competitive prices in the Ontario marketplace.</li> </ul>	<p>More drugs listed</p> <p>Lower prices (value for money) for some drugs used to fund new drugs</p>
<p><i>Generic pricing rule &amp; Competitive agreements</i></p> <ul style="list-style-type: none"> <li>• We intend to set the reimbursement price of generic drugs at a fixed percentage - 50% - of the reimbursement price of the equivalent brand-name product.</li> <li>• We intend to secure more competitive prices in the Ontario marketplace.</li> </ul>	<p>Lower prices (value for money) for generic drugs</p>
<p><i>Enforce drug prices</i></p> <ul style="list-style-type: none"> <li>• We intend to enforce drug benefit prices, to ensure manufacturers fulfill their pricing commitments and protect pharmacists from unauthorized price increases. We intend to allow the establishing of price increases in exceptional cases.</li> </ul>	<p>Lower prices</p> <p>More transparent system</p>

## Strengthening our position as a customer to get value-for-money

Recommendations	Impact
<p><i>Change pharmacy reimbursement structure</i></p> <ul style="list-style-type: none"> <li>• We intend to increase the dispensing fee for all community pharmacies to \$7 and decrease the mark-up to 8% with a \$25 cap, to better reflect the cost of dispensing drugs to Ontario Drug Benefit recipients.</li> <li>• We intend to remove the promotional allowances that generic manufacturers pay to pharmacies, in order to reduce generic pharmaceutical prices.</li> <li>• We will partner with the generic manufacturers to develop a Code of Conduct that defines acceptable marketing practices.</li> </ul>	<p>More accurate reimbursement</p> <p>Lower prices (value for money) for some drugs used to fund new drugs</p>
<p><i>Pay pharmacists for professional services</i></p> <ul style="list-style-type: none"> <li>• We recognize the value of pharmacists as front-line healthcare providers for patients. We intend to introduce a new payment for specific services that pharmacists provide for patients.</li> </ul>	<p>Pharmacists will be paid to provide professional services (med management)</p>
<p><i>Give pharmacy greater voice</i></p> <ul style="list-style-type: none"> <li>• We recognize the importance of more actively engaging pharmacy in public drug programs. The Pharmacy Council, jointly chaired by the ministry and a pharmacy representative, will give pharmacy a greater voice in guiding policy.</li> </ul>	<p>Pharmacists will be further trained to provide professional services</p>



## Strengthening our position as a customer to get value-for-money

Recommendations	Impact
<p><i>New payment model for long-term care pharmacies</i></p> <ul style="list-style-type: none"><li>• We are evaluating alternative payment models for different types of pharmacy services, in order to ensure value-for-money.</li></ul>	Value-for-money
<p><i>Long-term care pharmacies can access to government stock of drugs</i></p> <ul style="list-style-type: none"><li>• We are reducing wastage of drugs at long-term care homes. This will benefit long-term care pharmacies as well as government.</li></ul>	More efficient; less wastage

## Promoting appropriate use of drugs

Recommendations	Impact
<p><i>Pharmacists in primary care</i></p> <ul style="list-style-type: none"> <li>• We recognize the value of pharmacists in primary care, as front-line healthcare providers for patients. We intend to introduce a new payment for specific services that pharmacists provide for patients.</li> </ul>	Pharmacists will be part of primary care team
<p><i>Shared Care Network</i> (best prescribing practices)</p> <ul style="list-style-type: none"> <li>• We will partner with prescribers, patients, pharmacists and manufacturers to make sure that the right drug is used for the right person at the right time.</li> </ul>	Consistently get the right drug at the right time
<p><i>All Drugs All People</i></p> <ul style="list-style-type: none"> <li>• We will assess the opportunity for an All Drugs All People model (electronic access to prescription history)</li> </ul>	

## Rewarding innovation

Recommendation	Impact
<p><i>Innovation fund</i></p> <ul style="list-style-type: none"> <li>• We recognize the importance of innovation to our health system, and will fund innovative research projects that will show the value of drugs within the health care system.</li> </ul>	Concrete evidence of better health outcomes

# Strengthening the governance and operations of the public drug system

Recommendations	Impact
<p><i>Transparent Drug System for Patients Act</i></p> <ul style="list-style-type: none"> <li>• We intend to strengthen the governance of the public drug system, by defining principles - such as transparency and accountability - for all participants.</li> <li>• This would enable the government to get better value-for-money for Ontarians.</li> </ul>	<p>Transparent and accountable system</p> <p>Value for money for taxpayers</p>
<p><i>Executive Officer, Drug Programs</i></p> <ul style="list-style-type: none"> <li>• We intend to create an Executive Officer position, to make the public drug system more efficient by:               <ul style="list-style-type: none"> <li>▪ Making decisions faster, and being more responsive to patients, prescribers, and manufacturers</li> <li>▪ Communicating decisions and the rationale publicly</li> <li>▪ Partnering with manufacturers to improve the process for listing drugs</li> </ul> </li> </ul>	<p>Faster decisions</p> <p>Clear communication about decisions and the rationale</p> <p>More accessible</p>

## Strengthening the governance and operations of the public drug system

Recommendations	Impact
<p><i>Committee to Evaluate Drugs</i></p> <ul style="list-style-type: none"> <li>• We will include two patient representatives as full members on the Committee to Evaluate Drugs (formerly the Drug Quality and Therapeutics Committee). These patients will be involved in individual drug funding decisions.</li> <li>• The Committee will support the Executive Officer to improve access to drugs.</li> <li>• Ontario will be the first province in Canada and one of the first jurisdictions worldwide to give patients an active role in both decision making and policy setting for drugs.</li> </ul>	<p>Patient involvement in drug funding decisions</p> <p>Clear communication about decisions and the rationale</p>
<p><i>Citizen's Council</i></p> <ul style="list-style-type: none"> <li>• We will give the public an opportunity to guide public drug policy.</li> </ul>	<p>Citizen involvement in policy setting</p>

## What the recommendations mean for Ontarians

- No changes in co-pay, deductibles, eligibility criteria
- Patients will be involved in priority setting and decision making process re funding drugs
- Citizens will be involved in social and ethical views about drug policy
- Faster drug funding decisions, meaning patients could access drugs faster.
- Section 8 would be replaced with “Exceptional Access” and a new, much faster process and minimal paperwork
- More drugs would be funded, through Conditional Listing process
- Clear and concise communication as to the rationale and decisions concerning funding drugs; Ontarians can monitor the status of drugs being reviewed
- Pharmacists would be trained and compensated for providing patient counselling, and would integrate in primary care models
- Best practice prescribing guidelines will ensure the right drug for the right person at the right time
- Strive to achieve value for money for Ontarians in all aspects of drug system
- Clear roles, responsibilities, accountabilities, and reporting requirements for all providers throughout drug system

# What the recommendations mean for other stakeholders

## Employers

- Help keep drug costs manageable
  - Off-formulary interchangeability enables use of lower cost generic drugs
  - Increased transparency in drug pricing and pharmacy reimbursement could help employers access better prices
- Guide more appropriate prescribing and use
  - Shared Care Network; Enhanced pharmacy services

## Pharmacy

- Better reflect actual cost of dispensing & distribution/mark-up
- Protect pharmacy from price increases
- Pay pharmacists for professional services
- Eliminate rebates
- Give pharmacy a “formal” voice
- Implement off-formulary interchangeability

# What the recommendations mean for other stakeholders

## Pharma manufacturers

- *Brand manufacturers*
  - Executive Officer position will facilitate much faster listing decisions
  - Partnership agreements and Conditional Listing significantly improve drug access, and manufacturers' revenue
  - \$5 million innovation fund
  - Rapid review of breakthrough drugs
  - Allow price increases under specific circumstances
  - Reduced revenue due to interchangeability and competitive agreements
- *Generic manufacturers*
  - Increased revenue due to interchangeability
  - Eliminate rebates, and implement flat 50 rule will be neutral
  - Allow price increases under specific circumstances

## Physicians

- Far less paperwork; more time for direct patient care
- Best practice prescribing guidelines