A yellow silhouette of the province of Ontario is positioned in the background, partially overlapping the text. The text is centered within this yellow area.

**2002/03 Report Card
for the Ontario Drug
Benefit Program**



Drug Program Branch Mandate

- To develop and manage drug programs to ensure that optimal pharmaceutical services are provided for the protection and improvement of Ontarians' health.
- To manage a reimbursement system for prescription drugs.



Strategic Goals

- To ensure on-going access to cost-effective drug therapies through the recommendations of the Drug Quality and Therapeutics Committee (DQTC) and innovative management approaches;
- To manage pharmaceutical expenditures under ODB and present options for new program features and future program designs;



Strategic Goals

- To promote optimal drug therapy through the development and use of therapeutic guidelines and other evidence-based approaches;
- To maintain a high level of performance of the Health Network System which adjudicates claims;
- To maintain strong working relationships with other governments, drug manufacturers, pharmacists, physicians, third-party insurers, and consumers;
- To provide information to health care professionals and consumers about the ODB program.



Strategic Goals

- To make effective and efficient use of human, financial and technological resources in order to meet program objectives;
- To provide effective and efficient customer service to all our clients;
- To monitor ODB program performance through measures of efficiency, effectiveness and customer satisfaction.



Growth Factors

- newer and more expensive drugs;
- aging population;
- new clinical evidence (indications) and better treatment outcomes involving drug therapy;
- new diseases and new areas of pharmacology;
- increased utilization;
- restructuring of health system (shift to outpatient care);
- continued pressure for manufacturers to increase market share



Report Card Framework

I. Program Overview

Program overview and utilization trends

II. Financial

Financial indicators and cost trends

III. Formulary Listings

Process and Type

IV. Achievements

Accomplishments and future direction

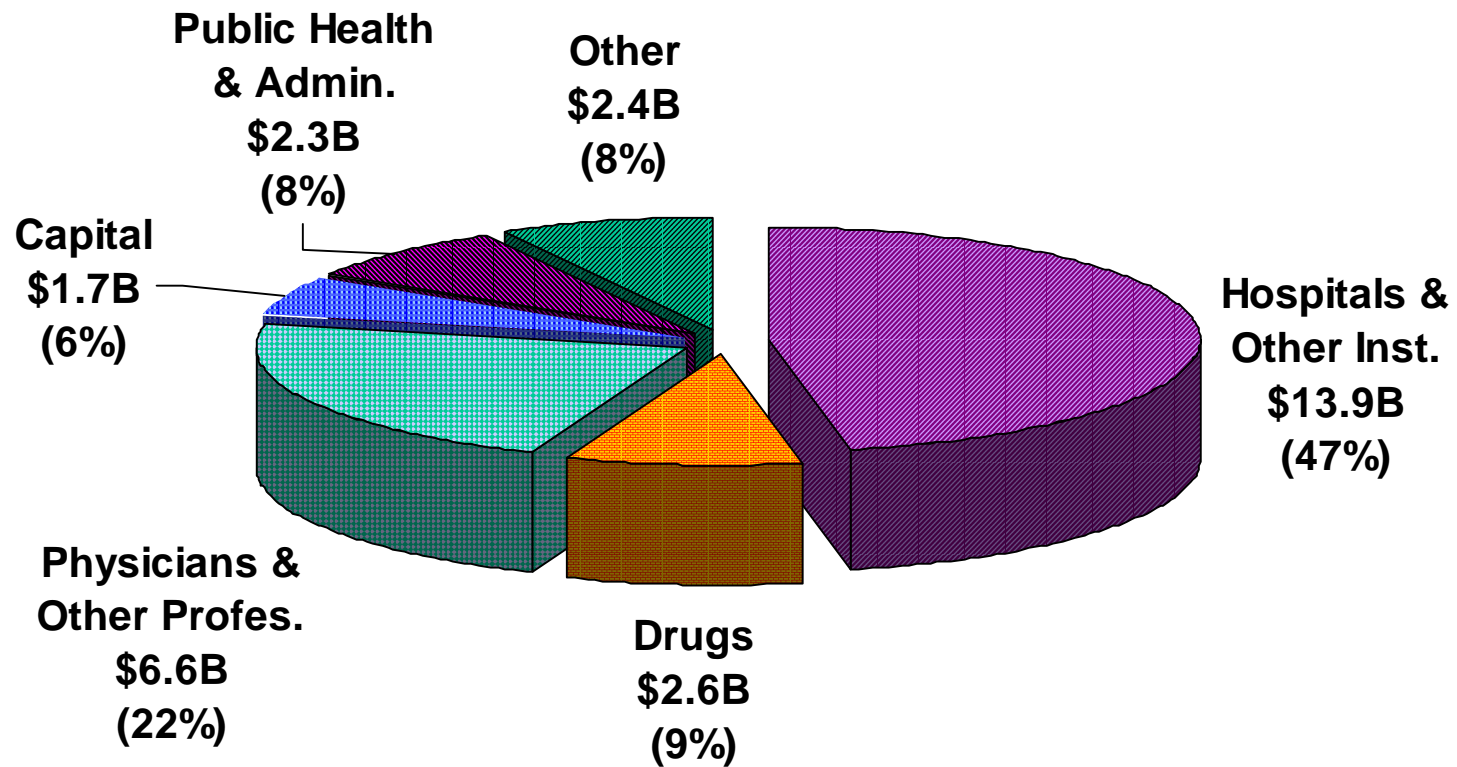


Definitions

- Beneficiary
 - Eligible person who had at least one claim during the fiscal year.
- Claim
 - Every time a pharmacist fills a prescription, initial or refill.
- Figures include MOHLTC and MCSS programs unless otherwise specified.



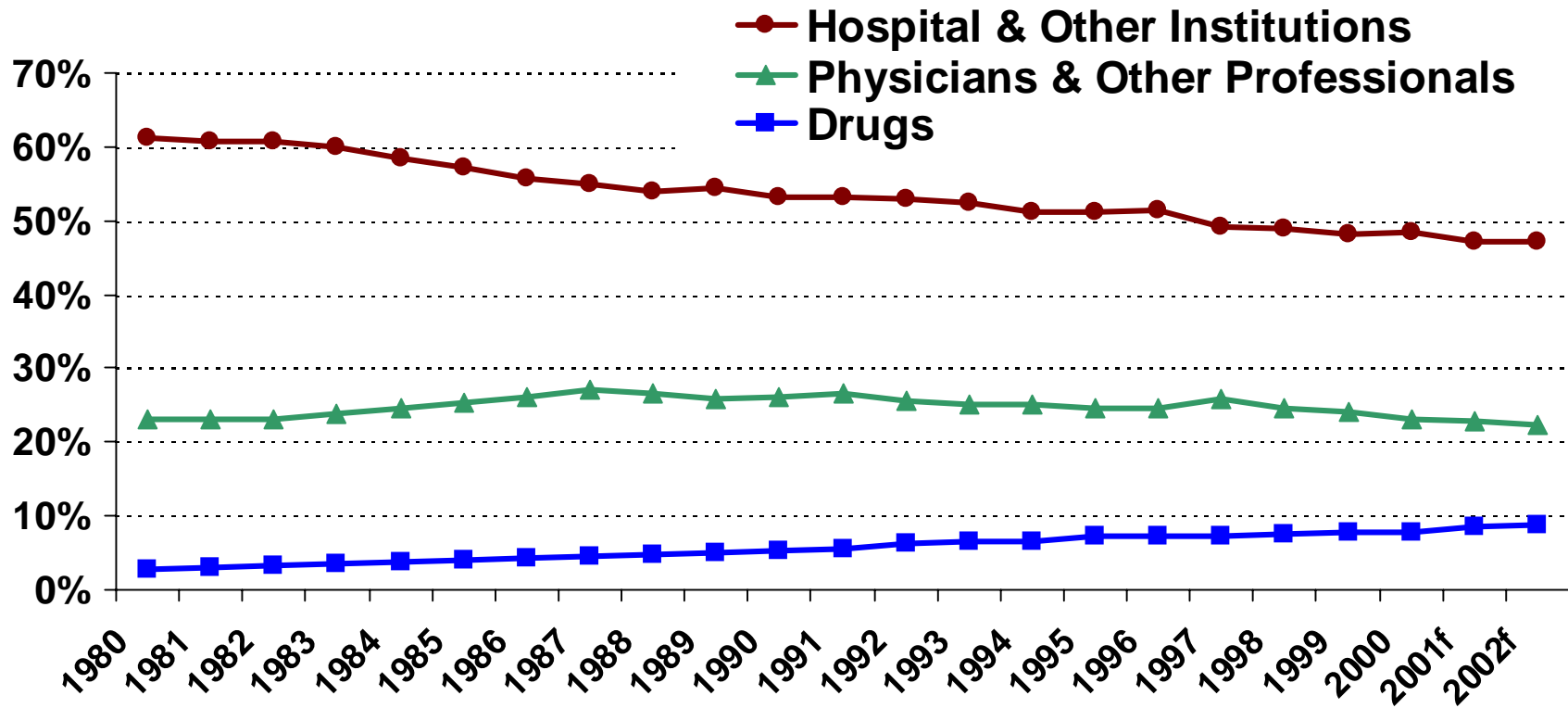
Provincial Health Expenditures Ontario, 2002



Source: Forecast from the Canadian Institute for Health Information, 2003



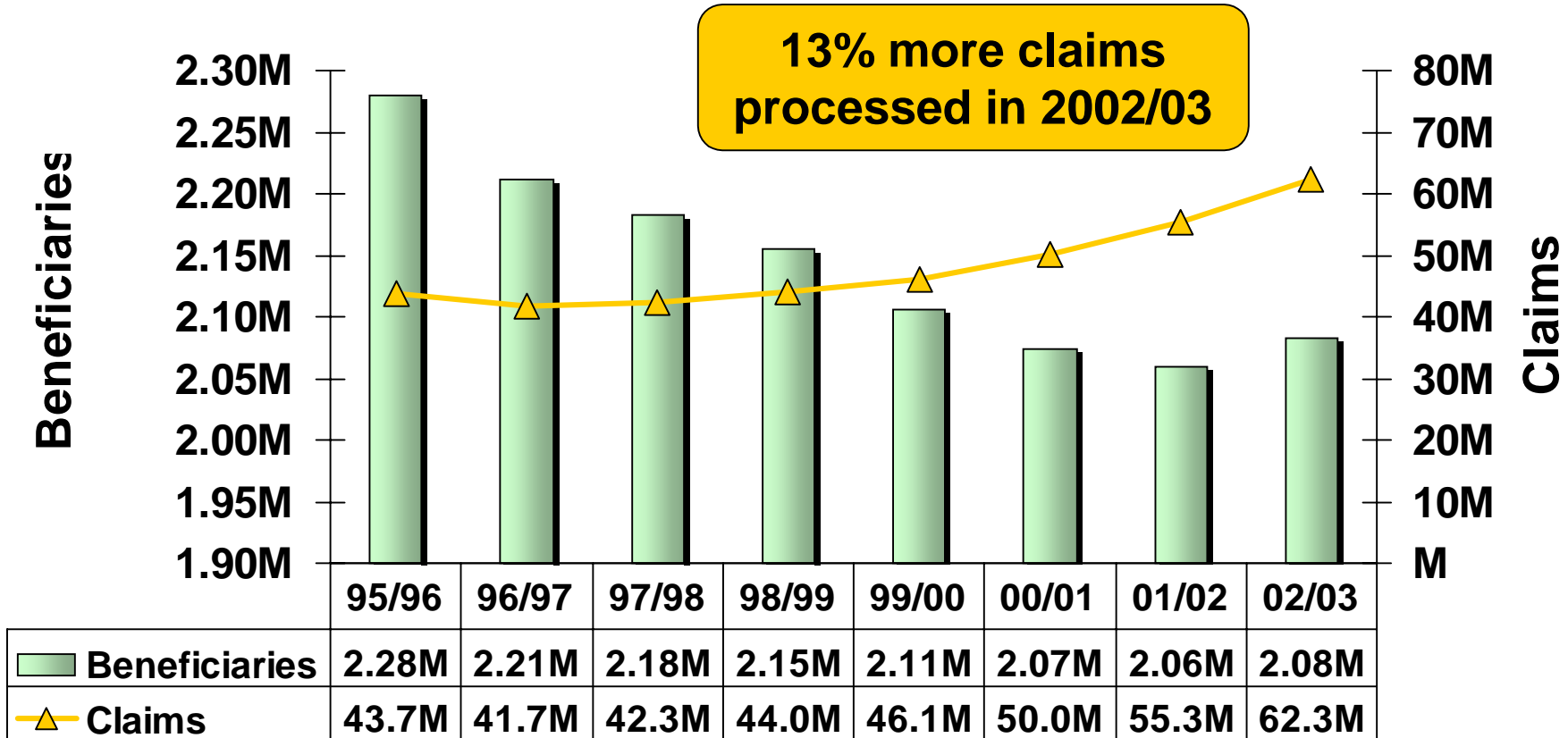
Provincial Health Expenditures Ontario, 1980-2002



Source: Actual and forecasted data from the Canadian Institute for Health Information, 2003



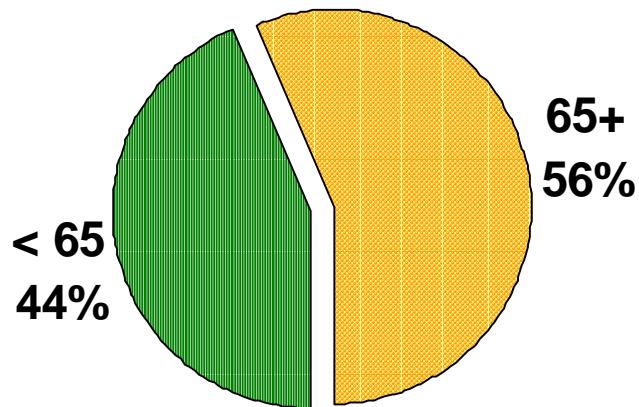
ODB Beneficiaries & Claims 1994/95-2002/03





Age Breakdown of ODB Beneficiaries, 1993/94 & 2002/03

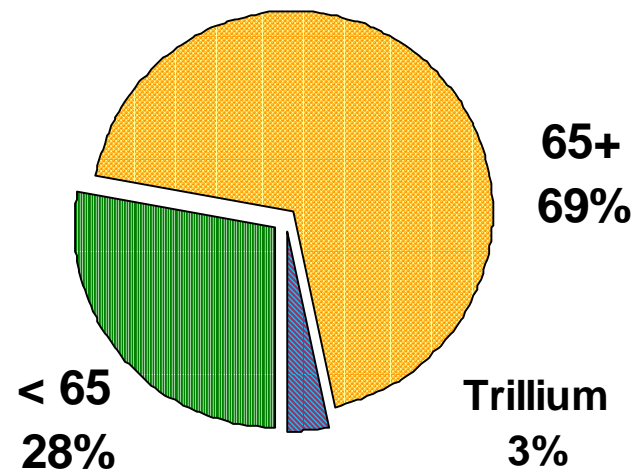
1993/94



<65	967K
65+	1,013K
Total	2,210K

Excludes Trillium pre-registration.

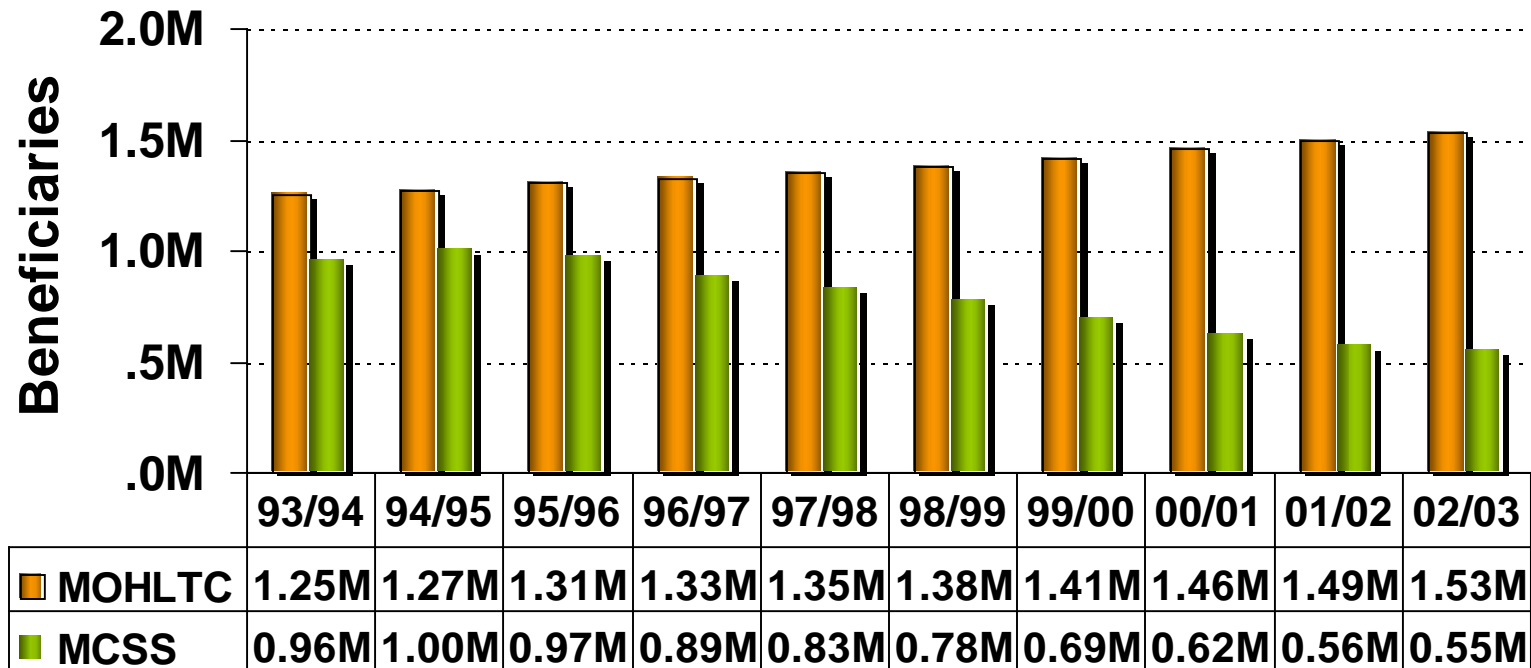
2002/03



<65	577K
Trillium	68K
65+	1,438K
Total	2,083K



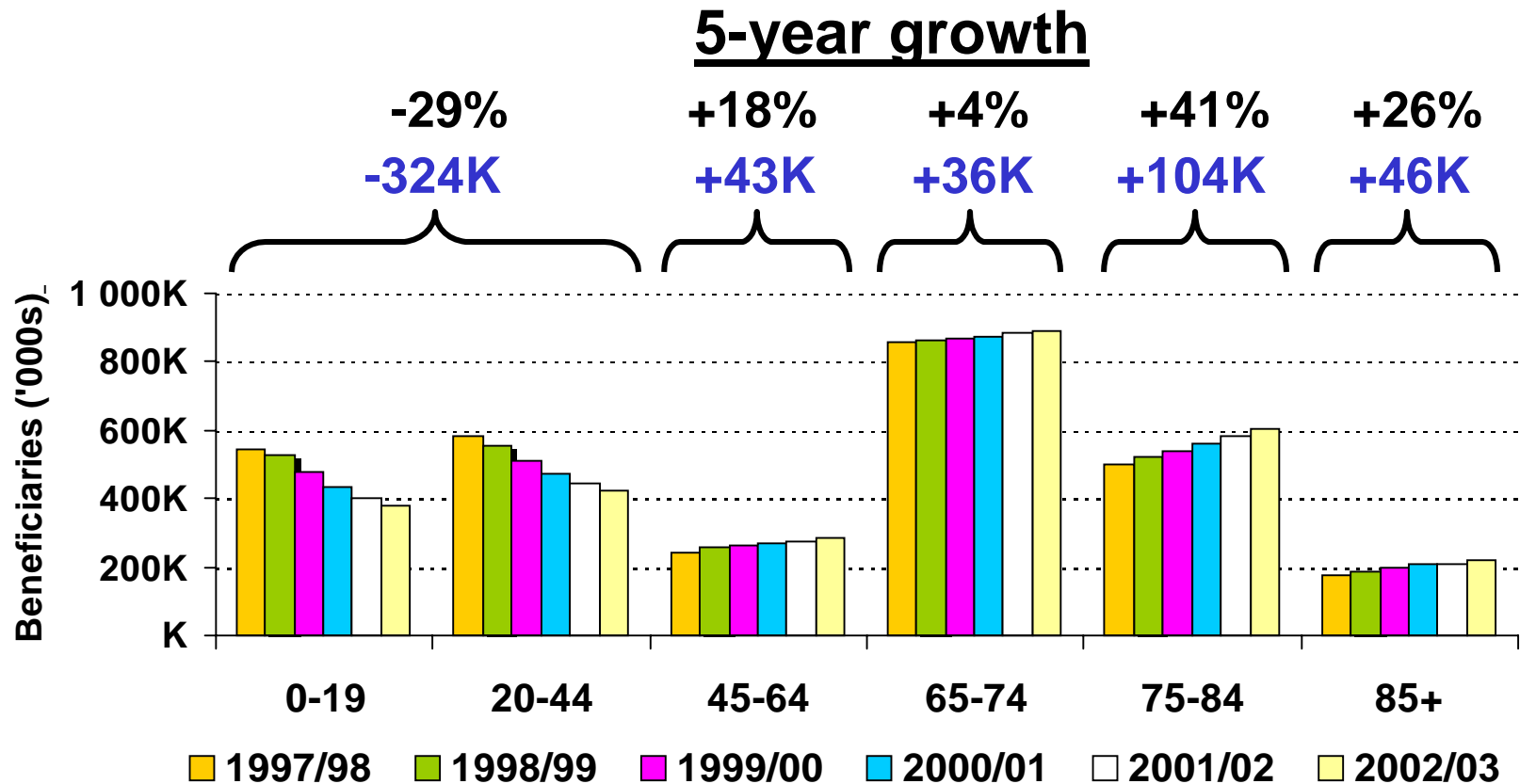
ODB Beneficiaries by Source of Finance, 1993/94-2002/03



From 1993/94 to 2002/03, the total number of beneficiaries decreased by 6%.

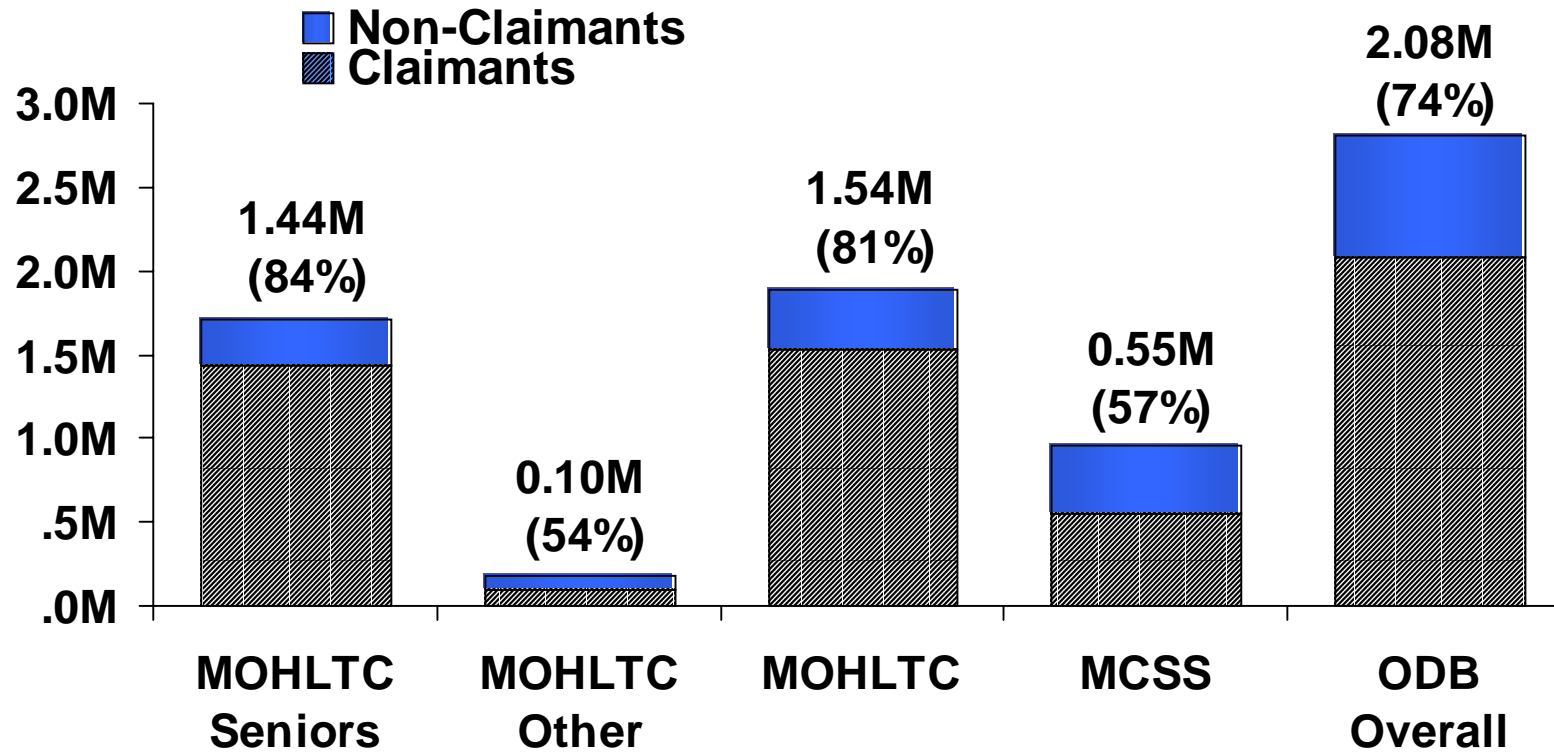


Age Distribution of Eligible Beneficiaries, 1997/98-2002/03





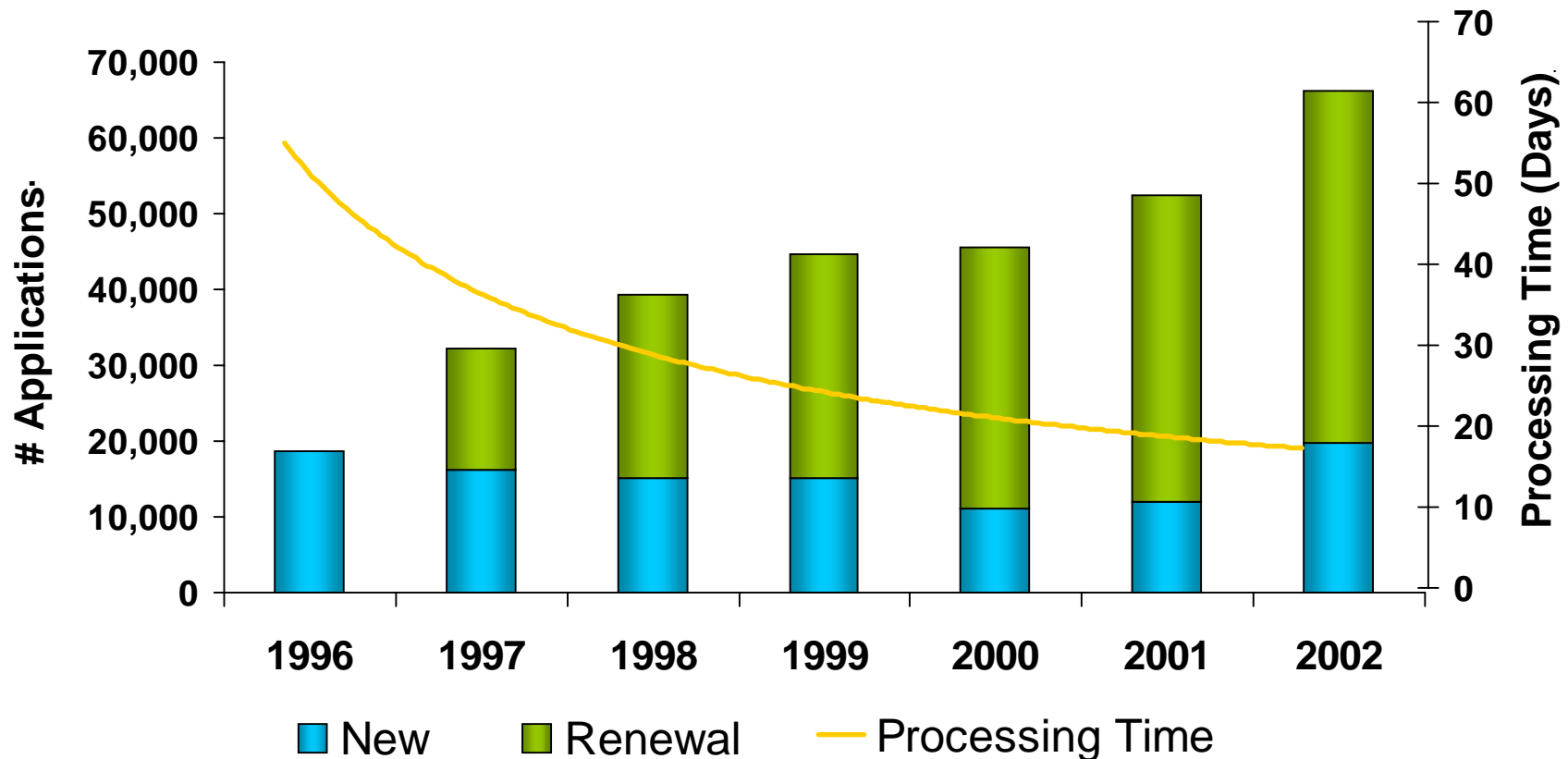
ODB Beneficiaries by Program, 2002/03



Labels are the number of active beneficiaries and their percentage of the total.

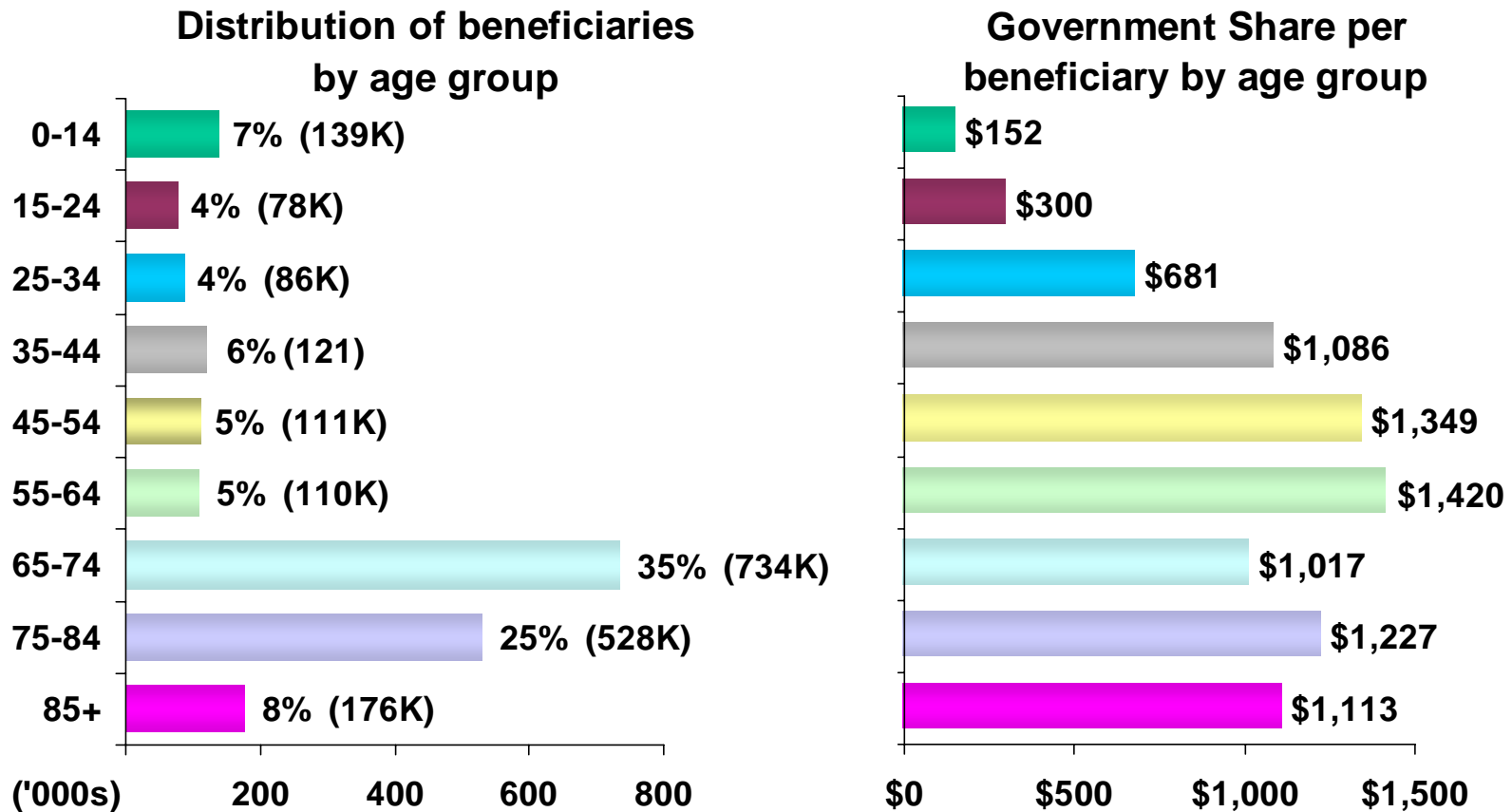


Trillium Applications & Processing Time, 1996 – 2002



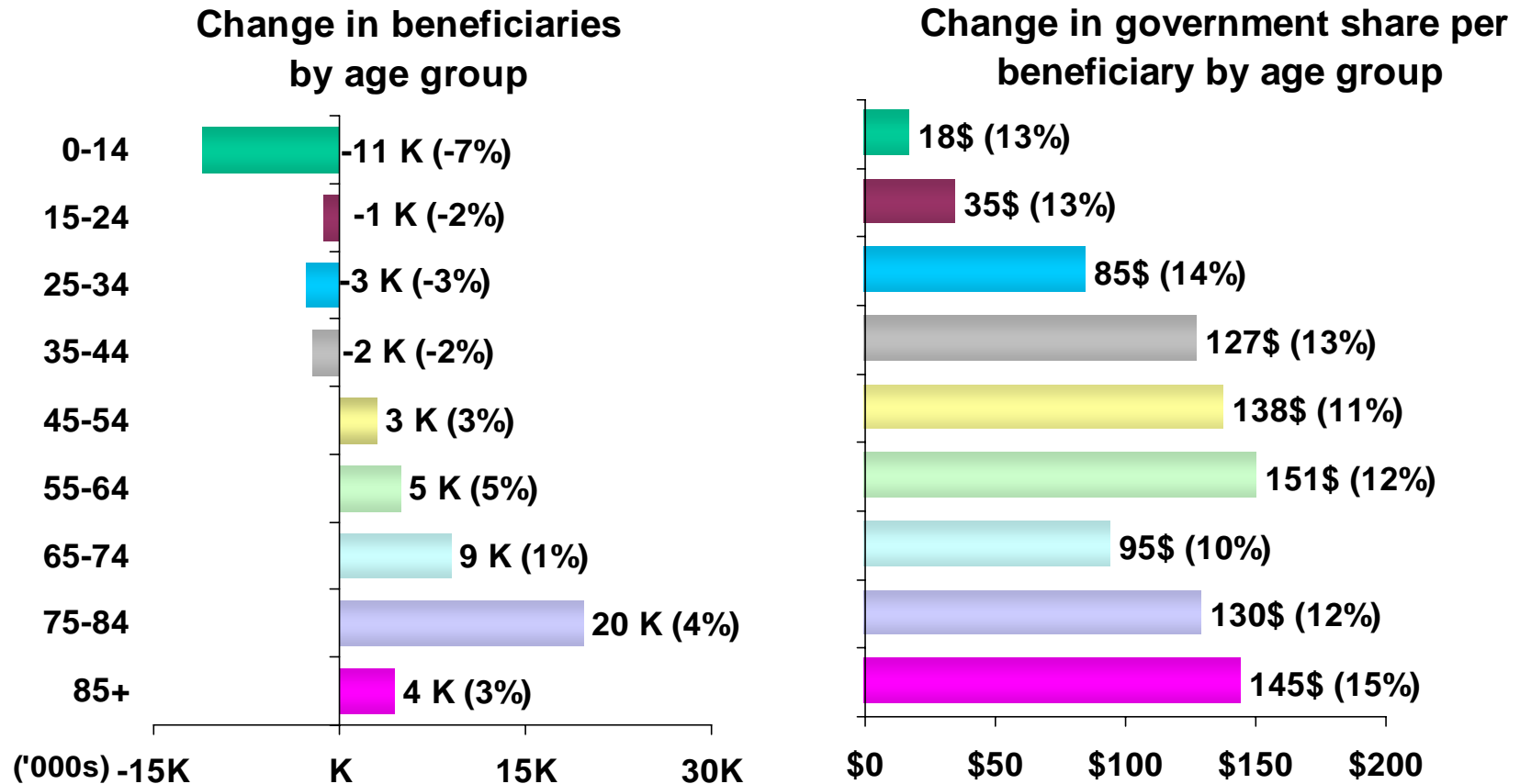


Beneficiary Distribution & Government Share by Age, 2002/03



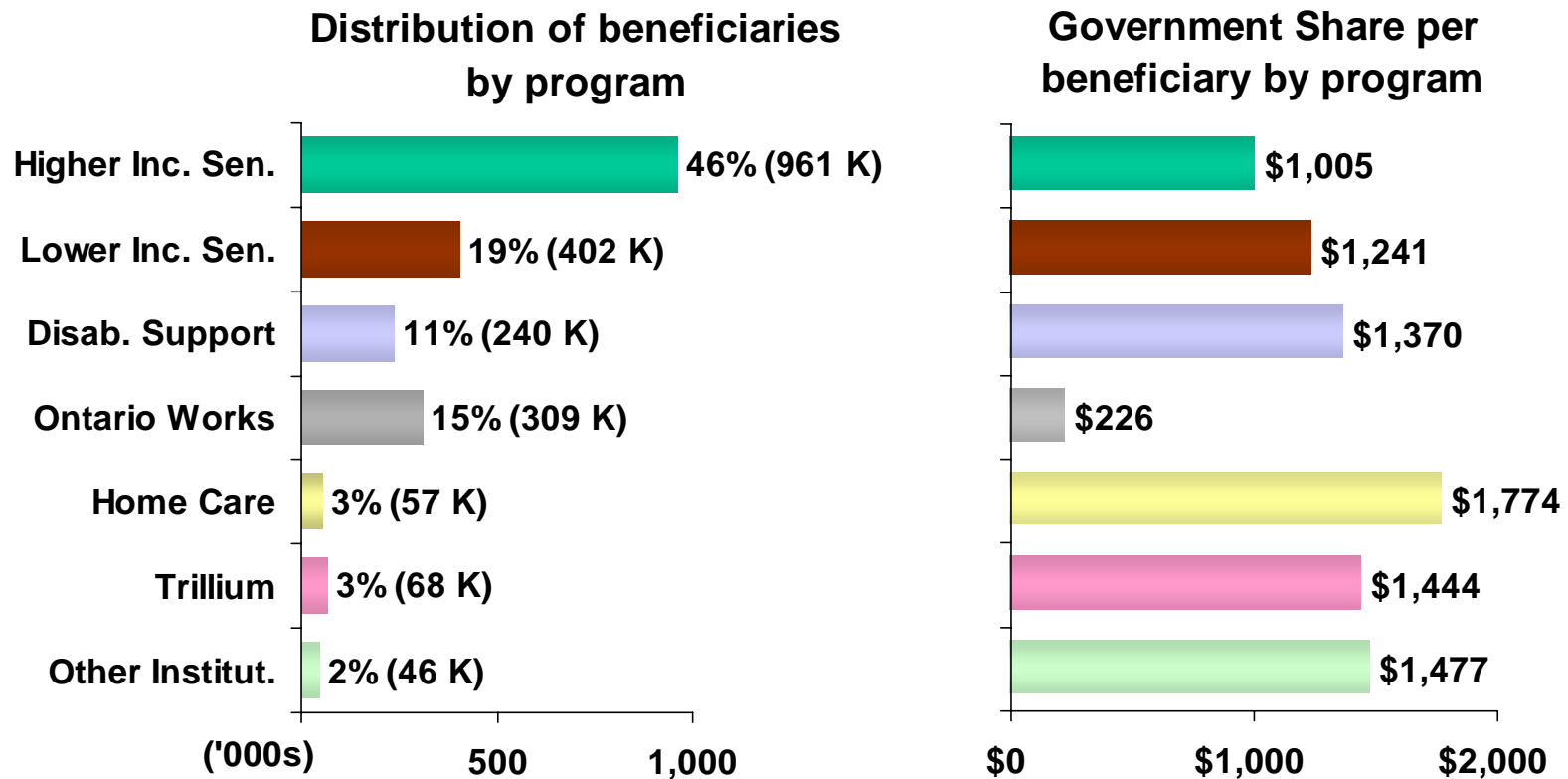


Change in Beneficiaries & Government Share, by Age, 2001/02-2002/03





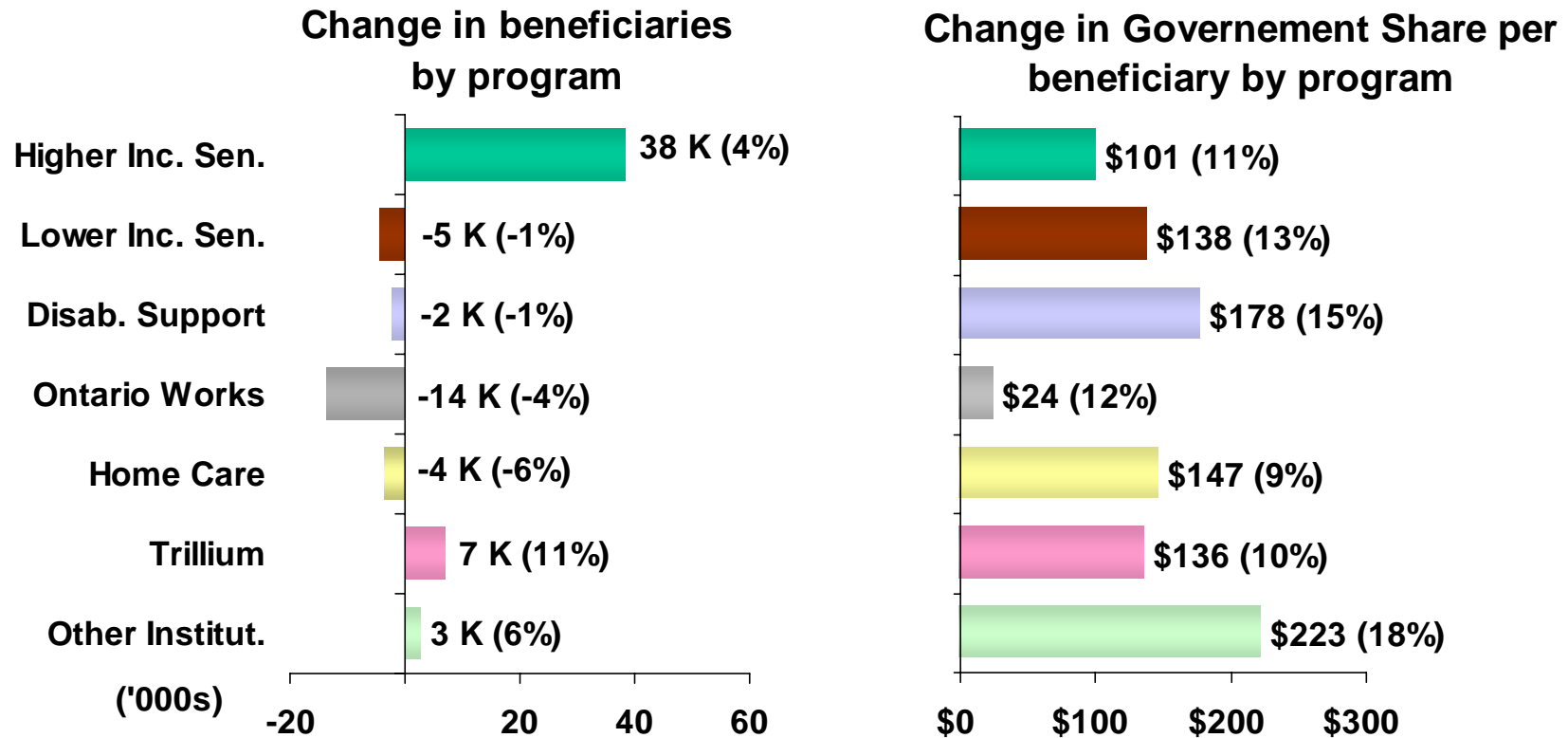
Beneficiary Distribution & Government Share by Program, 2002/03



Note : Other Institutions stands for Special Care and Long-Term Care.



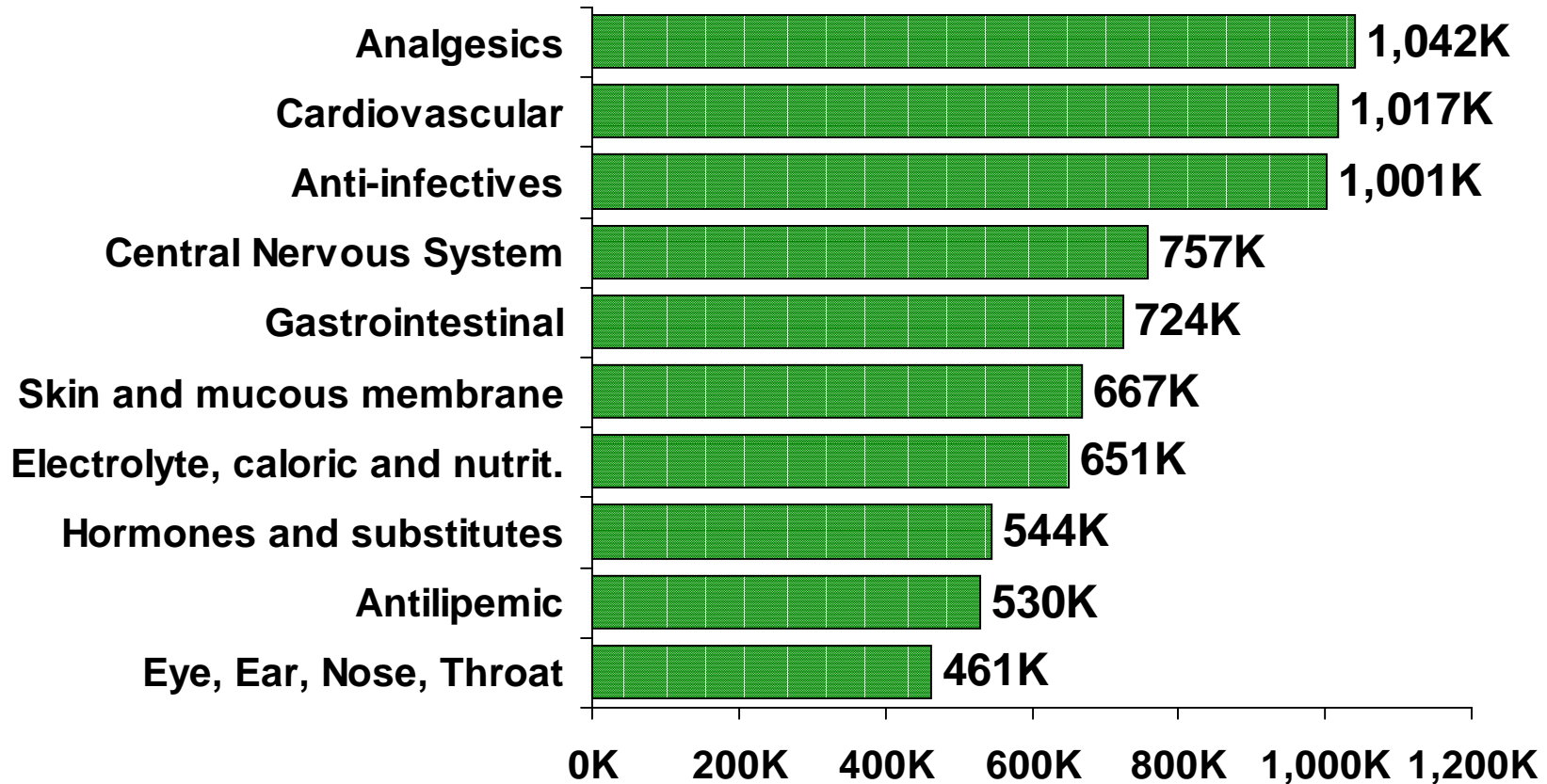
Change in Beneficiaries & Government Share by Program, 2001/02-2002/03



Note : Other Institutions stands for Special Care and Long-Term Care.

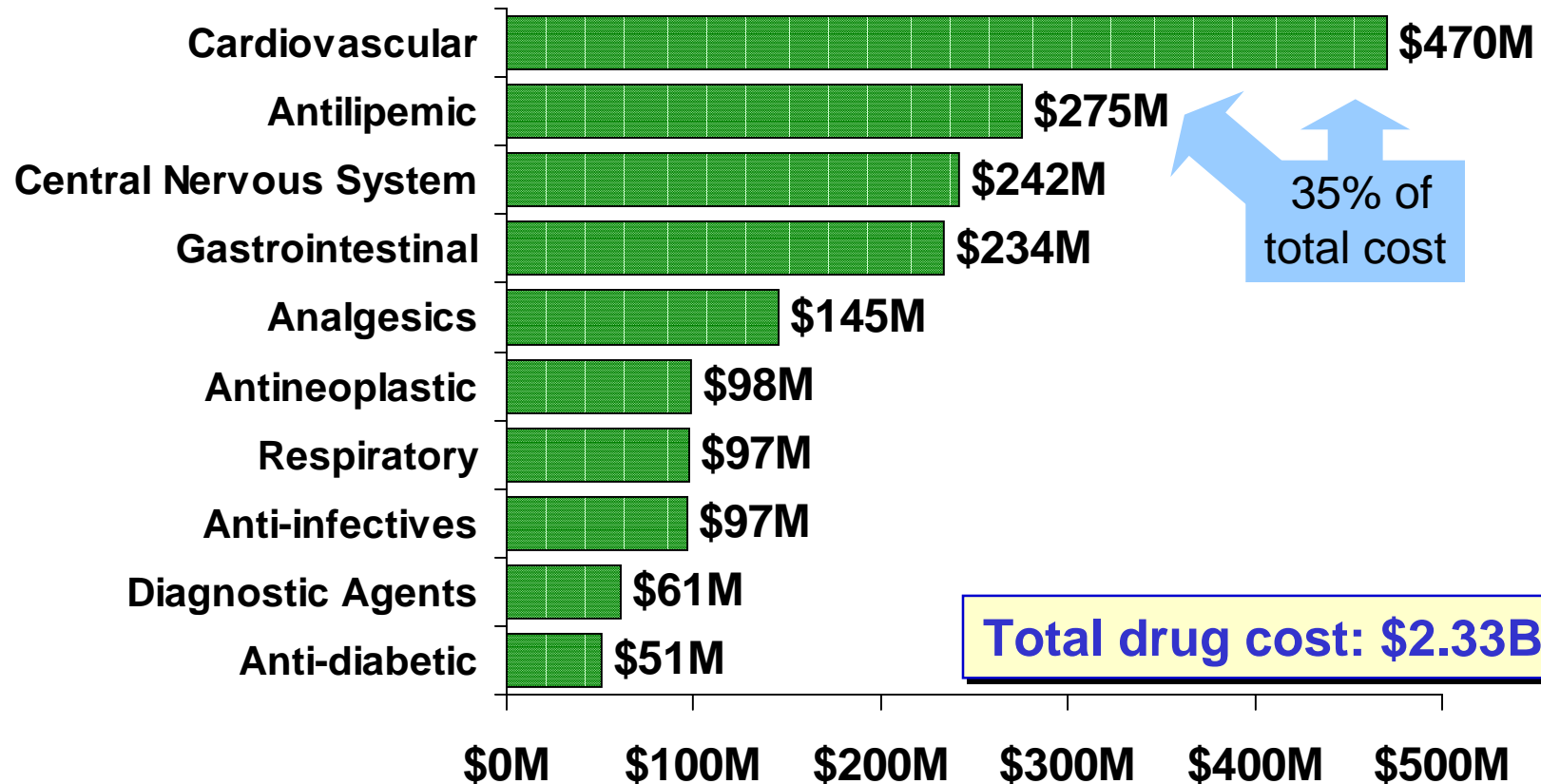


Top-10 Therapeutic Classes by Number of Users, 2002/03



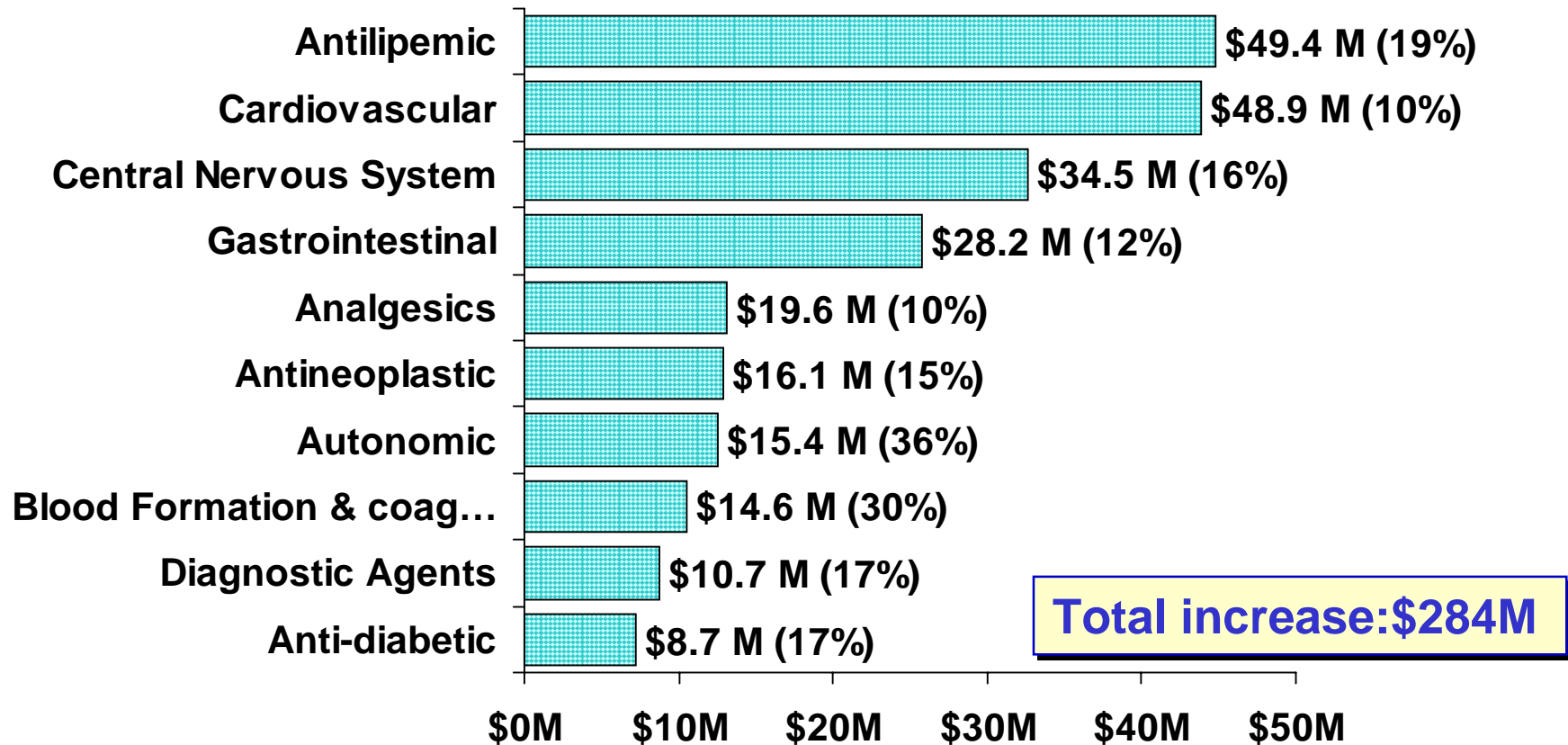


Top-10 Therapeutic Classes by Drug Cost, 2002/03



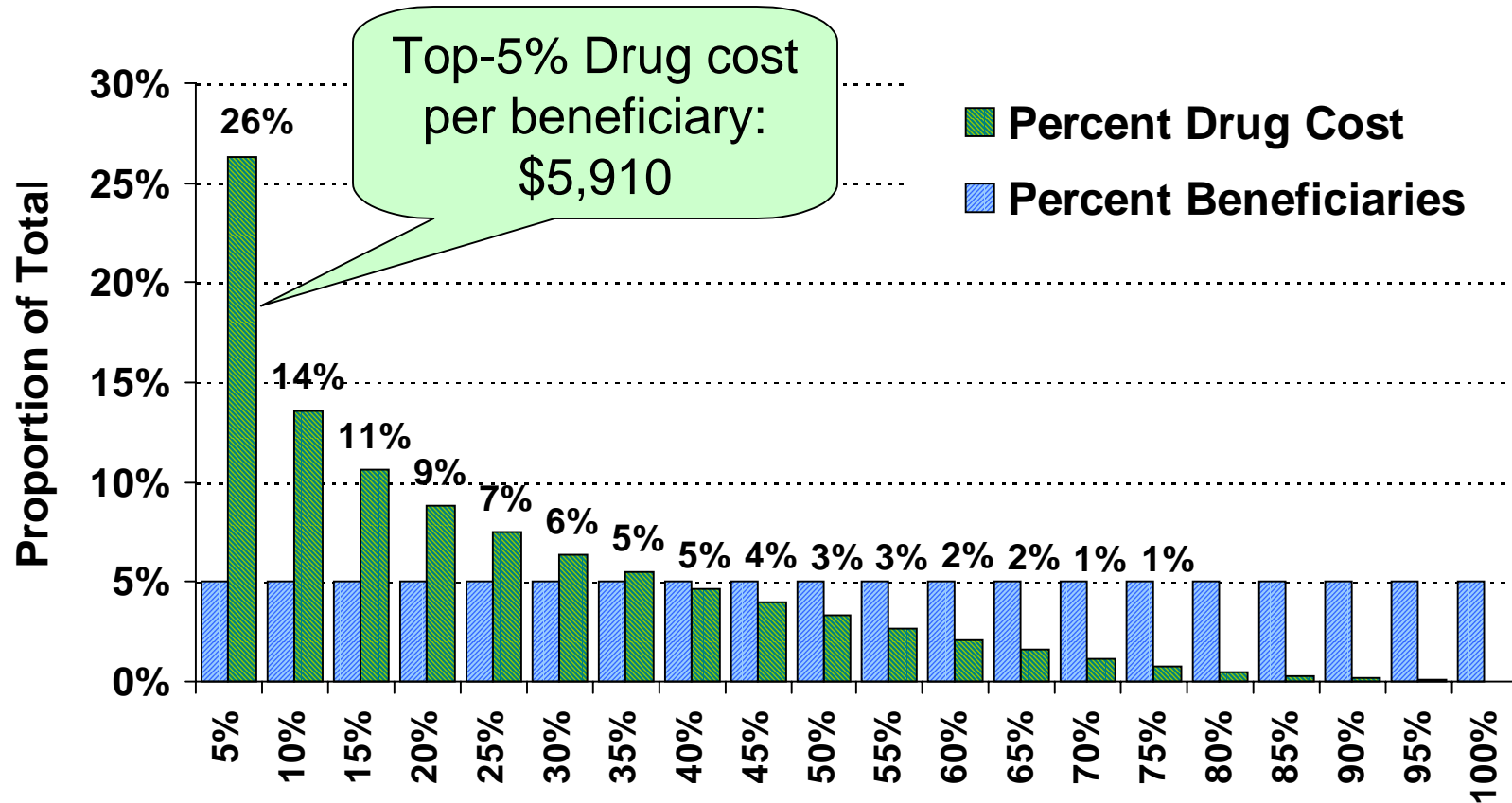


Fastest Growing Classes by Drug Cost, 2001/02-2002/03



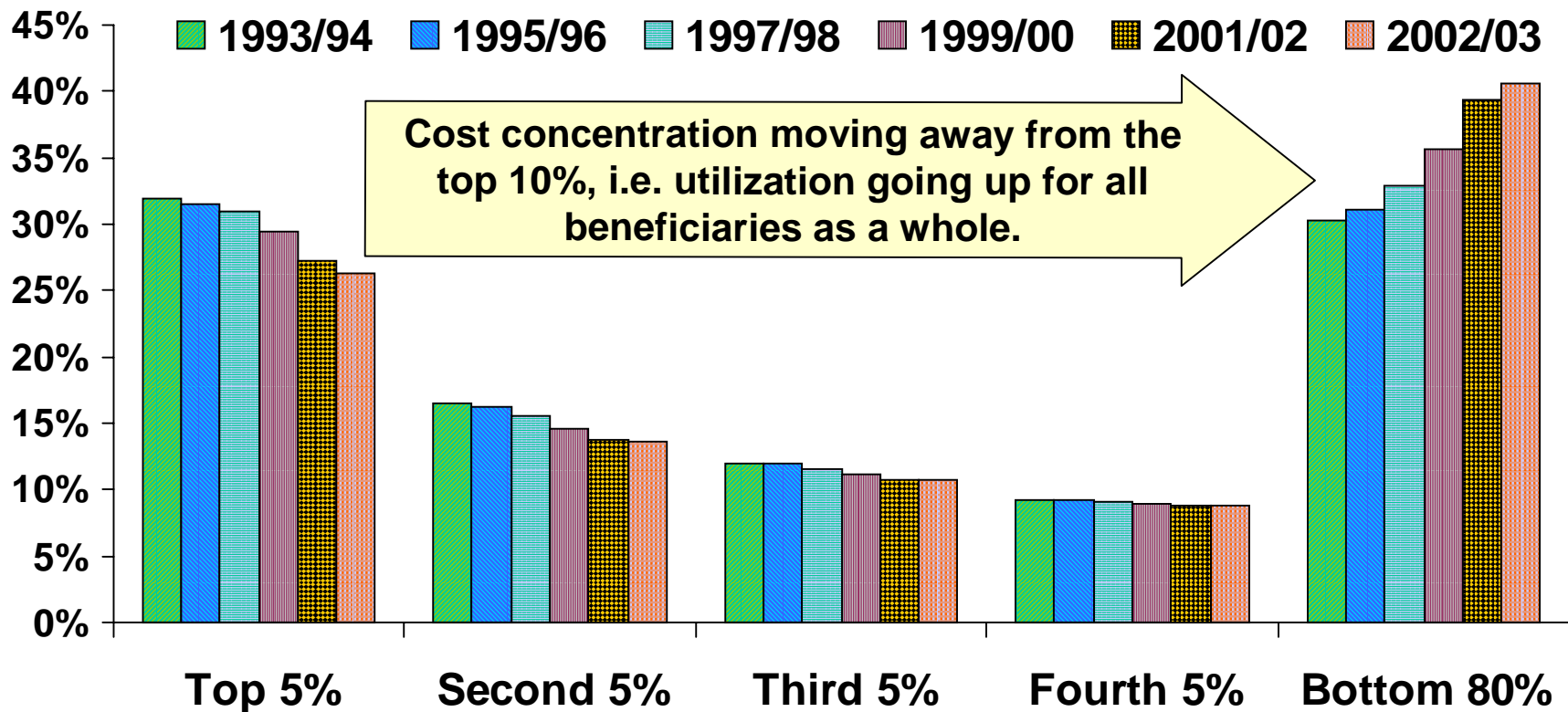


Cost Concentration, From Most to Least Costly Beneficiary, 2002/03



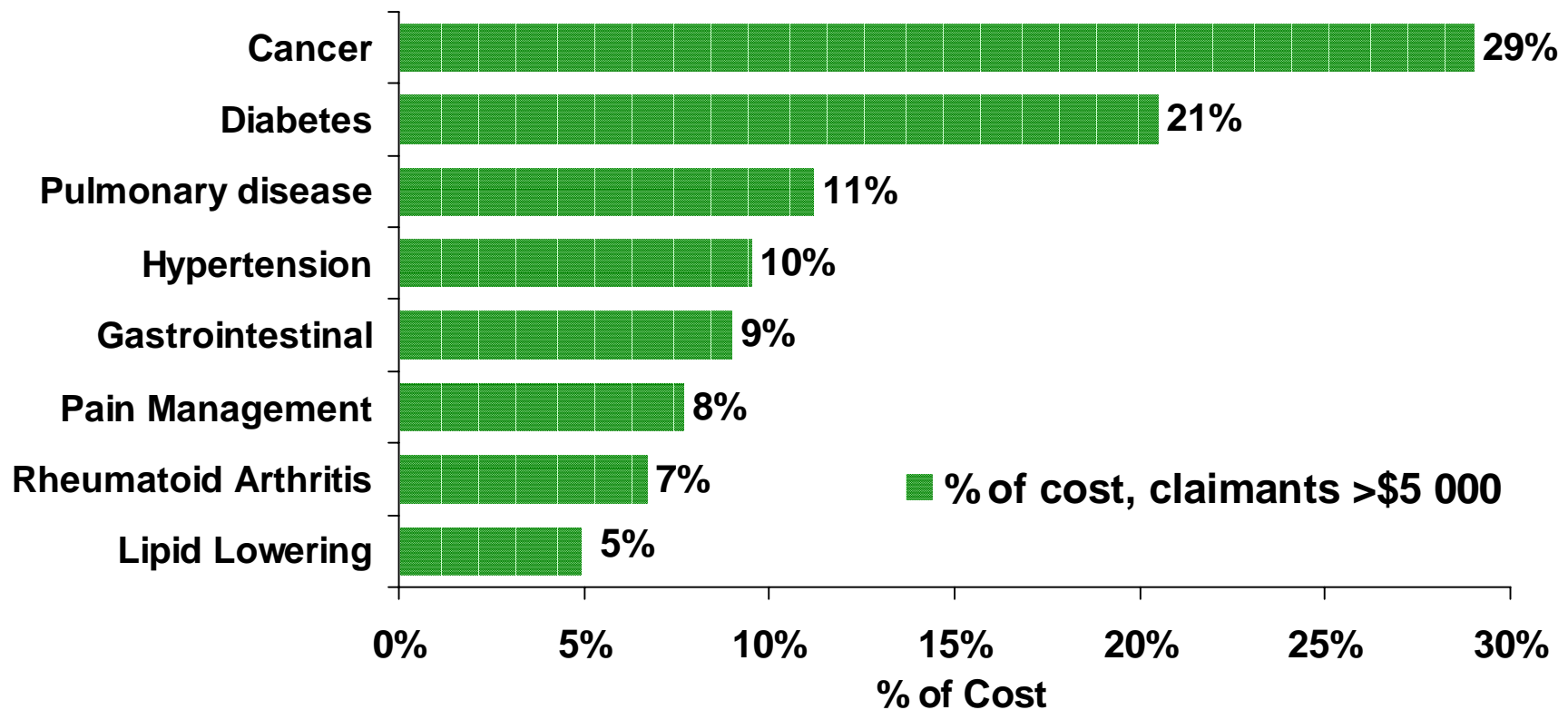


Trend in Cost Concentration 1993/94-2002/03





Top Therapeutic Areas in High Cost Claimants (>\$5,000), 2002/03





Highlights of Overview

- Drugs are the fastest component of healthcare spending, but still represent just 9% of public expenditures.
- In past years, there was a large decline of beneficiaries covered under MCSS programs, while the number of seniors covered under MOHLTC kept growing.
- Cardiovascular drugs account for over a third of total program expenditures, which is related to the prevalence of heart problems.
- A small portion (10%) of beneficiaries account for a large proportion of expenditures (40%).



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Definitions

- Drug cost = Cost at formulary prices
- Markup = Pharmacy Markup + Wholesale Markup
- RxCost = Drug cost + Markup + Dispensing fee
- Gov't cost = Drug cost + Markup + Dispensing fee – Recipient Cost
- Figures includes MOH and MCSS programs unless otherwise specified.



ODB Financial Statistics

2001/02-2002/03

	<u>2001/02</u>	<u>2002/03</u>	<u>Change</u>
Drug Cost	\$1,869M	\$2,131M	14%
+ Markup	\$ 174M	\$ 196M	12%
+ Dispensing Fee	\$ 346M	\$ 393M	14%
= RxCost	\$2,389M	\$2,720M	14%

	<u>2001/02</u>	<u>2002/03</u>
Markup, as % of total Drug Cost *	8.5%	8.4%
Est. % of cost-to-operator claims	10%	16%

* Excludes compounding fees of \$4.4M



ODB Financial Statistics

2001/02-2002/03

	<u>2001/02</u>	<u>2002/03</u>	<u>Change</u>
Drug Cost	\$1,869M	\$2,131M	14%
+ Markup	\$ 174M	\$ 196M	12%
+ Dispensing Fee	\$ 346M	\$ 393M	14%
= RxCost	\$2,389M	\$2,720M	14%
- Deductible	\$ 274M	\$ 304M	11%
= Government Cost	\$ 2,115M	\$2,416M	14%
<i>MOHLTC</i>	<i>\$ 1,678M</i>	<i>\$ 1,925M</i>	<i>15%</i>
<i>MCSS</i>	<i>\$ 438M</i>	<i>\$ 491M</i>	<i>12%</i>



ODB Financial Statistics

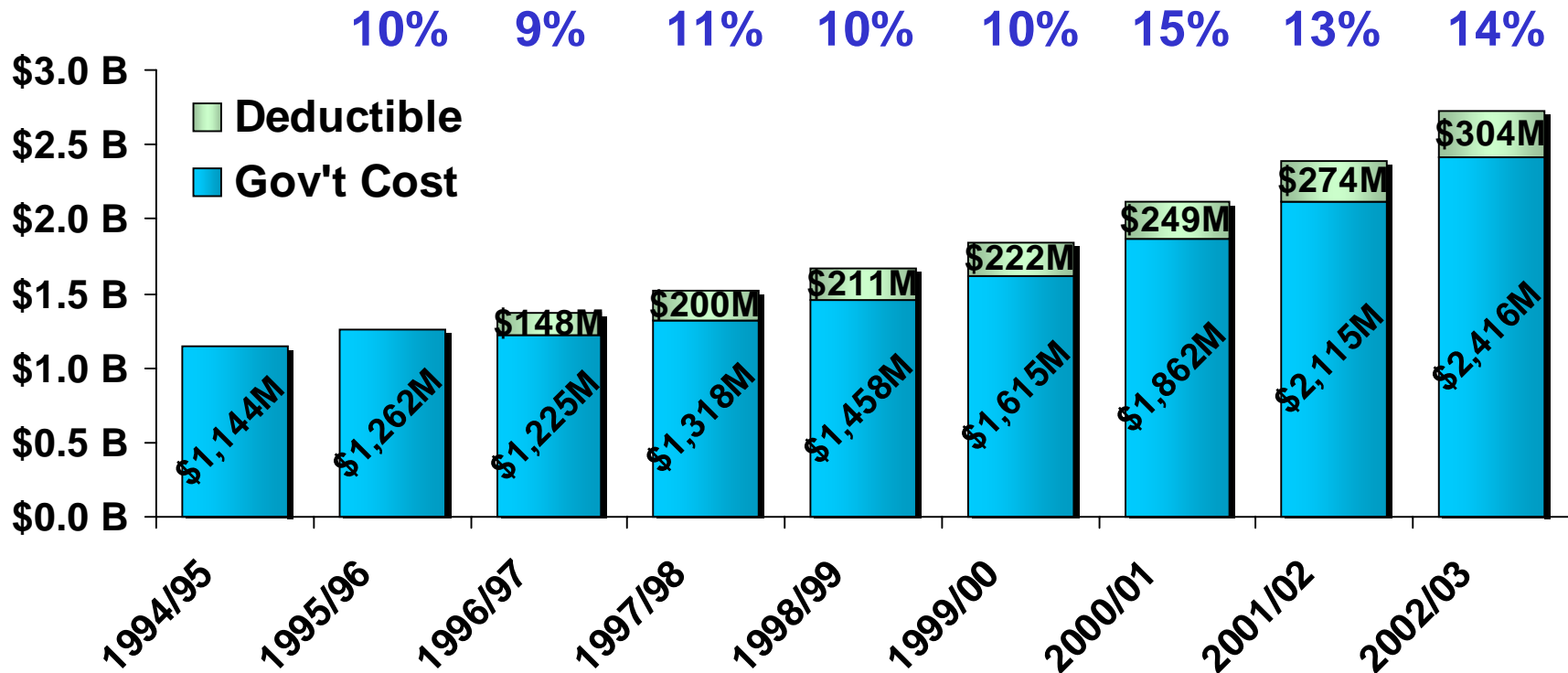
2001/02-2002/03

	<u>2001/02</u>	<u>2002/03</u>	<u>Change</u>
Drug Cost	\$1,869M	\$2,131M	14%
Brand	\$ 1,458M	\$ 1,696M	16%
Generic	\$ 411M	\$ 435M	6%
Beneficiaries	2.06M	2.08M	1%
RxCost/Beneficiary	\$ 1,160	\$ 1,306	13%
RxCost/Claim	\$ 43.20	\$ 43.63	1%
Claims/Beneficiary	26.9	29.9	11%



Government & Beneficiary Cost 1995/96-2002/03

Growth rate of total cost

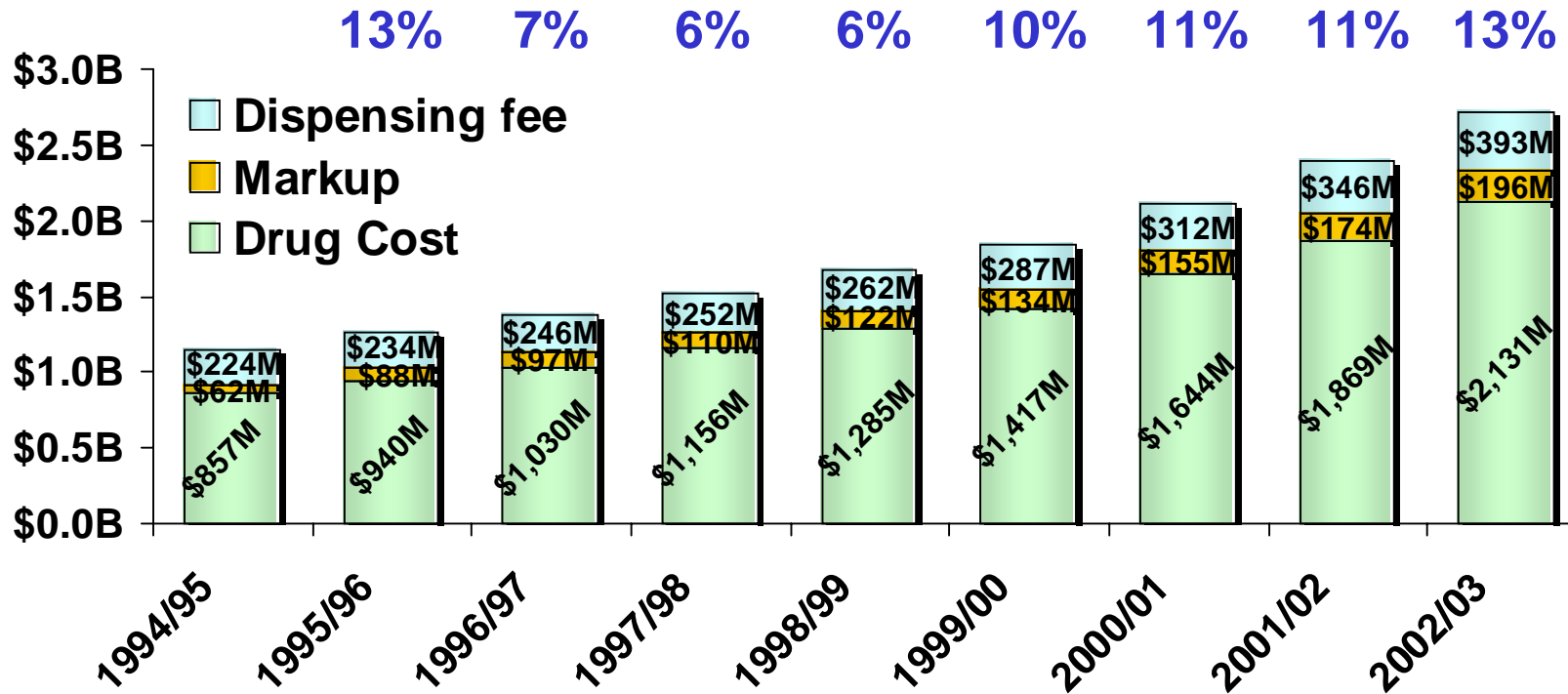




Total Cost by Type of Spending 1995/96-2002/03

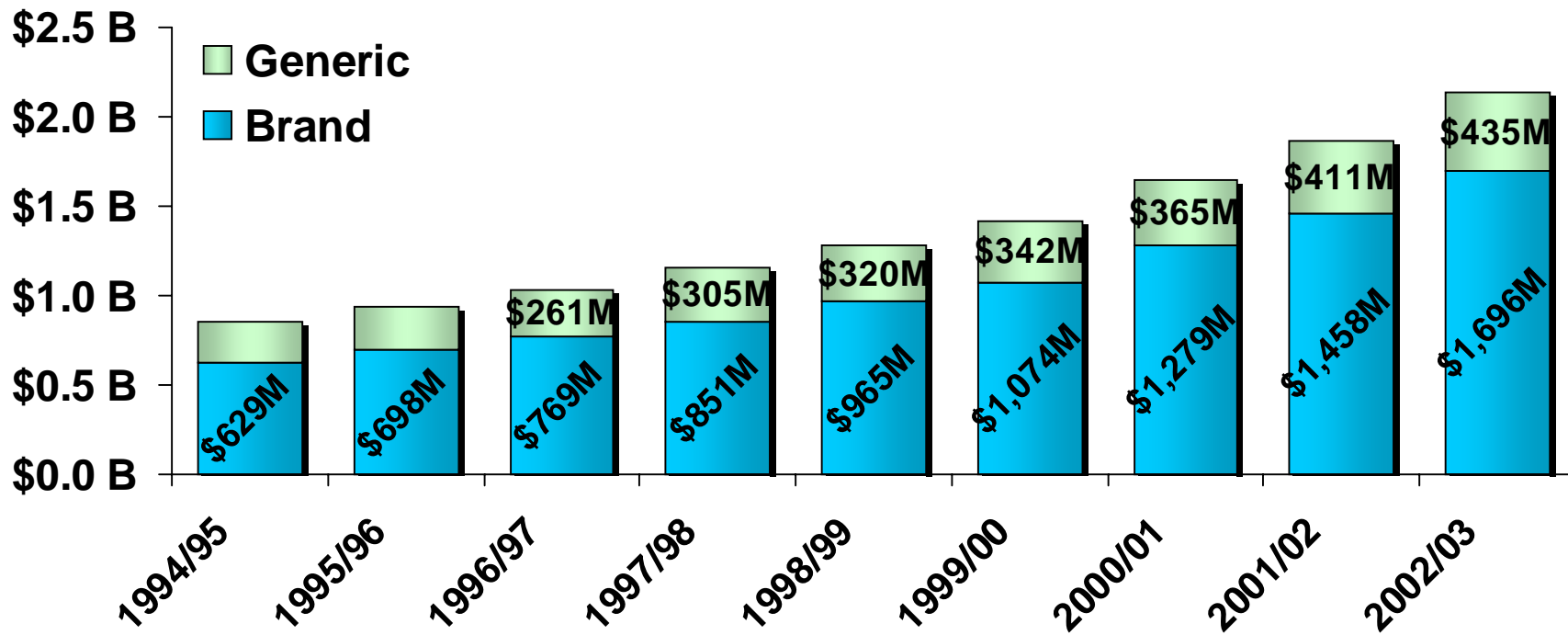
Year over Year Growth of Distribution Costs

(Mark up + Dispensing fee)





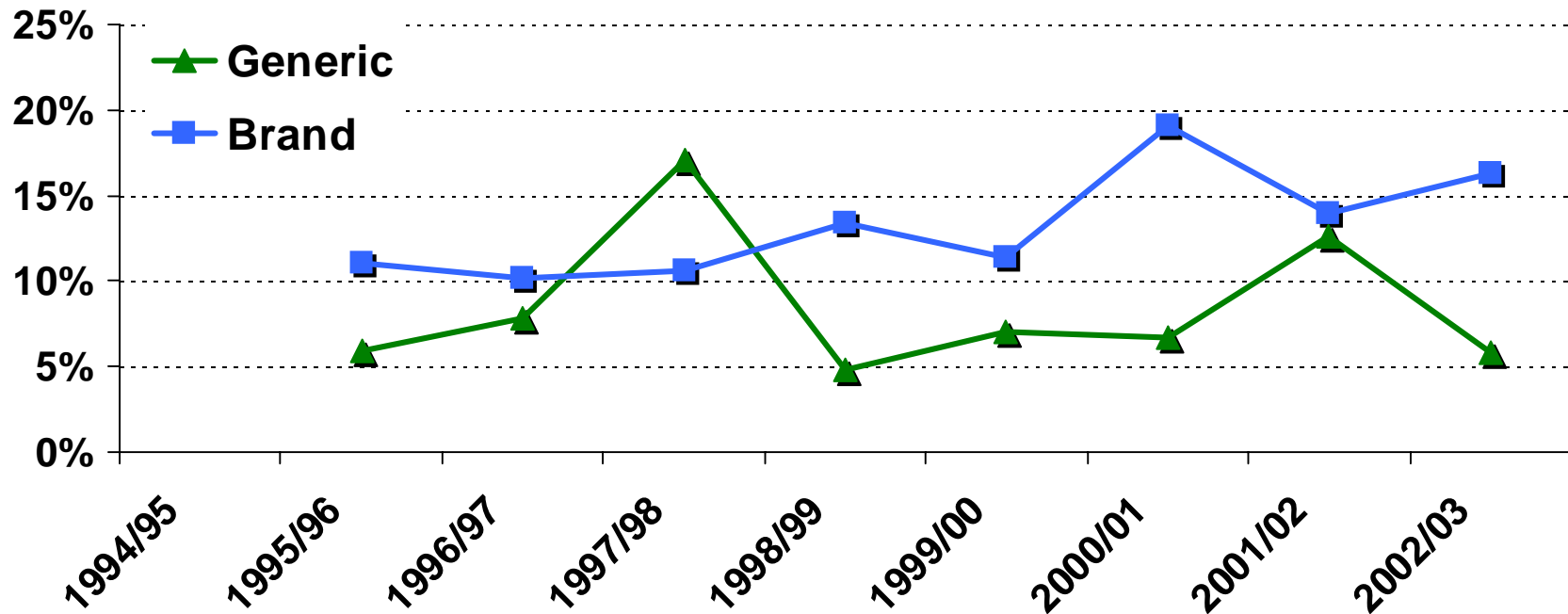
Brand vs. Generic Drug Cost 1995/96-2002/03



Note: Figures are approximations. Compounds were classified as generics. They accounted for approx. \$23.5 million in 2002/03.



Brand vs. Generic Drug Cost Annual Growth, 1995/96-2002/03



Note: Figures are approximations. Compounds were classified as generics. They accounted for approx. \$23.5 million in 2002/03.

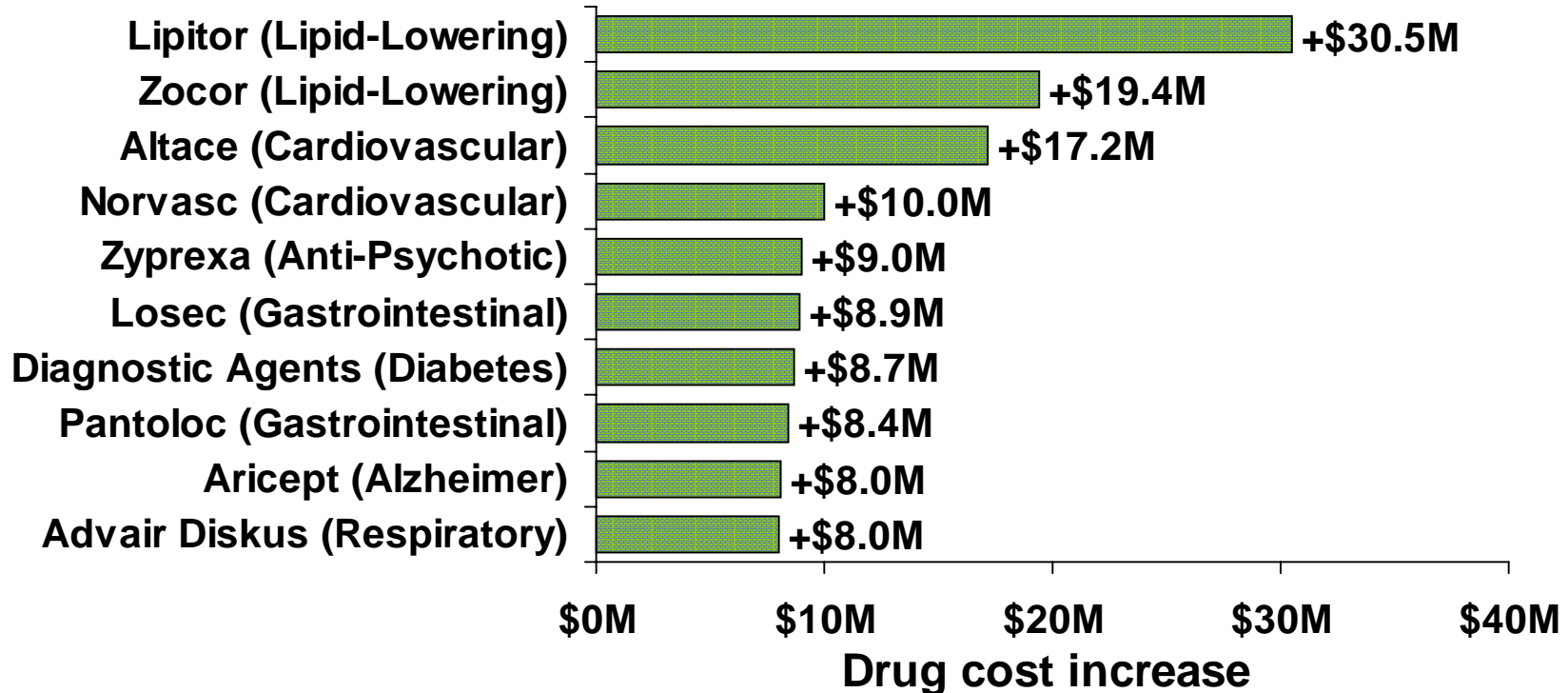


Top-10 Chemicals by Drug Cost, 2002/03

Rk	Drug Name	Class	Drug Cost	% Total Drug Cost
1	Atorvastatin (Lipitor)	Lipid-Lowering	\$142 M	6.7%
2	Omeprazole (Losec) - LU	Gastrointestinal	\$100 M	4.7%
3	Simvastatin (Zocor)	Lipid-Lowering	\$79 M	3.7%
4	Amlodipine besylate (Norvasc)	Cardiovascular	\$78 M	3.7%
5	Ramipril (Altace)	Cardiovascular	\$68 M	3.2%
6	Diagnostic Agent – Diabetes	Diagnostic Agents	\$61 M	2.8%
7	Olanzapine (Zyprexa)	Anti-psychotic	\$59 M	2.8%
8	Enalapril Maleate (Vasotec)	Cardiovascular	\$44 M	2.1%
9	Diltiazem HCl (Tiazac)	Cardiovascular	\$38 M	1.8%
10	Fluticasone (Flovent) – LU	Respiratory	\$35 M	1.6%
TOTAL Top-10			\$767 M	33%



Fastest Growing Products Drug Cost, 2001/02-2002/03



10 products = 65% of total increase (vs. 56% in 2001/02)

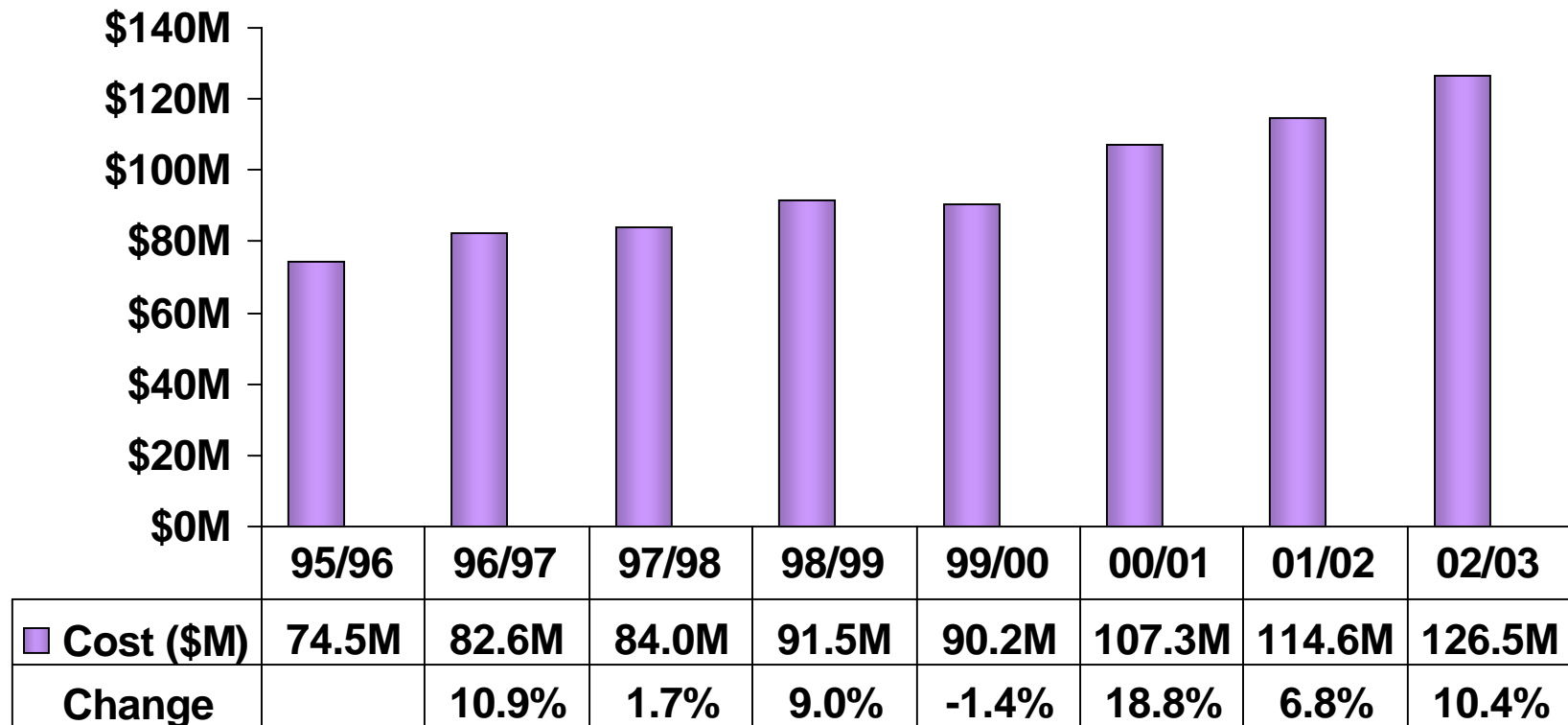


Top-10 Chemicals Launched Since 2000, by Drug Cost, 2002/03

Rk	Drug Name	Class	Drug Cost	% Total Drug Cost
1	Meloxicam (Mobicox)	Gastrointestinal	\$17.1M	0.80%
2	Infliximab (Remicade) – Section 8	Immunosuppressant	\$7.4M	0.35%
3	Imatinib Mesylate (Gleevec) – Section 8	Cancer	\$6.0M	0.28%
4	Lopinavir & Ritonavir (Kaletra)	Antiviral	\$4.7M	0.22%
5	Etanercept (Enbrel) – Section 8	Immunosuppressant	\$4.3M	0.20%
6	Rabeprazole Sodium (Pariet)	Gastrointestinal	\$3.5M	0.16%
7	Rivastigmine (Exelon) – LU	Alzheimer's Disease	\$3.2M	0.15%
8	Leflunomide (Arava) – LU	Immunosuppressant	\$3.1M	0.15%
9	Galantamine (Reminyl) – LU	Alzheimer's Disease	\$2.8M	0.13%
10	Pioglitazone (Actos) – Section 8	Diabetes	\$1.9M	0.09%
TOTAL Top-10			\$54.0M	2.53%



Special Drugs Program Cost 1995/96-2002/03





Highlights of Financials

- Government share per beneficiary is \$1,023, a 13% increase over 2001/02
- The average cost per claim rose 1%, and the number of claims per beneficiary went up 11%.
- The 10 fastest growing products accounted for 65% of the total cost increase.
- \$589M went to pharmacies (small portion flows through to wholesalers) versus \$1,696M to brand name manufacturers and \$435M to generic manufacturers



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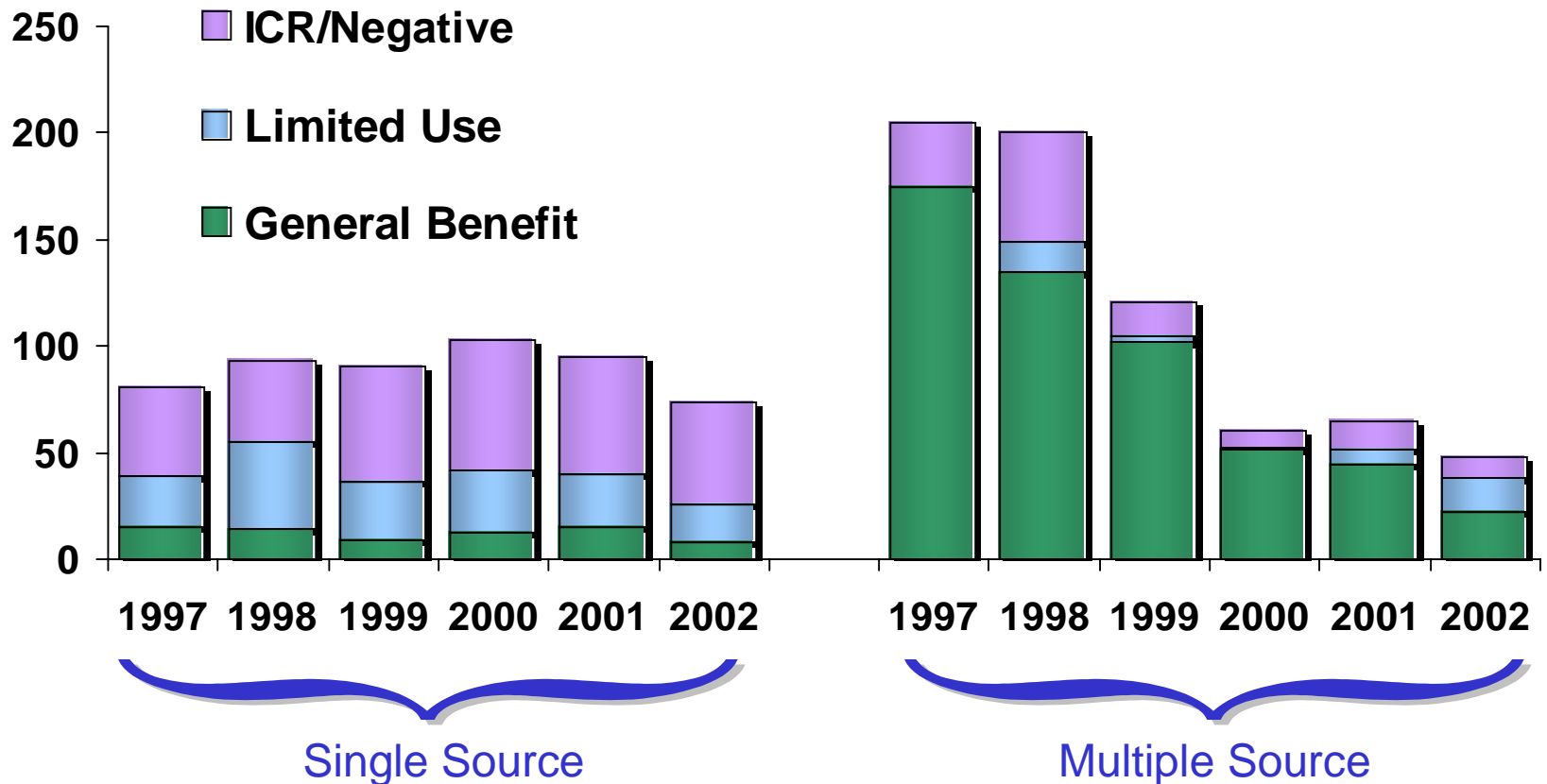


Clinical Criteria and Reimbursement for ODB Eligible Recipients

- General Benefit
 - Reimbursement for the drug product is without restrictions.
- Limited Use Products
 - Reimbursement for certain drugs is dependent on specific clinical criteria.
- Individual Clinical Review (Section 8)
 - Individual requests for coverage of drug products not listed in the formulary are reviewed on a case by case basis.



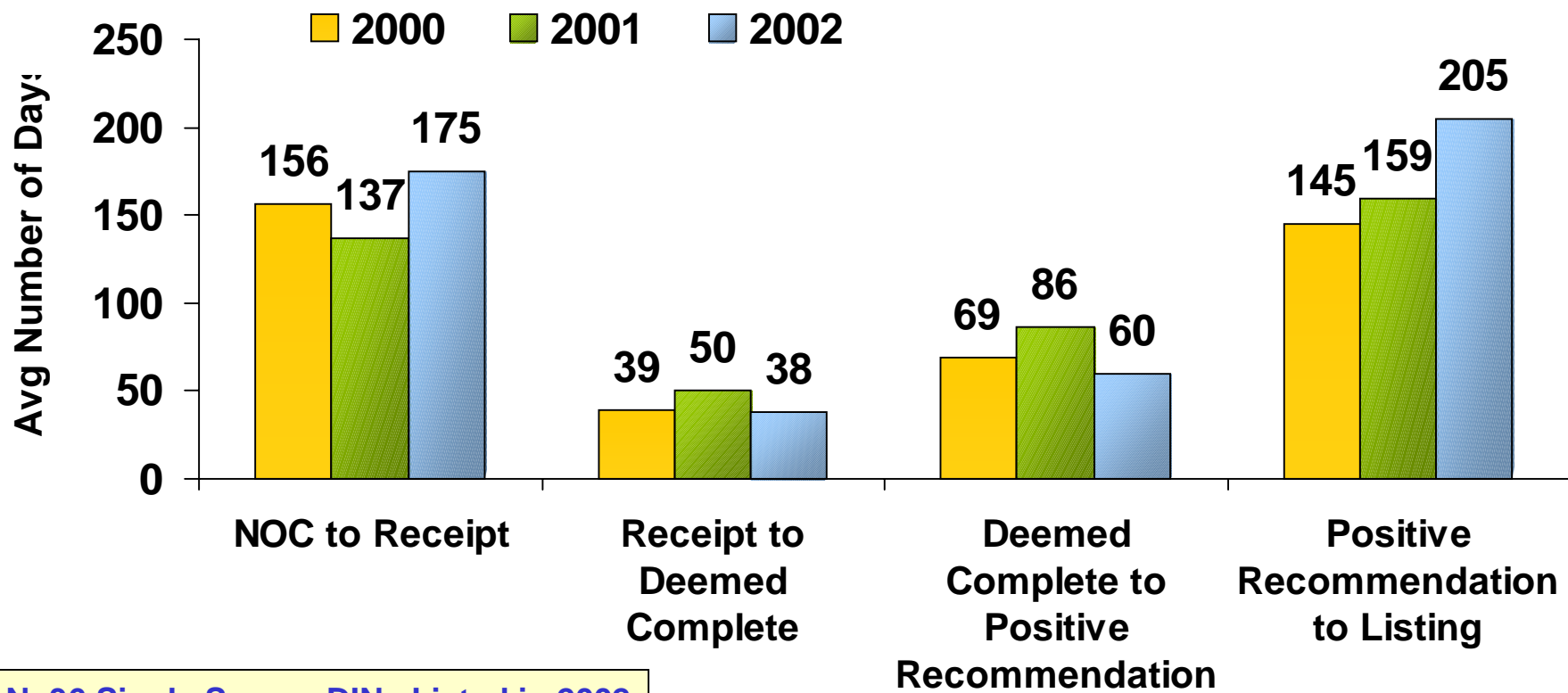
DQTC Recommendations First Review, 1997-2002





DPB Review Timeline

Products Listed in 2000-2002



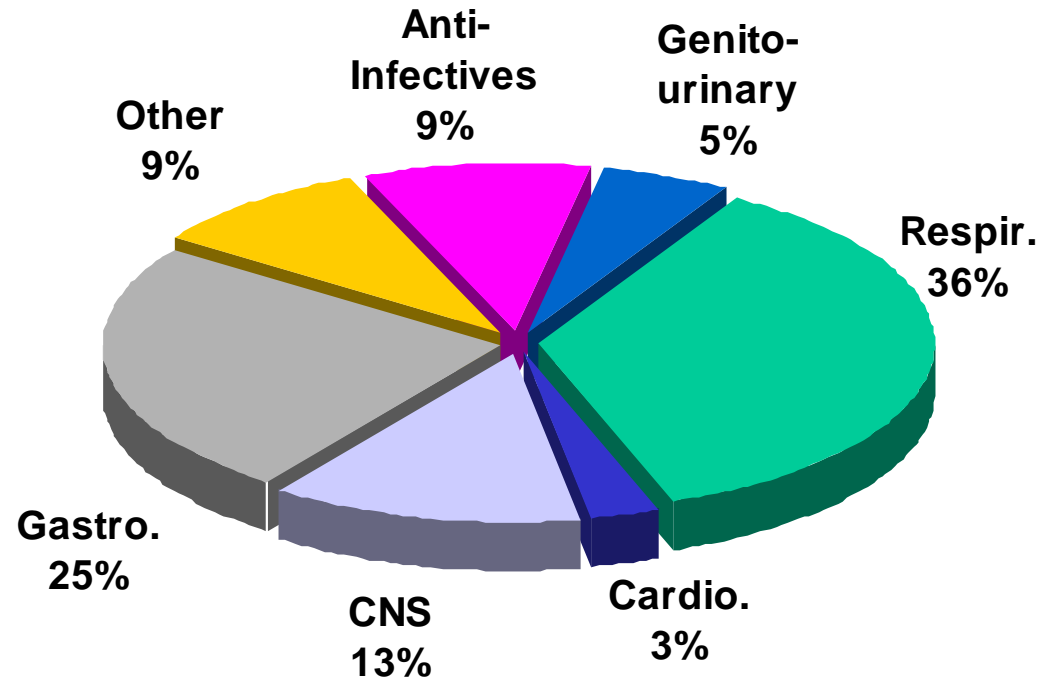
N=36 Single Source DINs Listed in 2002
(2 updates to Edition 37)



Written Agreements by Therapeutic Class, 2002/03

- Forecasted cost provided by manufacturers for each of the first three years of new single-source drugs listed
- 161 agreements have been signed as of Formulary 38.

\$419 Million





Written Agreements Experience to Date

Written Agreement Level	Number	Percentage
Over written agreement amount	42	30%
Tracking at or slightly below written agreement level (i.e., >80% to <=100%)	31	22%
Tracking below written agreement level (i.e., <=80%)	66	47%
TOTAL	139	100%

(Agreements up to and including Update 3 to Formulary No. 37)



Top-10 Chemicals by Days of Therapy (million), 2002/03

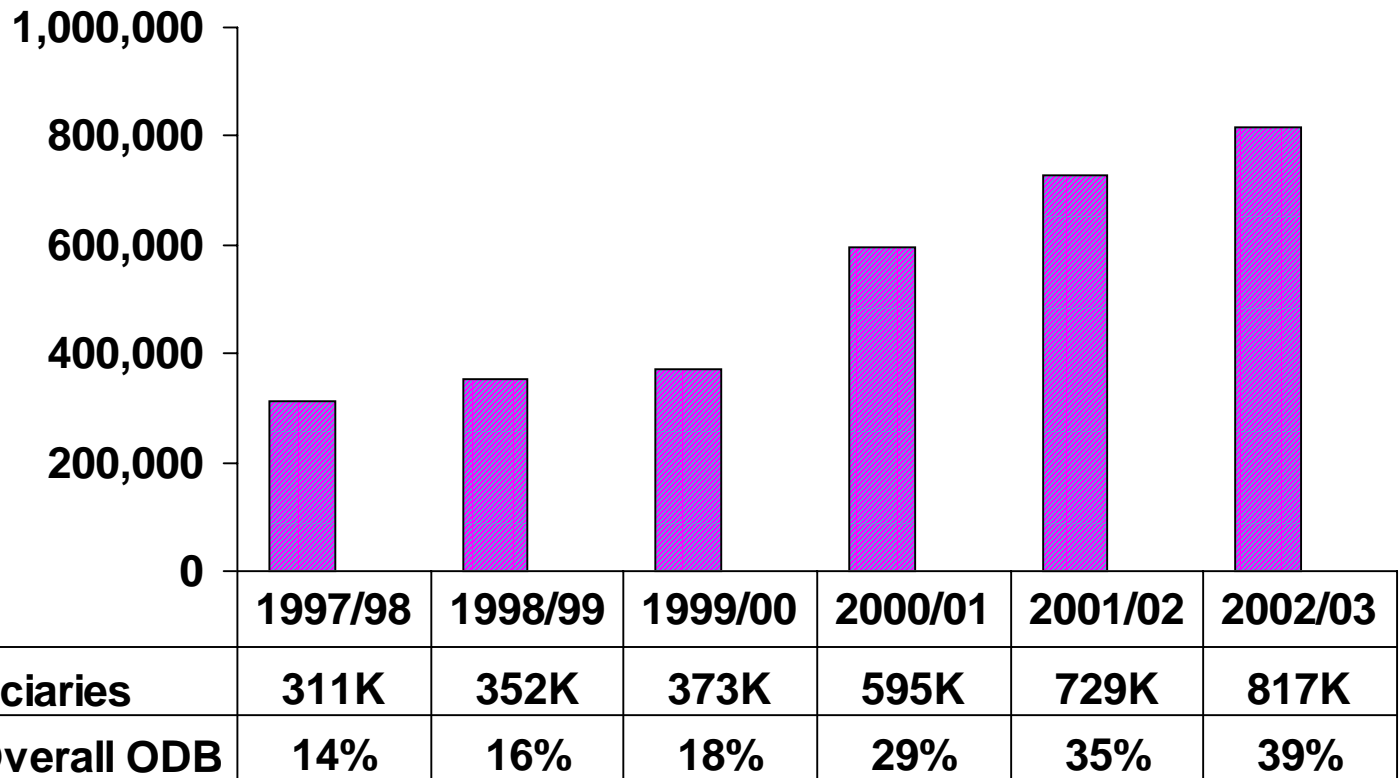
Rk	Drug Name	Class	Days	% Total Days
1	Levothyroxine Sodium	Thyroid Hormone	77 M	3.6%
2	Atorvastatin (Lipitor)	Lipid-Lowering	76 M	3.5%
3	Ramipril (Altace)	Cardiovascular	73 M	3.3%
4	ASA	Analgesic	60 M	2.8%
5	Hydrochlorothiazide	Diuretics	59 M	2.7%
6	Amlodipine Besylate (Norvasc)	Cardiovascular	51 M	2.3%
7	Furosemide	Diuretics	48 M	2.2%
8	Atenolol	Cardiovascular	47 M	2.2%
9	Ranitidine HCl	Gastrointestinal	44 M	2.0%
10	Metformin HCl	Anti-Diabetic	43 M	2.0%
TOTAL Top 10			579 M	26.6%

All these drugs are
General Benefits



Limited Use Products

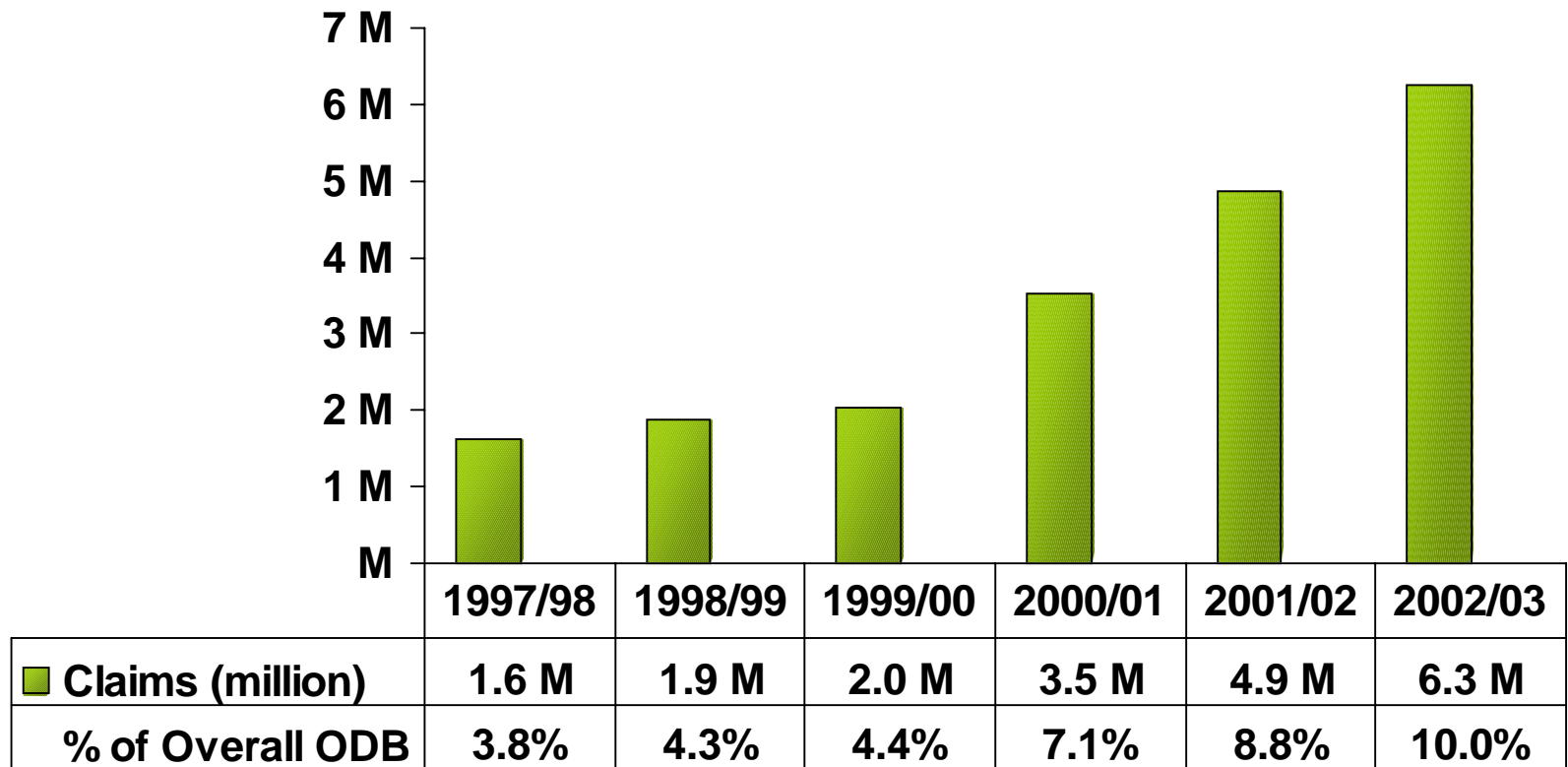
Number of Users, 1996/97-2002/03





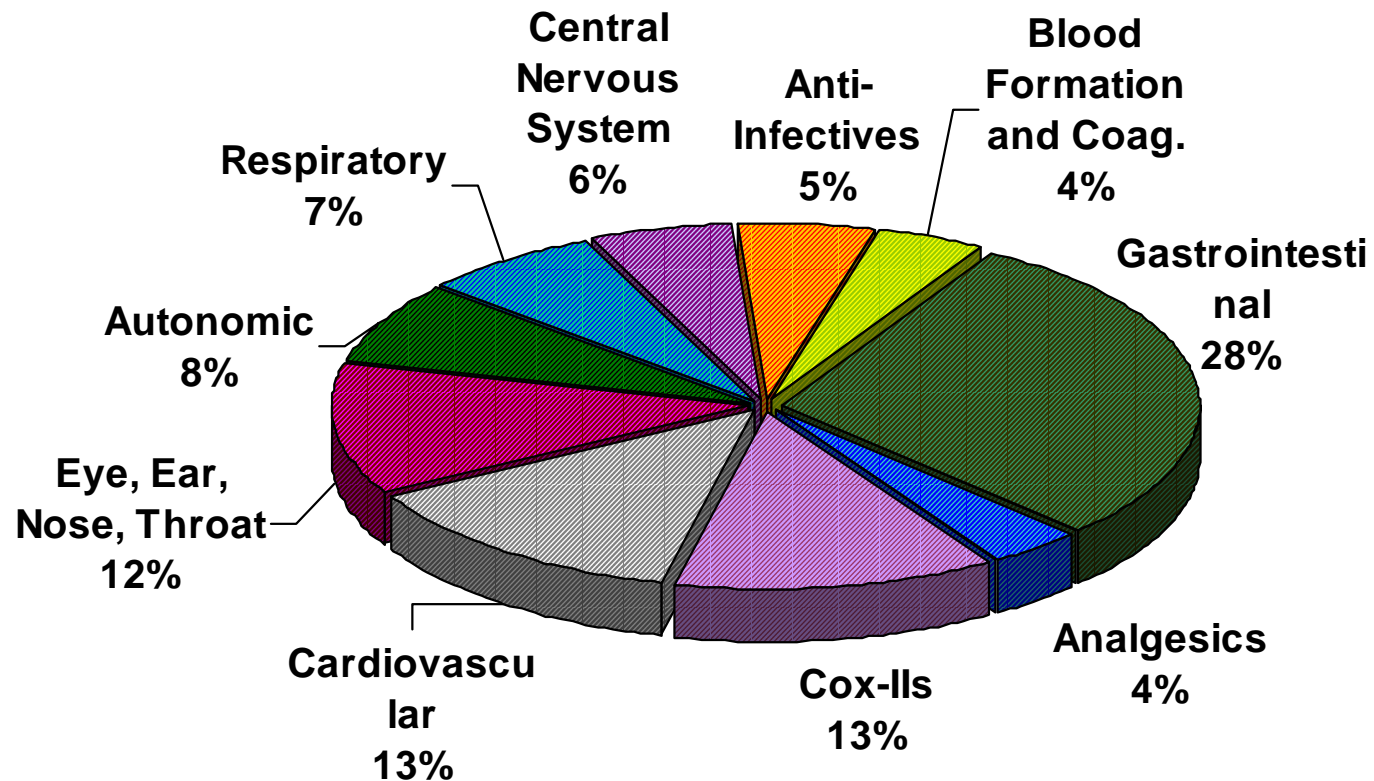
Limited Use Products

Number of Claims, 1996/97-2002/03





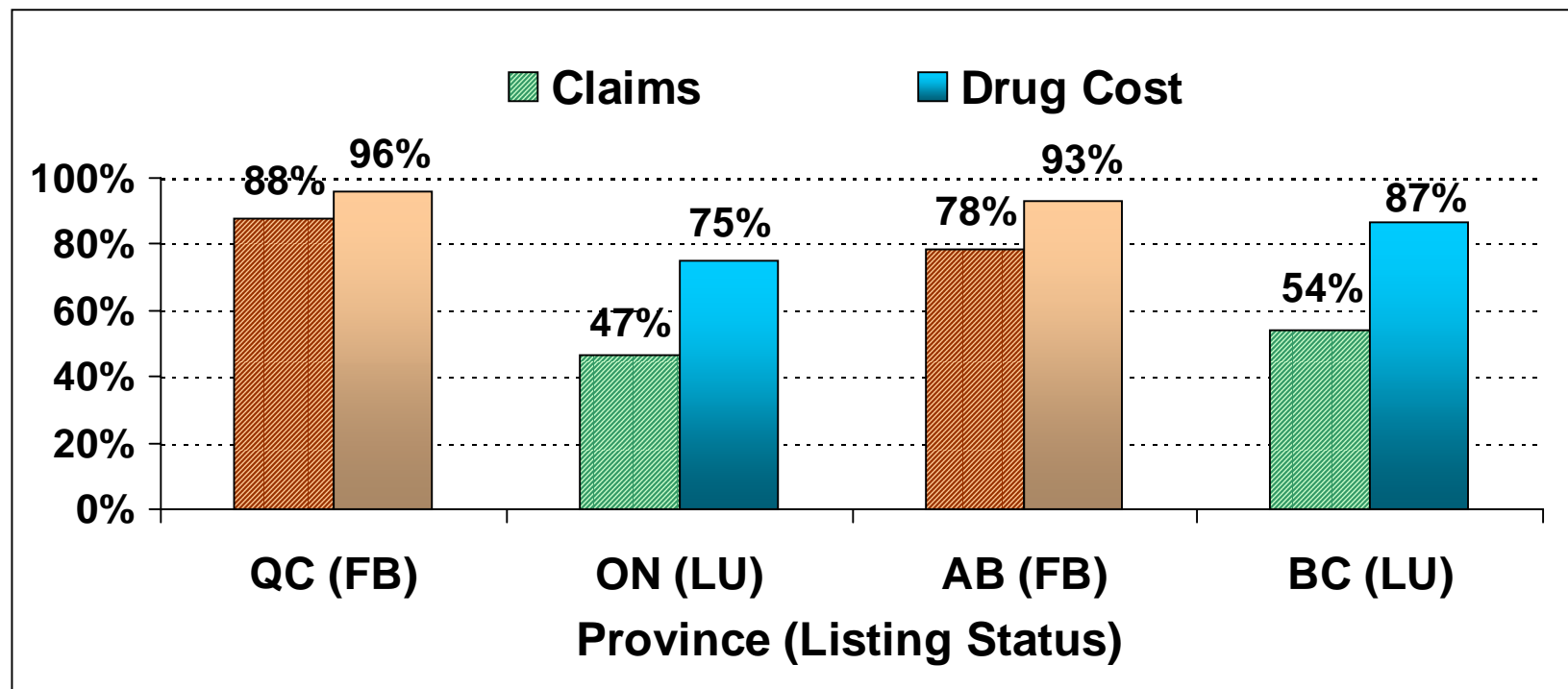
Limited Use Products Claims by Class, 2002/03





Limited Use Products vs. Entire Class, by province, 2002

Proton Pump Inhibitors vs. Class*

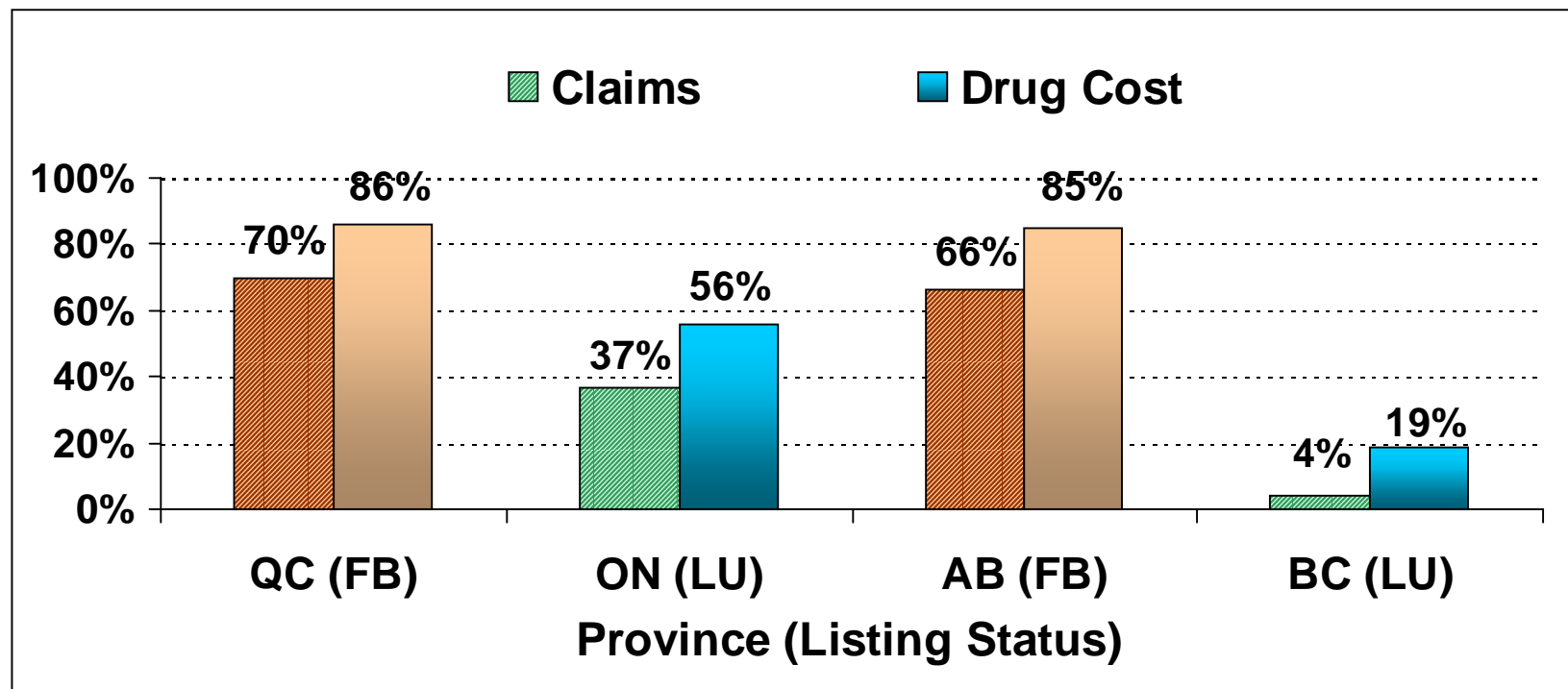


*The class is defined as Proton Pump Inhibitors and Histamine H2 Receptor Antagonists.



Limited Use Products vs. Entire Class, by province, 2002

Cox-II Inhibitors vs. Class*

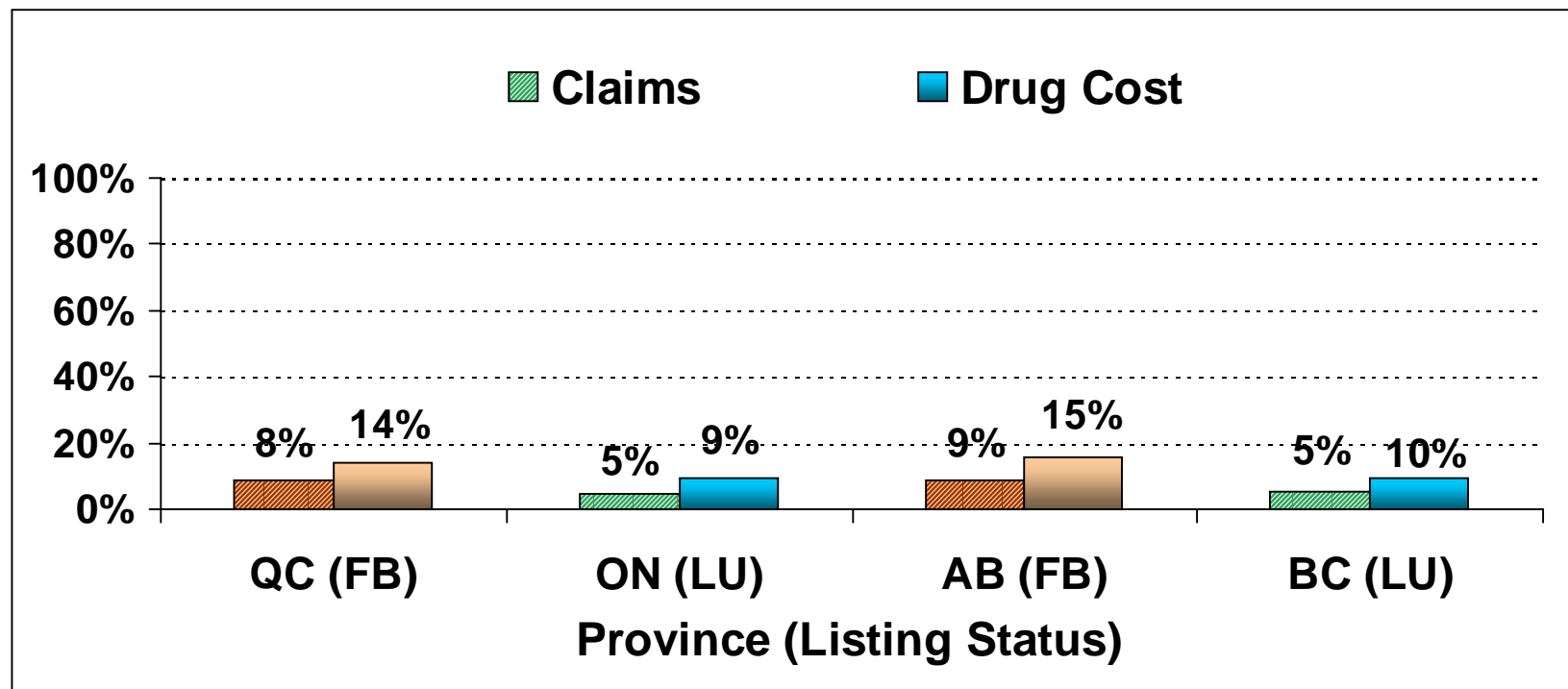


*The Limited Use drugs are Celebrex and Vioxx. The class is all Non-Steroidal Anti-Inflammatory Drugs (excluding ASA).



Limited Use Products vs. Entire Class, by province, 2002

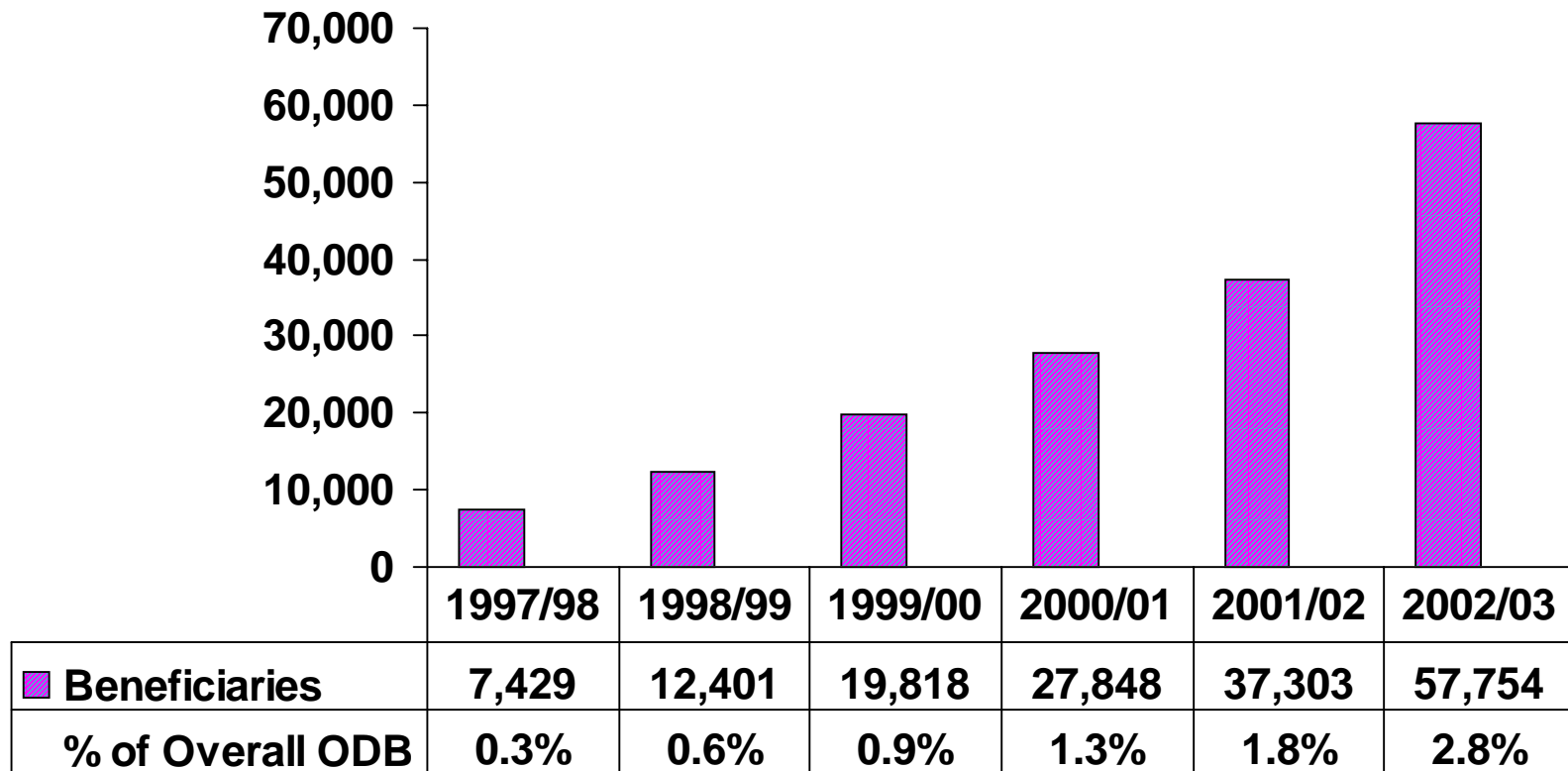
Angiotensin II Antagonists vs. Class*



*The class is defined as Angiotensin II Antagonists, Ace-Inhibitors, Calcium Channel Blockers, Diuretics and Beta Blockers.

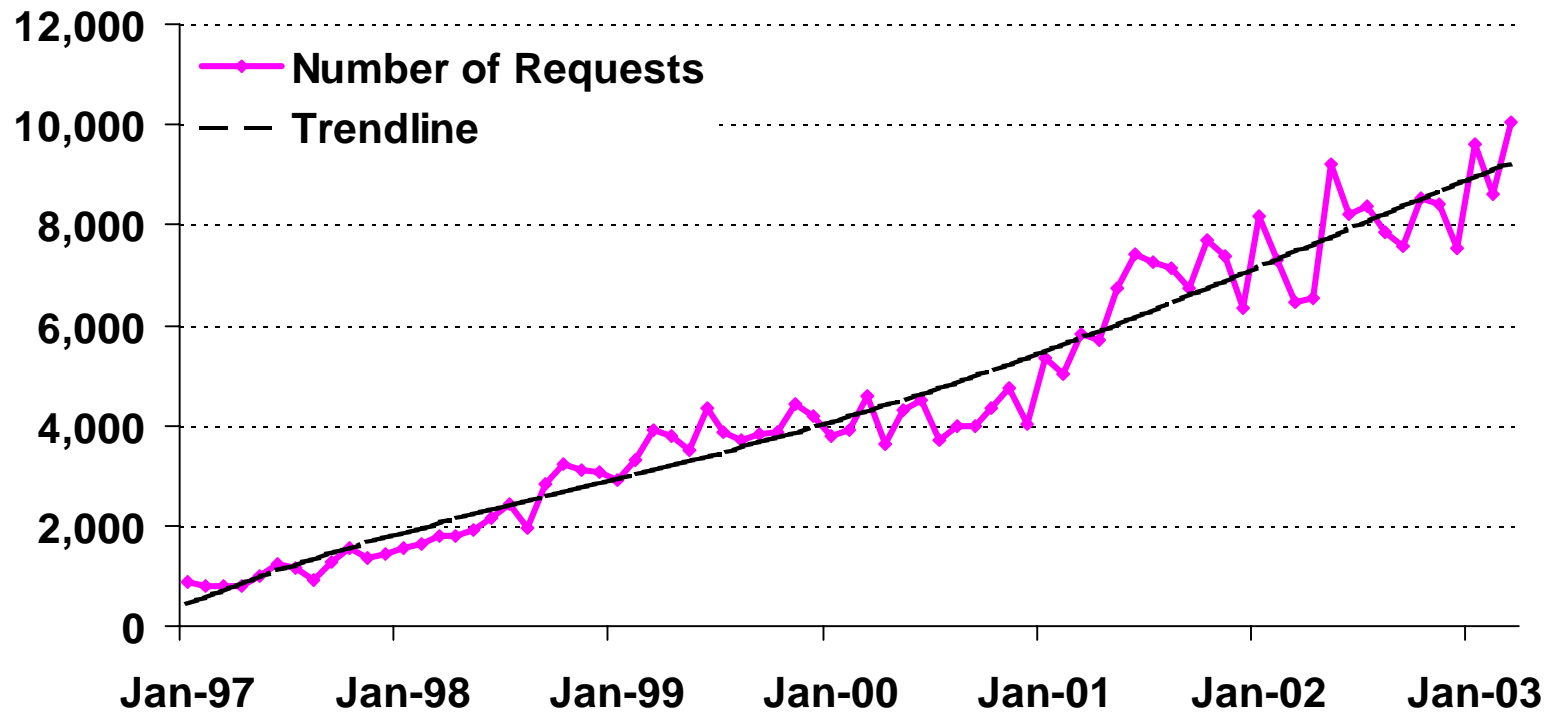


Individual Clinical Review Beneficiaries, 1997/98-2002/03



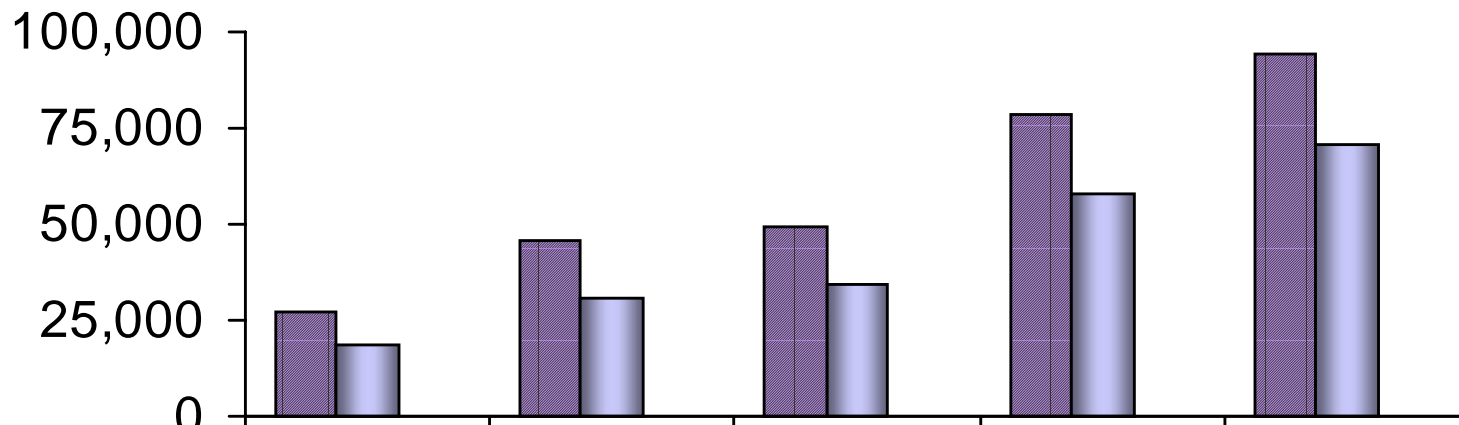


Monthly ICR Requests January 1997-March 2003





ICR Requests & Approval Rate 1998-2002

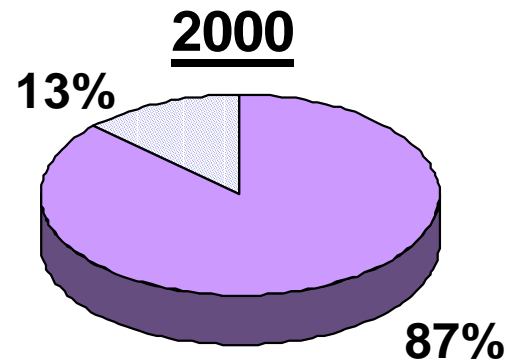
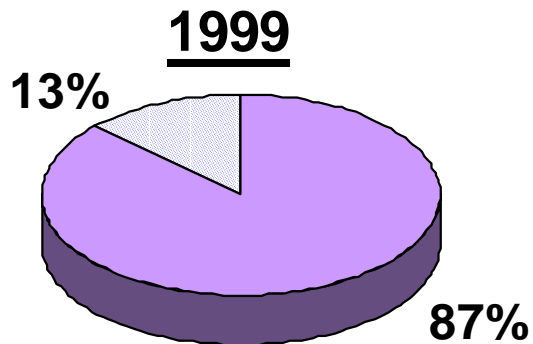
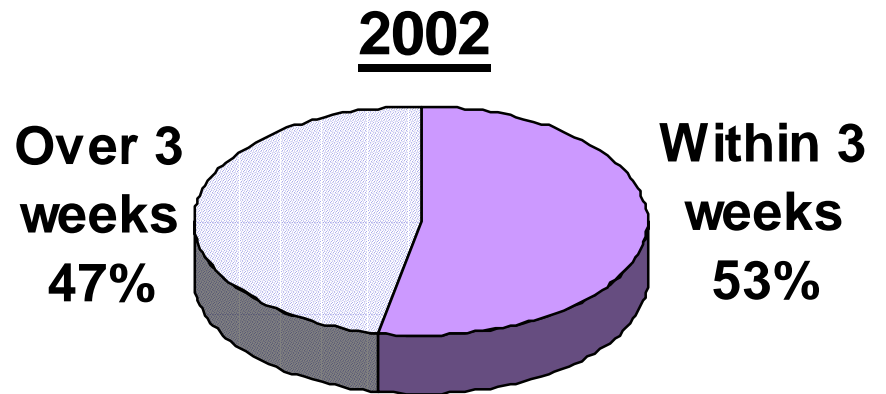
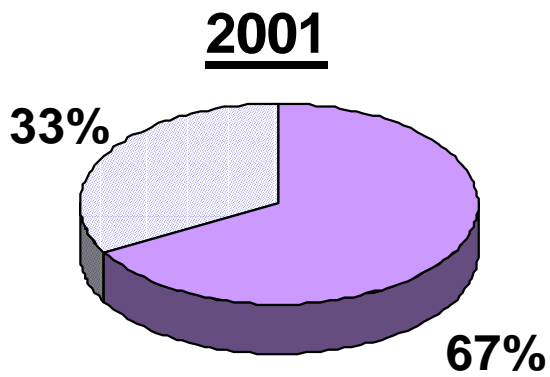


	1998	1999	2000	2001	2002
Received	27,472	45,694	49,518	78,855	94,212
Approved	18,924	30,487	34,110	57,628	70,907
% Increase	108%	66%	8%	59%	19%

% Approved **69%** **67%** **69%** **73%** **75%**



ICR Response Time 1999-2002





ICR Top-10 Requested Drugs, 2002/03

Rk	Drug	Requests	Approved	% Approved	Gov't Cost
1	Plavix	37,586	32,983	88%	\$18.6M
2	Avandia	7,976	5,859	73%	\$3.7M
3	Actos	3,957	3,147	80%	\$2.1M
4	Gabapentin	2,704	1,973	73%	\$0.7M
5	Miacalcin	2,093	1,011	48%	\$0.5M
6	Eprex	1,904	1,067	56%	\$5.4M
7	Neupogen	1,787	1,431	80%	\$5.9M
8	Remicade	1,710	1,431	80%	\$7.8M
9	GlucNorm	1,464	919	63%	\$0.2M
10	Singulair	1,324	945	71%	\$0.5M
Top-10 Total		62,505	50,766	81%	\$45.4M



ICR, Top-10 Drugs by Government Cost, 2002/03

Rk	Drug	Beneficiaries	Rx	Gov't Cost
1	Plavix	29,493	170,915	\$18.6M
2	Remicade	491	1,872	\$7.8M
3	Gleevec	302	1,590	\$6.5M
4	Rebif	454	3,460	\$6.1M
5	Neupogen	1,008	3,262	\$5.9M
6	Eprex	605	2,535	\$5.4M
7	Rebetron	552	3,111	\$4.7M
8	Enbrel	510	3,177	\$4.7M
9	Betaseron	353	2,531	\$4.3M
10	Avandia	5,380	25,195	\$3.7M
Total Top 10 Section 8		39,148	217,648	\$67.7M
% Top 10 Section 8 / Total Section 8 FY 2002/03		67.8%	64.1%	68.3%



Highlights of Formulary

- In 2002, the DQTC recommended the listing of 26 single-source products, 8 as General Benefits and 18 as Limited Use Benefits.
- The average time from the receipt of submission to Formulary listing was 303 days in 2002.
- The top 10 drugs based on the number of days of therapy are all General Benefit.
- The number of days of therapy of Limited Use claims has quadrupled in the past seven fiscal years.
- Nearly 100,000 requests were processed through the Individual Clinical Review mechanism in 2002, and 75% of those requests were approved.



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Strategic Drug Review

2002/03 Accomplishments

- Established project team, Steering Committee and subcommittees;
- Contracted research and prepared background working papers

2003/04 Plan

- Interim report;
- Consultation with stakeholders;
- Final Report;
- Policy and budget proposals for Government consideration



Health Accord Catastrophic Drug Coverage

2002/03 Accomplishments

- Developed options for Ontario response to Kirby/Romanow;
- Assessed recipient, financial, program impact, opportunities and risks of Kirby/Romanow recommendations and Health Accord

2003/04 Plan

- Input into proposed performance measures, data collection and national definitions related to drug coverage;
- Develop forecasting model to test scenarios;
- Co-chair national Pharmaceutical Issues Committee's work on drug coverage issues



Primary Care Medication Management

2002/03 Accomplishments

- Conducted literature review and environmental scan of pharmacists' involvement in medication management;
- Consulted with front line pharmacists and physicians through focus groups

2003/04 Plan

- Consultation conference on medication management interventions;
- Establish criteria and process for Medication Management Demonstration Projects;
- Call for applications, review, and approvals



Formulary

2002/03 Accomplishments

- Formulary Updates Published - April 4, 2002;
July 29, 2002;
- Formulary Full Book Published - January 30, 2003

2003/04 Plan

- Quarterly Updates: Apr., July, Oct., Jan.;
- New print and electronic Limited Use guide;
- Exploration of Electronic Formulary



Common Drug Review

2002/03 Accomplishments

- Interim CDR process implemented;
- Active participation at national level on F/P/T committees

2003/04 Plan

- Participated in CEDAC nomination process;
- Develop process for handling CEDAC recommendations;
- Monitor timelines and decisions of CDR to ensure it meets Ontario's needs



Generic Streamlining

2002/03 Accomplishments

- Chaired F/P/T committee on generic streamlining;
- Participated at Health Canada's Expert Advisory Committee meeting

2003/04 Plan

- Roll out revised submission guidelines;
- Report C products streamlining;
- Start work on non-oral dosage forms (i.e. aqueous solutions)



Modernization

2002/03 Accomplishments

- Long term approvals for Individual Clinical Review Drugs;
- Drug Class review - osteoporosis, urinary incontinence, A2RBs, Eprex, biologics (rheumatology), multiple sclerosis

2003/04 Plan

- On-going drug class reviews - glaucoma, HRT, testosterone, diabetes, PPIs, COX-2 etc.



Individual Clinical Review (Section 8)

2002/03 Accomplishments

- Response time for urgent requests maintained, response time for non-urgent requests lengthened due to volume
- Focus groups for ICR improvement
- Expiry date message field and long term approvals

2003/04 Plan

- Forms for high volume drugs
- Additional staff to improve response times
- Electronic enhancements to improve workflow and delivery of services



Trillium Drug Program

2002/03 Accomplishments

- Maintained response times for new applications, renewals, and receipts reimbursements;
- Explored feasibility of electronic income data from Revenue Canada

2003/04 Plan

- Electronic enhancements to improve workflow and delivery of services;
- Work to implement electronic income data



Stakeholder Relations

2002/03 Accomplishments

- Regular meetings with pharmaceutical manufacturers and associations;
- Regular meetings with Ontario Pharmacists Association on pharmacy directions;
- Meetings with OMA Physician Services Committee, Family Health Network Template Evaluation and Consultation Committee, Drugs & Pharmacotherapy Committee;
- Focus groups with pharmacists, physicians, hospitals on Limited Use/ICR, Special Drugs, medication management;
- Participated in Pharma Investment roundtable



Stakeholder Relations

2003/04 Plan

- Similar to above
- Workshops with brand and generic manufacturers
- Meetings with private insurers
- e-Pharmacy council on HNS initiatives