

The Growing Trend of Drug Coupons: What You Need to Know

33rd Annual ISCEBS Employee Benefits

Symposium

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Session Objectives

- Reviewing why this topic has gained so much attention over the past few years, and the important cost drivers that underline many plan experiences.
- Highlighting factors that impact drug plans as it relates to drug coupons.
- Exploring how data, plan experience and plan structure can be used to get the best outcomes.

Rationale Behind Coupons

- Enormous erosion of brand exclusivity known as the “patent cliff” led to a change in approach from brand companies
 - Lipitor, Crestor, Altace, Effexor XR, Celexa, Nexium, Pantoloc, Prevacid, Diovan, Atacand, et al. all lost patent coverage within a few years of each other
 - Desire for brands to compete with generics when once upon a time they would have immediately given up the market to generics

Rationale Behind Coupons

- Idea was to find a way to cover difference in cost between brand and equivalent generic to protect member choice.
- Intent was to make a cost neutral proposition for plan sponsors and plan members
- Hope was that would help to enhance adherence to therapy and minimize any issues upon switch to a generic

Growth in Market

- There has been remarkable growth in this area in recent years because of the following:
 - Rapid expansion of products available
 - Substantial improvements to how the programs are run and accessed by plan members
 - Growing sentiment of superiority of brand drugs

Issues Surrounding Coupon Cards

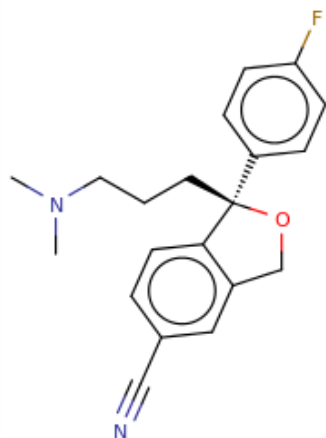
- The most significant issues that surround coupon cards include:
 - Issues with improper Coordination of Benefits (COB) with the card with members with more than one plan.
 - Opportunity cost of a focus on ***Generic Substitution*** as opposed to ***Therapeutic Substitution*** and devaluing of generics
 - Distracting plans from more important systemic issues within their plan experience

Financial Impact of Drug Coupons

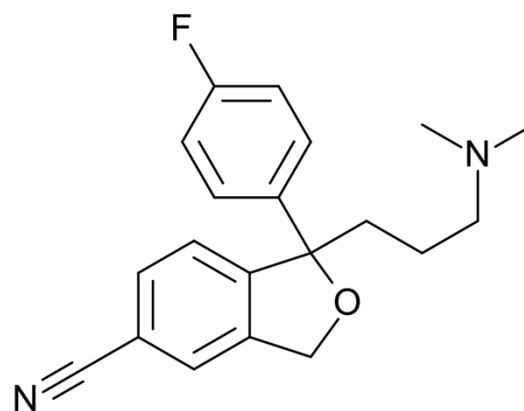
- Case study of a national plan sponsor assessing impact of suboptimal COB with coupon cards

YEAR	Number of Claims with Brand Coupon Cards Submitted	Additional Cost to Plan Per Claim for Brand Coupon Card Claims
2011	2,348	\$9.90
2012	12,022	\$6.59
2013	15,170	\$6.33

An Opportunity Cost?



DRUG A



DRUG B

An Opportunity Cost?

- A focus on the idea of ***Generic Substitution*** means attention is diverted from the concept of ***Therapeutic Substitution***
- Cost of each (90 day supply, Disp Fee excl.)
 - **Drug A: \$178.74**
 - **Drug B: \$23.73**
- Why is this an issue within most plans today in Canada?

An Opportunity Cost?

Ontario based plan sponsor, private sector:

- Plan overspending on the most expensive therapies in 4 classes: **\$460,058** in 2013
- Represents **8.4% of plan spending**

An Opportunity Cost?

Western Canadian plan sponsor, public sector

- Savings opportunities from ***Therapeutic Substitution*** in just 3 categories:
 - 2011: **\$1,739,537**
 - 2012: **\$1,963,763 (↑ 13% YoY)**
 - 2013: **\$2,458,847 (↑ 25% YoY)**
- **Over \$6.15 million in plan spending flushed down the toilet**

Emerging Plan Considerations

- BC based plan sponsor
- Proportion of their plan spending that is attributed to drugs not covered by PharmaCare, hence no opportunity for COB
 - 2011: 19.4% of spending (8.8% of claims)
 - 2012: 21.8% of spending (9% of claims)
 - 2013: 24.4% of spending (9.7% of claims)
- What is the implication moving forward?

Emerging Considerations

- Ontario based plan sponsor looking to impact pharmacy behaviour
- 2013 Pharmacy Metrics:
 - Mark-Ups Submitted on Brand Drugs: 10 – 37.5%
 - Mark-Ups Submitted on Generics: 7.9% – 117%
 - Average Days' Supply Chronic Meds: 34.7 days

Emerging Considerations

National plan sponsor (BC, ON, QC)

- Plan spending ↓ 4.6% YOY to \$1.09 million
- Number of Claims ↑ 1% YOY
- Number of Unique Claimants: Flat
- Average EE/Spousal Age: 45.9
- Specialty spending YOY from 15.8% to 14.9%

Emerging Considerations

National plan sponsor (BC, ON, QC)

- **Plan 30% under-saturated for ARCC**
- Employee Chronic Specialty = **0%**
- Increase in the number of diabetics YoY: **16%**
- Number of Employees actively treating Depression: **17%**

Using Data to Mitigate Risks

- Solution to concerns with COB issues and financial risks to the plan can be mitigated with blinded, transactional-level claims data and appropriate plan agreements
- That data can also be used at the same time to assess the following:
 - Opportunities for immediate savings within plan
 - Isolate and quantify emerging risks to plan
 - Prioritize plan design changes
 - Monitor the plan experience and impact of changes