

Catastrophic Drug Coverage

Aligning Social Concerns and Pharmaceutical Innovation



When Tea & Sympathy are not enough:

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Social Concerns and Innovation

- **If coverage goes through.....**
- **What is best for the patient?**
- **How could pharmaceutical innovation be encouraged?**
- **How should provinces respond?**

Drug Use Benefits Patients and Healthcare

- Major reductions in hospitalization
 - Cancer, heart disease, ulcers, HIV/AIDS, diabetes...
- Many diseases eradicated through use of vaccines
 - Chicken pox, mumps, measles, polio....
 - More to follow – cancer, AIDS, Alzheimer's ?
- Use of drugs leads to overall healthcare savings
- Innovation continues to be needed

Two Important Trends Benefit Patients

- 1. Improving compliance and care**
 - Reducing insurance co-payments for chronic disease
 - Easy-to-take medications
 - Holistic approaches to disease management
 - 2. Having multiple choices of medications**
 - Pharmacogenomics – matching patients and pills
- **Keys to success for improved health and cost savings**
 - Compliance in taking medications
 - The right drug for the patient

“Catastrophic Coverage” – The Winners

- Almost all provinces and territories win
- Some provinces have coverage and get cash
 - Ontario, Québec, Manitoba, Saskatchewan
- Atlantic provinces will expand drug coverage
 - Some costs will be incurred
 - But, with the promise of long-term savings
- How will the stakeholders contribute to innovation?
 - Cash gainers, firms, Atlantic provinces

Trends In Cash-Gaining Provinces

- **Ontario – generally negative**
 - Squeezing the drug budget
 - Reducing doctor and patient choice
 - Forcing generic substitution

- **Québec – more positive**
 - Supportive of the pharmaceutical industry
 - Investing heavily in life sciences
 - Reimbursement rules favouring innovation
 - Likely to capture an even bigger share of innovation

Reactions of Firms

- **Catastrophic coverage – not a huge win**
 - **But, an indicator of attitudes toward innovation**
- **Global competition for R&D investment**
 - **Massive migration of \$ from Europe to the US**
 - **China and India emerging as low-cost suppliers**
- **Canada – an ambivalent approach**
 - **A life science and innovation agenda**
 - **But less than 50% of approved drugs covered by provincial insurance**
- **Risk that R&D investments will diminish**

The Opportunity In Canada

- **The status quo**
 - **Managing healthcare spending in silos**
 - **Failing to optimize overall impacts**
- **The innovation opportunity**
 - **Acting in the best interests of patients**
 - **Using new funding to expand choice and coverage**
 - **Assessing drugs by measuring outcomes**
 - **Relying on economic analyses of costs and benefits**

The Opportunity In Atlantic Canada

- A major project in health outcomes research
 - A potential benefit flowing from the newly insured
 - An opportunity for optimizing healthcare
- An ideal environment
 - Population size, concentration of resources, “founder” genetics
- Potential partners
 - Governments, granting councils, pharmaceutical firms, IT suppliers