Introducing Manulife DrugWatch™
Applying rigorous oversight to help ensure value for money in a dramatically changing drug market
The drug market in Canada is changing rapidly—and dramatically

Many Canadians value the coverage and security they get through their workplace health benefits programs. One of the benefits they appreciate most is coverage for prescription drugs. In fact, about $34 billion will be spent on drugs in Canada this year, over $12 billion of which will be paid for through workplace benefits. This is about four times what was spent 20 years ago. No other component of health care spending has grown as quickly.

The world of prescription drugs is quickly changing. Over the years we have experienced the introduction of a handful of drugs with high prices, but now, like never before, there is a lengthy list of drugs for use by larger populations with very steep prices rapidly coming to market. Each one of these new drugs has the potential to profoundly impact your plan costs. Left unchecked, the increasing number of high-cost drugs has the potential to significantly impact the benefit plans of many Canadian companies, and may leave Canadians without any workplace drug coverage.

For instance, the newest medications for hepatitis C hit the market at a price tag of over $70,000 for a course of treatment— that's approximately three to four times the cost of previous treatment. Furthermore, because these new drugs had much higher cure and tolerance rates, the population using the drugs surged, rapidly doubling. This combination of higher costs and higher usage drove overall drug spend up by roughly eight times its previous levels.

Welcome to the world of specialty drugs.

<table>
<thead>
<tr>
<th>Percentage of claims expenses</th>
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<tr>
<td>High-cost specialty drugs</td>
<td>26%</td>
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<td>account for less than 2% of claims, but represent over 26% of all claim expenses in Canada.</td>
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60% of all drugs currently under development by the pharmaceutical industry are high-cost specialty drugs.

Drugs under development

60% Specialty Drugs
But this phenomenon – driving up overall plan costs – isn’t limited to high-cost drugs. New types of traditional brand drugs that treat common diseases are commanding significant price premiums over the current front-line options. For example, in the treatment of diabetes, a new drug – Invokana – is 15 times more expensive than current options, costing $1,100 over the course of a year of treatment, compared to $70 for existing front-line drugs. This extra cost is fairly immaterial for a single plan member. It becomes a significant financial impact when you consider that about one in every 17 Canadians is treated for this condition.

In theory, paying more to get better health outcomes isn’t unreasonable. However, in private plans, the question of whether these new, more expensive drugs generate sufficient additional health outcomes to justify the higher cost hasn’t truly entered the conversation. There is a need for a greater, more comprehensive analysis of drugs entering the market, prior to being added to your drug plan. After all, you deserve assurance that your plan is offering access to the most appropriate treatments for your employees, while also controlling your costs. But when it comes to drugs, how can you be sure this is the case today?

Manulife now has a solution.
Introducing Manulife DrugWatch™

The only program of its kind in Canada, Manulife DrugWatch closely monitors the drug landscape and analyzes the effectiveness and financial impact of new medications, to ensure you receive value for your drug benefit dollars.

Defining “value” in the drug world

Health Canada and the Patented Medicine Prices Review Board (PMPRB) play a critical role in evaluating new medications. However, they do not assess the clinical effectiveness of a new drug in comparison to existing drugs that target similar conditions, nor do they consider the relative value of a new drug – defined as the clinical effectiveness of a drug in relation to its cost. Manulife DrugWatch fills this gap, providing oversight to help ensure that the drugs included in your plan have the potential to deliver the highest level of health outcome at the most prudent price.

Manulife DrugWatch is timely and necessary

Today more than ever, sound judgment about which drugs are covered by your plan is critical to your plan’s health. Manulife DrugWatch gives you:

- **A critical eye on emerging drugs** – Manulife stays on top of medications newly approved by Health Canada, as well as those approved for new uses.

- **A reliable, third-party review** – Manulife will determine the value of new drugs coming to market based in part on the publicly available information from the Canadian Agency for Drugs and Technologies in Health (CADTH).

- **A rigorous screening process** – helps ensure new drugs can be offered to your plan efficiently and at the right value for money.

Manulife DrugWatch is an unprecedented step forward in how we respond to new drug costs. That’s why we’ve made it part of all Manulife plans. No matter how big or small your plan is, DrugWatch delivers a new standard in protection and value.
Before a high cost and/or high volume drug can be approved for coverage under Manulife drug plans, it undergoes a thorough review process.

**Phase 1: Monitoring** – Our team of pharmacists monitor high-cost and high-volume drugs currently in clinical trials to detect any that could have a material net new financial effect on Manulife clients and their employees. Drugs meeting this criteria are placed On Alert, and will undergo further evaluation before being considered for listing on Manulife drug plans.

**Phase 2: Early Screening** – Once a drug that was placed On Alert has been approved by Health Canada, we conduct a financial assessment taking into account drug price and potential impact on plan sponsors. Medications posing acceptable financial risk are approved and added to our list of authorized drugs. Those expected to impose a considerable financial cost are placed On Watch. Drugs placed On Watch go through the rigorous DrugWatch Evaluation and will not be eligible for reimbursement during this process.

**Phase 3: DrugWatch Evaluation** – This stage of analysis subjects new drugs that pose material financial risk to the following high standards of due diligence:

- **Value assessment review** – A critical review of the clinical and economic evidence. Manulife will use publicly available information from the Canadian Agency for Drugs and Technologies in Health (CADTH) to critically assess the relative advantages and disadvantages of the new drugs, as well as the cost-effectiveness of the drugs in comparison to other available options.

- **Expert negotiation** – Manulife’s dedicated team of experts work with pharmaceutical manufacturers to seek the best possible drug prices for our clients.

- **Effective delivery programs** – Some drugs used to treat complex, chronic or life-threatening conditions require special storage and handling, or are only effective if taken exactly as prescribed. As a condition of approval, the DrugWatch review may establish a drug-specific program, such as an adherence plan to ensure patients administer the drug correctly, or an exclusive distribution arrangement to better manage cost.

**Phase 4: Decision** – Manulife’s DrugWatch Oversight Committee of pharmacists, benefits and financial professionals reviews the Phase 3 results and determines whether or not the drug delivers real value to your Manulife benefit plan, taking into account not only the impact to your drug plan costs, but the effect this drug could have on disability and absenteeism.

The committee then makes one of five decisions:

- **Listed** – The drug is listed as eligible for coverage by Manulife.

- **Listed with price adjustment** – The drug is listed as eligible for coverage by Manulife, with appropriate price increases incorporated into your plan.

- **Listed with program introduced** – The drug is listed as eligible for coverage by Manulife. Employees are required to adhere to specific program criteria / requirements to be eligible for coverage.

- **Listed with price adjustment and program introduced** – The drug is listed as eligible for coverage by Manulife, with price increases and adherence to program requirements.

- **Not Listed** – The drug is not listed as eligible for coverage by Manulife. While claims for the drug will not be accepted, Manulife can help your members find alternative drugs, therapies or methods of treatment.

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**The Canadian Agency for Drugs and Technologies in Health (CADTH) informs our decisions.**

CADTH is an independent, not-for-profit organization. It is responsible for providing Canada’s public health care decision-makers with objective and up-to-date evidence about the appropriate use of drugs and medical devices.

Learn more at CADTH.ca
How **Manulife DrugWatch™** supports you

**PHASE 1 Monitoring**

High-cost/high-volume drugs in clinical trials that could significantly affect your plan are placed On Alert.

**PHASE 2 Early Screening**

When an On Alert drug receives Health Canada approval and the pharmaceutical manufacturer reveals the price, a financial assessment is conducted.

**PHASE 3 DrugWatch™ Evaluation**

The DrugWatch Evaluation subjects drugs that impose a significant financial cost to the following:

- **Value Assessment**
  Analysis of the drug’s effectiveness in comparison to other options, or the health outcomes delivered, relative to cost.

- **Expert negotiation with Pharma manufacturers**
  Best possible drug prices are sought for our clients.

- **Effective delivery programs**
  As a condition of reimbursement, a drug adherence program or an exclusive distribution arrangement may be introduced.

Drugs posing an acceptable financial risk are approved and listed. Those posing a significant financial risk are placed On Watch.

Drugs placed On Watch go through the rigorous DrugWatch Evaluation phase.

**PHASE 4 Decision**

The Manulife DrugWatch Oversight Committee reviews Phase 3 results and determines if the drug delivers real value to your drug plan.

- **LISTED | outright** The drug is eligible for coverage.

- **LISTED | with price adjustment** The drug is eligible for coverage, with appropriate price increases incorporated into your plan.

- **LISTED | with program introduced** The drug is eligible for coverage, with the additional support of a specific delivery program.

- **LISTED | with price adjustment and program introduced** The drug is eligible for coverage, with price increases and the support of a delivery program.

- **NOT LISTED** The drug is not eligible for coverage.

All drugs On Alert will be subject to an Early Screening review before being listed as eligible for coverage by Manulife.
One part of an integrated solution
Manulife DrugWatch is part of our broader strategy of helping plan sponsors manage their drug costs. It’s a core feature of your plan and augments existing programs such as prior authorization, provincial integration and the hospital drug program.

To help you optimize your benefit dollars we also offer clients:

- **Specialty Drug Care program** – in partnership with Bayshore Health Ltd., the Specialty Drug Care program helps control costs by containing dispensing fees and markups, and promotes positive health outcomes through case management services.

- **Managed formularies** – provide more control by limiting reimbursement or access to medications that do not meet the formulary criteria.

- **Preferred pharmacy network** – designed to help manage the pharmacy costs associated with traditional maintenance and acute medications.

- **Active Pharmacy** – Express Scripts Canada Home Delivery, where the pharmacist acts as an advocate for the plan and its members in realizing savings and optimizing health outcomes.

- **Step Therapy** – a program that ensures that employees have tried first line, lower cost therapies before qualifying for reimbursement of higher cost therapies.

- **Mandatory and voluntary generic drug programs** – to help control costs by limiting reimbursement of multi-source brand name drugs to their lowest-cost alternative.

In addition, **My drug plan**, an online drug look-up resource, is available to help your employees better understand the decisions made to manage your drug benefit costs. It provides information about their particular drug plan coverage, lower cost alternatives and estimated out-of-pocket costs before purchasing the medication.

**Manulife DrugWatch helps to protect your plan and your employees**
Today’s dramatically changing drug landscape is introducing new risks to your health benefits plans — risks that could endanger your plan’s financial viability and therefore affect your employees’ access to life altering medications. We are responding with Manulife DrugWatch. By placing high-cost and/or high-volume drugs under close analysis to gauge their true value, DrugWatch helps to protect your plan and the health of your employees.

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1 “Drug Spending in 2014”, Canadian Institute for Health Information
2 “Drug Expenditure in Canada 1985 to 2012”, Canadian Institute for Health Information
3 Manulife data, 2015.
4 “2014 Drug Trend Report”, Express Scripts Canada
5 “Diabetes, number of persons, 2014. Diseases and Health Conditions”, Statistics Canada
6 “Cholesterol levels of Canadians, 2009 to 2011”, Statistics Canada
7 Amgen Canada, 2015
Find out more
To learn more about Manulife DrugWatch, speak to your Manulife representative.