

# Caps to Cost-Effectiveness: Managed care in Canada

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December 2, 2024

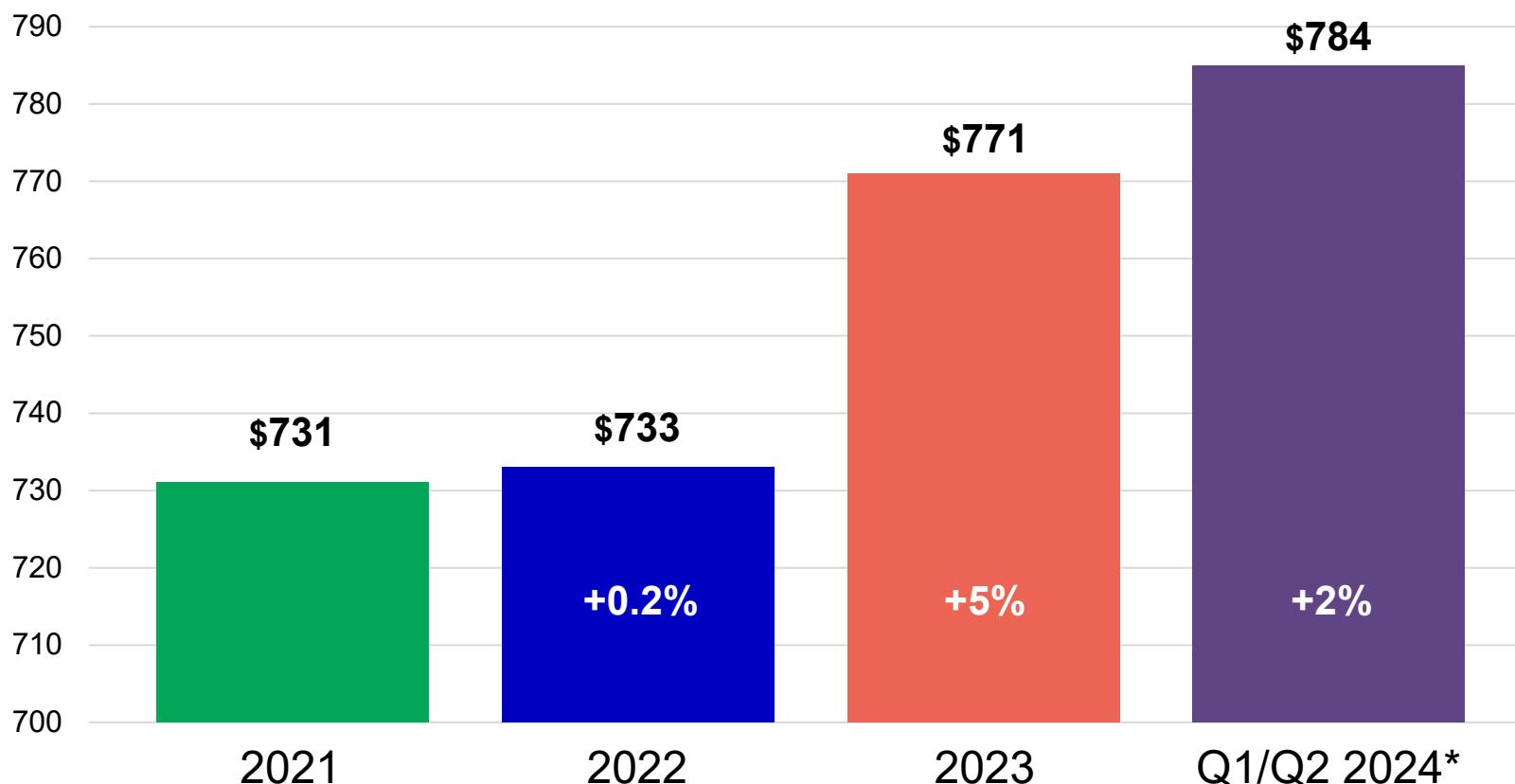
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## Why Managed Care?

**In 2023, there was an increase in amount reimbursed per claimant of 5%, after a negligible increase in 2022.**

**Amount reimbursed per claimant: 2021-2024\***



Source: Manulife claims data, 2021-2024  
\* 2024 data calculated using Q1-Q2.

**80%**

of plan sponsors find it challenging to provide health benefits in today's economic environment.

Drug plan costs are a specific concern for

**1/3**

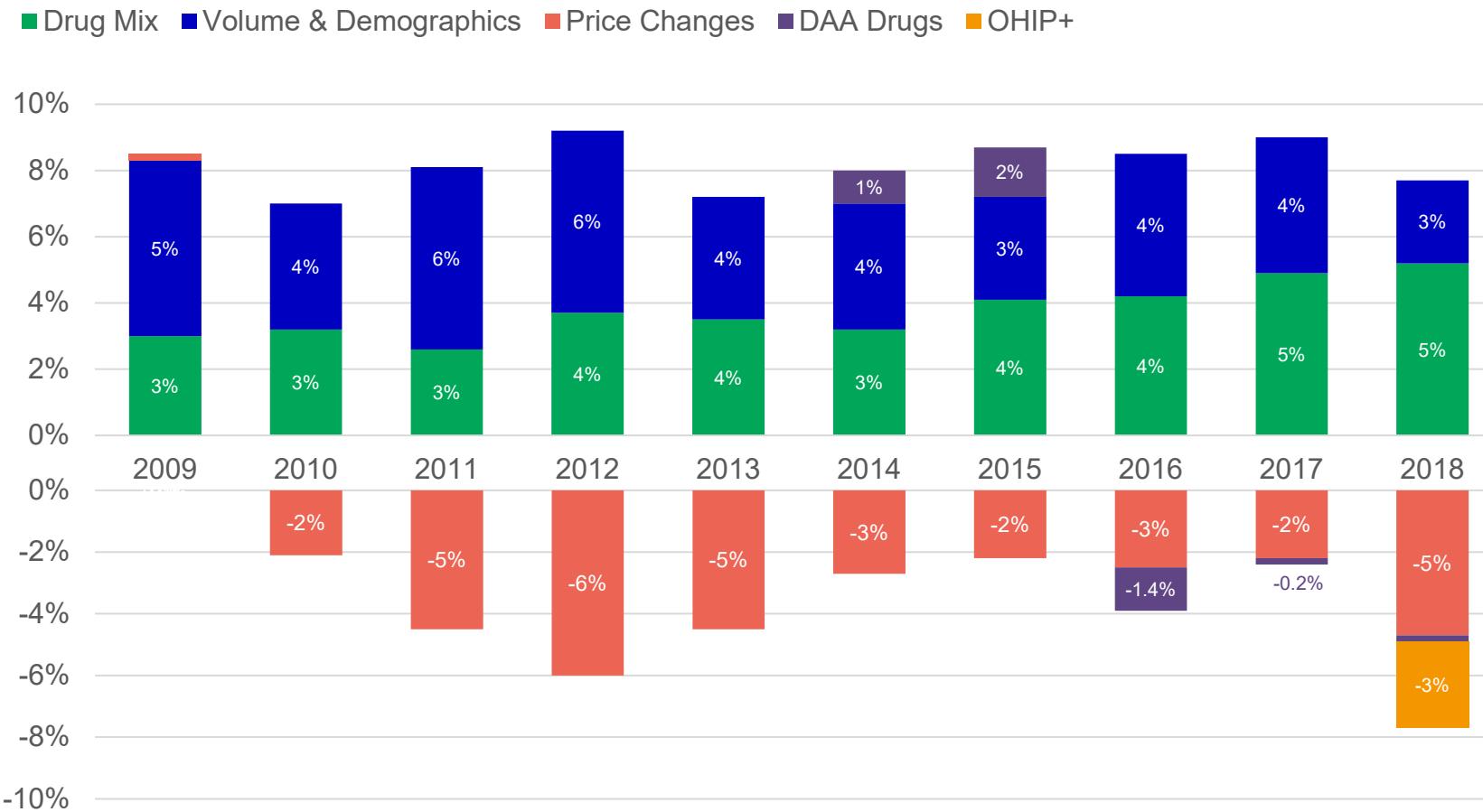
of sponsors

Source: 2024 Benefits Canada Healthcare Survey

## Why Managed Care?

# The drivers of drug spend shift over time

## Historical private plan drug cost drivers: 2009-2018



Source:

Government of Canada, Patented Medicine Prices Review Board; Poster 3 – Pressures behind the rising costs in Canadian private drug plans, 2018

↑ 10%

in amount reimbursed per claimant on medication across Manulife block in 2023.

↑ 6%

in drug claim occurrences per claimant across Manulife block in 2023.

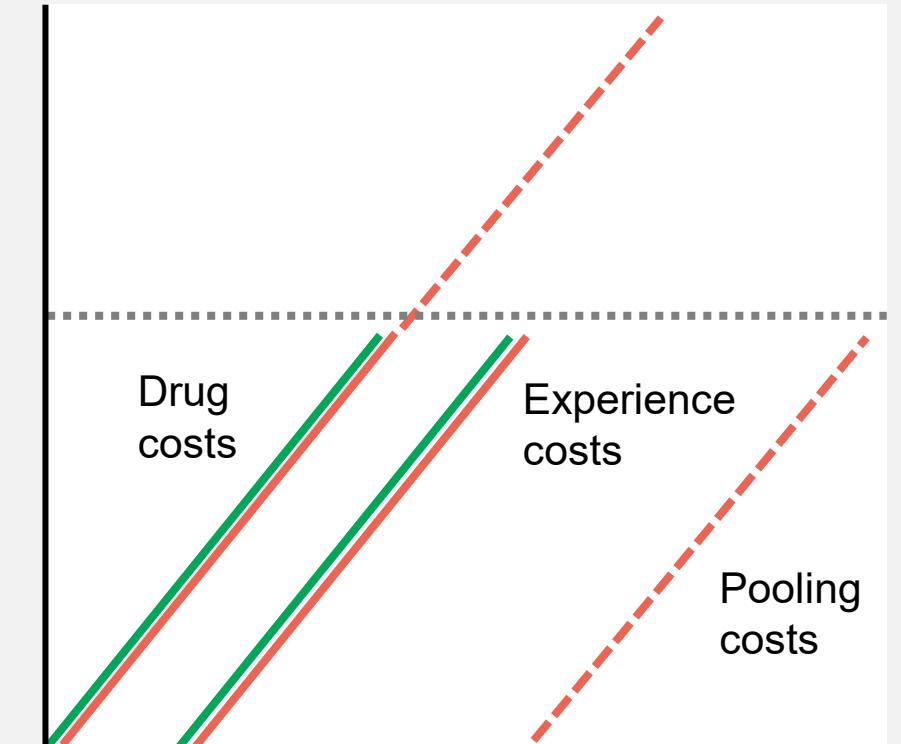
Source: Manulife claims data, 2024



# Evolution of financial tools

Pooling  
charges

Experience  
rates



# Tools to manage drug plans

Cost Controls	Cost Sharing	Active Management	Health Promotion
Dispense fee limits	Dollar maximums	Generic substitution	Case management
Mark-up / R&C limits	Co-insurance	Therapeutic class pricing	Care navigation
Days supply management	Deductibles	Step therapy	Disease-specific programs
PLAs		Prior authorization	
		Managed formulary drug reviews	

# What is managed care?

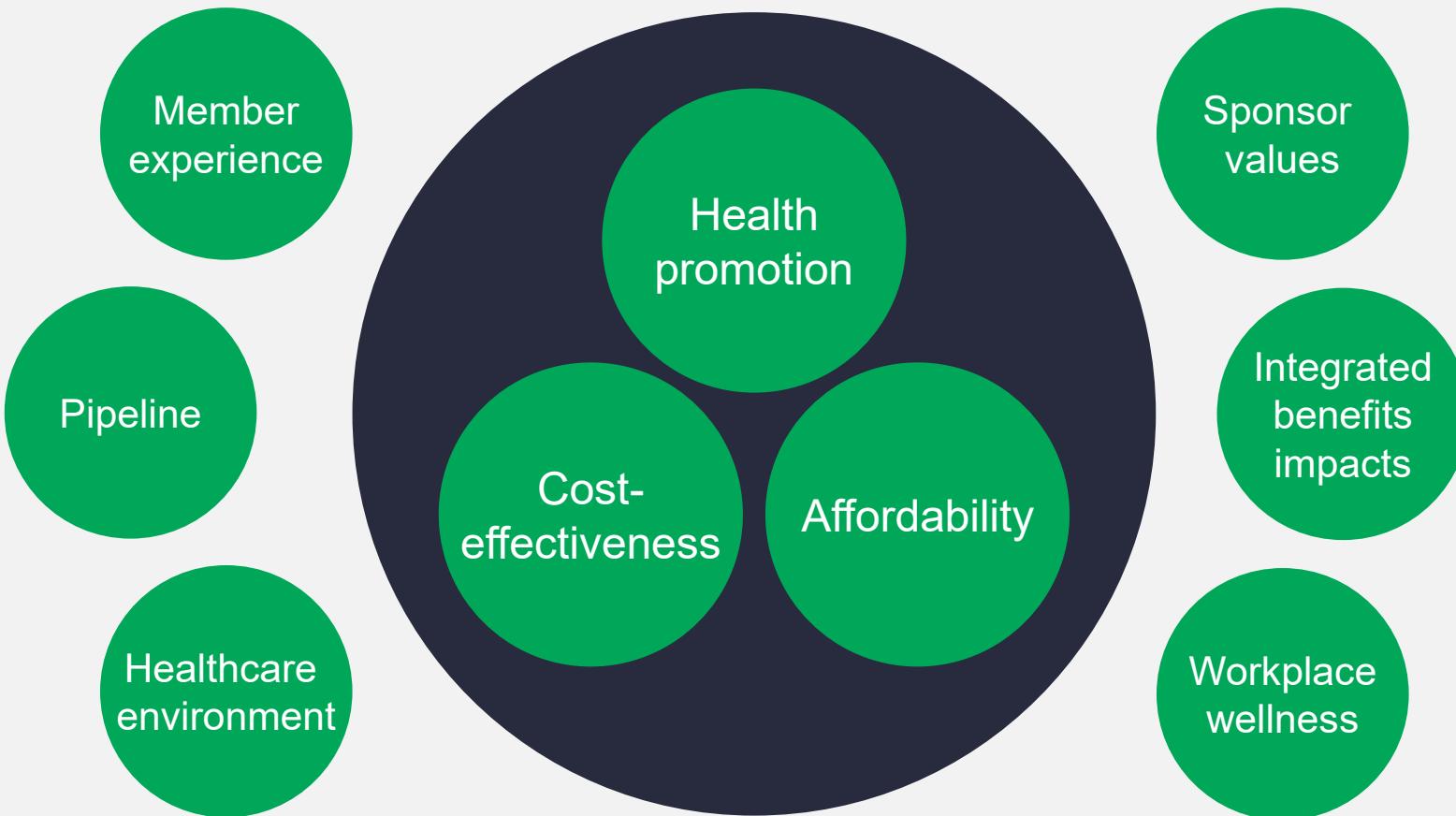
## Optimizing medicine. Improving lives.

“The practice of managed care pharmacy applies clinical and scientific evidence to support the appropriate use of medications to enhance patient and population health outcomes while optimizing the use of limited health care resources.”

- Academy of Managed Care Pharmacy  
(AMCP.org)

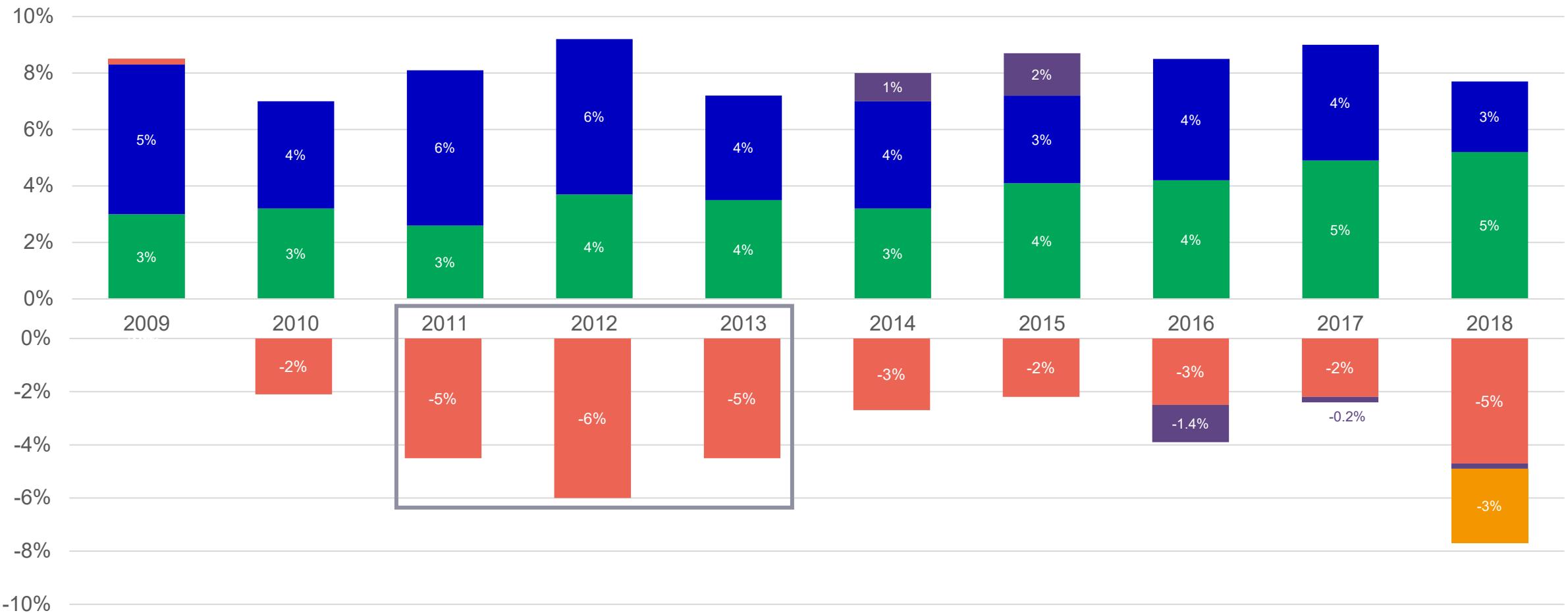
- Pharmacy benefit design
- Formulary and medication utilization management
- Clinical programs
- Quality & safety program management
- Promoting affordability

# Managed care decision making



# Case study: Generic ‘patent cliff’

■ Drug Mix ■ Volume & Demographics ■ Price Changes ■ DAA Drugs ■ OHIP+

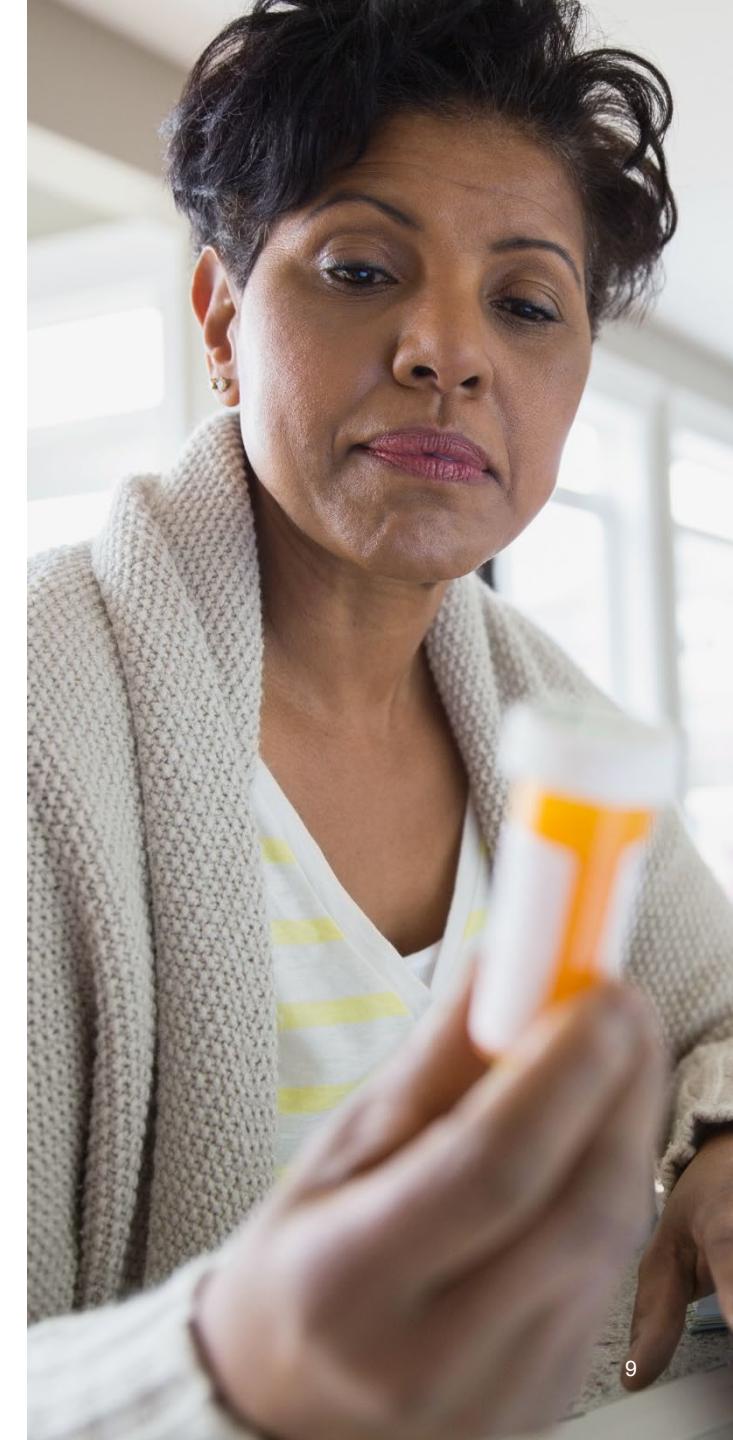


# Factors in generic substitution savings

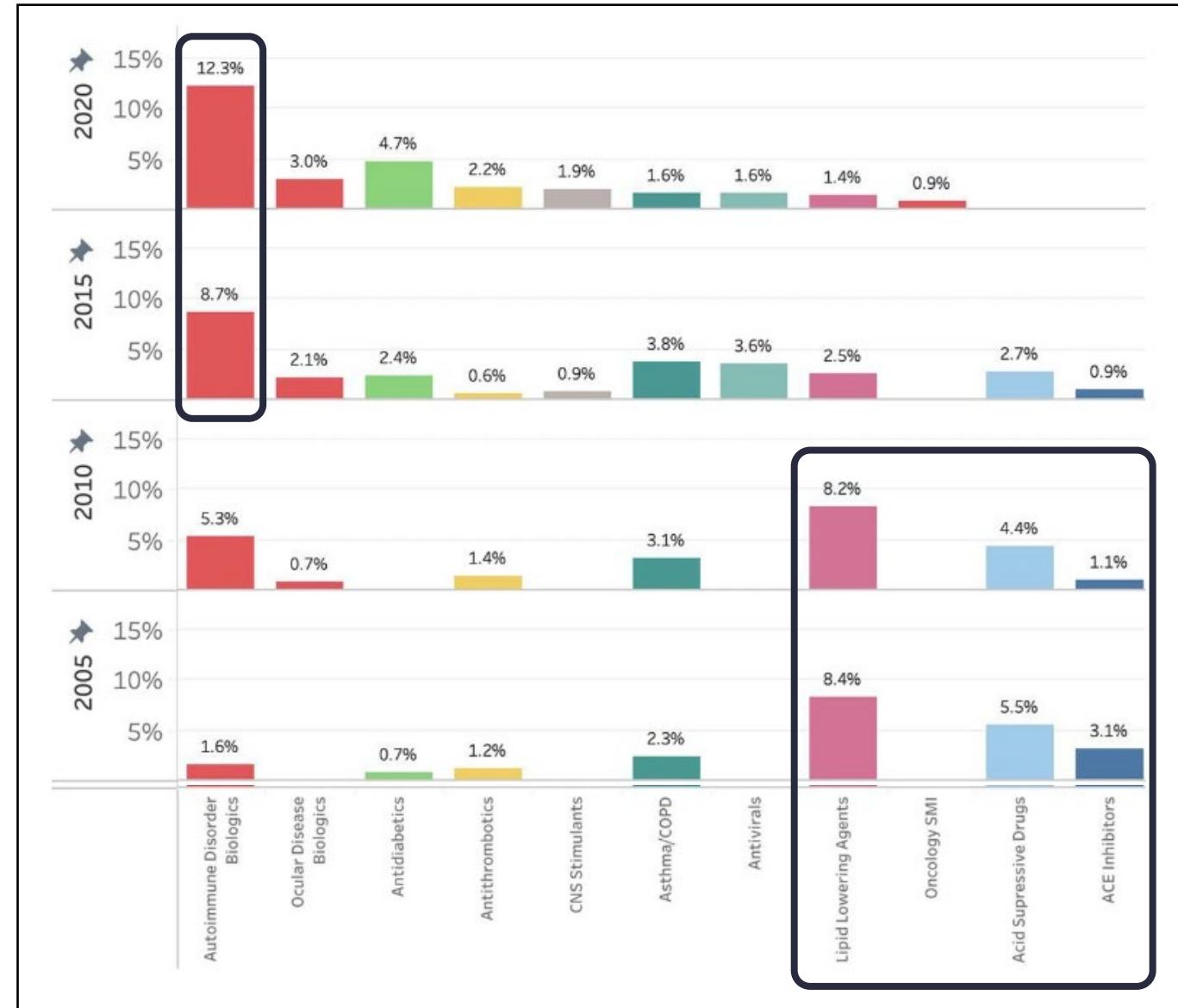
Realizing savings from generic drugs requires both **adoption** and **persistence**.



Source: 2023 Drug Trend Report, Express Scripts Canada, April 5, 2023



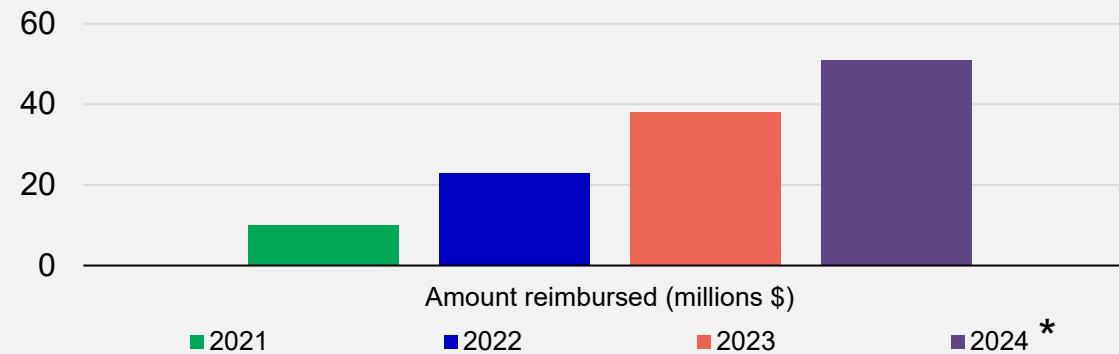
# Relevance to today: The biopharma patent cliff



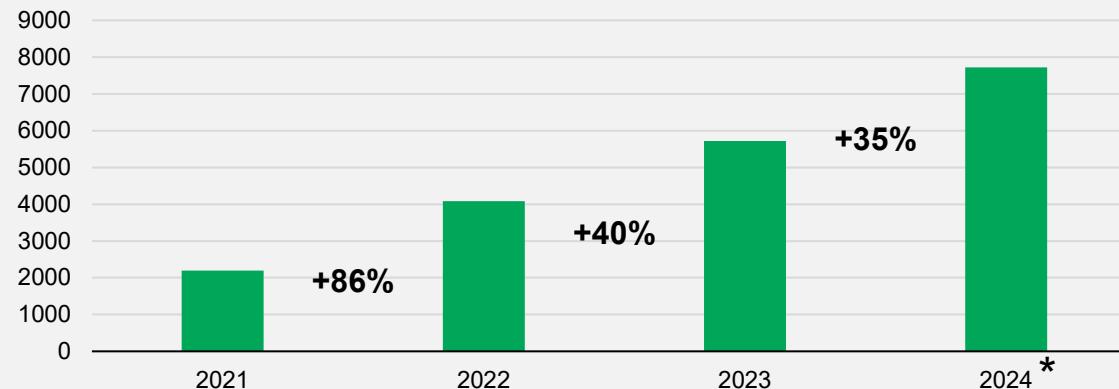
Adapted from: [Trends in Canadian prescription drug purchasing: 2001–2020 | Journal of Pharmaceutical Policy and Practice | Full Text](#)

# Biosimilar utilization case study: Inflammatory condition medications\*

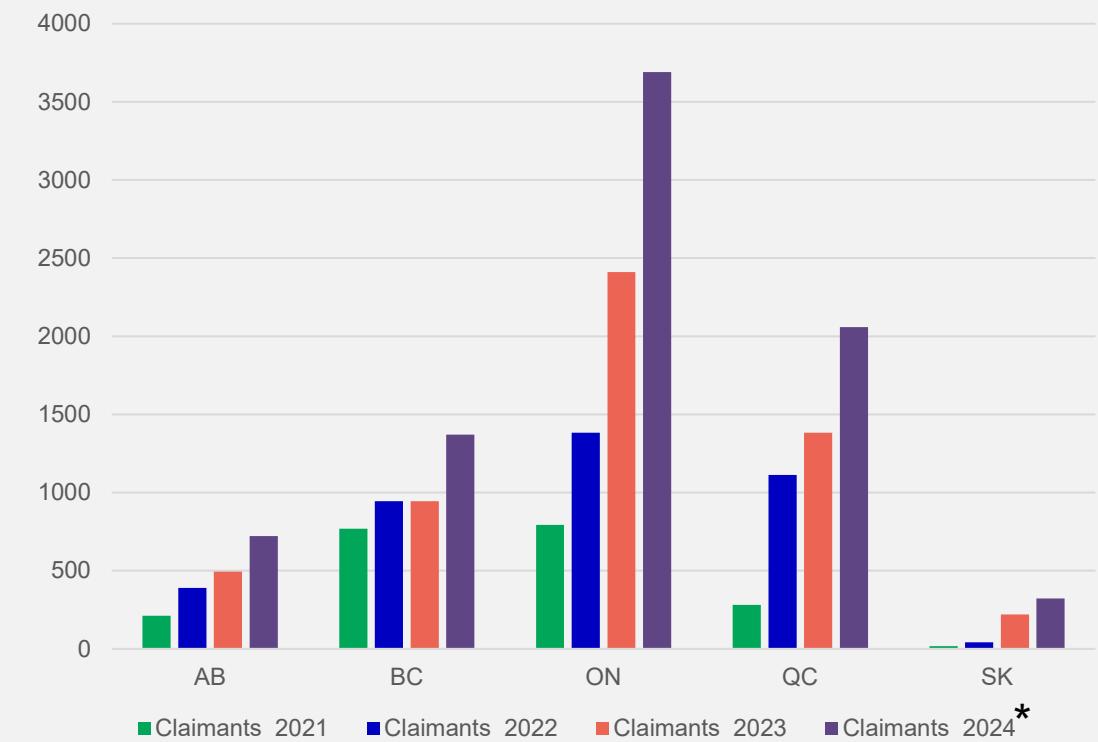
## Biosimilar utilization: Amount reimbursed (\$ millions)



## Biosimilar utilization: Claimants (thousands)



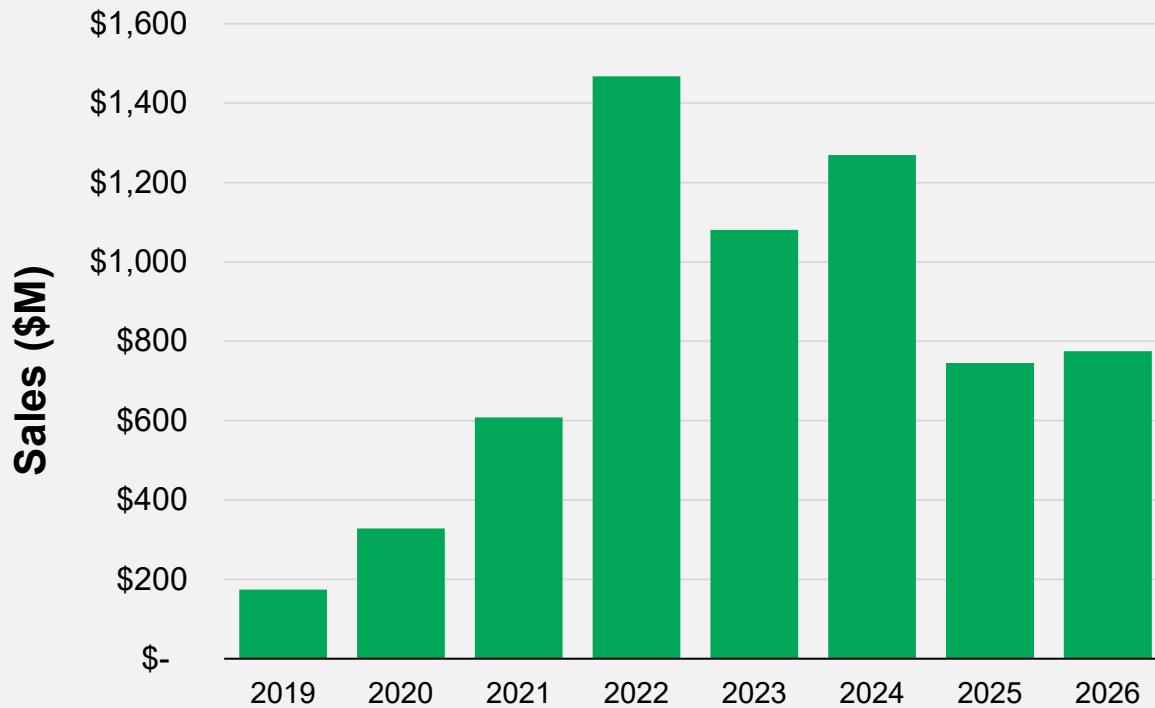
## Biosimilar utilization by claimant count: 2021-2024



\*2024 data is annualized given claims from Q1 & Q2  
Source: Manulife claim data 2021-2024

## Generic substitution remains one of the cornerstones of managing drug plan costs in Canada

### Canadian retail sales of branded drugs with LOE\*



Source:

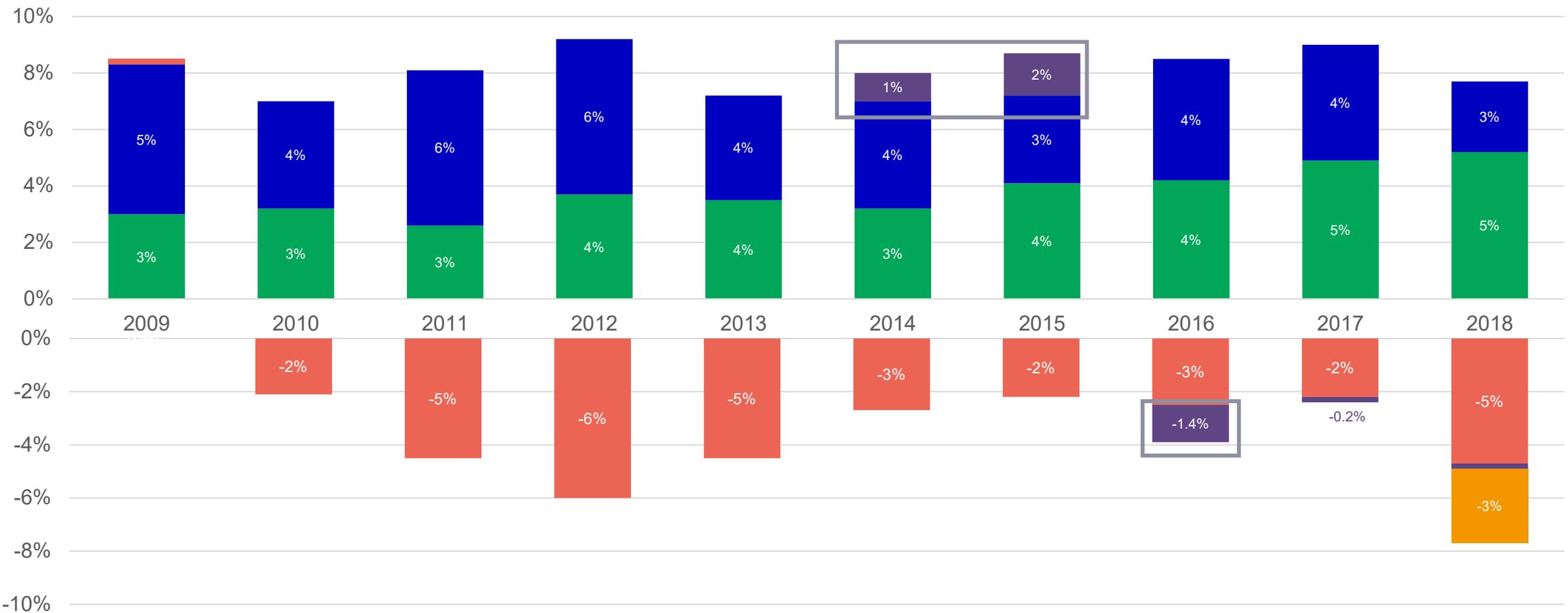
2024 ESC executive retreat; Manulife claims data, 2023

\*2024-2026 data represent projected sales of branded medications losing exclusivity

2024 molecule	Manulife block spend 2023 (\$M)	Common indication
Vyvanse®	\$46	ADHD
Invokana®	\$7	Diabetes
Victoza®	\$3	Diabetes
Alvesco®	\$3	Asthma/COPD
Mavenclad™	\$5	MS
Lynparza®	\$4	Cancer
Descovy®	\$9	HIV
Zaxine®	\$1	Antibiotic
Blexten®	\$7	Allergies
Constella™	\$3	IBD

# Case study: Hepatitis C treatments

■ Drug Mix ■ Volume & Demographics ■ Price Changes ■ DAA Drugs ■ OHIP+



Source:

Government of Canada, Patented Medicine Prices Review Board; Poster 3 – Pressures behind the rising costs in Canadian private drug plans, 2018

# The Hepatitis C wave

New direct-acting antivirals were introduced to Canada 2014. These drugs were convenient and effective, driving a wave of awareness and utilization that had significant impacts on public and private plans.

**\$40,000 – \$50,000  
per course<sup>1</sup>**

**250,000  
Canadians<sup>2</sup>**

**Cure rate  
> 70-95%<sup>1</sup>**

**Managed  
formulary reviews**

**Prior  
authorization**

**Product listing  
agreements**

**Case  
management**

**Healthcare  
environment**

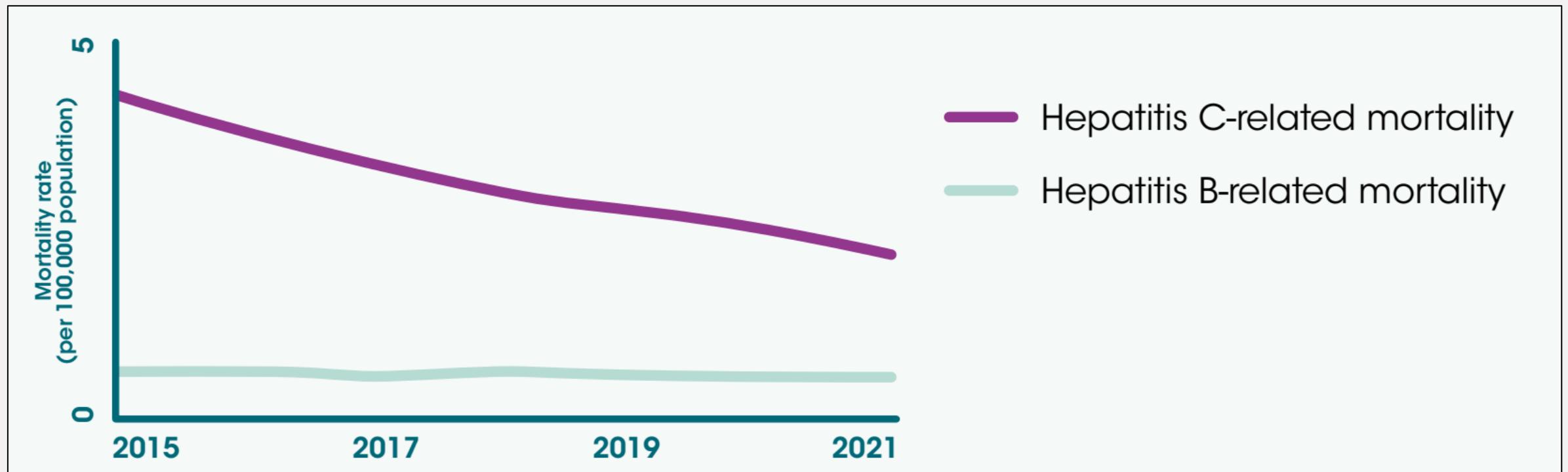
Sources:

<sup>1</sup> [Prescribed Drug Spending in Canada, 2020: A Focus on Public Drug Programs](#)

<sup>2</sup> [Context and Policy Issues - Drugs for Chronic Hepatitis C Infection: Cost-Effectiveness Analysis - NCBI Bookshelf](#)

# Tools to manage drug plans

## Rates of hepatitis-related mortality in Canada by year



Source:  
[Canada's progress towards eliminating viral hepatitis as a public health threat, 2021](https://www.canada.ca/en/health-canada/services/eliminating-viral-hepatitis-public-health-threat/2021.html), Canada.ca, 2024

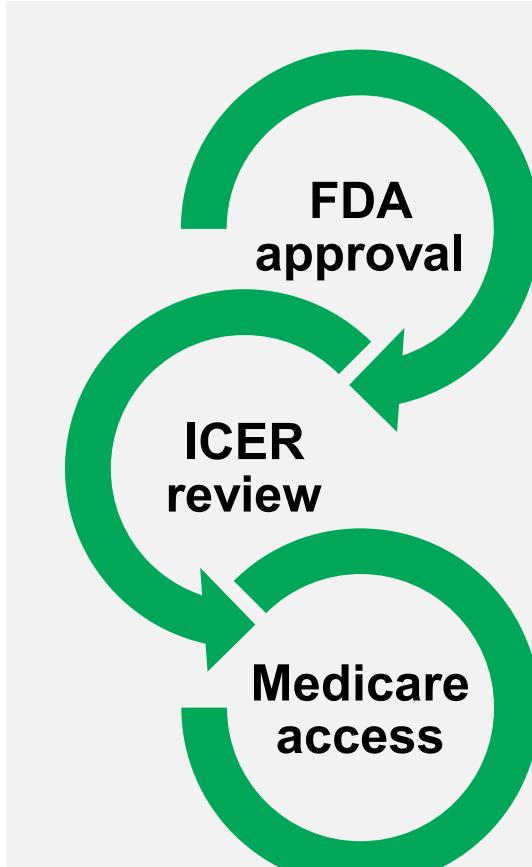
# Relevance to today: Alzheimer's therapy

...obligation to determine: is it reasonable? Is it necessary?

- Centers for Medicare and Medicaid Services<sup>2</sup>

Managed formulary reviews | Healthcare environment

## Aduhelm: an American case study



Controversial approval through an accelerated pathway using an untested clinical trial marker.

Report recommends a list price of \$3,000-\$8,400... an 85-95% discount from the list price of \$56,000 per year.

After extended review, Medicare makes the unusual move to limit access to Aduhelm to patients participating in a clinical trial.

Sources:

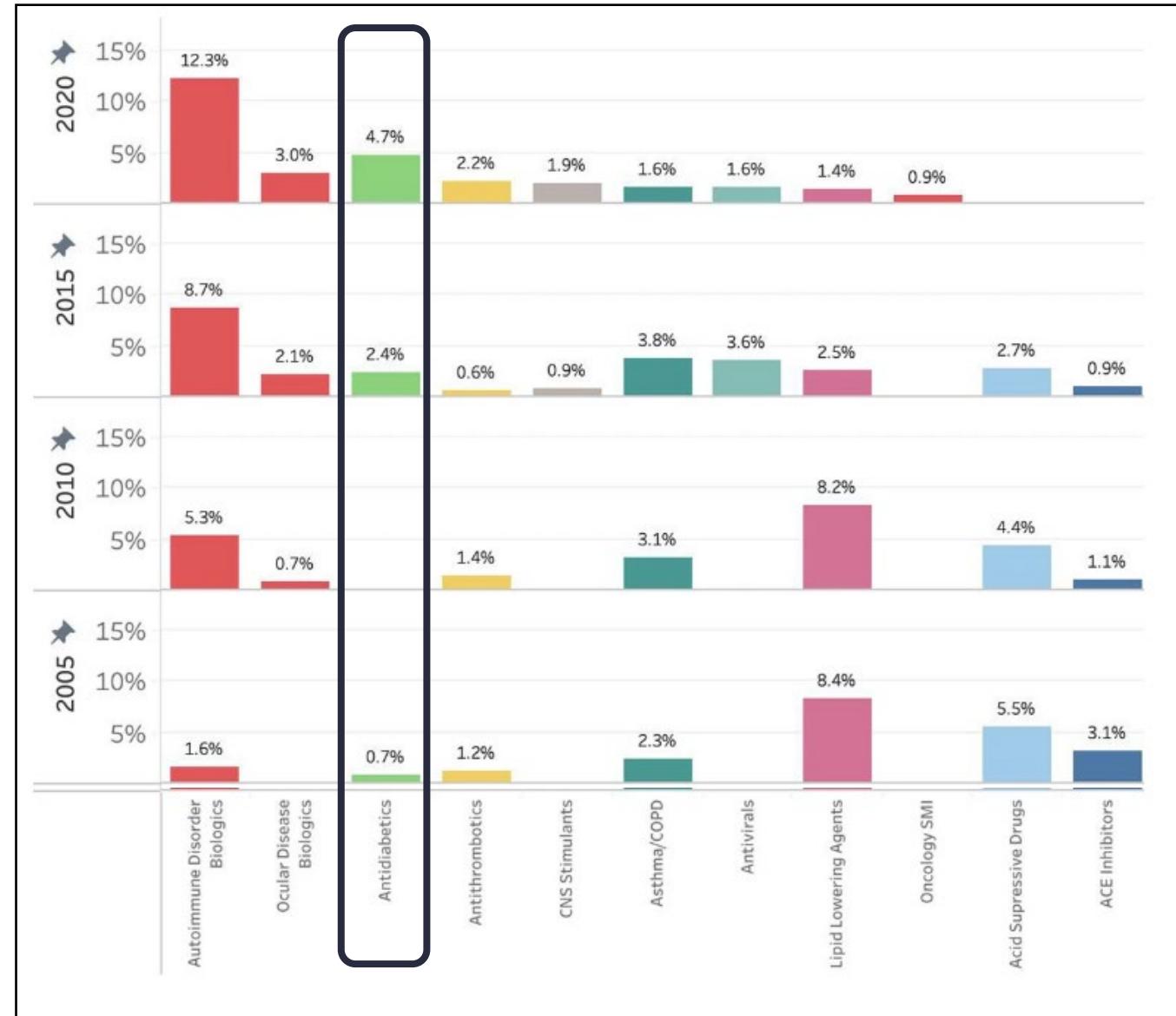
<sup>1</sup> [Report At-a-glance, Alzheimers-Disease-RAAG\\_08052021\\_vFINAL.pdf](#), 2021

<sup>2</sup> [Alzheimer's Drug Aduhelm Faces Crucial Medicare Decision - The New York Times](#), 2021

<sup>3</sup> [Medicare Officially Limits Coverage of Aduhelm to Patients in Clinical Trials - The New York Times](#), 2022

# GLP-1s

2005 – 2020 data shows antidiabetics have been on the rise.



Source:

Adapted from: [Trends in Canadian prescription drug purchasing: 2001–2020 | Journal of Pharmaceutical Policy and Practice | Full Text](#), 2022

# Relevance to today: GLP-1s

**\$2,500 - \$5,000<sup>1</sup>**

**Diabetes affects  
8.8% of Canadians<sup>2</sup>**

**Obesity affects  
60% of Canadians<sup>1</sup>**

**Managed  
formulary reviews**

**Prior  
authorization**

**Product listing  
agreements**

**Case  
management**

**Healthcare  
environment**

Sources:

<sup>1</sup> [Semaglutide \(Wegovy\)](#), Canadian Journal of Health Technologies, CADTH Reimbursement Recommendation, Volume 2, Issue 10, 2022

<sup>2</sup> [Current Utilization Patterns of Glucagon-Like Peptide-1 Receptor Agonists](#), Canadian Journal of Health Technologies, CADTH Health Technology Review, Volume 2, Issue 9, 2022



# Relevance for tomorrow: the drug pipeline

We are in the early days of GLP-1's in Canada and the drug development pipeline is growing with potential new market entrants

## GLP-1 and related pipeline

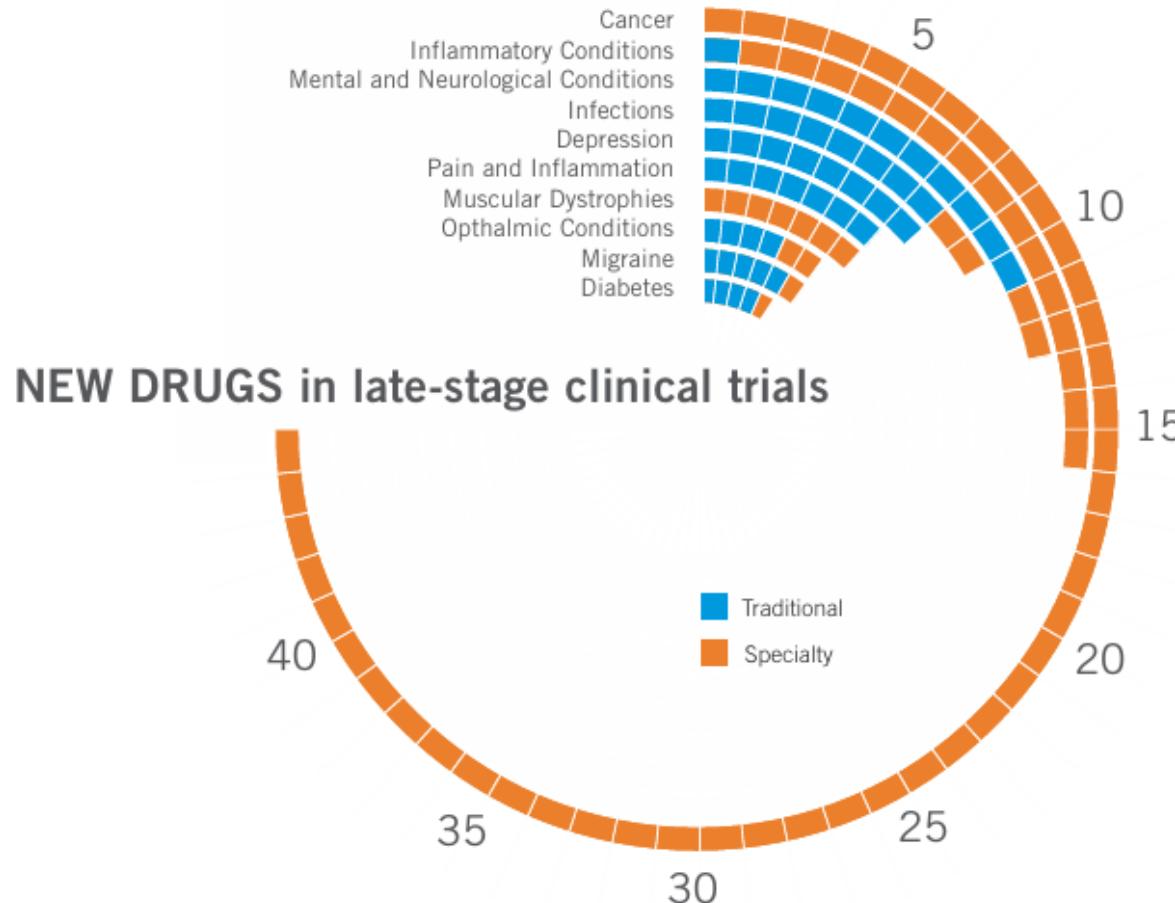
Drug	Manufacturer	Mechanism	Route/ Dosing	Projected US Approval
CagriSema (Cagrilintide/semaglutide)	Novo Nordisk	Amylin Analog/ GLP-1 Agonist	SC (Weekly)	2026
Orforglipron	Lilly	GLP-1 Agonist	Oral (Daily)	2026
Maridebart cafraglutide	Amgen	GIP Antagonist/ GLP-1 Agonist	SC (Monthly)	2027
Pemvidutide	Altimmune	GLP-1/Glucagon Dual Agonist	SC (Weekly)	2027
Retatrutide	Lilly	GLP-1/GIP/Glucagon Triple Agonist	SC (Weekly)	2027
Survudutide	BI./Zealand	GLP-1/Glucagon Dual Agonist	SC	2027
Danuglipron, modified release	Pfizer	GLP-1 Agonist	Oral (Daily)	2028

# Relevance for tomorrow: The drug pipeline

Outside of the GLP-1s, the drug pipeline is diverse. It includes many other traditional drugs aiming to be the next blockbuster, specialty and ultra high-cost treatments.

## Pipeline drugs

Specialty drugs for cancer continue to dominate the new drug development pipeline followed by inflammatory conditions. These are generally medications with high annual costs due to specialized treatment.



Source:  
2023 Drug Trend Report, Express Scripts Canada, April 5, 2023

# Tools to manage drug plans

Cost Controls	Cost Sharing	Active Management	Health Promotion
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## Integrating managed care



# Managed care tools are evolving to better balance the need for cost controls and the need for a positive member experience.

## Potential outcomes:

### Managed formulary reviews

- Improving timelines and transparency
- Maturing of 'private plan lens' for assessment

### Prior authorization

- Automated and electronic PA
- Reduced member and prescriber burden
- End-to-end digital prior authorization

### Product listing agreements

- Outcomes based agreements
- New risk-sharing models
- Real-world evidence

# The future of managed care



## Challenges

- Clinical evidence is tailored for regulatory approval, not HTA.
- Focus on safety, then efficacy, rarely comparable efficacy.
- Growing complexity in coordination with public plans
- Drug plan sustainability

## Opportunities

- Technology enables better engagement with members
- Data analysis helps identify opportunities and measure impacts



# Manulife

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