



## **ALBERTA PHARMACEUTICAL STRATEGY BRIEFING NOTES**

April 7/09

### **Seniors Drug Plan Changes:**

This is the most contentious area of the Alberta Pharmaceutical Strategy. It is a new program for seniors' medication costs that involves income testing to establish an annual deductible for subscribers and will be implemented by Jan. 1, 2010. The deductible ranges from .70% to 5% of a person's or family's annual gross income. The deductible will be paid completely by the patient beginning each year and when drug costs reach the limit, the patient would receive medication at no charge for the remainder of the year. Alberta Health and Wellness (AHW) states that 60% of seniors will fall below the income testing levels and will receive all their medications for free.

Groups such as CARP, Seniors Community Council of Edmonton, Seniors Action and Liaison Team, and Friend of Medicare are active in educating seniors about the impact of this new program and advocating for it to be dropped or changed. There are differing views on how the program can be changed but agreement on the key concerns.

They believe this is essentially a second tax to middle and upper income seniors that is over and above Alberta's flat tax system. They do not support the deductible being based on gross income. And, there are some large increases in the deductible based on the scale AHW has implemented; at some points if a patient is one dollar over the income cut-off you pay as much as \$500 more in the deductible. There are many privacy issues around this program as AHW states the deductible payment will be calculated at the pharmacy, which means the pharmacist has access to details regarding the patient's confidential financial information. And, they believe this is an example of ageism that destroys the concept of universal healthcare in Canada.

Suggested alternatives to this program include focusing the program on health needs rather than income. One proposed method to do this is to ensure the use of the best medicines in an appropriate manner, which could be achieved through Alberta's Primary Care Networks. They are integrating healthcare services to make effective use of resources to provide improved care. The policy of integrated care could also be applied to use of pharmaceuticals, positively impacting drug costs as well as health outcomes.

2...

Other alternatives include dropping Alberta's flat tax system to help defray expenses vs. taxing a specific population twice.

If the income testing element is not going to be dropped completely then recommendations include: linking it to net income vs. gross; implement a more appropriate sliding scale to avoid huge jumps in deductibles; and, raise the income cut-off level.

In February, Min. Liepert committed to "taking a look at" the issues presented by seniors advocates as well as the income levels as outlined in the APS. He stated that due to the changing environment, the income levels seem low. However, there has been nothing stated publicly since about a formal review or implementing any change.

### **Non-Group Coverage:**

As announced, the monthly premiums for the non-group coverage will increase by 2010. Single subscriber rates will rise from \$20.50 to \$63.50 and family rates will increase to \$118 from the current \$82. The announcement did not address a low-income subscriber rate and when asked, AHW indicated they are assessing whether to set a new low-income subscriber premium or use the current one but that one will be in place before the program changes. The current co-payee of 30% of prescription cost to a maximum of \$25, may not increase. This is also still being assessed by AHW but they have stated that the 30% rule will still apply; however, they are looking at whether or not the \$25 maximum should change.

### **Catastrophic Drug Coverage:**

A concern has been raised that this program will be established to only cover catastrophic drug costs for rare disorders and not apply to all patients. AHW views the non-group coverage plan as one that provides this level of coverage for all Albertans. There is no screening for pre-existing conditions when applying for non-group coverage so anyone can subscribe. However, there is a ceiling payout of \$25,000 per year in medication costs with the non-group coverage. It is important to note that once a patient hits this level, there is a process to ensure coverage will continue and in most cases, it does.

### **Harmonization of Plans:**

The variety of publicly funded drug programs will all be moved onto one formulary, or list of what medications are covered. This creates a concern in that some of the existing plans have a greater variety of medications covered vs. the standard list used to fund the non-group coverage (e.g. the drug plan for AISH). The concern is that this uniqueness may be lost when the plans are merged into one. AHW has stated they will continue to provide the same level of coverage for the different plans but it will all be under one list, one Ministry. And, they have also added a process for independent consideration for funding of medications not on the common formulary.

3...

### **Independent Consideration Review:**

This committee is still being organized but we do know that this new process will be kept separate from the Expert Review Committee. It is expected that members will include healthcare professionals and they will review appeals on a case-by-case basis in consultation with the prescribing physician. Therefore, any subscriber of a publicly funded drug program will have the ability to apply for coverage of medications that are not funded or if the patient falls outside pre-set special authorization criteria.

### **Public Committee:**

This is a new committee that will be established to bring societal and ethical views to decisions regarding what medications should be publicly funded. It is expected to be functioning by the end of 2009. AHW is just starting to work on the framework for this committee and have asked Creating Synergy Coalition to consult with them to provide advice on the structure, etc. This work involves addressing such questions as how do we define the public, what role should interested physicians and other healthcare providers play, what medications should be reviewed by the public committee, what value will be given to the committee's recommendations, who will the committee report to, how many members should this committee have, etc. We know that all of these questions are being discussed at AHW and so we want to ensure the patient voice is represented in the final decisions. Therefore, Creating Synergy Coalition's working group volunteers are conducting a planning process to develop a stakeholder engagement framework that can be presented to AHW this spring. We have also been asked to meet with government to review their committee framework before it is implemented later this year.

### **Phase II:**

Any Phase II announcements or changes won't be brought forward until after the Drug Protection Act is approved. The Act is scheduled to be presented to the Legislature the week of April 6/09. AHW believes this Act will give them the legislative authority to launch a process for product listing agreements with pharmaceutical companies that will realize savings for government sponsored drug plans. They have also discussed a review of generic prices in Alberta to enable savings similar to those experienced in Ontario (the government in Ontario has reduced the price of generics by 50%). As well, any changes to the Expert Review Committee and the launch of the public committee will not take effect until after the Act is passed as it is expected that the Act will protect committee members from potential lawsuits resulting from their recommendations re: public funding of medications. We have not seen a copy of the Act at this point but will monitor its progress once it is presented publicly.