

Controlling the costs of prescription drugs



THE TOOLS NEEDED FOR BETTER COST CONTROL



INCREASE IN PRESCRIPTION DRUG COSTS

AGING POPULATION AND WIDESPREAD USE? THERE'S MORE TO IT THAN THAT.

In the past few years, we have seen an unprecedented rise in prescription drug costs. This rise can be attributed, in part, to the aging population and to the use of certain very costly biologic drugs for the treatment of less common diseases. But there's more to it than that. The patent protection that still applies to these new "specialty drugs" limits the production of less costly generic products.

This situation, alarming for the provincial government, is of major concern to group insurance carriers which, as a result of the exorbitant rise in prescription drug costs, have no alternative but to impose higher premiums for policyholders and participants. Insurers must therefore put control measures in place to ensure the sustainability of their plans and meet the needs of insureds while remaining cost-effective.

EXPERIENCE LA CAPITALE'S PREVENTIVE APPROACH

NEW SUPPORT PROGRAM FOR SELF-MANAGEMENT OF CHRONIC CONDITIONS

The support program for self-management of chronic conditions is part of the health and wellness continuum of La Capitale's VIVA prevention programs. Over a six-month period, the program provides guidance to participants suffering from one or more chronic illnesses which might result in significant group plan usage, enabling them to independently manage their condition. The objective is to lower prescription drug use and reduce the number and length of disability periods.

For more information on this program, go to [**viva.lacapitale.com**](https://viva.lacapitale.com)

Prevention
is the cure

PREVENTION

Prevention is the basis of good health and, therefore, a crucial element in controlling prescription drug costs.

The insurer has an important role to play in the prescription drug cost control process. The objective of the measures which La Capitale has put in place is to rationalize group insurance plan costs, thus enabling policyholders and participants to save on their premiums.

- La Capitale agrees to reimburse prescription drug expenses for a maximum period of 100 days. However, that period may be extended for special cases and upon request.
- Prescription renewals are permitted only when more than half of the previously prescribed quantity has been used.
- For high claimants, regular monitoring is carried out to ensure that their initial needs are still present.
- **Consulting pharmacists**
The two consulting pharmacists, who are permanently on staff at La Capitale, provide us with additional expertise for the management of prescription drugs. The presence of these pharmacists, who supervise our various prescription drug committees, enables us to multiply our interventions and very closely monitor all prescription drug trends. Their knowledge may also prove to be very useful to us in implementing prevention and education programs.

Our committees:

- **Prescription drug watch committee:** This committee studies, recommends and shares the best market practices with regard to prescription drug management.
- **Expensive drug committee:** This committee participates in the analysis of claims for prescription drugs costing in excess of \$250,000 per year.
- **Drug orientation committee:** This committee, which is made up of experts from La Capitale and representatives of our healthcare provider, continuously strives to come up with new measures to facilitate better prescription drug cost control in group plans.

Our consulting pharmacists are also available to meet with groups for discussions about prescription drugs based on their needs.



COST CONTROL MEASURES

TO FACILITATE EFFECTIVE MANAGEMENT OF PRESCRIPTION DRUG COSTS, LA CAPITALE OFFERS A NUMBER OF CONTROL MEASURES.

THE FOLLOWING MEASURES ARE APPLIED TO ALL OF OUR CONTRACTS:

■ **Prior authorization**

La Capitale has a prior authorization drug list. This list, which is available on our website,* is updated continuously. For drugs on this list, the insured must send us an assessment form completed by the physician. Our prescription drug management team then examines the request.

We take the therapeutic value of the drug into consideration. We ensure that the reimbursement criteria are met and that the insured has tried and followed the first-line treatment.

At the time of implementation of a new group, we renew the acceptance of exception drugs following receipt of any of the following documents:

1. File or letter from the former insurer, specifying the end date of the authorized period: We keep the same date, for up to 12 months or the maximum period allowed in our authorization criteria.
2. Evidence (pharmacy receipt, letter, statement) with no end date: We renew the authorization for a three-month period.

In managing the proposed measures, La Capitale considers all the Canadian provincial government programs, both in terms of eligibility and adherence to the rules and criteria set forth by these programs.

* lacapitale.com/forms

- **Substitution of biologic drugs**

When a biologic drug is prescribed to treat a condition for which a biosimilar exists, only the biosimilar is eligible for reimbursement.

THE POLICYHOLDER MAY ALSO ELECT ONE OF THE FOLLOWING OPTIONS:

- **Step therapy**

Makes it possible to ensure that the generally less costly first-line drug, has been tried, when several drugs are available to treat an illness.

- **Maintenance pharmacotherapy**

Makes it possible to encourage the pharmacist to resubmit the claim for a three-month supply each time, when the insured has been taking an acute treatment drug for three consecutive months.

- **Specialized pharmacotherapy**

Makes it possible to target and reject claims that could first be reimbursed under the provincial plan (special drug programs).

- **Narcotics management**

Makes it possible to apply a “normalized” limit to all narcotic drugs based on the morphine equivalent dose.

- **Annual deductible**

- **Deductible per prescription**

For each covered drug purchased, the insured pays a fixed amount, which constitutes the first increment of the total cost.

- **Coinsurance**

- **Coinsurance based on drug class**

A higher coinsurance for generic drugs causes insureds to become more aware of drug costs and be more likely to choose generic drugs.

- **Tiered coinsurance**

- **Introduction of maximums**

Total amount reimbursed under the plan for each participant’s eligible expenses. It may be a cumulative maximum for all medical expenses or a separate maximum for each drug category (e.g. narcotics, smoking cessation products, products to treat infertility).

- **Dispensing fee limitation**

A maximum amount per unit is specified in the contract.

- **Limitation of dispensing fee billing frequency**

- Limits billing frequency of dispensing fees reimbursed over a given period.
- Prescription drugs and drug classes to be targeted may be personalized.

- **Managed formulary**

- **Traditional formularies** (provincial, restrictive and broad)

- **Generic substitution**

The reimbursement amount is calculated based on the lowest-priced equivalent, unless the physician indicates “no substitution” on the prescription. Reimbursement is then calculated directly according to the cost of the claimed drug.

- **Mandatory generic substitution**

The reimbursed amount is calculated based on the cost of the lowest-priced equivalent even if “no substitution” is indicated on the prescription. In this case, an insured with a medical condition requiring the use of a drug other than the lowest-priced equivalent can ask to be exempted from the generic substitute. The insured will have to complete a form in this regard.

- **Generic substitution** (provincial drug list)

With this option, the reimbursement is based on the cost of the generic equivalent on the provincial drug list.

- **Reference DIN** (substitution for a therapeutic class)

- The maximum allowable cost (MAC) program applies a maximum dollar amount to a therapeutic class of drugs based on the cost of the least expensive drug in the class (the reference drug).
- A cost management tool that encourages physicians to prescribe the most economical drugs in a given therapeutic class.
- In many common therapeutic classes, there is a wide variety of prescription drugs the prices of which often differ but which produce similar clinical results.



FRAUD PREVENTION

To protect its group insurance customers from fraud and abuse, La Capitale also applies a series of measures aimed at preventing, detecting and deterring fraud and abuse.

To obtain more information about the fraud control and prevention measures, go to lacapitale.com





FOCUSING ON HEALTH IN THE WORKPLACE

DID YOU KNOW...?

Tobacco use, a sedentary lifestyle, alcohol abuse and an unbalanced diet are risk factors that are closely linked to the onset of the main causes of death due to non-communicable diseases, i.e. cardiovascular diseases, cancer, respiratory diseases and diabetes.*

These risk factors can be reduced. It's essential to act on them!

viva.lacapitale.com/en

* World Health Organization

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