CANADIAN HEALTH POLICY INSTITUTE

Public v Private Insurance Coverage for New Drugs in Canada 2018-2023

Public v private insurance coverage for new drugs in Canada, 2018-2023, 7th Edition

CONTRIBUTORS

Brett J Skinner, PhD, Canadian Health Policy Institute (CHPI)

ATTRIBUTION

This paper is corporately authored and edited based on proprietary template models and methods that are intended to facilitate regular updates. The design and content are a cumulative reflection of the diverse contributions collectively attributable to the CHPI affiliated researchers who may have variously participated in updating each edition. Data sources, methods and editorial presentation may evolve from previous editions.

DISCLAIMER

This study uses data from IQVIA Inc. The analysis, conclusions and opinions expressed in this paper do not necessarily reflect the views of the data supplier.

CITATION

Canadian Health Policy Institute (CHPI) (2024). Public v private insurance coverage for new drugs in Canada, 2018-2023. *Canadian Health Policy*, APR 2024. ISSN 2562-9492 https://doi.org/10.54194/DKPO5320 canadianhealthpolicy.com.

REVISION

This paper has been revised to reflect new data as of April 22, 2024. The changes affect Chart 1.

Table of Contents

TABLE OF CONTENTS **3**

ABOUT THE STUDY **4**

Purpose 4
Focus on New Medicines 4
Policy Relevance 4

BACKGROUND **5**

Canada's Pluralistic Public-Private Drug Insurance System 5

DATA AND METHOD **6**

RESULTS **7**

New Drugs Included on Formulary 7
Insurance Coverage Delay 7

POLICY DISCUSSION **9**

National Pharmacare 9
How to Get Better and Faster Coverage Under Public Drug Plans 9

APPENDIX **10**

REFERENCES **13**

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

About the Study

Purpose

The study compares the availability and wait times for insured access to new medicines in public and private drug plans. It identifies causes of limited availability and excessive waits, and it recommends practical policy options.

Focus on New Medicines

Drug insurance should provide financial protection from unexpected and unaffordable costs of accessing necessary medicines. Many prescription drugs are priced low enough (relative to other household expenses) to be affordable as an out-of-pocket expense. New innovative medicines representing the latest treatment advances, first-in-class therapies, or targeted therapies for rare diseases can be expensive and unaffordable without insurance. Therefore, it is important to measure the quality of benefits provided under drug insurance plans according to the coverage of new medicines.

Policy Relevance

The parliamentary cooperation agreement between the federal Liberals and the NDP has revived proposals for a universal single-payer national pharmacare program. The federal government recently announced it would work with the provinces to fund universal prescription drug benefits for contraceptives and diabetes medications. It is the first step toward a national pharmacare program that will replace existing public and private drug plans. The limited scope of coverage in existing public drug plans is indicative of what Canadians can expect from national pharmacare. The results of this study forewarn that national pharmacare will reduce access to new medicines for Canadians currently covered under private plans.

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

Background

Canada's Pluralistic Public-Private Drug Insurance System

Canada has a mixed public and private prescription drug insurance system with a universal public safety net for uninsured drug expenses.

Prescription drug insurance is provided in the private sector through a competitive market with multiple corporate and cooperative enterprises. Insurance providers sell various types of coverage primarily to group sponsors like employers. Sponsors can buy pooled insurance or administrative services only. Sponsors typically provide prescription drug coverage as part of a larger package of extended health benefits for things not covered by provincial health plans. According to the Canadian Life and Health Insurance Association, 25.5 million Canadians (64% of the total population), counting beneficiaries and their dependents, have prescription drug coverage under group-sponsored (68% of beneficiaries) or individual (32%) private drug plans. The privately insured population includes public sector employees (provincial and federal members of parliament, senators, employees of the provincial, federal, and municipal governments, and employees of publicly funded institutions like universities), private sector employees, retirees in both sectors who have legacy benefits, and post-secondary students who are eligible for benefits through their tuition payments.

Federal, provincial and territorial governments provide publicly funded benefits for target populations defined by age, income, disease, or indigenous status. People who fall in the gaps between private and public insurance are protected because every jurisdiction in Canada has publicly funded safety-net programs for out-of-pocket prescription drug expenses exceeding income-adjusted deductibles. People in the lowest income deciles are eligible for public safety-net coverage at zero or very low costs. People in the highest income deciles are covered when prescription drug costs exceed 3% to 7% of family income depending on the jurisdiction. Average out-of-pocket costs are affordable. Statistics Canada data indicate that in every income decile, more is spent by households on tobacco and alcohol than is spent out-of-pocket on prescription drugs.

While the population is universally insured, not all drugs are covered under existing drug benefit plans and programs. If a patient's prescribed medication is not listed on the formulary, then they are exposed to 100% of the cost as an out-of-pocket expense. The number of new drugs included on formulary varies within and between sectors. Telus Health reported that over 80% of private drug plans have open formularies under which new drugs are eligible for reimbursement immediately upon marketing authorization from Health Canada. Other private plans use positive or negative formulary lists. Typically, private drug plans use deductibles and copayments and end up insuring about 80% of prescription costs. Public drug plans typically have positive formulary lists of drugs approved for reimbursement, and they use income-adjusted deductibles and co-pays. Public drug plans also make reimbursement decisions conditional on: health technology assessment (HTA), conducted by the Canadian Agency for Drugs and Technologies in Health (CADTH); and centralized price negotiations through the pan-Canadian Pharmaceutical Alliance (pCPA).

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

Data and Method

A new medicine (i.e. innovative or patented, drug or pharmaceutical) was defined as a patented prescription drug product (chemical or biologic), categorized as a new active substance (NAS) by Health Canada, and granted marketing authorization for human use in Canada during the calendar years 2018 to 2022. According to Health Canada, a new active substance is a new drug (pharmaceutical or biologic) that contains a medicinal ingredient not previously approved in a drug in Canada and that is not a variation of a previously approved medicinal ingredient.

The study uses the terminology "marketing authorization (MA)" interchangeably with "regulatory approval(s)". Both terms mean that Health Canada has issued formal permission to sell a new drug. The terminology "formulary listings" is used interchangeably with "insurance coverage" or "reimbursement".

Insured access to a new medicine was indicated by its inclusion on the formulary of a drug plan. Insurance coverage was deemed to be the only meaningful concept of access because the cost of many pharmaceuticals would be financially unaffordable for most people without the risk pooling associated with private insurance plans or the subsidy associated with publicly funded drug plans.

The availability status was verified, and wait times metrics were calculated, for the same drug across all jurisdictions. The number of formulary listings were calculated from counts of dates posted in the database. The insurance coverage delay was defined as the number of days lapsed between the date of marketing authorization, and the date that the medicine was included on an insurance formulary in the jurisdiction. The delays were calculated by subtracting earlier dates from later dates using the date value function of Microsoft Excel. The federal–provincial formulary data were aggregated at the national level as a simple average observed across all listings, while the numbers for private drug plans were the first recorded experience with a paid claim in any plan. The difference in method was necessary due to the lack of perfectly comparable data.

The submission dates for new drug applications and the effective dates of regulatory approval were obtained by special request from Health Canada for all new active substances that were authorized for marketing from 1 January 2018 to 31 December 2022. **[**1**]** Canadian formulary data were separately available for the 11 federal (Non-Insured Health Benefit NIHB) and provincial publicly funded drug plans, and were available collectively in aggregate across private sector drug plans from IQVIA Inc. **[**2**]** The data were supplemented and cross-referenced by accessing the publicly available formulary lists from the federal and provincial drug plans and cancer care agencies. Formulary status was assessed current to 31 December 2023 to allow at least one year for formulary listings data to mature. The study excluded radiopharmaceuticals and vaccines.

The data were compiled into CHPI's Canadian Access to Innovative Medicines Database (CA2IMD). The database includes the brand name, generic name, manufacturer, jurisdictional regulator, submission class (e.g. NAS), biologic/chemical identifier, new drug application date, marketing authorization date for drugs approved by Health Canada, and reimbursement data including first claim date across private sector drug plans, formulary listing dates for each federal and provincial drug plan, and the reimbursement status of each formulary listing. The database is updated annually.

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

Results

New Drugs Included on Formulary

Health Canada reported 166 marketing authorizations for new active substances during 2018-2022. **[APPENDIX EXHIBIT 1]** Using CHPI's CA2IM database we counted the total number of formulary listings in each provincial and federal public drug plan, and a comparable total for the private sector drug plans, represented by the first claim reported by any plan for each of the 166 NAS approved by Health Canada. We assumed that the first claim represented the average across most private plans.

CHART 1 shows the average number of formulary listings aggregated across 11 provincial and federal public sector drug plans, and private sector drug plans, also stated as a percentage of the 166 new medicines authorized for marketing by Health Canada from 2018-2022. On average, public drug plans covered only 30 (18%) of the 166 new drugs approved in Canada, compared to 113 (68%) in private drug plans.

In other words, publicly insured Canadians were covered for less than 1 out of every 5 new drugs that Health Canada deemed safe and effective during the study period. By contrast, privately insured Canadians were covered for 3.5 times the number of new drugs available to publicly insured Canadians.

Insurance Coverage Delay

The insurance coverage delay is represented by the time between the date of national marketing authorization and inclusion on a drug plan formulary. **CHART 2** shows the average number of days from national marketing authorization to first formulary listing across the federal and provincial drug plans, for the 166 NAS approved by Health Canada during 2018-2022 with a positive formulary listing as of 31 DEC 2023. The corresponding average for private sector drug plans is also shown.

For the few new drugs that were listed, publicly insured Canadians waited over two years on average, from Health Canada approval, for those medicines to be available in their provincial or federal plans. This was twice as long as the average wait times experienced by privately insured Canadians. The data indicate that the insurance coverage delay averaged 770 days across all listings in the 11 provincial and federal public drug formularies. The comparable average wait time for insurance coverage for new medicines in the private sector drug plans was 369 days.

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

CHART 1. Formulary listings as of 31 DEC 2023 for new active substances approved by Health Canada 2018-2022.

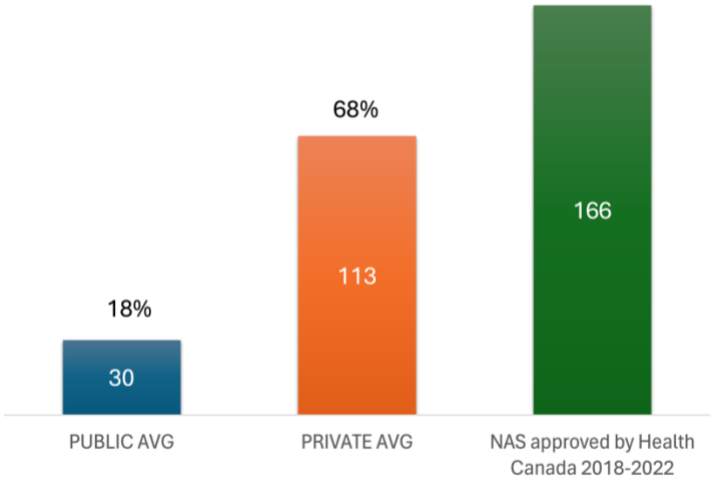
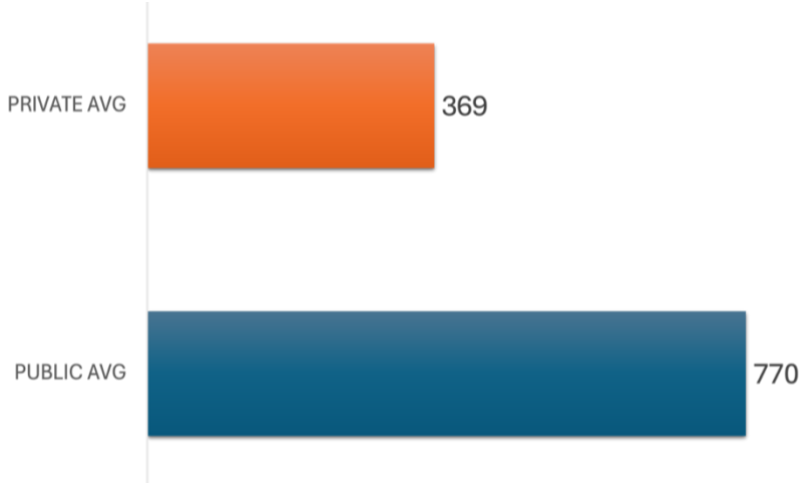


CHART 2. Mean time (days) from marketing authorization to formulary listing as of 31 DEC 2023 for new active substances approved by Health Canada 2018-2022.



 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

Policy Discussion

National Pharmacare

The parliamentary cooperation agreement between the federal Liberals and the NDP has revived proposals for a universal single-payer national pharmacare program. The federal government recently announced it would work with the provinces to fund universal prescription drug benefits for contraceptives and diabetes medications. It is the first step toward a national pharmacare program that will replace existing public and private drug plans.

National pharmacare will entrench the scarcity and delays affecting access to new medicines in federal and provincial drug plans. Our analysis shows that public drug plans listed fewer than one-fifth of all new drugs approved by Health Canada, and the wait for coverage of these few drugs was over 2 years on average. It is unlikely that National pharmacare will cover more new drugs than existing public drug plans. Moreover, nearly 26 million Canadians covered under private plans will experience a significantly diminished drug insurance benefit under a universal single-payer system.

How to Get Better and Faster Coverage Under Public Drug Plans

Coverage of new medicines in private drug plans is better and faster than public drug plans because more than eight out of every 10 private plans have open formularies. Private drug plans also do not utilize health technology assessment (HTA), nor do they engage in the same sort of bureaucratic process for negotiating reimbursement with manufacturers as public plans do. Public drug plans should emulate the open formulary approach practiced by most private drug plans.

However, Canadian pharmaceutical policymakers are unlikely to dismantle the HTA and centralized reimbursement negotiation process. Assuming governments retain the CADTH and the PCPA, these processes should be realigned to occur post market. The German system for pharmaceutical pricing and reimbursement provides an interesting example of this approach that could be adopted in Canada. It is designed to expedite access to new medicines in public drug plans by allowing immediate interim insurance coverage following marketing authorization, with permanent insurance coverage pending the outcome of public reimbursement negotiations. **[3]** Adopting this approach in Canada's public drug plans would potentially (pending successful reimbursement) allow beneficiaries of those plans to get access to new medicines with availability and wait times that are comparable to private drug plans with open formularies.

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

Appendix

EXHIBIT A. Study cohort: 166 new active substances (NAS) authorized for marketing by Health Canada 2018-2022 excluding vaccines and radiopharmaceuticals.

NAS BRAND NAME	ACTIVE INGREDIENT GENERIC NAME
ABECMA	IDECABTAGENE VICLEUCEL
ADBRY	TRALOKINUMAB
ADDYI	FLIBANSERIN
ADTRALZA	TRALOKINUMAB
AIMOVIG	ERENUMAB
AJOVY	FREMANEZUMAB
AKLIEF	TRIFAROTENE
ALBRIOZA	URSODOXICOLTAURINE, SODIUM PHENYLBUTYRATE
ALUNBRIG	BRIGATINIB
ANTHIM	OBILTOXAXIMAB
BALVERSA	ERDAFITINIB
BELSOMRA	SUVOREXANT
BEOVU	BROLUCIZUMAB
BESPONSA	INOTUZUMAB OZOGAMICIN
BIKTARVY	EMTRICITABINE, TENOFOVIR ALAFENAMIDE HEMIFUMARATE, BICTEGRAVIR SODIUM
BIMZELX	BIMEKIZUMAB
BRAFTOVI	ENCORAFENIB
BREYANZI	LISOCABTAGENE MARALEUCEL
BRINEURA	CERLIPONASE ALFA
BRUKINSA	ZANUBRUTINIB
CABLIVI	CAPLACIZUMAB
CABOMETYX	CABOZANTINIB
CALQUENCE	ACALABRUTINIB
CAMZYOS	MAVACAMTEN
CIBINQO	ABROCITINIB
CORZYNA	RANOLAZINE
CRESEMBA	ISAVUCONAZONIUM SULFATE
CRYSVITA	BUROSUMAB
DACOGEN	DECITABINE
DAURISMO	GLASDEGIB
DAYVIGO	LEMBOREXANT
DOJOLVI	TRIHEPTANOIN
EMGALITY	GALCANEZUMAB
EMPAVELI	PEGCETACOPLAN
ENHERTU	TRASTUZUMAB DERUXTECAN
ENSPRYNG	SATRALIZUMAB
ERLEADA	APALUTAMIDE
ESPEROCT	ANTIHEMOPHILIC FACTOR VIII (RECOMBINANT, B-DOMAIN TRUNCATED), PEGYLATED
EUCRISA	CRISABOROLE
EVENITY	ROMOSOZUMAB
EVRYSDI	RISDIPLAM
FASENRA	BENRALIZUMAB
FOLOTYN	PRALATREXATE
GAVRETO	PRALSETINIB
GIVLAARI	GIVOSIRAN
HEMLIBRA	EMICIZUMAB
HYQVIA	HYALURONIDASE (HUMAN RECOMBINANT), IMMUNOGLOBULIN (HUMAN)
IBSRELA	TENAPANOR
IDHIFA	ENASIDENIB MESYLATE
ILUMYA	TILDRAKIZUMAB
INCRELEX	MECASERMIN
INQOVI	CEDAZURIDINE, DECITABINE
INREBIC	FEDRATINIB HYDROCHLORIDE
INTRAROSA	PRASTERONE
JEMPERLI	DOSTARLIMAB

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

JIVI	ANTIHEMOPHILIC FACTOR (RECOMBINANT, B-DOMAIN DELETED, PEGYLATED)
KERENDIA	FINERENONE
KIMMTRAK	TEBENTAFUSP
KISQALI	RIBOCICLIB SUCCINATE
KORSUVA	DIFELIKEFALIN
KOSELUGO	SELUMETINIB SULFATE
KYMRIAH	TISAGENLECLEUCEL
LEQVIO	INCLISIRAN SODIUM
LIBTAYO	CEMIPLIMAB
LIVTENCITY	MARIBAVIR
LOKELMA	SODIUM ZIRCONIUM CYCLOSILICATE
LONSURF	TIPIRACIL HYDROCHLORIDE, TRIFLURIDINE
LORBRENA	LORLATINIB
LUMAKRAS	SOTORASIB
LUXTURNA	VORETIGENE NEPARVOVEC
MAYZENT	SIPONIMOD
MEKTOVI	BINIMETINIB
MONJUVI	TAFASITAMAB
MOUNJARO	TIRZEPATIDE
MYLOTARG	GEMTUZUMAB OZOGAMICIN
NERLYNX	NERATINIB MALEATE
NEXTSTELLIS	DROSPIRENONE, ESTETROL MONOHYDRATE
NEXVIAZYME	AVALGLUCOSIDASE ALFA
NGENLA	SOMATROGON
NUBEQA	DAROLUTAMIDE
ODOMZO	SONIDEGIB
OLUMIANT	BARICITINIB
ONPATTRO	PATISIRAN SODIUM
ONSTRYV	SAFINAMIDE
ORILISSA	ELAGOLIX
ORLADEYO	BEROTRALSTAT HYDROCHLORIDE
OSPHENA	OSPEMIFENE
OXERVATE	CENEGERMIN
OXLUMO	LUMASIRAN SODIUM
OZEMPIC	SEMAGLUTIDE
PADCEV	ENFORTUMAB VEDOTIN
PALYNZIQ	PEGVALIASE
PANHEMATIN	HEMIN
PEMAZYRE	PEMIGATINIB
PIFELTRO	DORAVIRINE
PIQRAY	ALPELISIB
POLIVY	POLATUZUMAB VEDOTIN
PONVORY	PONESIMOD
POTELIGEO	MOGAMULIZUMAB
QINLOCK	RIPRETINIB
QULIPTA	ATOGEPANT
RADICAVA	EDARAVONE
RAYALDEE	CALCIFEDIOL
REBLOZYL	LUSPATERCEPT
REKOVELLE	FOLLITROPIN DELTA
RETEVMO	SELPERCATINIB
RHOLISTIQ	BELUMOSUDIL MESYLATE
RINVOQ	UPADACITINIB
ROZLYTREK	ENTRECTINIB
RUKOBIA	FOSTEMSAVIR TROMETHAMINE
RUZURGI	AMIFAMPRIDINE
RYBREVANT	AMIVANTAMAB
SAPHNELO	ANIFROLUMAB
SARCLISA	ISATUXIMAB
SCEMBLIX	ASCIMINIB HYDROCHLORIDE
SILIQ	BRODALUMAB
SKYRIZI	RISANKIZUMAB

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

SOHONOS	PALOVAROTENE
SOTYKTU	DEUCRAVACITINIB
STEGLATRO	ERTUGLIFLOZIN
SUNLENCA	LENACAPAVIR SODIUM
SUNOSI	SOLRIAMFETOL HYDROCHLORIDE
SYMDEKO	IVACAFTOR, TEZACAFTOR
TABRECTA	CAPMATINIB HYDROCHLORIDE
TAKHZYRO	LANADELUMAB
TALZENNA	TALAZOPARIB
TAVALISSE	FOSTAMATINIB DISODIUM
TAVNEOS	AVACOPAN
TECARTUS	BREXUCABTAGENE AUTOLEUCEL
TEGSEDI	INOTERSEN SODIUM
TEPMETKO	TEPOTINIB HYDROCHLORIDE
TEZSPIRE	TEZEPELUMAB
TIBELLA	TIBOLONE
TOMVI	ETOMIDATE
TRIFERIC AVNU	FERRIC PYROPHOSPHATE CITRATE
TRIKAFTA	ELEXACAFTOR, IVACAFTOR, TEZACAFTOR
TRODELVY	SACITUZUMAB GOVITECAN
TRULANCE	PLECANATIDE
TRUSELTIQ	INFIGRATINIB PHOSPHATE
TUKYSA	TUCATINIB
UBRELVY	UBROGEPANT
ULTOMIRIS	RAVULIZUMAB
UNITUXIN	DINUTUXIMAB
VABYSMO	FARICIMAB
VASCEPA	ICOSAPENT ETHYL
VELPHORO	SUCROFERRIC OXYHYDROXIDE
VELTASSA	PATIROMER SORBITEX CALCIUM
VERZENIO	ABEMACICLIB
VITRAKVI	LAROTRECTINIB
VIZIMPRO	DACOMITINIB
VRAYLAR	CARIPRAZINE HYDROCHLORIDE
VYEPTI	EPTINEZUMAB
VYNDAQEL	TAFAMIDIS MEGLUMINE
VYZULTA	LATANOPROSTENE BUNOD
WAKIX	PITOLISANT HYDROCHLORIDE
WELIREG	BELZUTIFAN
XENLETA	LEFAMULIN ACETATE
XERMELO	TELOTRISTAT ETIPRATE
XOSPATA	GILTERITINIB FUMARATE
XPOVIO	SELINEXOR
XYDALBA	DALBAVANCIN
YESCARTA	AXICABTAGENE CILOLEUCEL
ZEJULA	NIRAPARIB
ZEPOSIA	OZANIMOD HYDROCHLORIDE
ZEPZELCA	LURBINECTEDIN
ZOLGENSMA	ONASEMNOGENE ABEPARVOVEC

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024

References

[1] Health Canada (2023). PDD, BRDD Annual Performance Reports 2022. https://www.canada.ca/en/health-canada/services/drugs-health-products/reports-publications/drug-products.html.

[2] IQVIA Inc. Integrated Market Access Console (IMAM) Database. 31 DEC 2023.

[3] OECD (2018). Pharmaceutical Reimbursement and Pricing in Germany. Organisation for Economic Cooperation and Development.

 | ISSN 2562-9492 | *Canadian Health Policy*, APR 2024