

Affordable Access to Medications
Brief to the Department of Health
Fair Drug Prices Consultation
Submitted August 13, 2011

Executive Summary and Recommendations

The MS Society of Canada, Atlantic Division strongly urges the Government of New Brunswick to implement a universal program of catastrophic drug coverage as soon as possible to limit the high costs currently faced by New Brunswickers for prescription medications. Implementing such a program would meet New Brunswickers' expectations that medically necessary drugs are accessible without undue financial hardship, and will fulfill commitments made by the government since 2004 and as recently as September 2010.

A catastrophic drug program would mean that working families who need expensive drug treatments will be able to continue to be employed. In doing so, they will avoid resorting to social assistance programs simply to obtain coverage, thereby becoming dependent on the state for their incomes (in addition to their drugs) over their lifetimes. Families without insurance or with employer-sponsored health benefits who must pay thousands of dollars in co-payments will not have to make difficult choices between the necessities of life and drug treatments. Finally, workers who lose their jobs will not be vulnerable to unexpected and crippling costs. Because patients will be able to afford to take their medications as prescribed, New Brunswick's health system will be relieved of many unnecessary ER and physician visits.

Recommendations:

1. Consult with stakeholders including member organizations of the New Brunswick Catastrophic Drug Stakeholders Group, like the MS Society of Canada, to develop an understanding of the issues faced by those affected by chronic illness in relation to high drug costs and to determine the details that should be found in a catastrophic drug program.
2. Set a maximum threshold for out-of-pocket prescription drug expenses for New Brunswick families at a level no higher than 5% of net annual household income. This would be a combined maximum for all prescription medications on the provincial formulary, including those considered to be catastrophic in cost.

3. Use the expected significant generic drug savings, from both the upcoming patent-cliff and potential generic drug price capping to support a catastrophic drug program that limits the out-of-pocket expenses to New Brunswickers at no more than 5% of net annual household income.

The Issue

The people of New Brunswick need a system of catastrophic drug coverage because the costs of many drugs, including treatments for multiple sclerosis, have grown beyond the financial reach of many families and individuals.

Due to their disease, many MS patients fall into the categories of New Brunswickers who are vulnerable to unaffordable drug costs:

- once diagnosed, many MS patients are uninsurable as individuals
- many are unable to work, and lose their private insurance coverage with their jobs
- some must live on disability payments, which are lost if they return to work where they may be eligible for group coverage
- most are unable to afford co-payments (usually 20 per cent for private plans) which amount to thousands of dollars a year for disease-modifying therapies, or may be subjected to annual caps

Often in these situations, MS patients are forced to resort to social assistance to cover the costs of needed medications. To become eligible for this support, they must first exhaust their liquid assets. In doing so, they deprive themselves and their families of their homes, savings and investments in future education and retirement. Because the drugs required by one person are unaffordable, the entire family becomes dependent on government support for their lifetimes.

Currently 28 per cent of New Brunswickers lack insurance for prescription medication costs and the number of families currently paying more than five per cent of its net household income on prescription drugs is 68 per cent higher than the rest of Canada. A catastrophic drug program would mean that working families who need expensive drug treatments will be able to continue to be employed. In doing so, they will avoid resorting to social assistance programs simply to obtain coverage, thereby becoming dependent on the state for their incomes (in addition to their drugs) over their lifetimes. Families without insurance or with employer-sponsored health benefits who must pay thousands of dollars in co-payments will not have to make difficult choices between the necessities of life and drug treatments. Finally, workers who lose their jobs will not be vulnerable to unexpected and crippling costs. Because patients will be able to afford to take their medications as prescribed, New Brunswick's health system will be relieved of many unnecessary ER and physician visits.

Recommendation 1

Consult with stakeholders including member organizations of the New Brunswick Catastrophic Drug Stakeholders Group, like the MS Society of Canada, to develop an understanding of the issues faced by those affected by chronic illness in relation to high drug costs and to determine the details that should be found in a catastrophic drug program.

The New Brunswick Catastrophic Drug Stakeholders Group was formed to advocate for a catastrophic drug program in New Brunswick. As organizations that represent those with serious and chronic illnesses, members of the group are astutely aware of the challenges faced by those who require access to multiple and high cost medications. As well, Stakeholders Group members are interested in the development of a universal catastrophic drug program, instead of programs specific to disease types. By assisting families facing high drug costs on a daily basis, group members are fully aware that families can be affected by more than one illness at a time and are challenged to afford all the medications recommended for treatment. Each disease type has specific challenges but the high cost of medications is a universal problem that requires a universal solution.

Members of the New Brunswick Catastrophic Drug Stakeholders Group:

Ability New Brunswick
Alzheimer Society of New Brunswick
ALS Society of New Brunswick
Canadian Cancer Society New Brunswick
Canadian Cancer Action Network
Canadian Diabetes Association
Canadian Liver Foundation
College of Psychologists New Brunswick
Heart and Stroke Foundation of New Brunswick
Kidney Cancer Canada
Multiple Sclerosis Society of Canada, Atlantic Division
New Brunswick Association of Social Workers
New Brunswick Lung Association
New Brunswick Medical Society
New Brunswick Multiple Myeloma Support Group
New Brunswick Pharmacists' Association
New Brunswick Physiotherapy Association
The Arthritis Society
The Kidney Foundation of Canada

Recommendation 2

Set a maximum threshold for out-of-pocket prescription drug expenses for New Brunswick families at a level no higher than 5% of net annual household income. This would be a combined maximum for all prescription medications on the provincial formulary, including those considered to be catastrophic in cost.

MS patients are particularly vulnerable to the high costs of drugs which are needed to treat the primary disease, to manage its symptoms and to treat other, unrelated conditions. Although Plan H of the New Brunswick Prescription Drug Program provides partial coverage for disease-modifying therapies, MS patients are required to pay a large part of these costs, in addition to covering the entire cost of their other drug treatments. These out-of-pocket expenses are often unmanageable. Because MS most often strikes in the prime of life, drugs which delay the progression of disease enable patients to continue to fulfill their roles as employees, parents and contributing members of society. The need for drug coverage should not determine when an MS patient leaves or rejoins the workforce, force patients to spend their family's savings, or exhaust their personal assets. These policies serve the interests of neither patients nor the Government of New Brunswick.

Recommendation 3

Use the expected significant generic drug savings, from both the upcoming patent-cliff and potential generic drug price capping to support a catastrophic drug program that limits the out-of-pocket expenses to New Brunswickers at no more than 5% of net annual household income.

- ❖ There is an opportunity for New Brunswick to benefit from the impending "patent cliff" which will result, over the next few years, in the availability of cheaper generic versions of many drugs that presently account for the government's highest expenditures. Adopting the approaches of other provinces (notably Ontario) to reduce the allowable price of generic drugs will enable the government of New Brunswick to reallocate these cost savings toward extending NBPDP eligibility to residents who currently lack provincial drug coverage. It has been estimated that savings as a result of the availability of cheaper generic versions coupled with a cap on generic drug prices of 25% of original brand prices could result in savings in excess of \$50 million per year beginning in 2012. *

* "Projections of Public Spending on Prescription Drugs in New Brunswick 2010 – 2016" - Pierre Emmanuel Paradis, M.A., D.E.S.S. - GROUPE D'ANALYSE

Conclusion

New Brunswick is one of only two provinces in Canada that lacks a catastrophic drug coverage program. Other Atlantic provinces have made steps in this direction which, although far from ideal, provide at least some relief to their residents. The MS Society recommends a program which is based on the principles of universality, affordability, equity and public administration. We propose that no family pay more than five per cent of its net household income on prescription drugs, and that families below the Low Income Cut-Off are exempted from contributions. The range of drugs covered and the time period for review must be aligned with the practices of other provinces and the government of New Brunswick should set minimum standards of coverage by private insurance to ensure equity across the province. The cost to the government, estimated at \$15 to \$20 million, would be offset in part by savings in social assistance payments, health care expenses, increased income taxes and improved economic productivity. Large expected savings from the patent expiries of major drug categories and generic price cap savings can also be redirected to expand coverage of the NBPDP.

Moreover, the people of New Brunswick expect this support from each other and from their government. The MS Society offers its assistance to make catastrophic drug coverage a reality.