



Data Trends and National Benchmarks

Retrospective 2018

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#HealthBenefitsTrends

 **TELUS** Health



Content outline

- I. Terminology and background
- II. Key results
- III. Drug type utilization
- IV. Specialty drug analysis
- V. Therapeutic category rankings
- VI. Plan design trends



Terminology and definitions

Terminology and background

- **Insured:** any covered dual i.e. employee, spouse or child
- **Certificate:** the employee and the linked dependants
- **Average age:** average age of the insureds or the employees depending of the context
- **Utilization:** number of claims paid per certificate or insured depending of the context
- **Eligible cost:** the cost of the drug found eligible by TELUS Health. This measure does not take into account any deductible or co-insurance
- **Adjudicated amount:** the amount the plan paid for the claim after any cost sharing

Terminology and background

Comparison with a specific group

- Results reflect the entire TELUS Health book of business (BoB)
- Results may differ significantly from plan to plan
- The following elements have an important impact on the costs:
 - Plan coverage
 - Demographics:
 - Age distribution
 - Gender distribution
 - Number of dependants
 - Provincial distribution
 - Industry



Terminology and background

Comparison with a specific group (cont.)

For renewal, the factors used by carriers are based on many other elements:

- Group experience
- The entire medical claim not only drugs (including hospital, paramedical, out-of-country, etc.)
- Higher volatility for a specific group compared to TELUS Health BoB
- Ageing of insured population
- Changes in insurers manual rate
- Renewal is a prospective exercise, our analysis is retrospective

Terminology and background

- **Single-source brand** –
drug for which no generic exists
- **Multi-source brand** –
one or more generics exist
- **Generic** –
bioequivalent drug that is a copy
of the innovator molecule



Terminology and background

Except if otherwise mentioned, data in this presentation is based on:

- Insured aged less than 65
 - Additional comparisons excluding OHIP+ ages (24 and younger) considering that OHIP+ is primary payer until April 2019
- Costs are eligible costs, i.e. before deductible and co-payment
- Regional comparisons are made where applicable

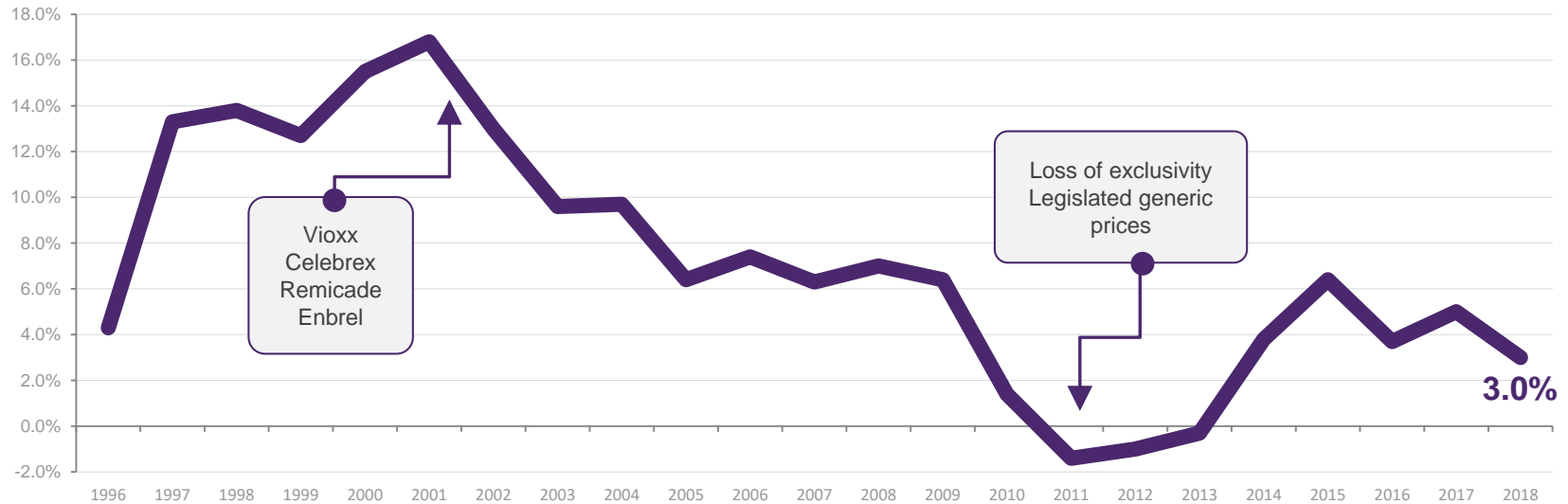
Terminology and background

TELUS Book of Business – Change in number of certificates 2017-2018

	Ontario		Outside Ontario		Canada	
	2018	Trend	2018	Trend	2018	Trend
TELUS Book of Business – All ages	2,036,600	5.3%	2,889,900	7.2%	4,726,500	6.4%

Terminology and background

Growth in purchases by community pharmacies in Canada



Source : IQVIA, Study on pharmacy and hospital buying habits in Canada



Key results

Key results by region – insureds age 25-64

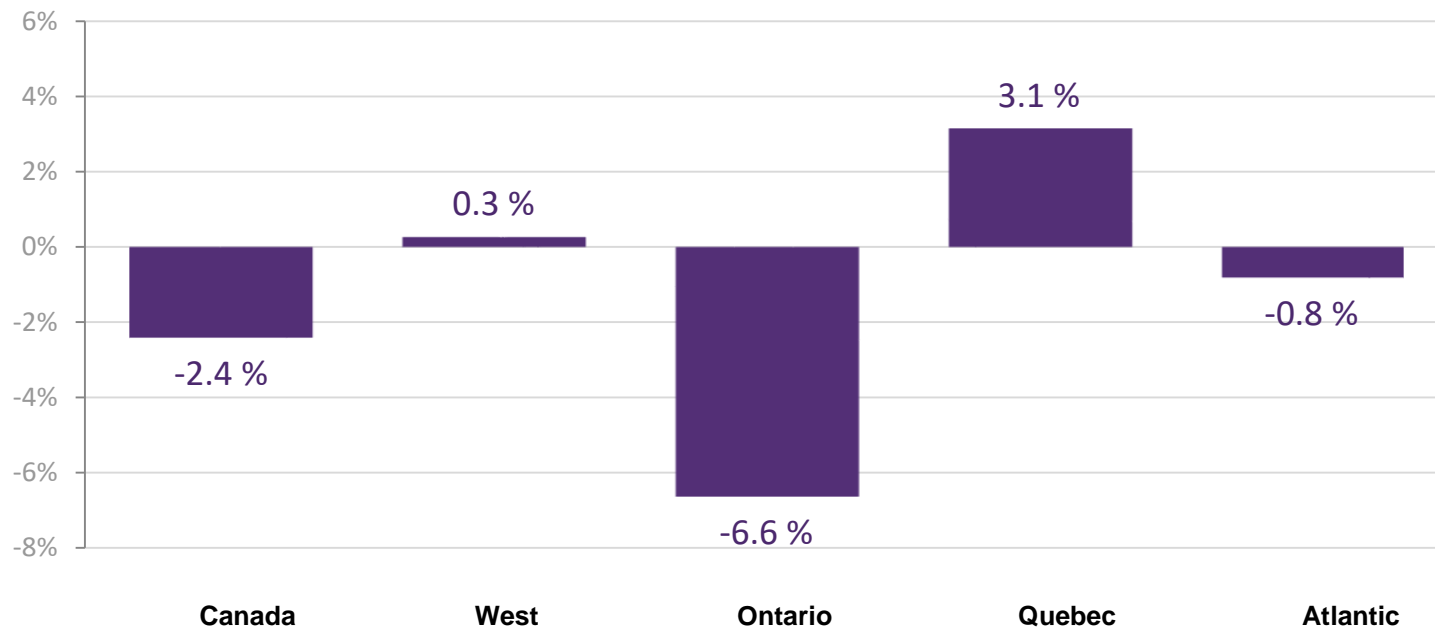
2018

	Canada	West	Ontario	Quebec	Atlantic
Eligible monthly cost per insured	\$51.42	\$39.43	\$53.31	\$68.52	\$64.06
Eligible monthly cost per claim	\$72.65	\$68.66	\$82.76	\$58.57	\$81.52
Quantité moy. / Rx	59	67	60	42	80
Monthly utilization per insured	0.71	0.57	0.64	1.17	0.79
% generic (# of Rx) *	63%	65%	60%	62%	69%
Cardholder average age	44.1	43.3	44.5	44.4	45.3

* Age 0-64 ans

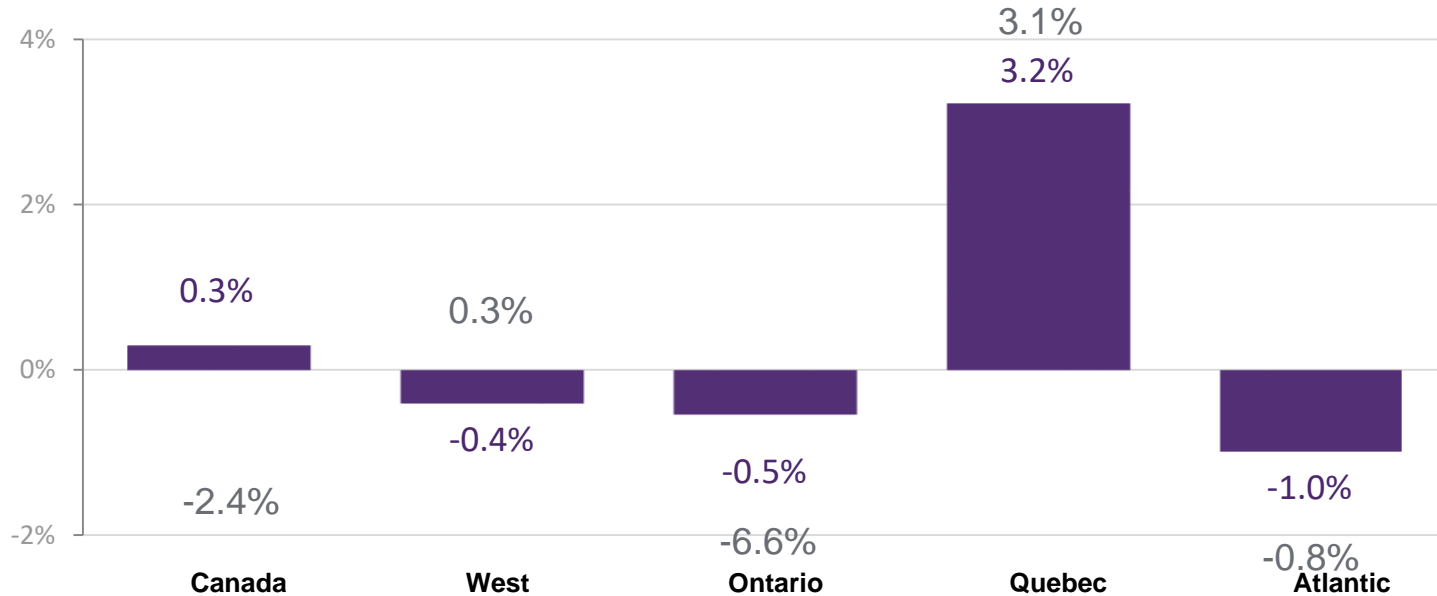
Change in eligible monthly costs per insureds

2017 to 2018



Change in eligible monthly costs – insureds age 25-64

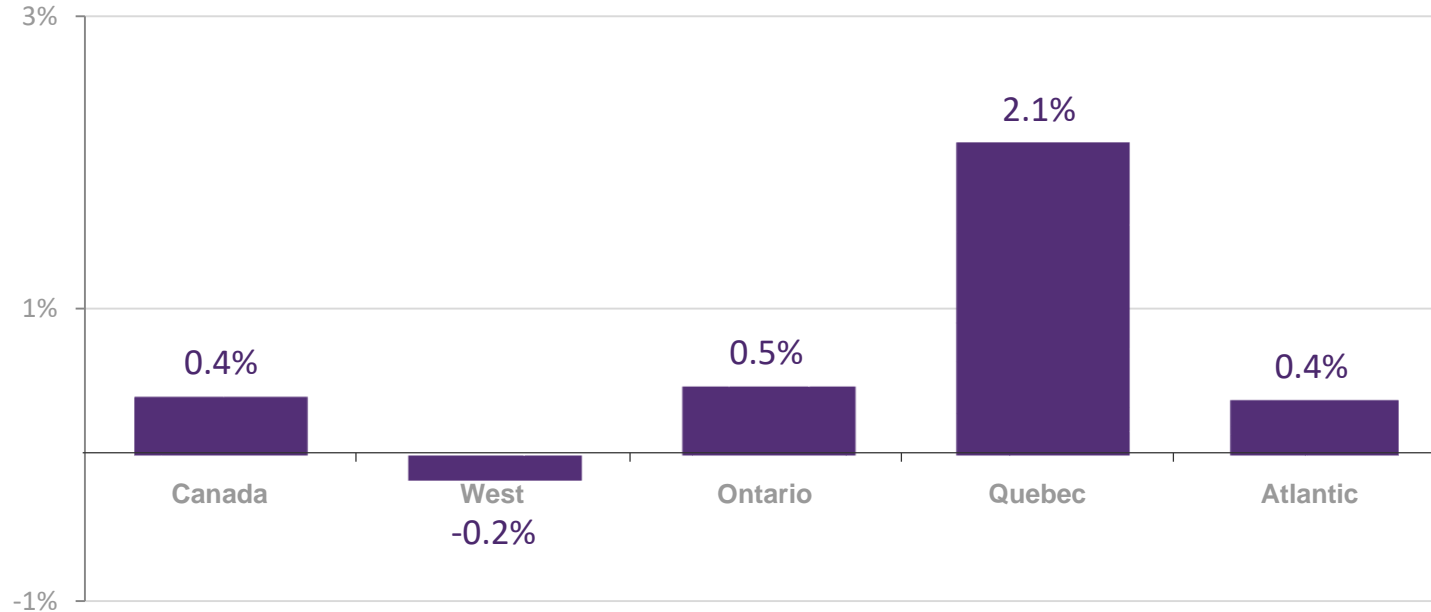
2017 to 2018



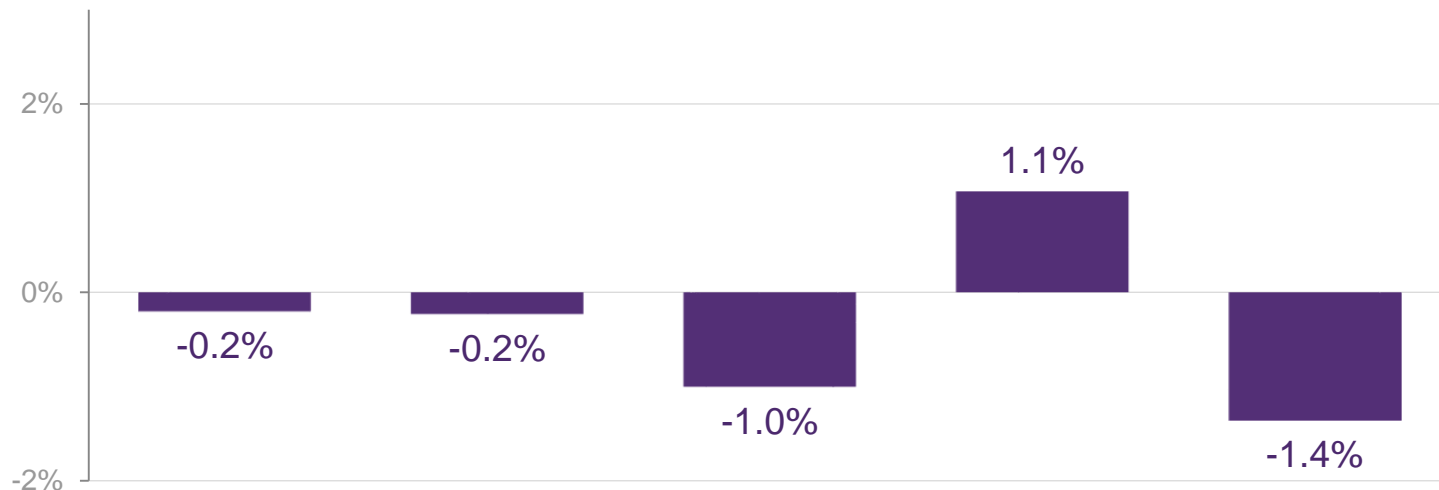
Average age of certificate

2018	44.1	43.3	44.5	44.4	45.3
2017	44.1	43.3	44.4	44.4	45.3

Change in eligible monthly costs per claim – insureds age 25-64 2017 to 2018



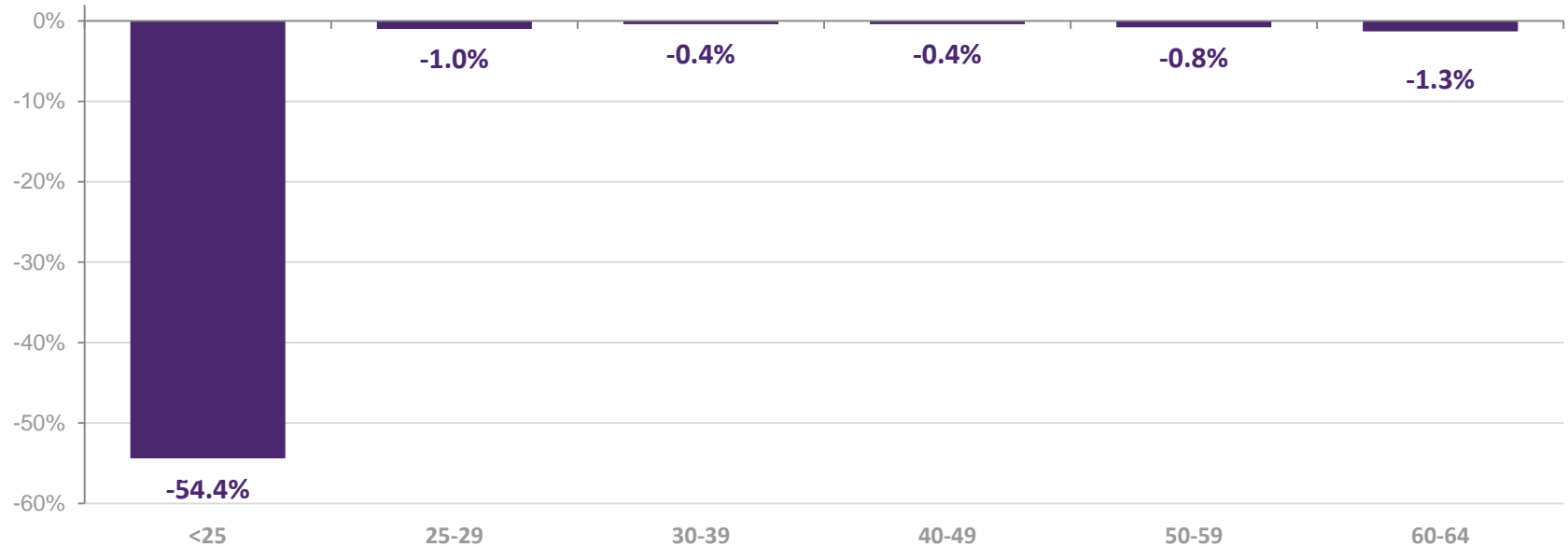
Change in monthly utilization – insureds age 25-64 2017 to 2018



	Canada	West	Ontario	Quebec	Atlantic
	Average age of certificate				
2018	44.1	43.3	44.5	44.4	45.3
2017	44.1	43.3	44.4	44.4	45.3

Monthly cost variation per insureds by age band

Ontario 2017 to 2018

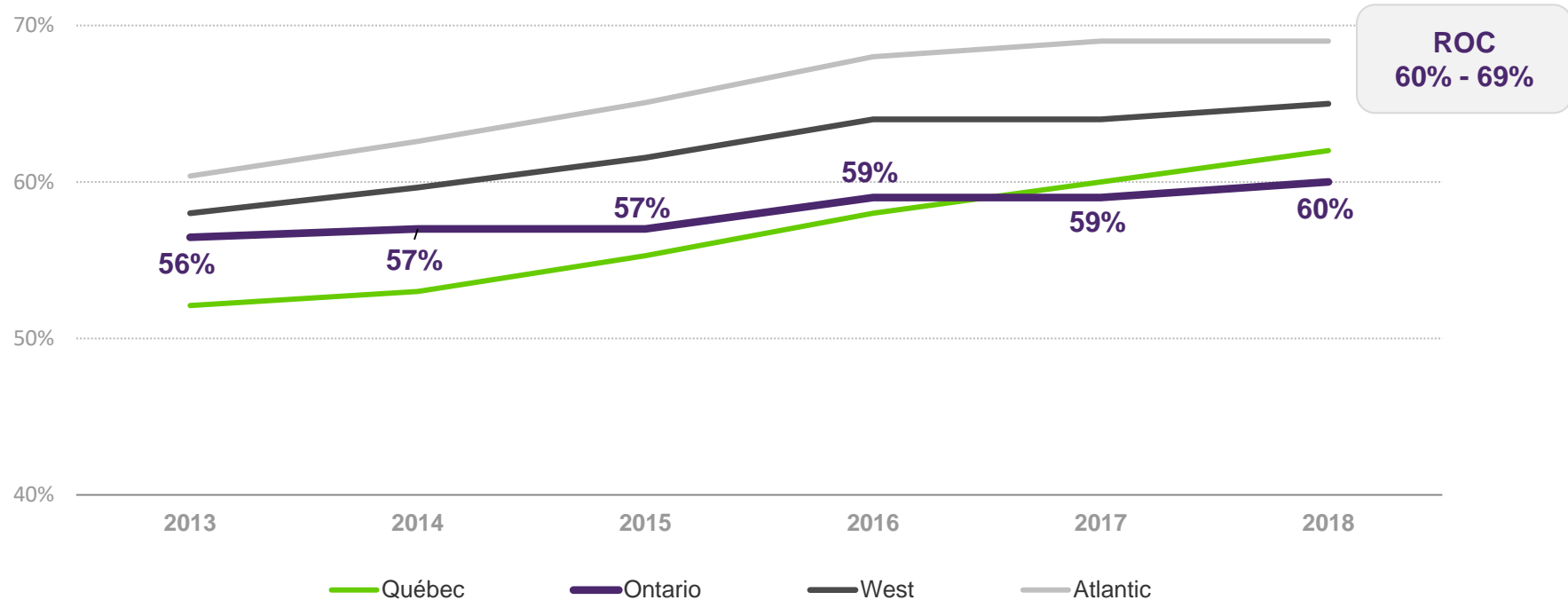




Drug type utilization

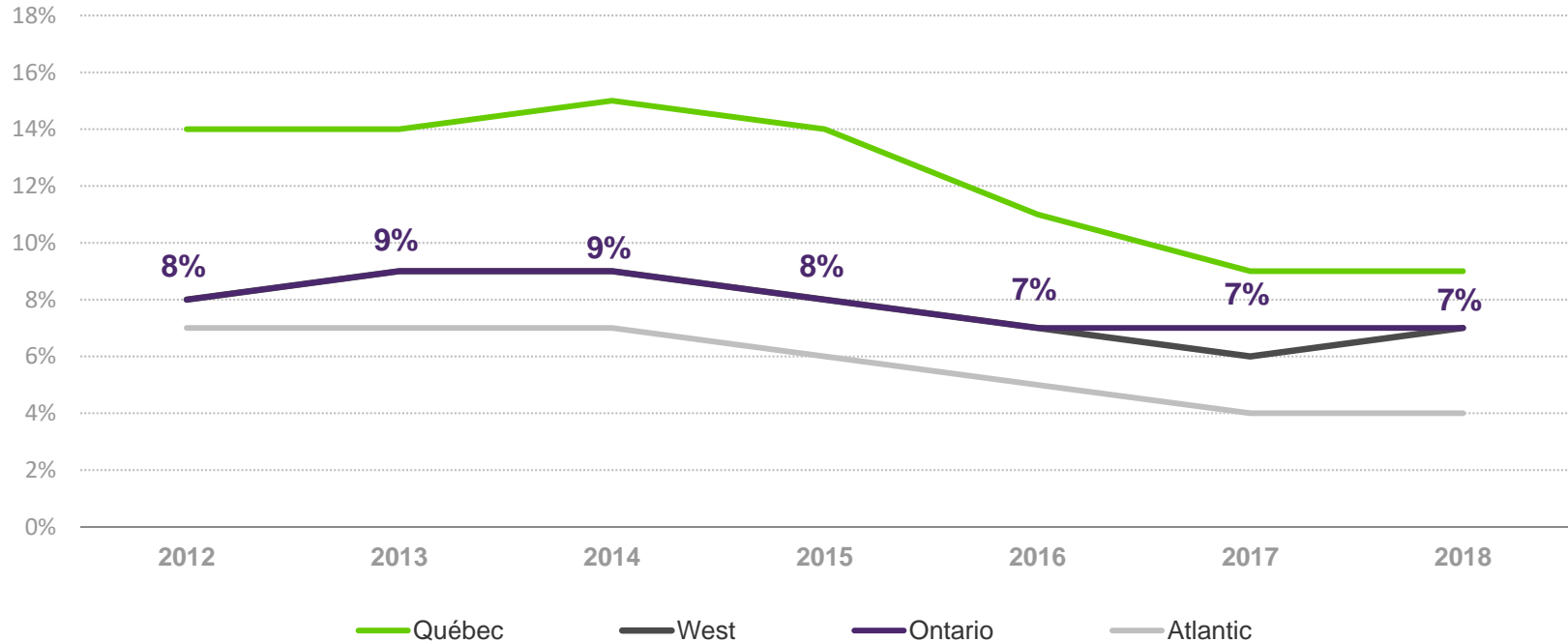
Generic utilization

Per region – as % of Rx



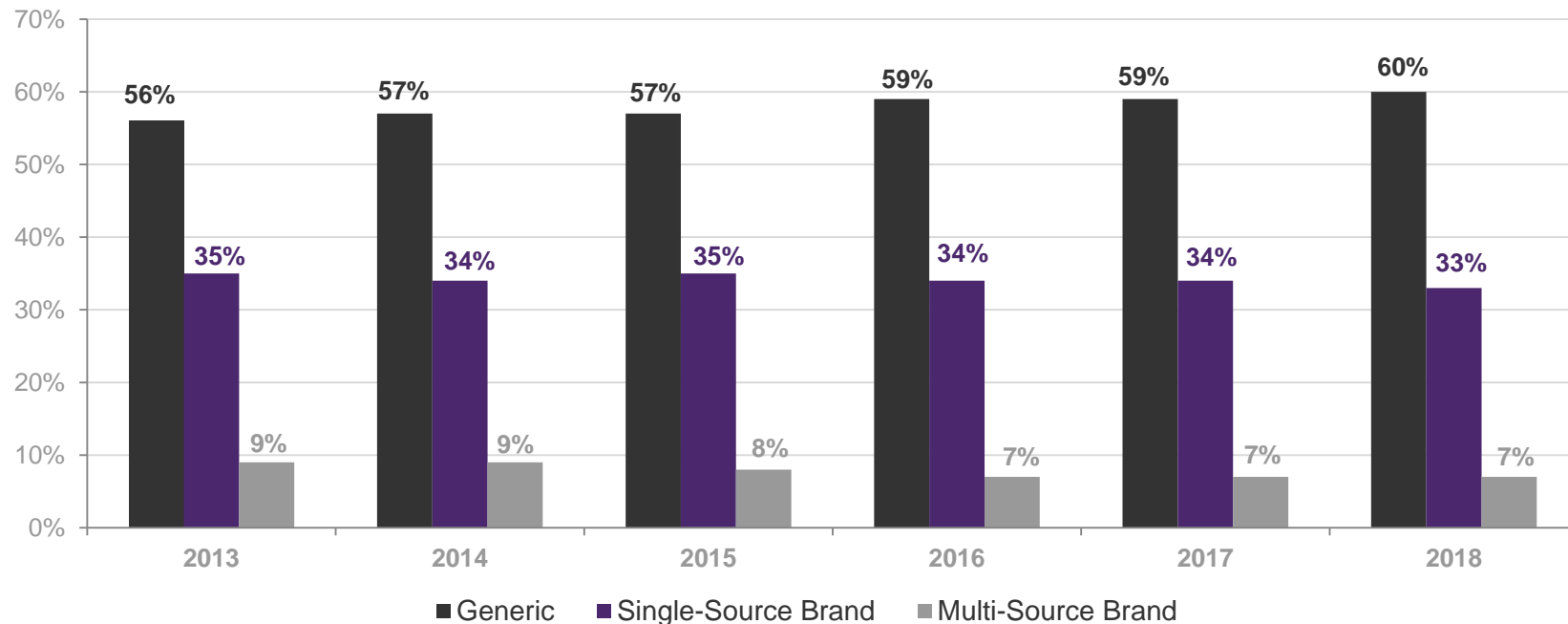
Multi-source brand utilization

Per region – as % of Rx



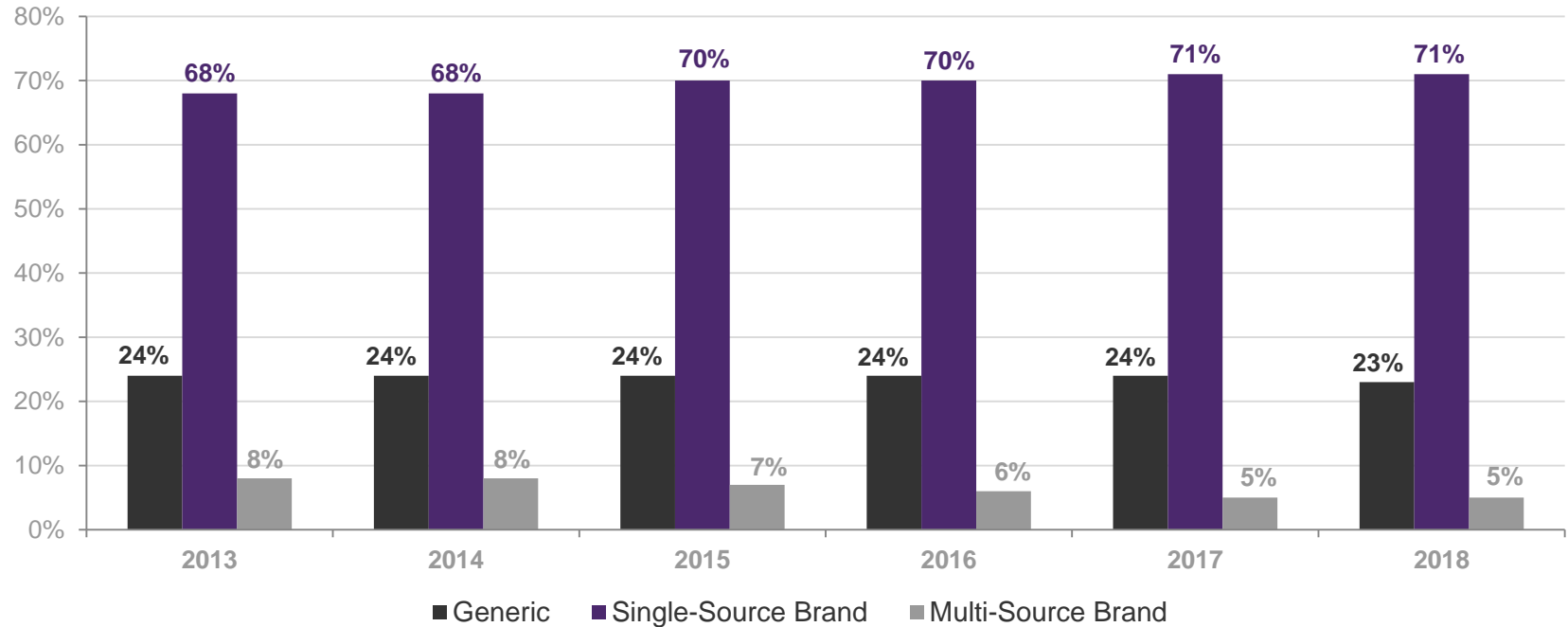
Utilization percentage by type of drug

Ontario – # Rx



Paid percentage by type of drug

Ontario – eligible amount





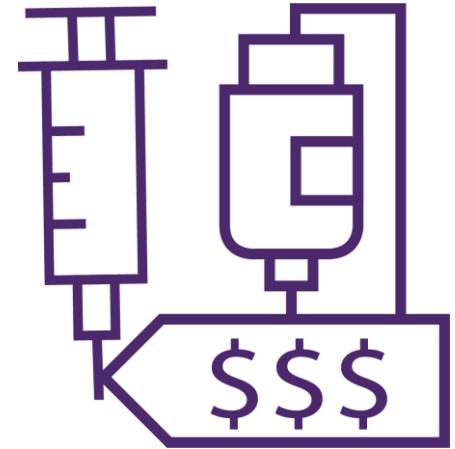
Specialty drugs

Specialty drug definition

A TELUS Health specialty drug is a drug that has a high cost based on a potential per patient amount exceeding **\$10,000 per year**

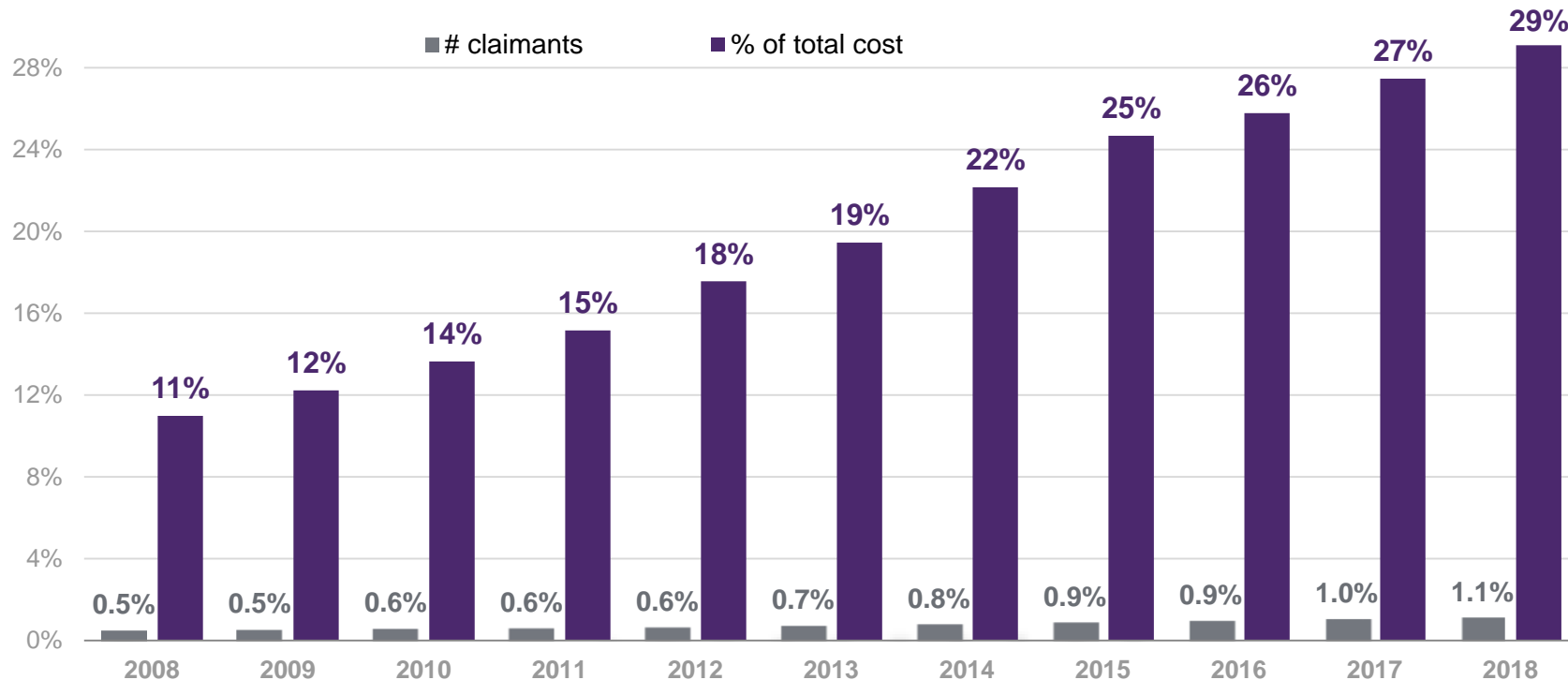
Further characteristics of these drugs may include but are not limited to:

- Requires special medication delivery (e.g. special handling, preparation, administration, storage, or distribution)
- Requires complex treatment maintenance (e.g. complex disease, complex dosing, intensive monitoring & clinical management etc.)



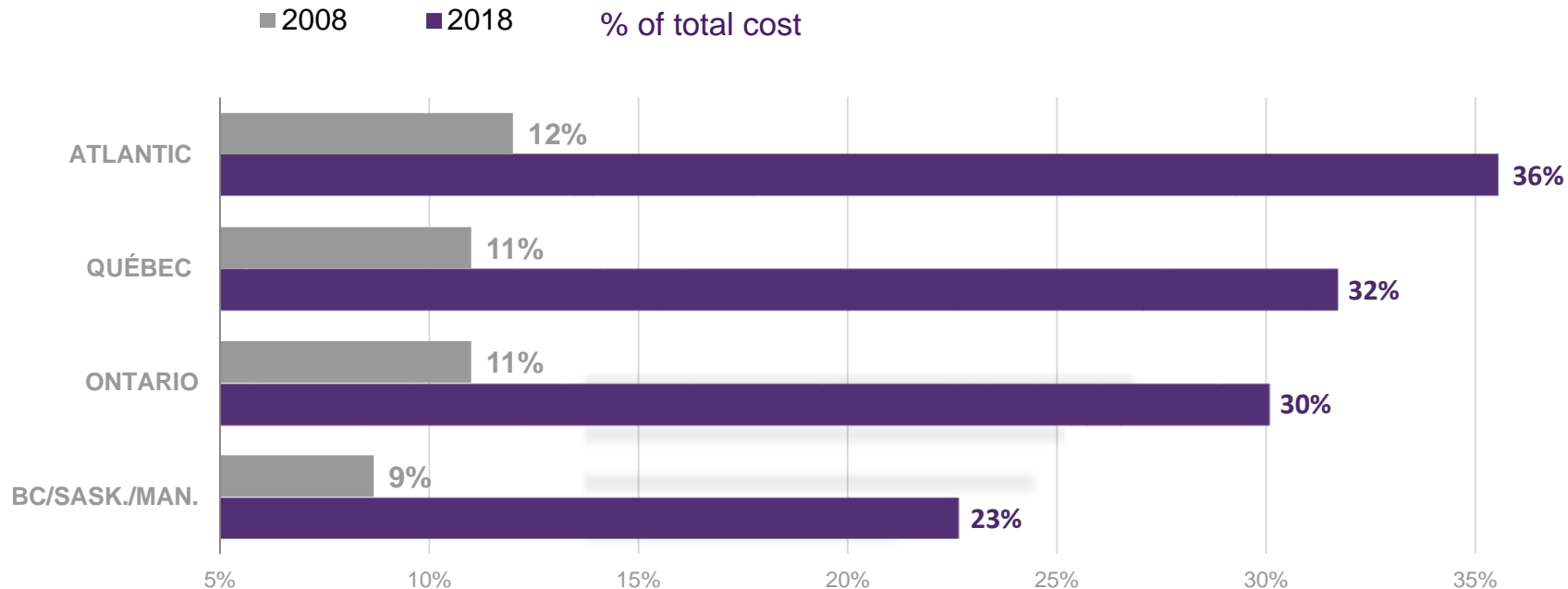
Specialty drugs

Canada – less than 65



Specialty drugs

Less than 65



Rising cost of specialty drugs

	Drug	Cost
1996	Betaseron	\$17,000

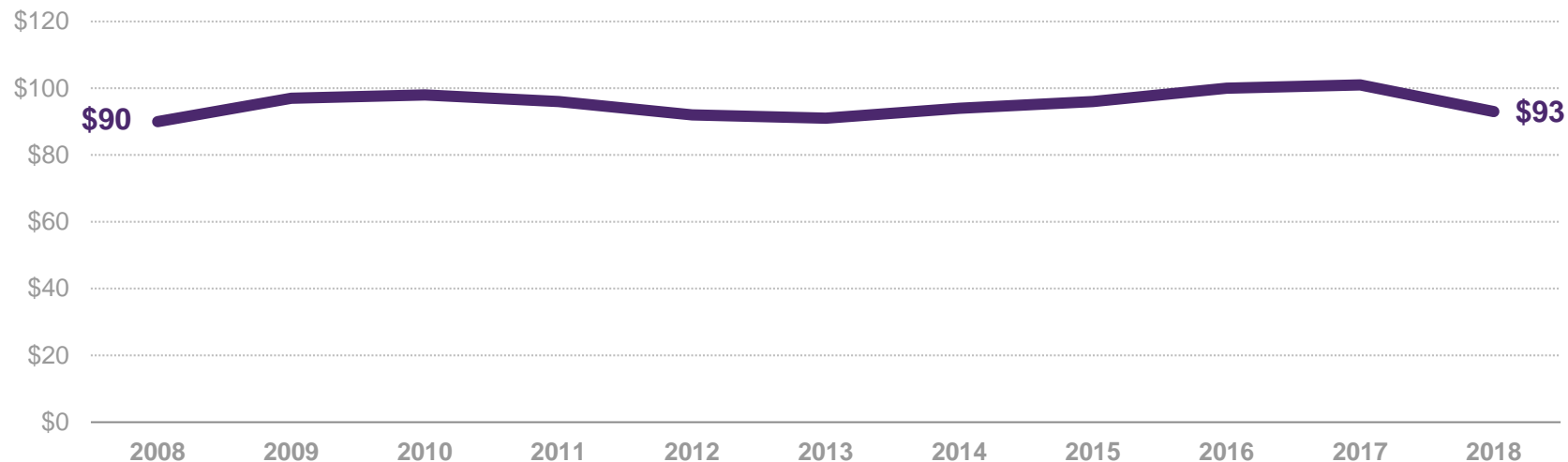
Rising cost of specialty drugs

	Drug	Cost
1996	Betaseron	\$17,000
2018	Strensiq	\$1,278,000

Specialty drugs

Ontario - less than 65 – monthly cost per certificate

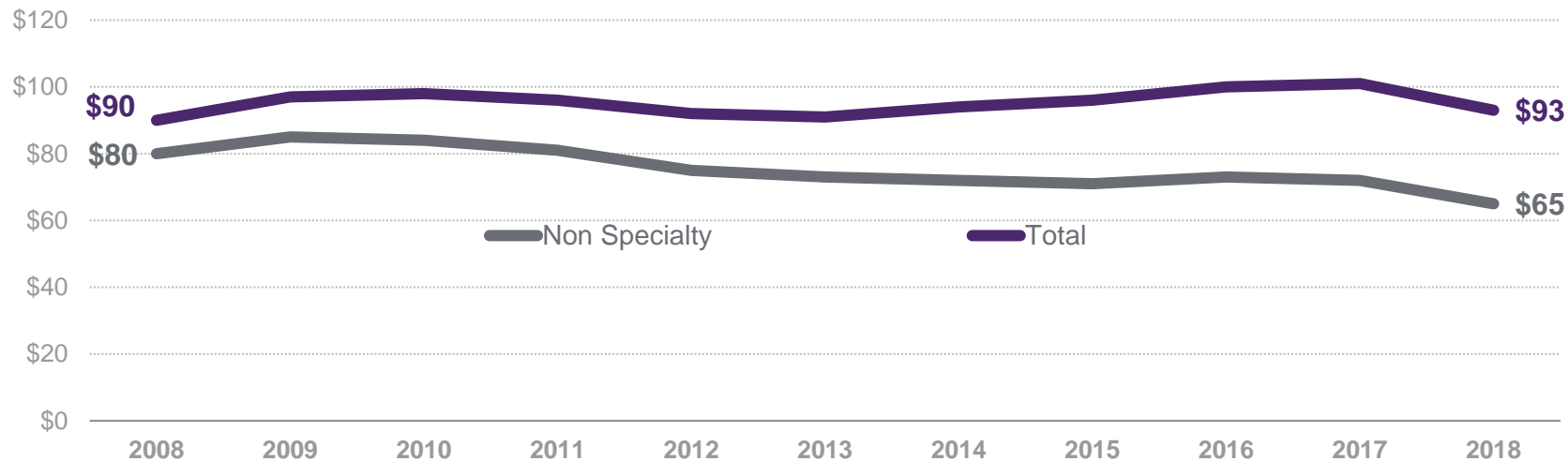
- The average cost of drugs increased by 0.3 % per year over 10 years



Specialty drugs

Ontario - less than 65 – monthly cost per certificate

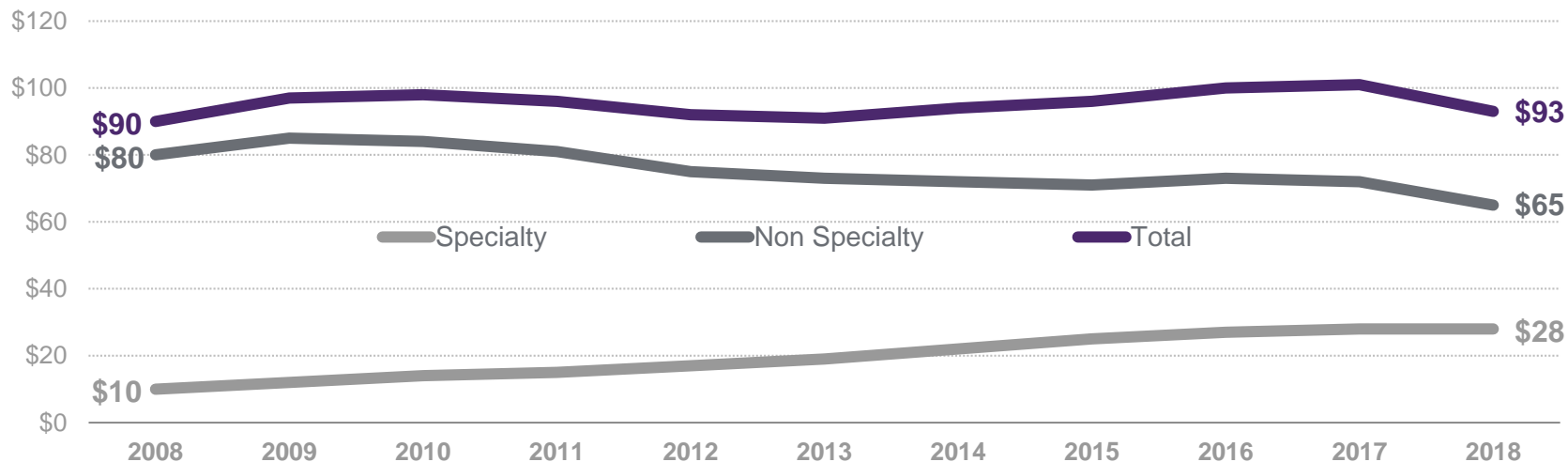
- The average cost of drugs increased by 0.3 % per year over 10 years
- The average cost of non specialty drugs decreased by 2.1% per year over 10 years



Specialty drugs

Ontario - less than 65 – monthly cost per certificate

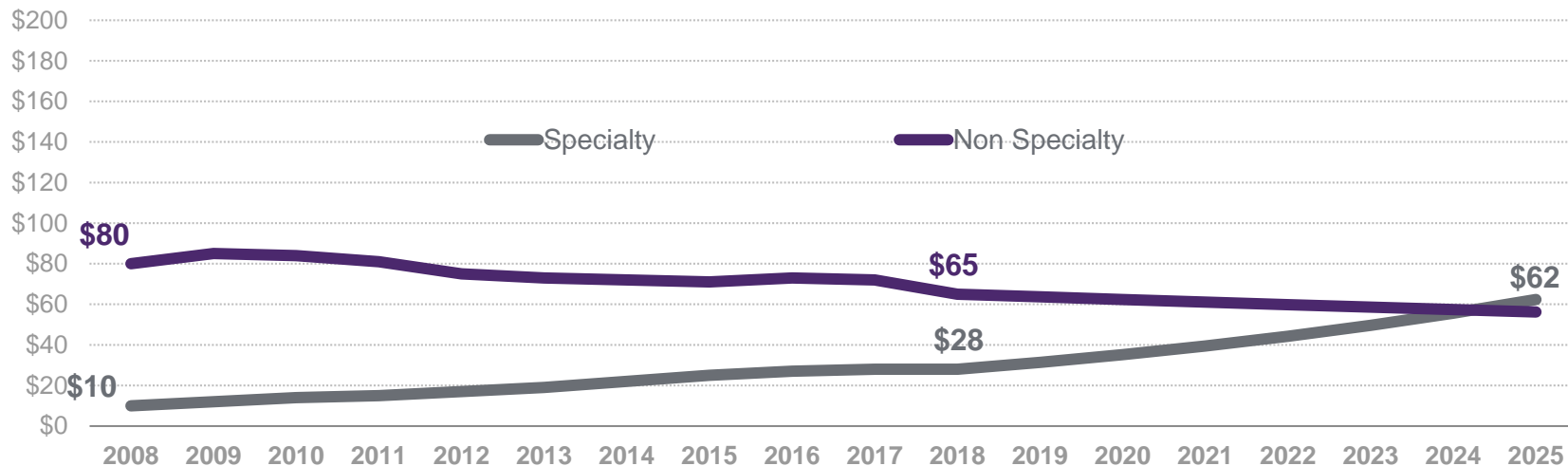
- The average cost of drugs increased by 0.3 % per year over 10 years
- The average cost of non specialty drugs decreased by 2.1% per year over 10 years
- The average cost of specialty drugs increased by 10.8% per year over 10 years



Specialty drugs

Ontario - less than 65 – monthly cost per certificate

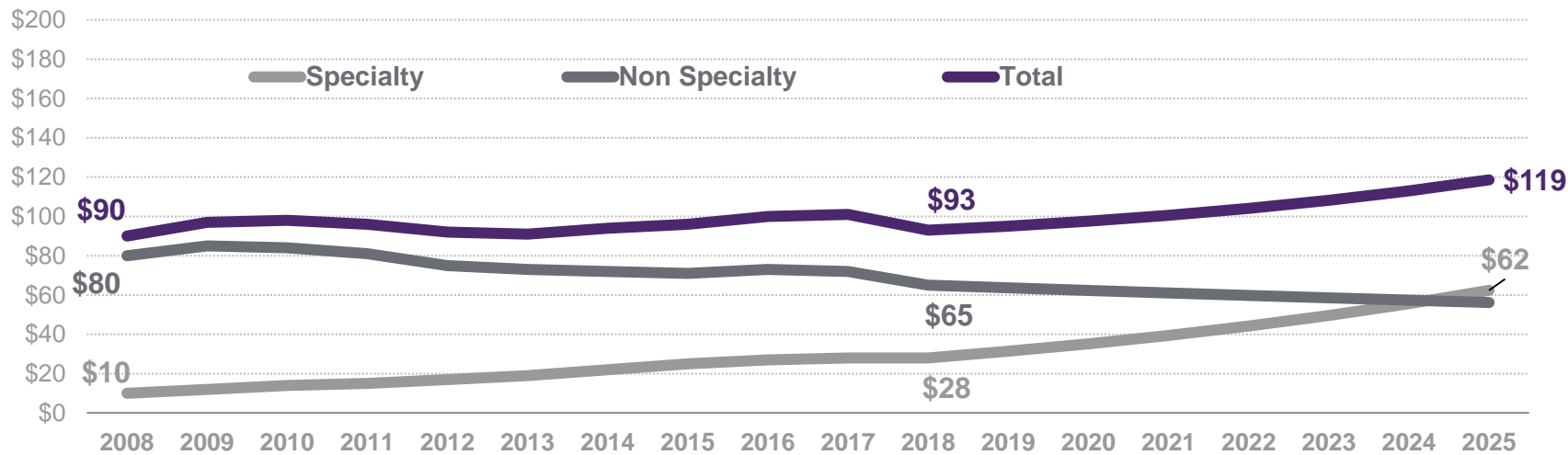
- At this pace, the monthly cost per certificate of specialty drugs will surpass the non-specialty drugs within 7 years



Specialty drugs

Ontario - less than 65 – monthly cost per certificate

- At this pace, the monthly cost per certificate of specialty drugs will surpass the non-specialty drugs within 7 years
- and the monthly cost per certificate will have increased by almost 27%





Therapeutic category rankings

Top 10 drug classes by adjudicated amount

Therapeutic class	Rank by total adjudicated amount		Percent of total adjudicated amount	
	2018	2017	2018	2017
Diabetes	1	2	11.7%	10.3%
Rheumatoid Arthritis	2	1	10.9%	11.1%
Skin Disorders	3	3	6.5%	5.6%
Cancer	4	5	6.0%	4.9%
Asthma	5	4	5.4%	5.6%
Depression	6	7	4.3%	4.6%
Blood Pressure	7	6	4.2%	4.7%
Ulcers	8	8	3.7%	3.8%
Cholesterol Disorders	9	9	3.2%	3.4%
Multiple Sclerosis	10	13	3.1%	2.8%
% of total adjudicated amount			58.9%	56.8%

Top 10 products by adjudicated amount

Drug name	Rank by total adjudicated amount		Percent of total adjudicated amount	
	2018	2017	2018	2017
Remicade	1	1	3.7%	4.3%
Humira	2	2	3.5%	3.4%
Insulin	3	3	1.8%	2.0%
Stelara	4	7	1.7%	1.3%
Enbrel	5	4	1.4%	1.6%
Crestor	6	5	1.4%	1.5%
Nexium	7	6	1.4%	1.4%
Janumet	8	10	1.1%	1.0%
Victoza	9	13	0.9%	0.9%
Symbicort	10	12	0.9%	0.9%
% of total adjudicated amount			17.8%	18.3%

Summary

- The overall change in plan costs (based on monthly eligible amount per cardholder) saw a marginal increase in Canada of 0.8% year over year. The national 0.8% increase was split equally between increased utilization and increased cost per claim. However, on a region basis there are differences.
- Plans that have significant employee distribution in Ontario will have seen a savings from the implementation of OHIP+, yet that will change.
- Chronic conditions and high cost treatments of more rare disease dominate the top drug class profile.
- Specialty drugs saw the greatest growth in recent years (up 2% to 29%). More than half of the drugs in the pipeline are specialty drugs (the majority to treat cancer and some new biologics that will target larger patient populations i.e. migraine). How will proposed national pharmacare changes help?
- Witnessing slow but steady trend towards adoption of plan management features to contain costs as employers try to strike the balance between sustainability and providing a competitive program that employees will value.
- Monitor your specific plan risks regularly to ensure you are focusing on the areas that can be optimized the most.

Questions





Thank you



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