



Data Trends and National Benchmarks

Retrospective 2019

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#HealthBenefitsTrends





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
- **Utilization:** number of claims paid per certificate or insured depending on the context
- **Eligible cost:** the cost of the drug considered eligible by TELUS Health. This measure does not take into account any cost sharing (deductible, co-insurance)



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+ was 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 2018-2019

| | Ontario | | Outside Ontario | | Canada | |
|-----------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | 2019 | Trend | 2019 | Trend | 2019 | Trend |
| TELUS Book of Business – All ages | 2,118,000 | 1.5% | 2,771,600 | 4.8% | 4,889,500 | 3.4% |





Key results

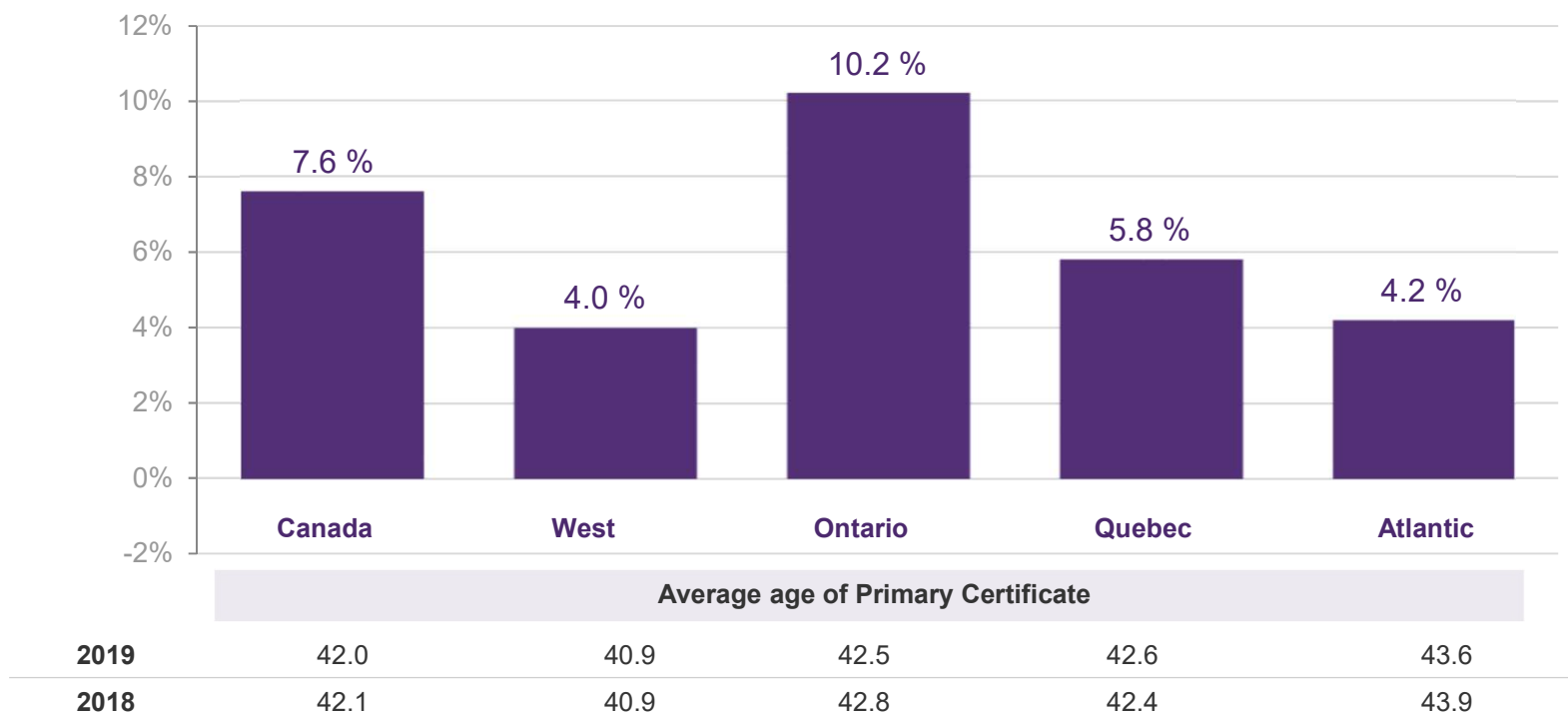
Key results by region – insureds age 25-64 | 2019

| | Canada | West | Ontario | Quebec | Atlantic |
|-----------------------------------|---------|---------|---------|---------|----------|
| Eligible monthly cost per insured | \$54.01 | \$40.85 | \$55.91 | \$72.40 | \$67.09 |
| Average eligible cost per claim | \$75.02 | \$70.35 | \$85.72 | \$61.22 | \$85.56 |
| Monthly utilization per insured | 0.72 | 0.58 | 0.65 | 1.18 | 0.78 |
| % generic (# of Rx) * | 63% | 66% | 61% | 63% | 70% |
| Average age of insured* | 44.0 | 43.3 | 44.4 | 44.3 | 45.3 |

* Age 0-64

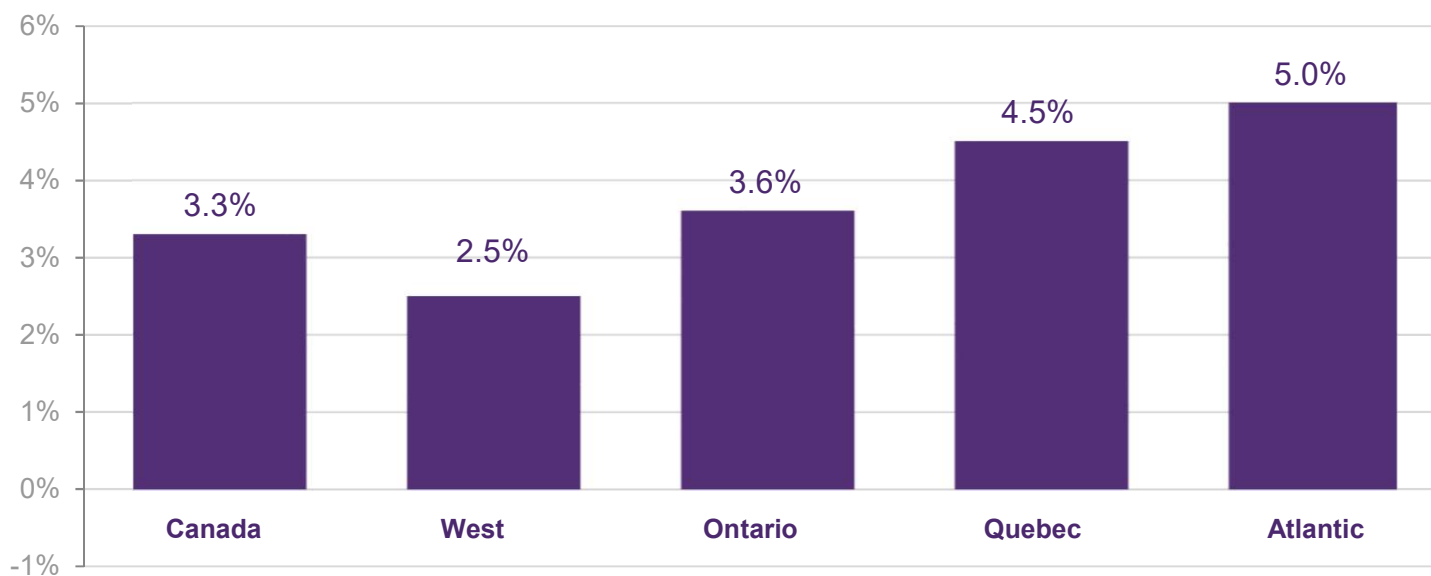


Change in eligible monthly costs per insureds age 0-64 2018 to 2019



Change in eligible costs per claim – insureds age 25-64

2018 to 2019

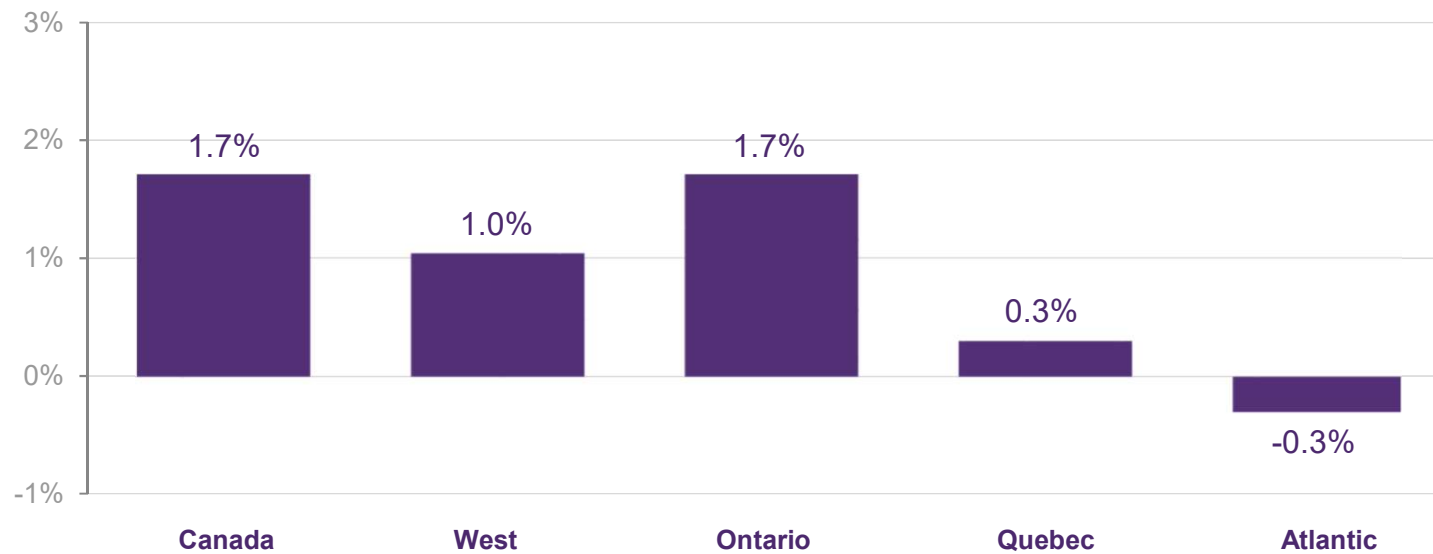


Average age of Insured

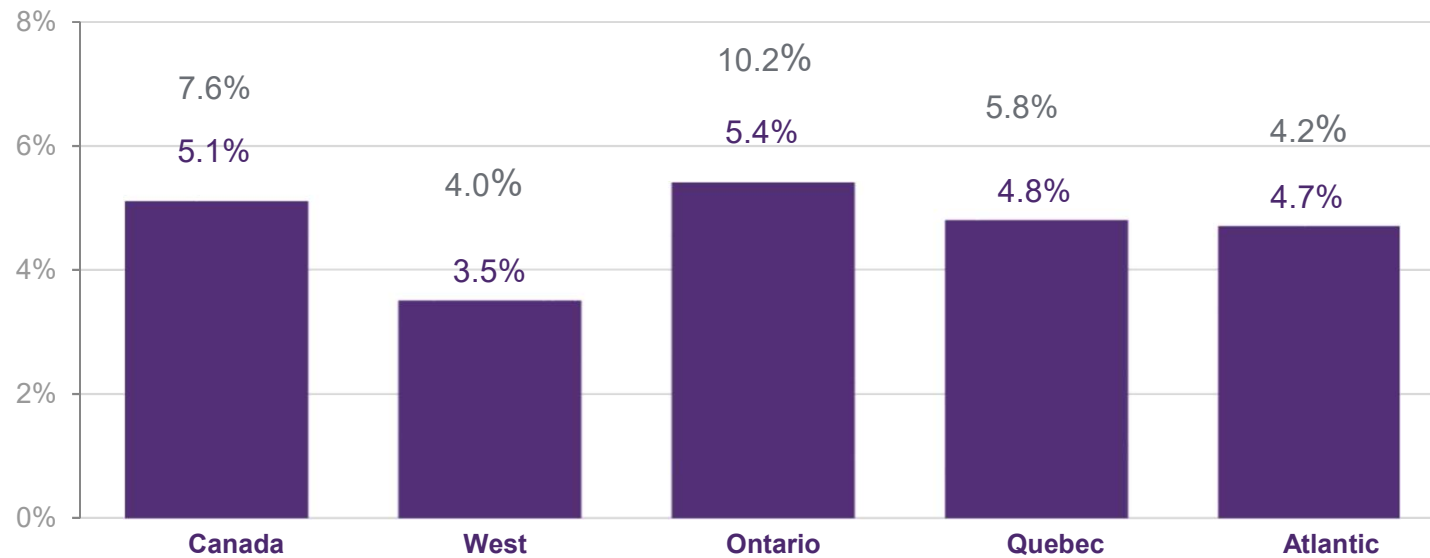
| | | | | | |
|-------------|------|------|------|------|------|
| 2019 | 44.0 | 43.3 | 44.4 | 44.3 | 45.3 |
| 2018 | 44.1 | 43.3 | 44.5 | 44.4 | 45.3 |



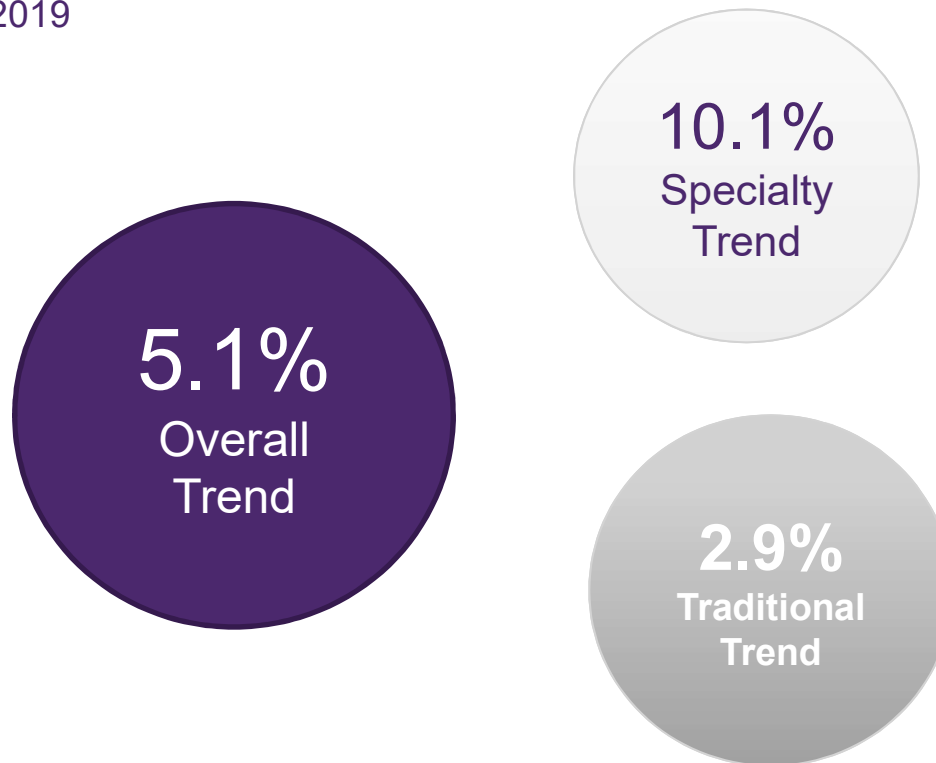
Change in monthly utilization – insureds age 25-64 2018 to 2019



Change in eligible monthly costs – insureds age 25-64 2018 to 2019

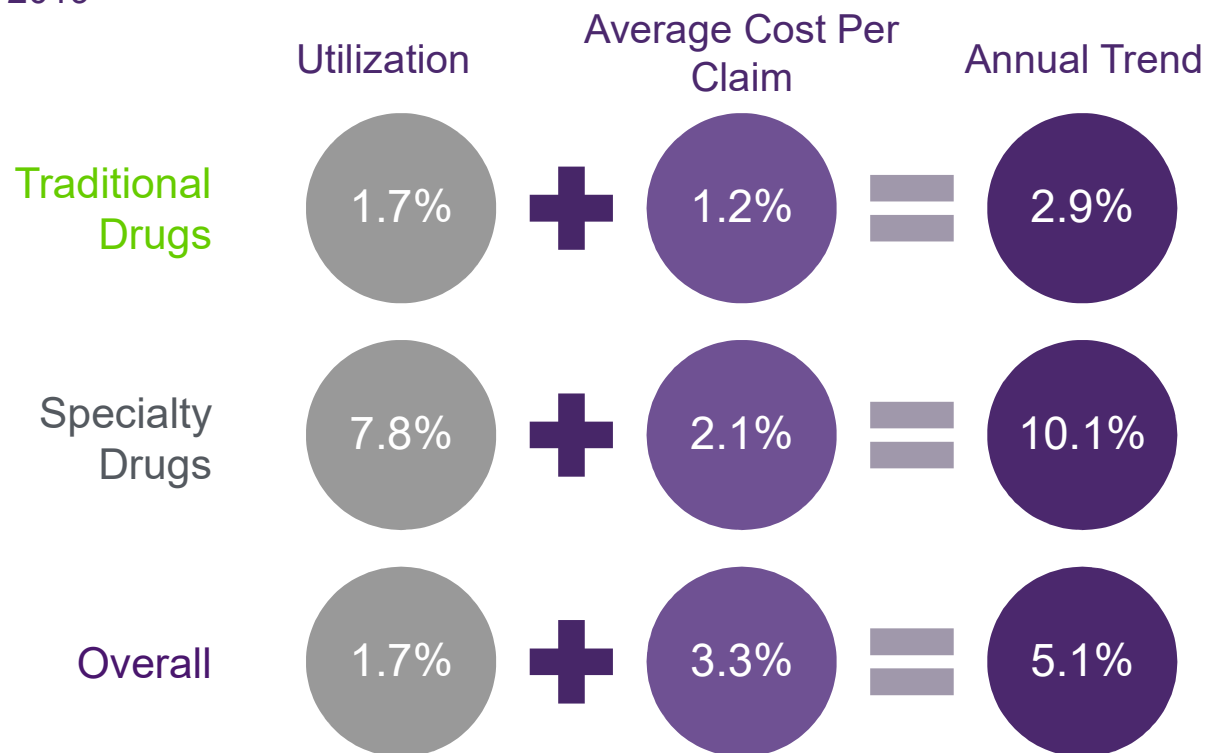


Annual Trend Components – insureds age 25-64 2018 to 2019



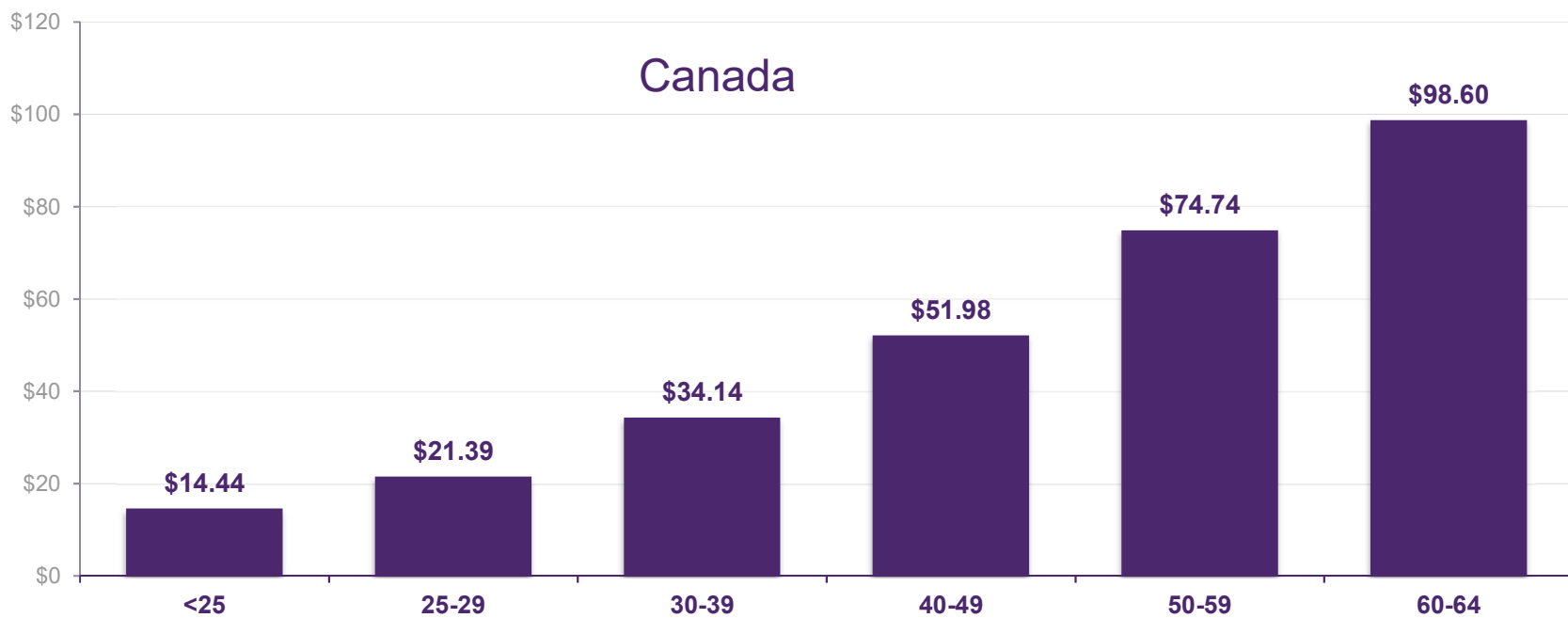
Annual Trend Components – insureds age 25-64

2018 to 2019



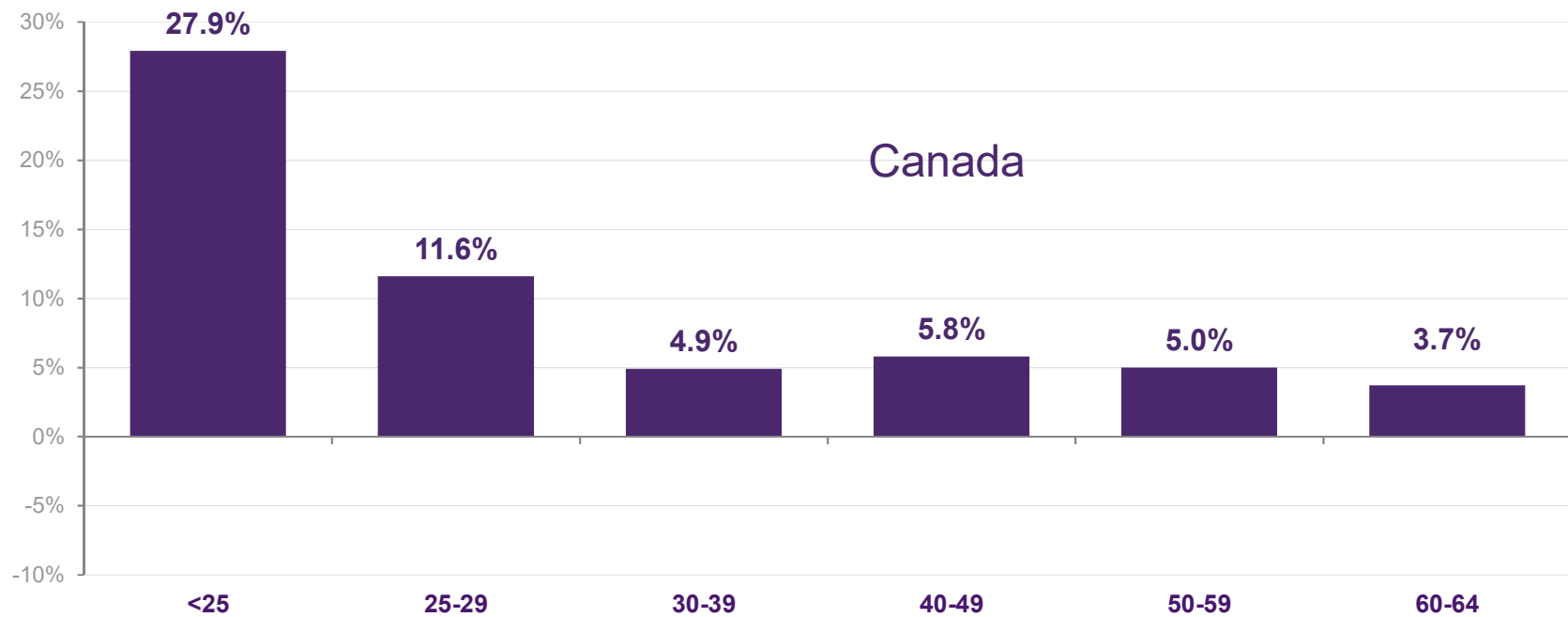
Monthly eligible cost per insureds by age band

2019



Monthly cost variation per insureds by age band

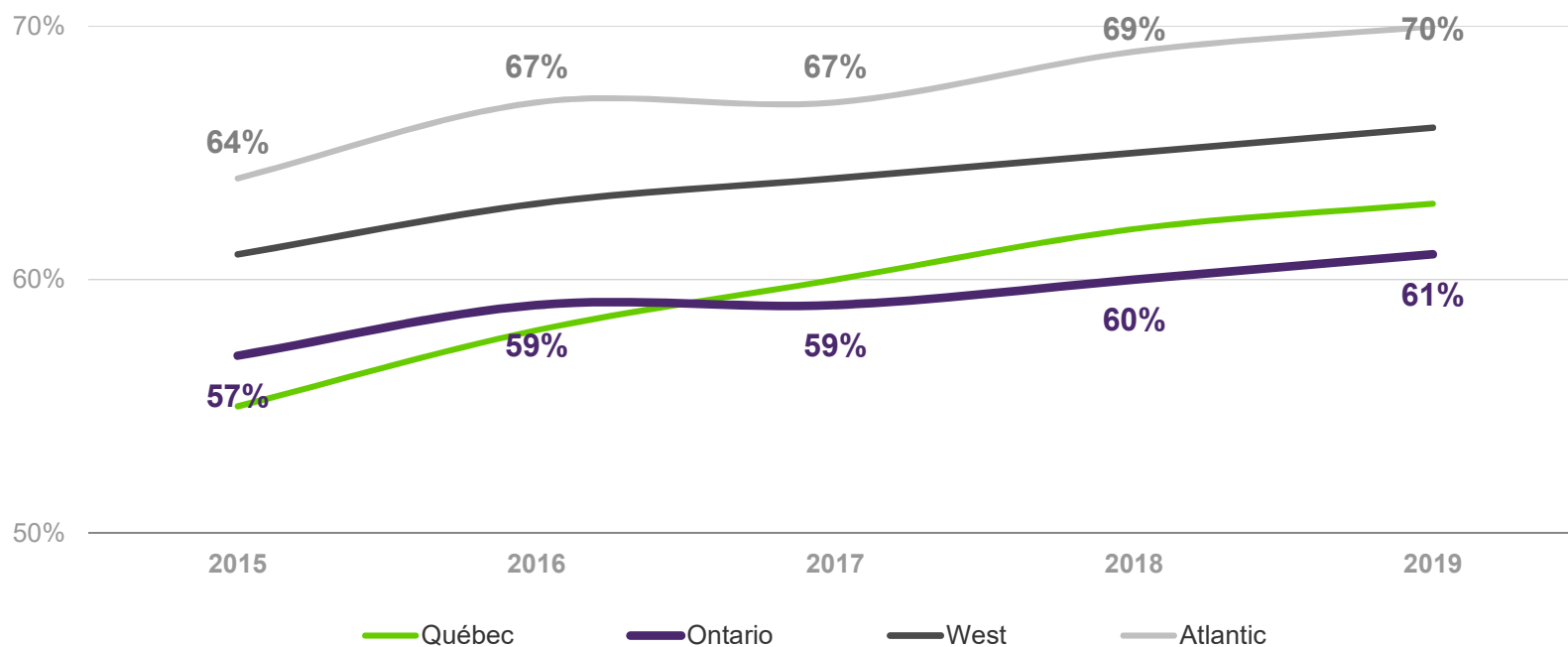
2018 to 2019



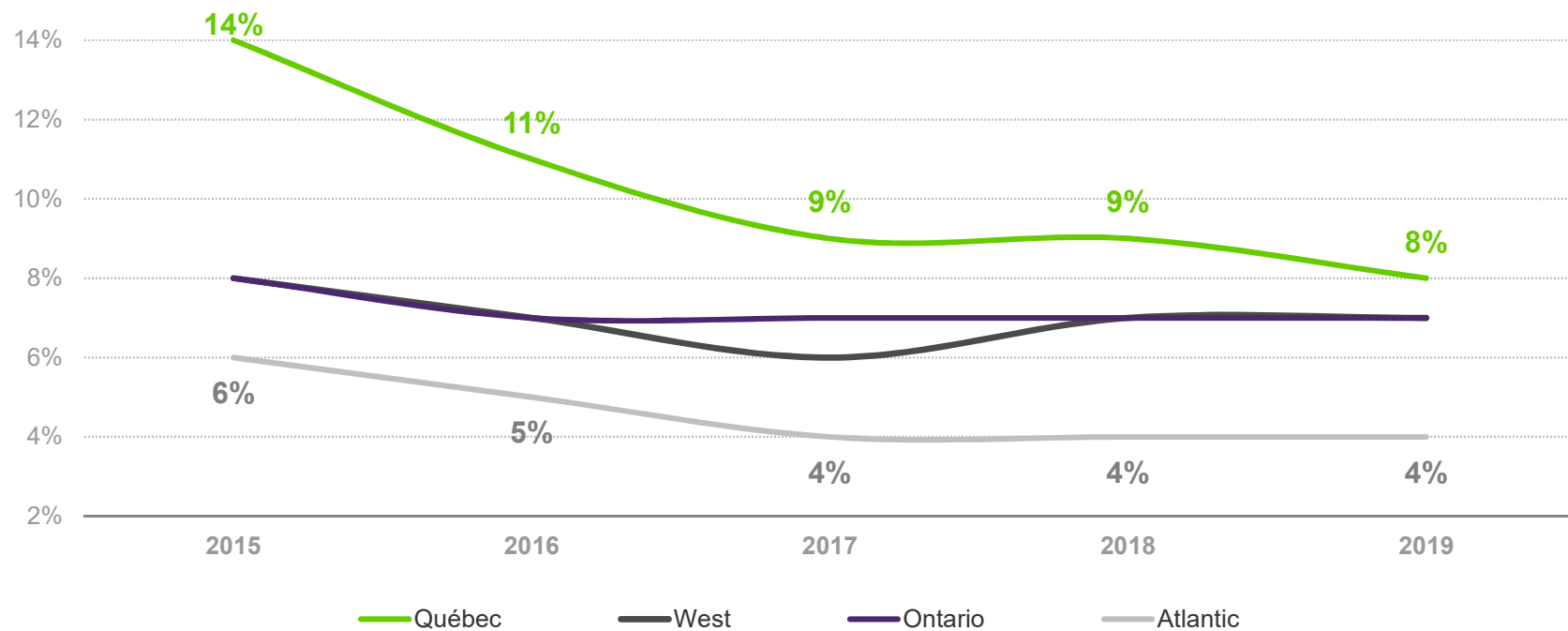
Drug type utilization



Generic utilization | Per region – as % of Rx

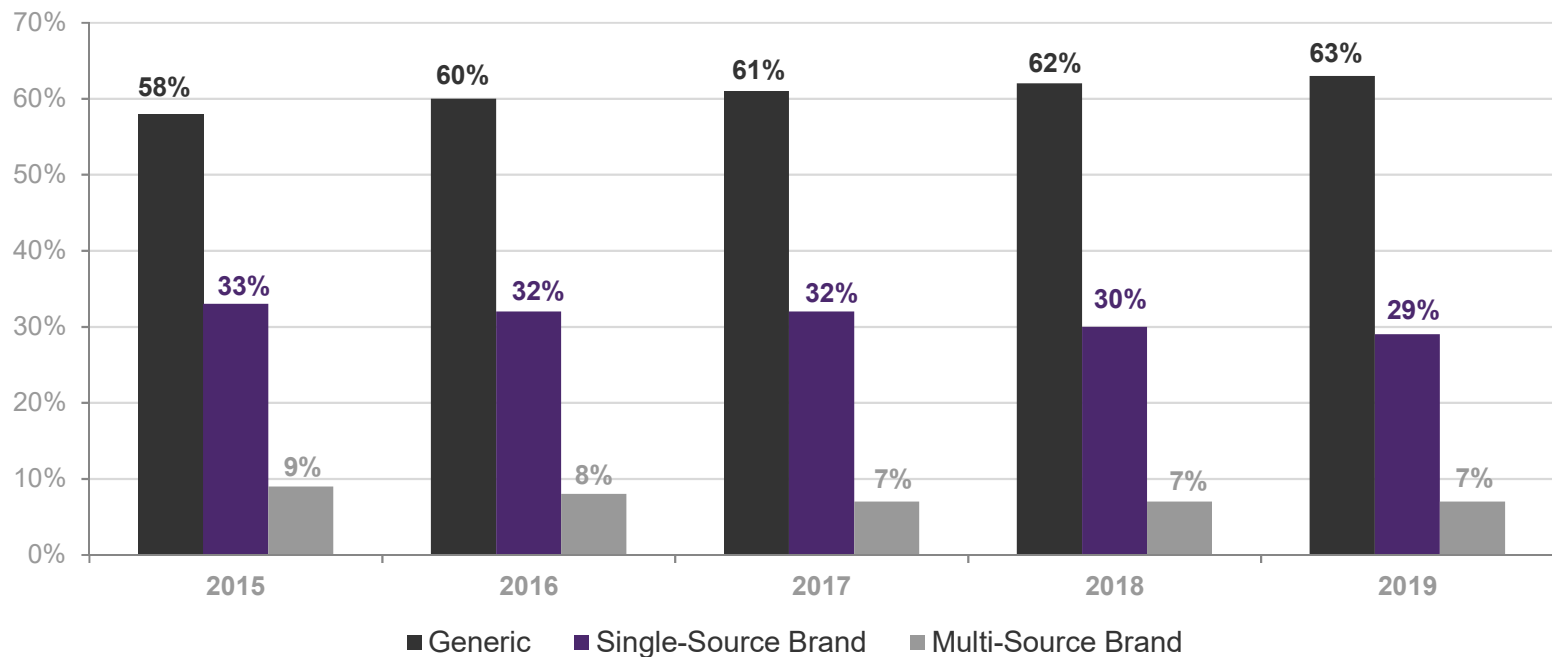


Multi-source brand utilization | Per region – as % of Rx



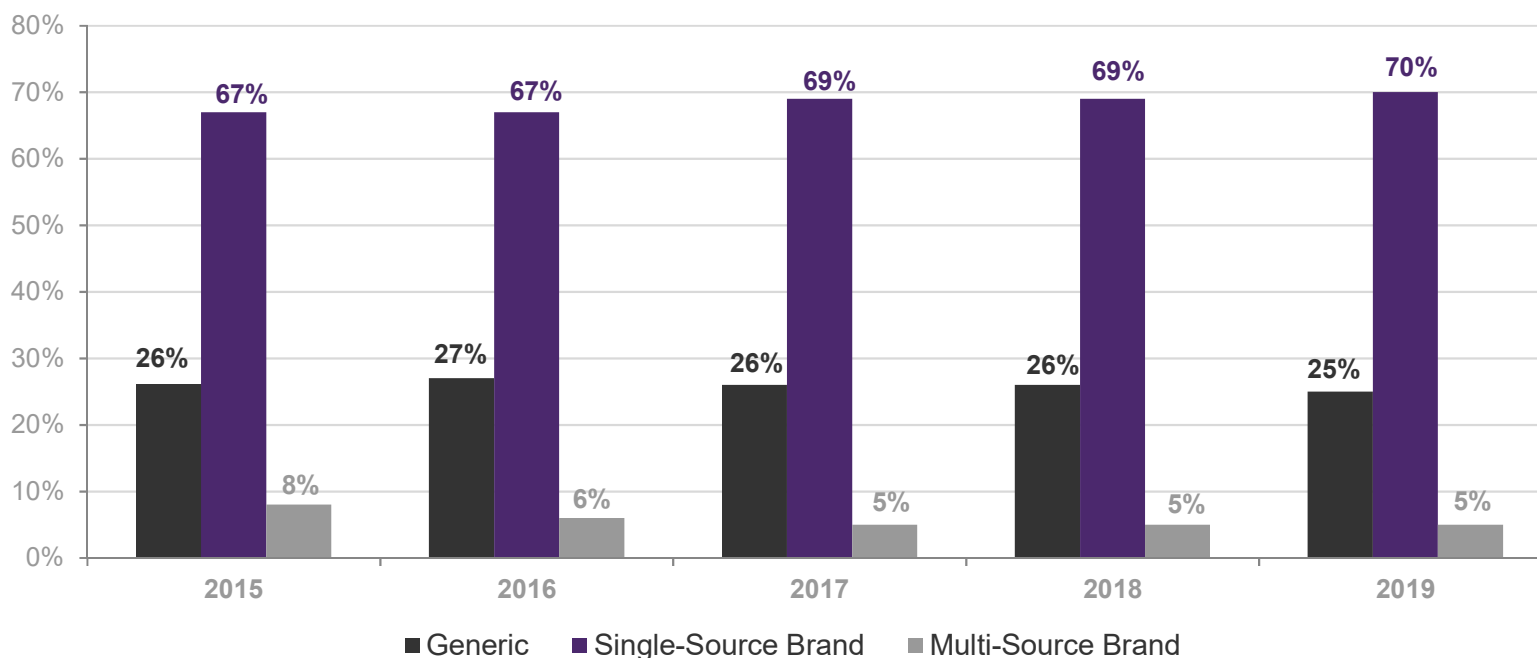
Utilization percentage by type of drug | #Rx

Canada



Paid percentage by type of drug | eligible amount

Canada



Specialty and biosimilar 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**

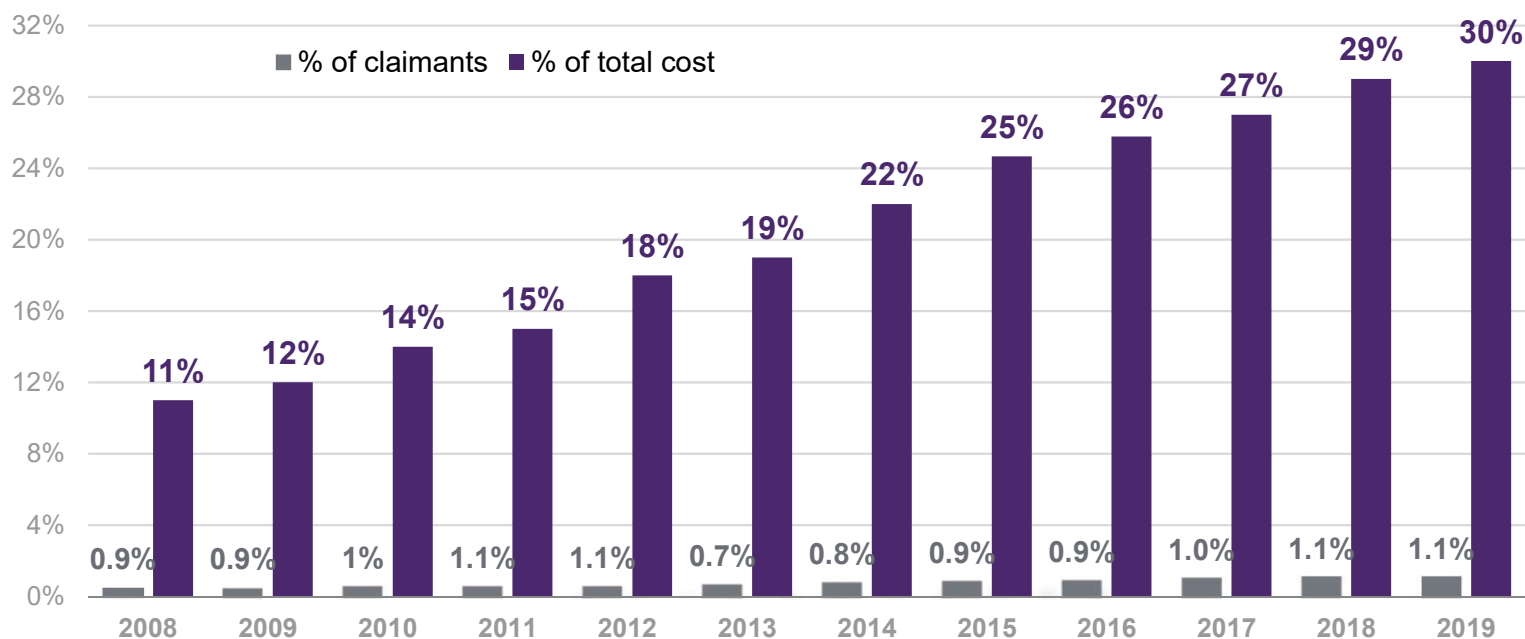
Further characteristics of these drugs may include but are not limited to:

- 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.)

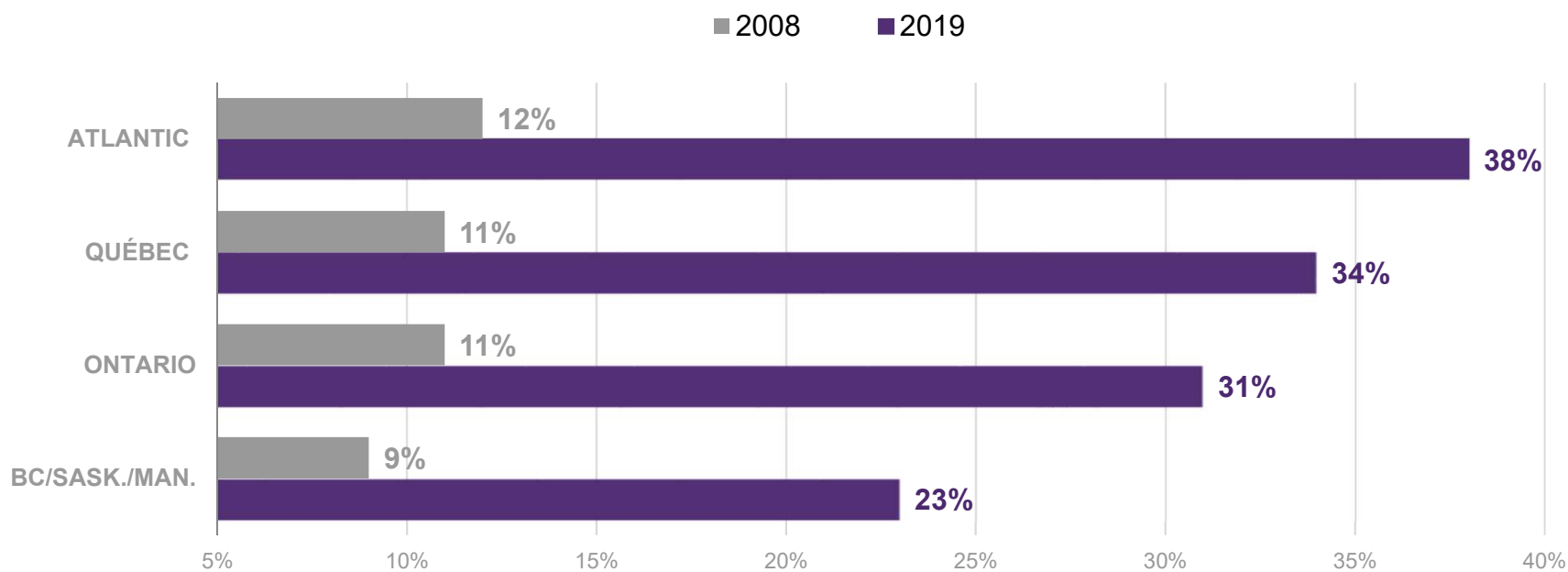


Specialty drugs | less than 65

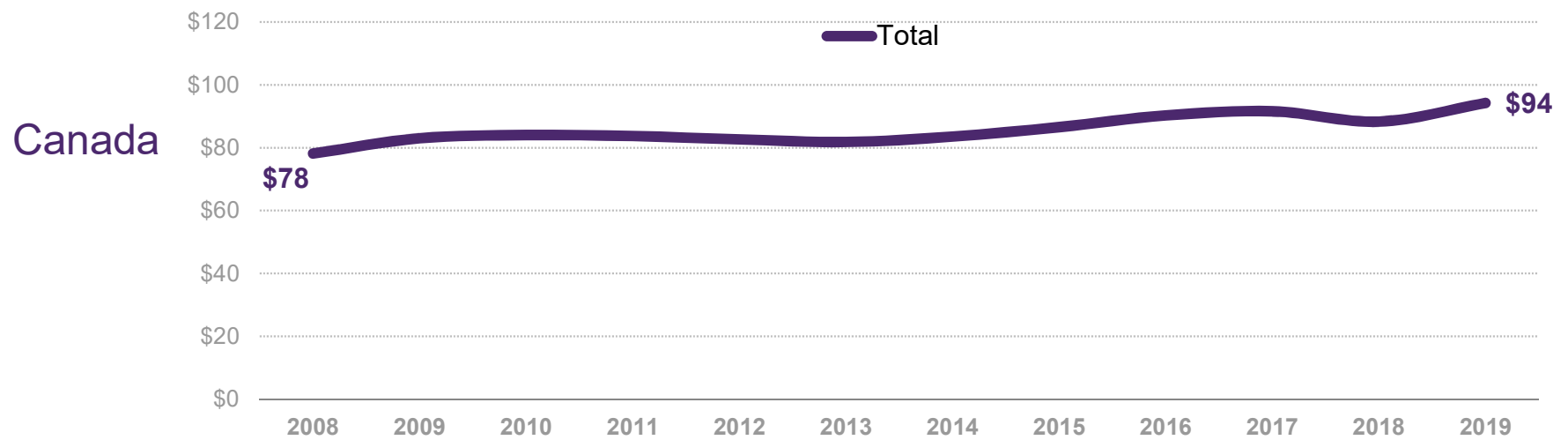
Canada



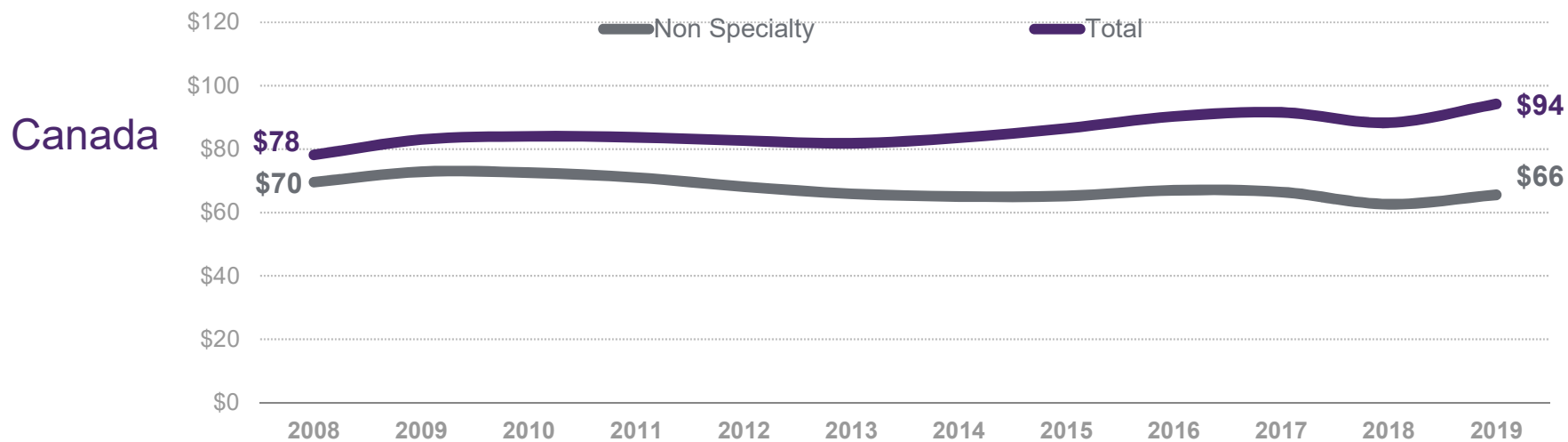
Specialty drugs | less than 65



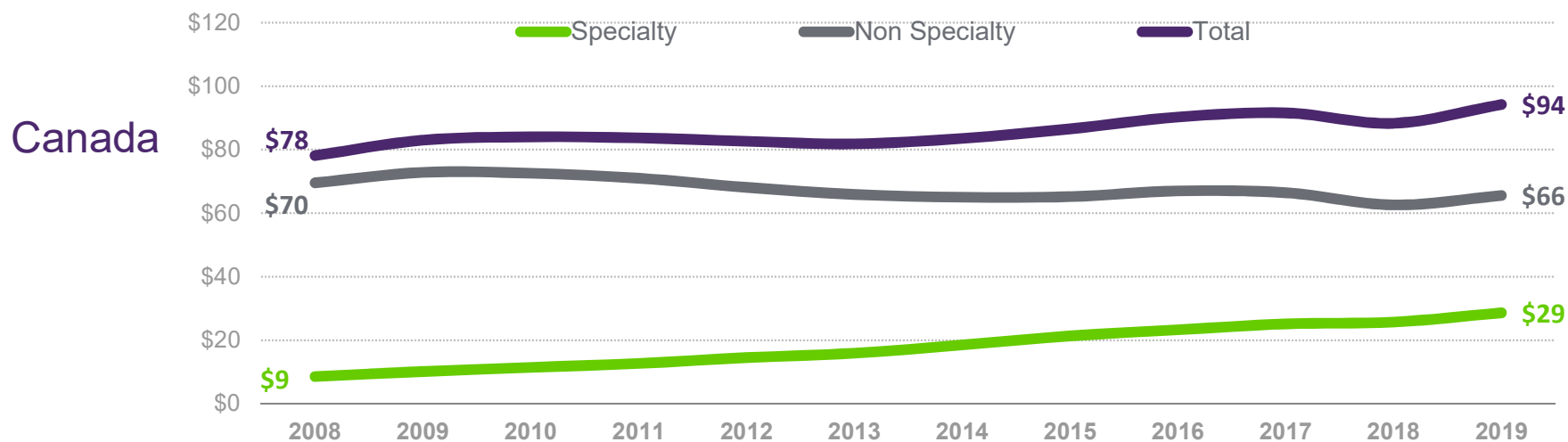
Specialty drugs | less than 65 – monthly cost per certificate



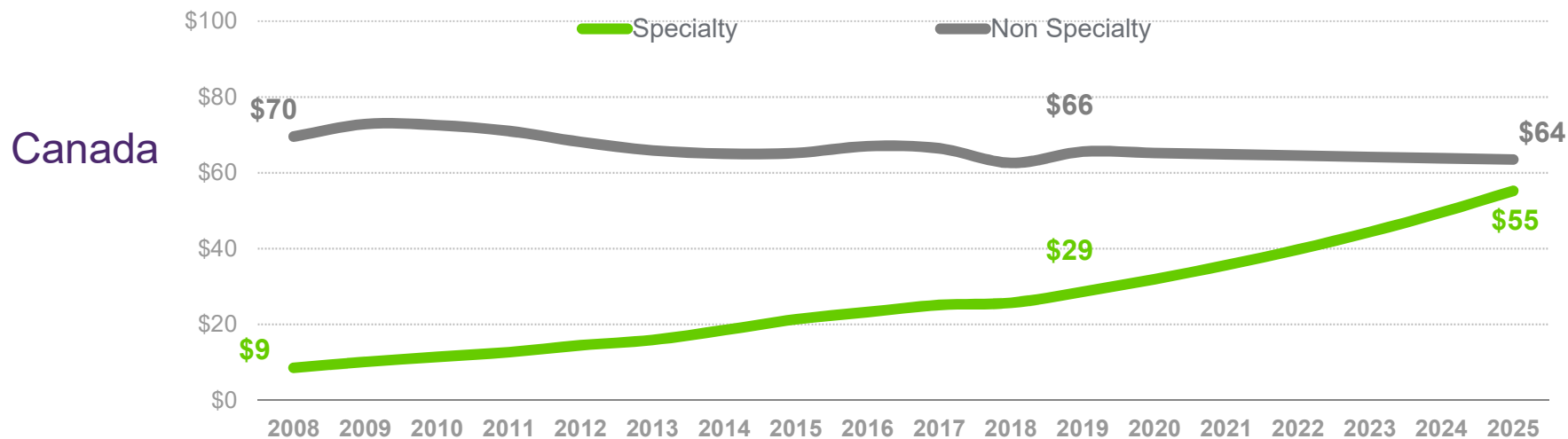
Specialty drugs | less than 65 – monthly cost per certificate



Specialty drugs | less than 65 – monthly cost per certificate

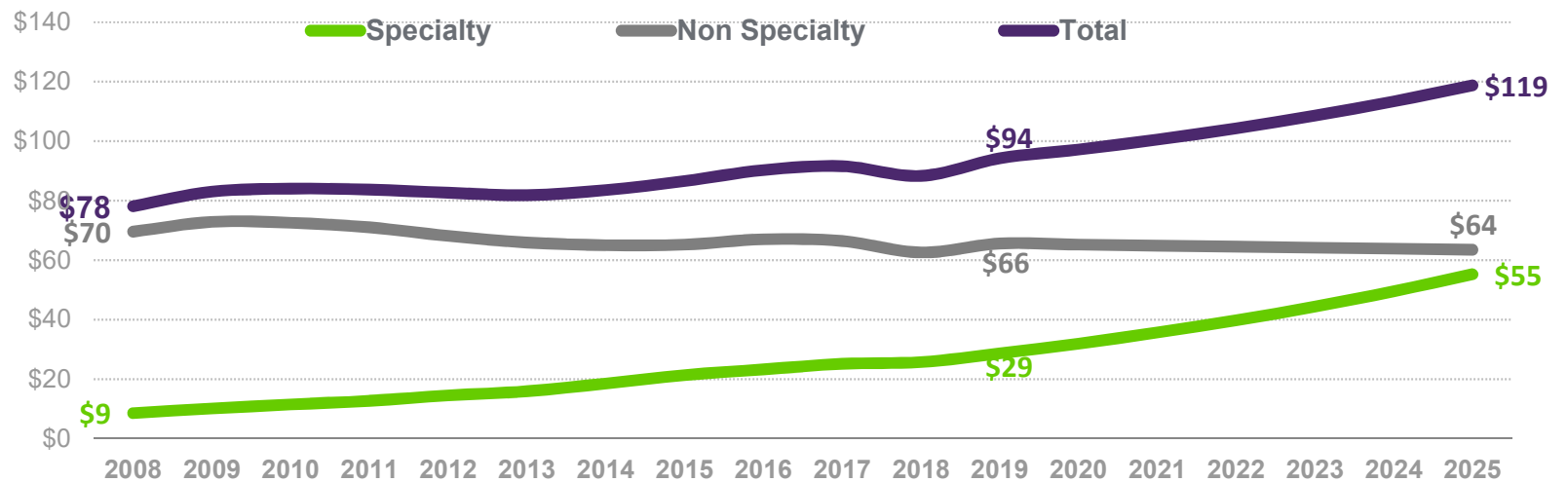


Specialty drugs | less than 65 – monthly cost per certificate



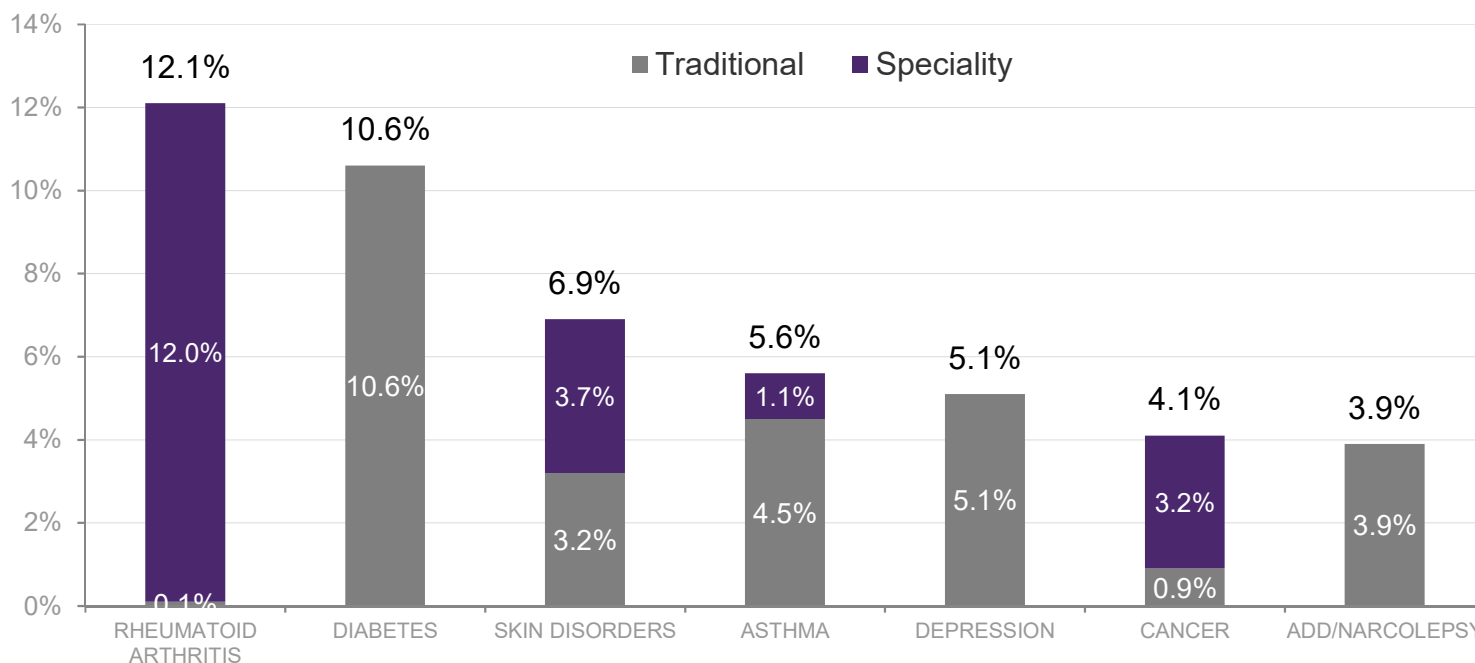
Specialty drugs | less than 65 – monthly cost per certificate

Canada



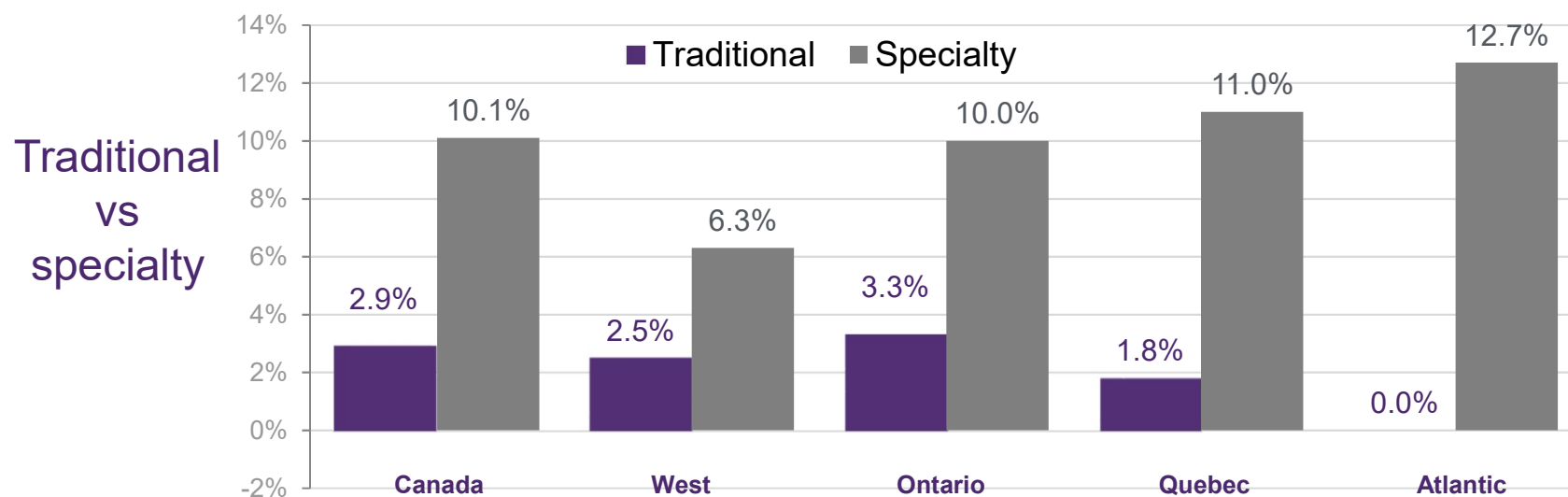
Specialty vs traditional drug split | % of eligible amount

Canada

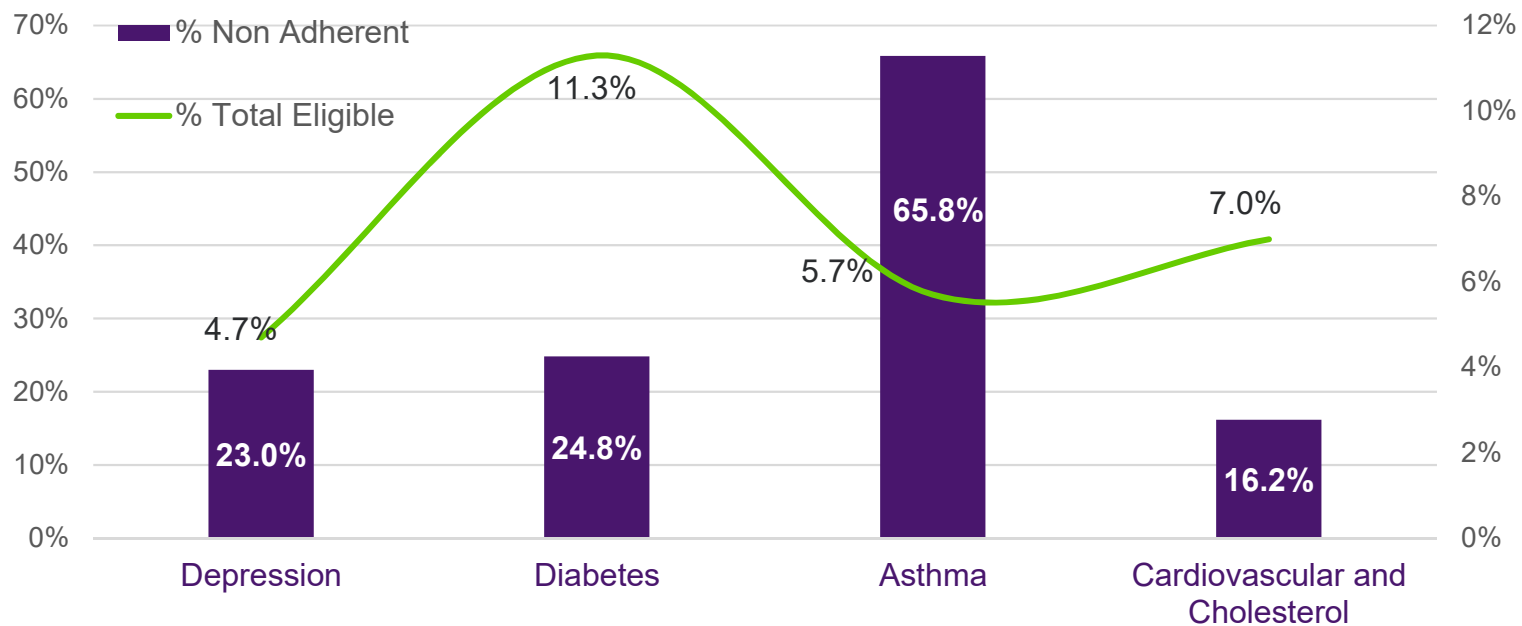


Change in eligible monthly costs – insureds age 25-64

2018 to 2019



Adherence | Canada all ages 2019

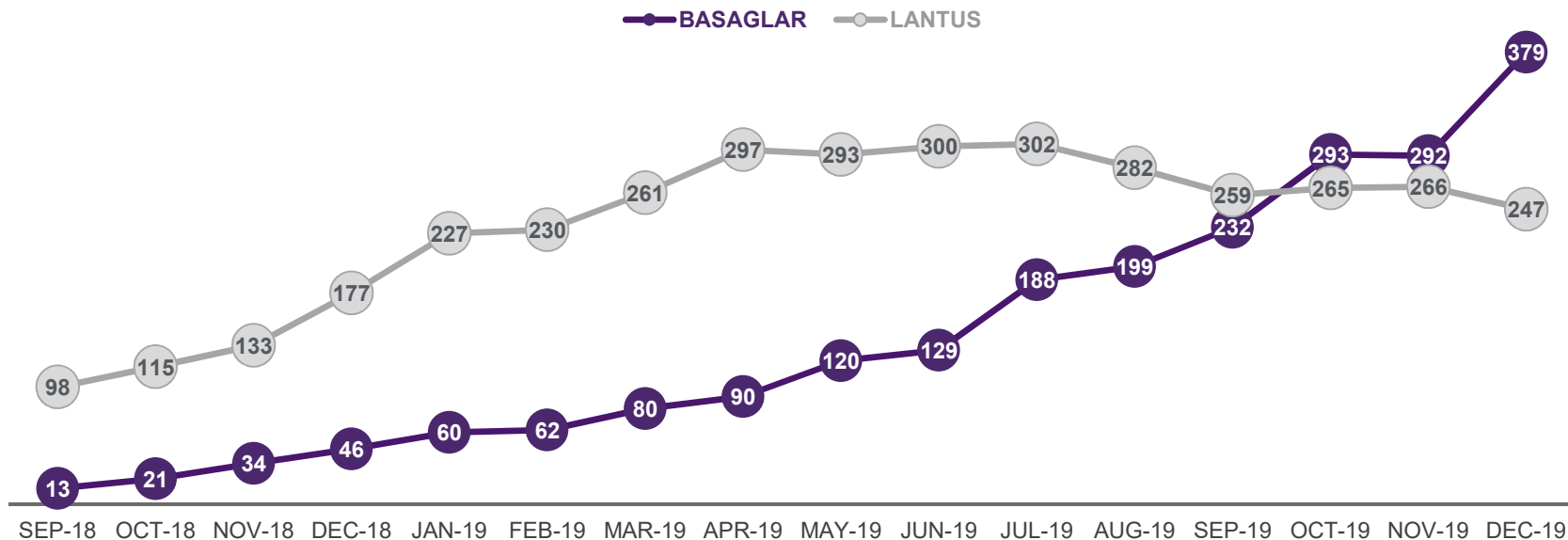


* Non-adherent is based on a patient with a Medication Possession Ratio of less than 0.8



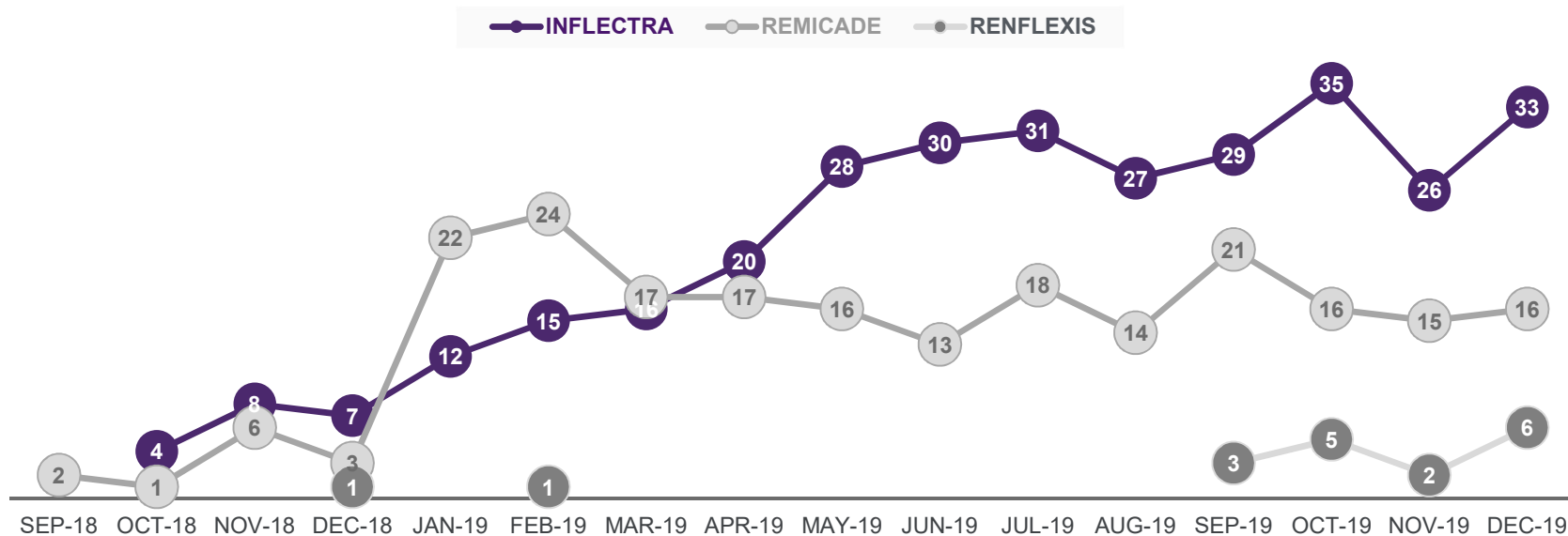
Biosimilar New Starts - BC

Number of new patients in British Columbia by month



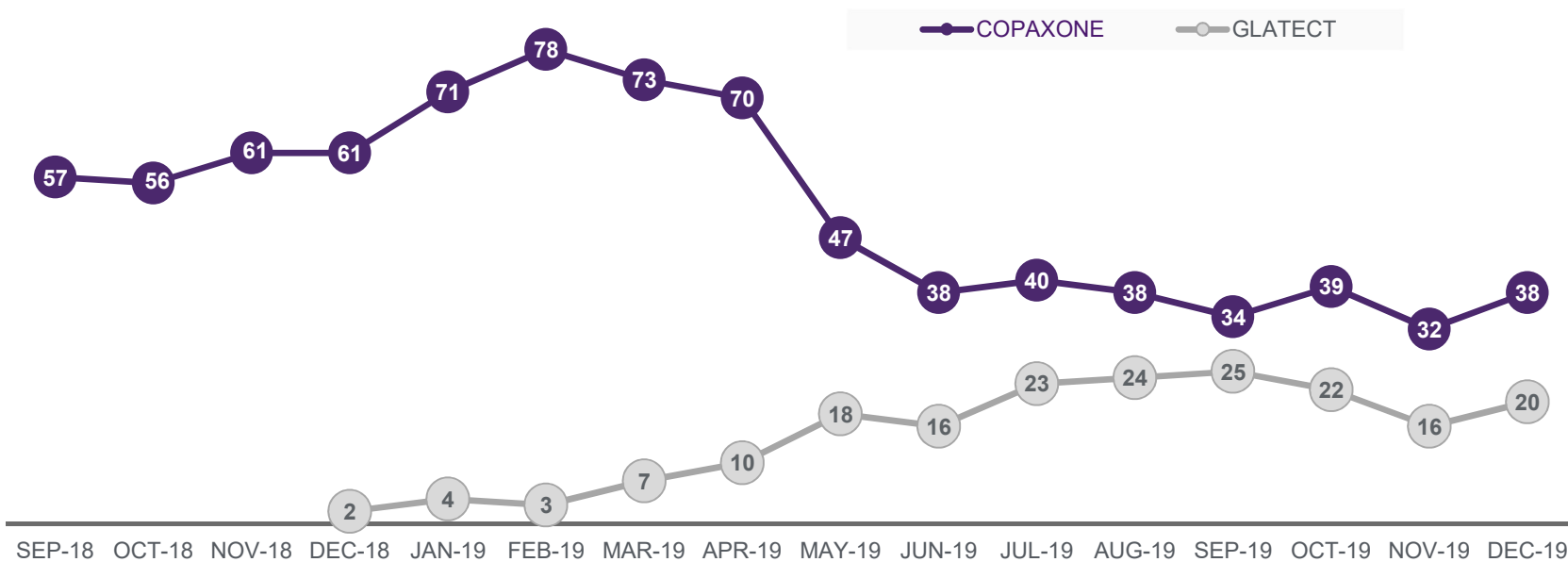
Biosimilar New Starts - BC

Number of new patients in British Columbia by month

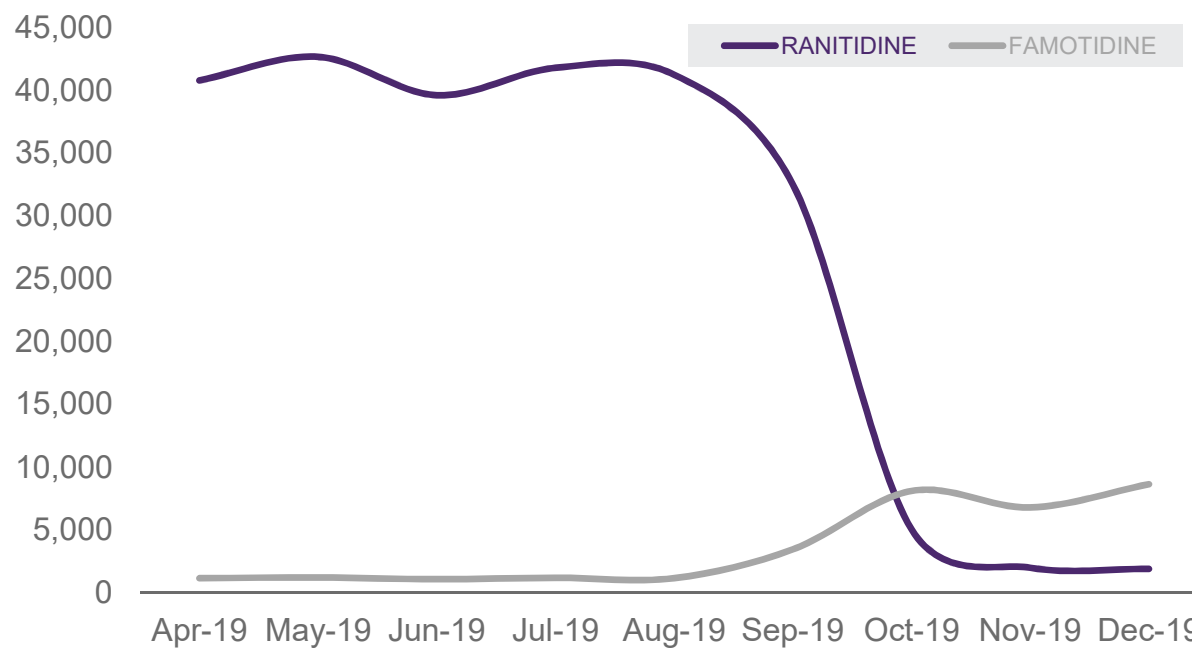


Biosimilar New Starts - BC

Number of new patients in British Columbia by month



Drug Shortages | Canada 2019





Therapeutic category rankings

Top 10 drug classes by eligible amount

| Therapeutic class | Rank by total eligible amount | | Percent of total eligible amount | |
|-----------------------------------|-------------------------------|------|----------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Rheumatoid Arthritis | 1 | 1 | 12.1% | 12.1% |
| Diabetes | 2 | 2 | 10.6% | 10.0% |
| Skin Disorders | 3 | 3 | 6.9% | 6.1% |
| Asthma | 4 | 4 | 5.6% | 5.6% |
| Depression | 5 | 5 | 5.1% | 5.1% |
| Cancer | 6 | 6 | 4.1% | 3.9% |
| ADHD / Narcolepsy | 7 | 9 | 3.9% | 3.4% |
| Multiple Sclerosis | 8 | 8 | 3.6% | 3.6% |
| Blood Pressure | 9 | 7 | 3.3% | 3.8% |
| Antibiotics / Anti-Infectives | 10 | 10 | 2.9% | 3.1% |
| % of total eligible amount | | | 60.8% | 58.8% |



Top 10 products by eligible amount

| Drug Product | Rank by total eligible amount | | Percent of total eligible amount | |
|-----------------------------------|-------------------------------|------|----------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Remicade | 1 | 1 | 4.7% | 4.7% |
| Humira | 2 | 2 | 4.5% | 4.5% |
| Stelara | 3 | 4 | 2.0% | 1.8% |
| Insulin | 4 | 3 | 1.5% | 1.8% |
| Vyvanse | 5 | 8 | 1.3% | 1.0% |
| Concerta | 6 | 6 | 1.3% | 1.2% |
| Freestyle Libre | 7 | 40 | 1.0% | 0.5% |
| Enbrel | 8 | 5 | 1.0% | 1.3% |
| Symbicort | 9 | 9 | 1.0% | 1.0% |
| Crestor | 10 | 7 | 1.0% | 1.1% |
| % of total eligible amount | | | 19.3% | 18.9% |

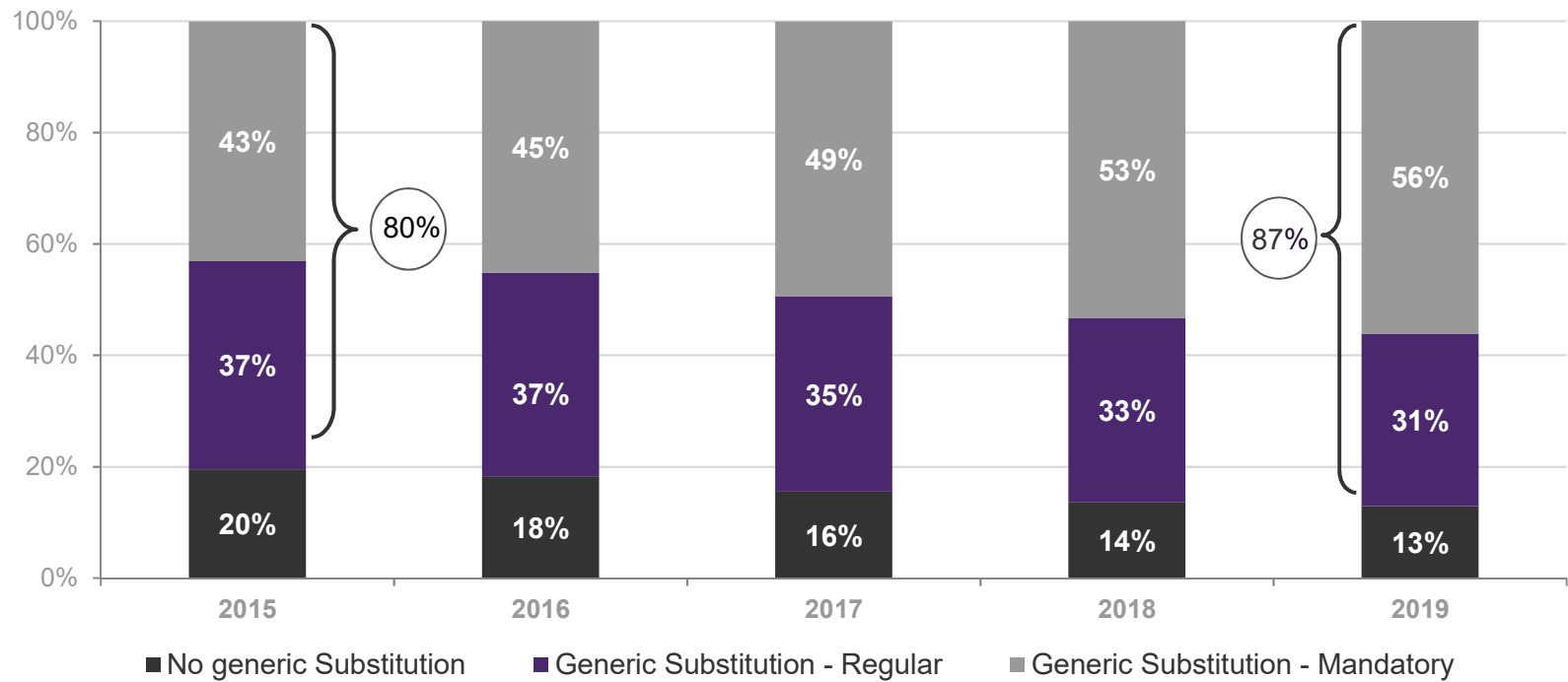


Plan design



Generic substitution | # of insureds

Canada



Generic substitution | # of insureds vs # of groups

| 2019 | | |
|----------------------------------|----------|--------|
| | Insureds | Groups |
| Generic substitution - mandatory | 56% | 86% |
| Generic substitution - regular | 31% | 8% |
| No generic substitution | 13% | 6% |

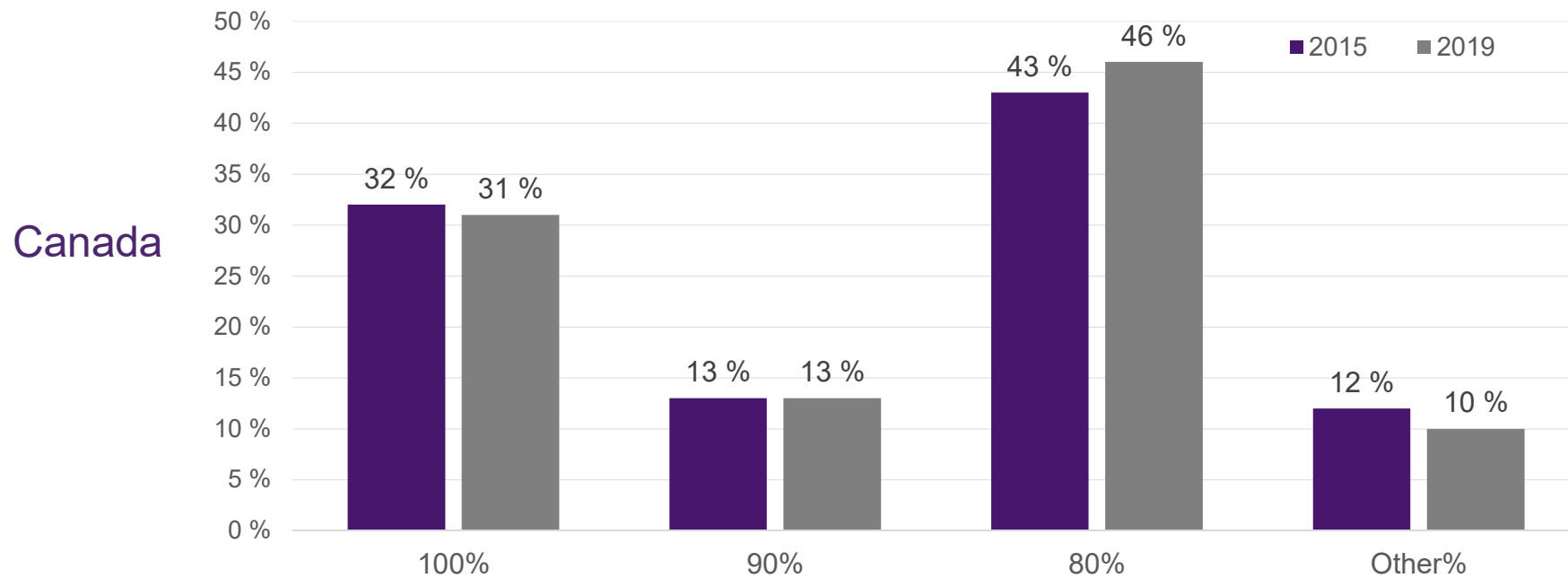
Canada

87% (bracketed for Insureds: 56% + 31%)

94% (bracketed for Groups: 86% + 8%)

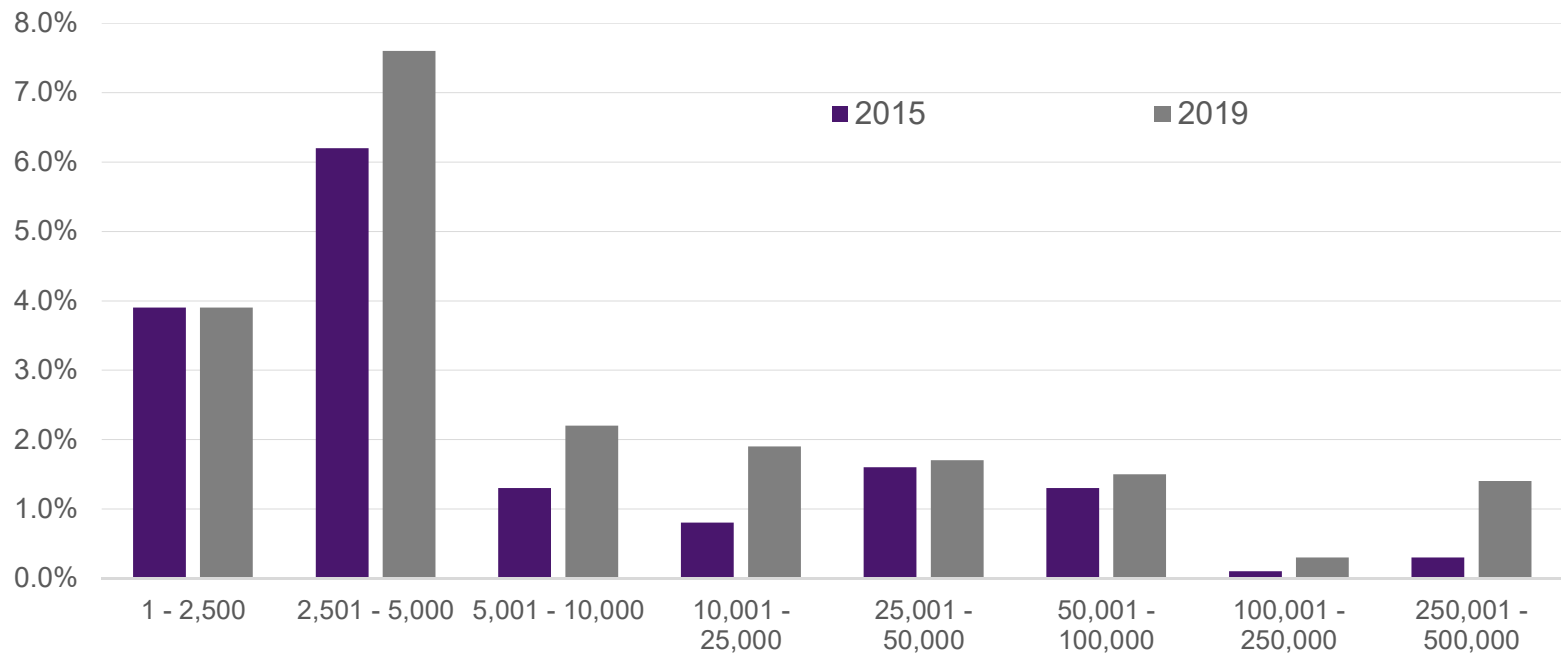


Coinsurance | % of Certificates – Less than 65



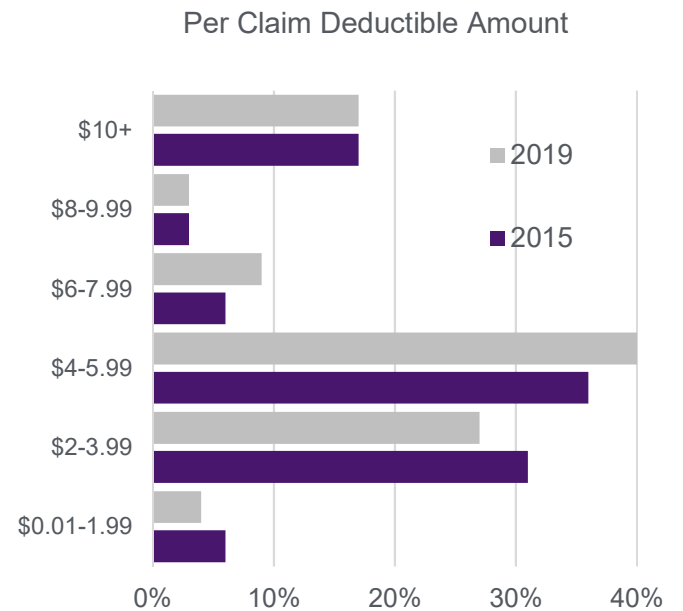
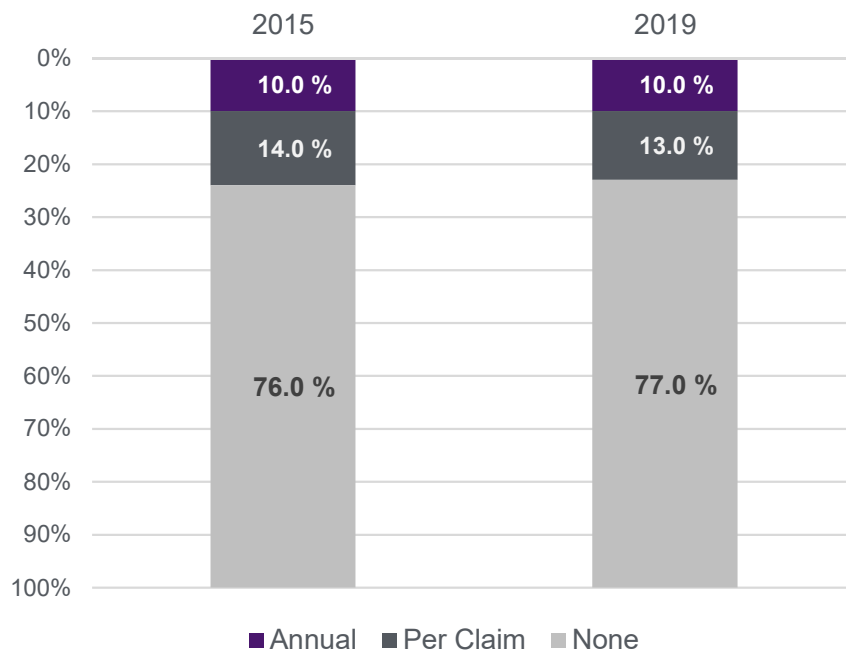
Annual Maximums | % of Certificates – Less than 65

Canada



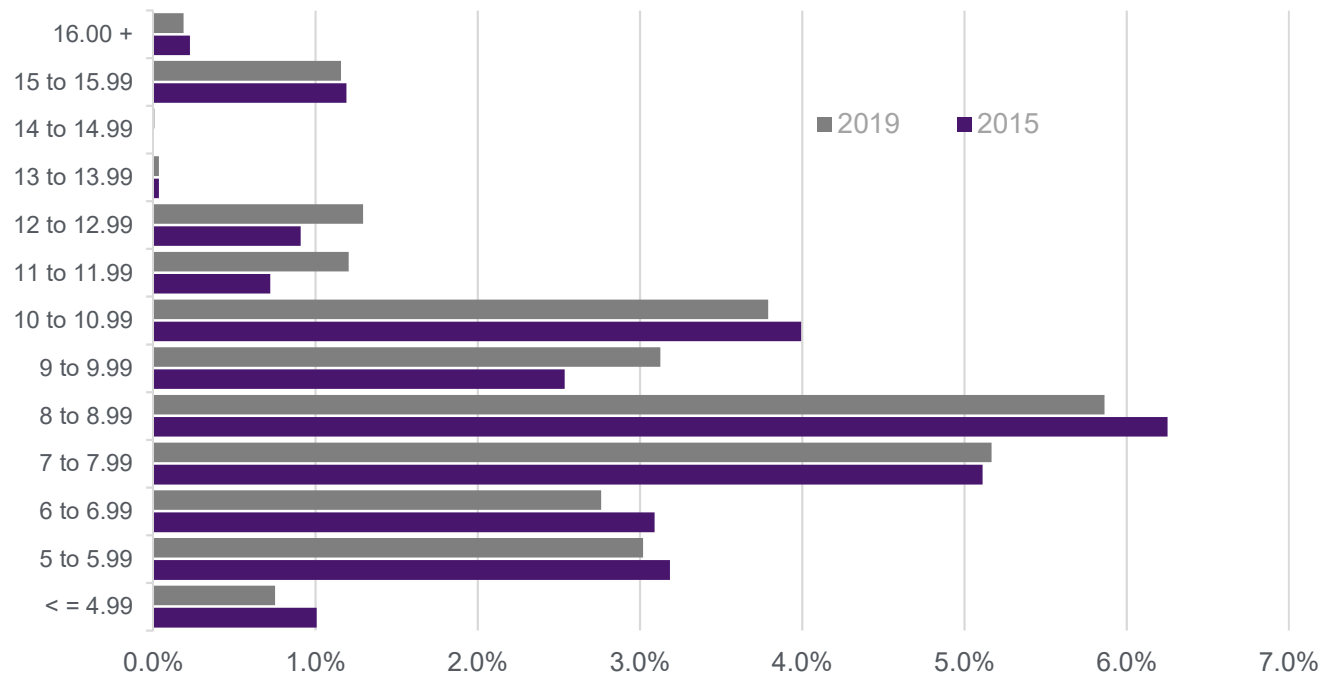
Deductible | % of Certificates – Less than 65

Canada



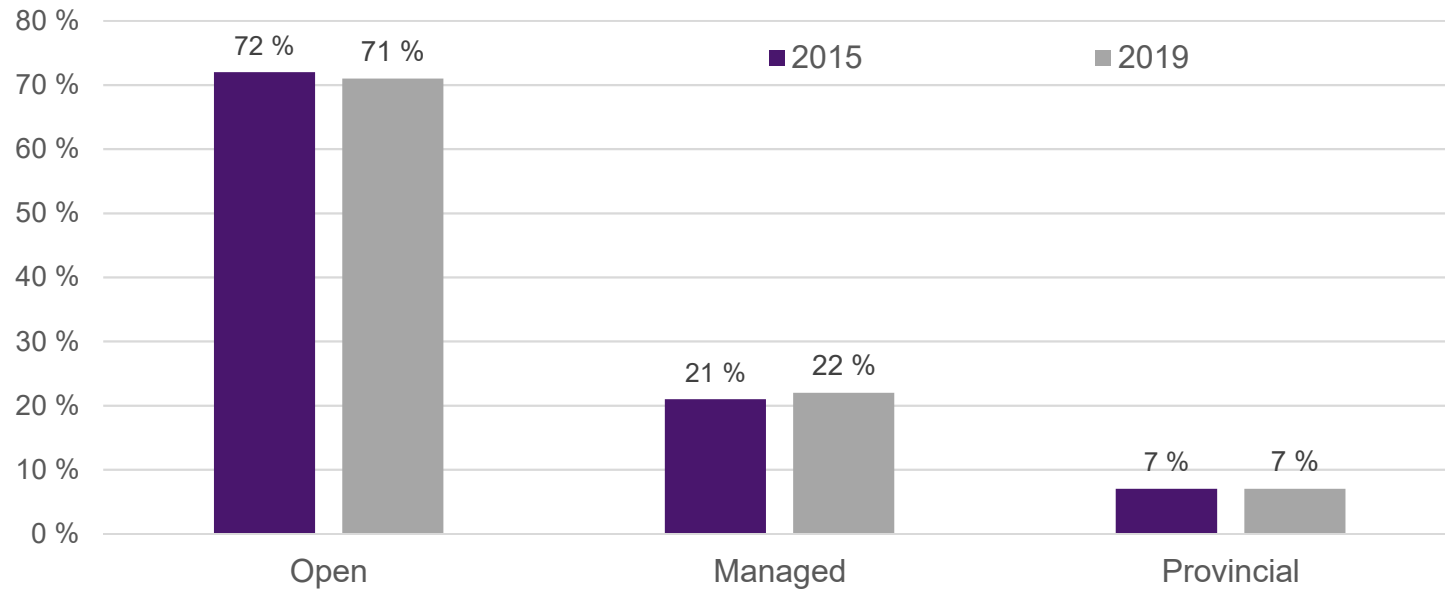
Dispense Fee Cap | % of Certificates – Less than 65

Canada



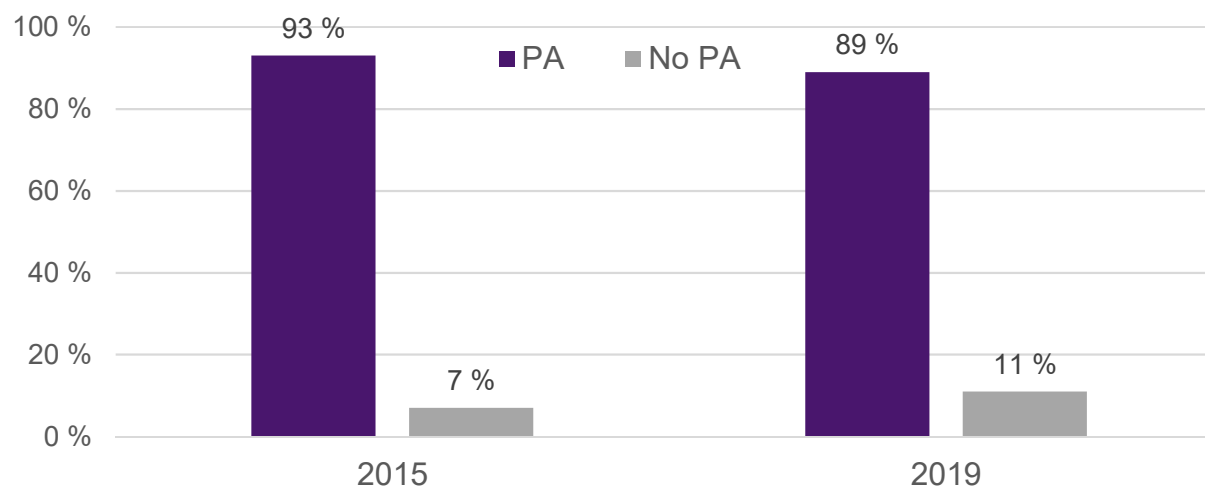
Formulary Type | % of Certificates – Less than 65

Canada



Prior Authorization | % of Certificates – Less than 65

Canada



Summary

- When focusing on the 25-64 age bands, the overall change in plan costs (based on monthly eligible amount per insured) saw a 5.1% year over year increase across Canada. This increase was driven primarily by higher cost per claim with a lesser influence from increased utilization. However, on a region basis there are differences.
- Plans that have a significant employee base in Ontario will see higher costs in 2019 and beyond, compared to 2018 given the repeal of OHIP+ in April 2019.
- Specialty drugs now account for 30% of total eligible costs, but still resulting from just 1.1% of claimants. Specialty drug costs are trending much higher than traditional at 10.1% year over year.
- We observed poor adherence across several chronic conditions. Although non-adherence can drive lower claim costs in that particular category, there is a risk of increasing costs downstream if the condition is not managed appropriately.
- Chronic conditions and high cost treatments of more rare disease dominate the top drug class profile. Some of these categories, like RA and cancer, are propelled by high specialty drug costs in that category.
- Continued slow but steady trend towards adoption of plan management features to contain costs. Additional levers to contain costs (PLAs, biosimilar strategies, high cost claimant and chronic disease management, etc.) will begin to emerge.





Questions



Thank you



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