



Briefing Note: Budget Impact of Reducing Inequity for Access to Take-Home Cancer Drugs in Nova Scotia

Prepared for: CanCertainty Coalition

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Purpose

This Briefing Note estimates the cost of closing the gaps in coverage for all Nova Scotians needing Take-Home Cancer Drugs (THCDs). This Briefing Note provides a reasonably complete analysis based on program data shared by NS Department of Health and Wellness. Further analysis by the Department and Ministry is warranted.

Executive Summary

In order for Nova Scotians to access THCD with the same (zero) financial burden as incurred for intravenous cancer drugs, **based on data shared by the Department March 29, 2017, we estimate the maximum incremental cost to the Ministry of Health to be \$1.8m:**

- \$608K to eliminate out-of-pocket expenses for current Family Pharmacare patients, as per Department of Health data
- Estimated \$1.2M to eliminate out-of-pocket expenses for patients under age 65 who are not currently within Family Pharmacare or Drug Assistance for Cancer Patients eligibility limits
- Total: approximately \$1.8M to eliminate out-of-pocket expenses for current cancer patients in Family Pharmacare plus potential patients whose out-of-pocket expenses fall below the Family Pharmacare deductible threshold.
- This analysis assumes that private insurance remains as an expected part of the coverage solution.

Background: Current Funding Models for Cancer Medications

While today's cancer treatment includes both intravenous (IV) and oral (take-home) cancer drugs, Nova Scotia has two completely separate mechanisms of access and funding:

1. Intravenous Cancer Drugs

Nova Scotia (NS) pays 100% of the cost of IV cancer drugs once listed on the NS formulary. Patients pay \$0, regardless of age or income level. Approval mechanisms for formulary-approved IV therapies are straightforward and do not pose risk of delayed treatment to each patient.

2. Take-Home Cancer Drugs (THCD)

Funding of THCD, by contrast is the responsibility of the patient in NS. The province expects patients to use their insurance to pay for their drugs, when possible. About 66% of Canadians under 65 have a private drug plan.¹ The estimate for Nova Scotia is slightly higher at 68%.² There is no guarantee of THCD coverage (partial or complete) on a private insurance plan. For those that do not have access to an insurance plan, or who lack adequate coverage on their insurance plan, the province offers access to THCD funding through the following programs:

- Seniors Pharmacare plan: NS pays almost all of the cost of THCD for those 65+. Seniors pay a maximum of \$382 in copayments per year for all prescriptions they may require, including any THCDs.
- Community Services programs: NS pays the full cost of THCD less \$5 per Rx.
- Drug Assistance for Cancer Patients (DACP) program: NS pays the full cost of THCD. This program is ONLY for low-income Nova Scotians who do not have private drug coverage and who have a gross annual family income under \$15,720.
- Family Pharmacare program: This is available to any NS resident 18 years of age and over. It provides funding for formulary-approved THCD only after the patient has met an annual family deductible and has paid a 20% co-payment. The deductible and co-payment ceilings are set according to family income and deductibles can be **as high as 20%** of gross annual income.

All NS Pharmacare enrollments are voluntary. One must seek out or be informed of each program.

Time to start of THCD therapy varies greatly by patient, based on the availability of insurance coverage, quality of insurance coverage, eligibility for Pharmacare, age, and family income level.

¹ Telus Health Analytics PRISM 2016 (Canada).

² Canadian Life and Health Insurance Association.

[https://www.clhia.ca/domino/html/clhia/CLHIA_LP4W_LND_Webstation.nsf/resources/Factbook_2/\\$file/2016+CLHIA+Factbook+ENG.pdf](https://www.clhia.ca/domino/html/clhia/CLHIA_LP4W_LND_Webstation.nsf/resources/Factbook_2/$file/2016+CLHIA+Factbook+ENG.pdf)

Current Patient Costs for THCDs in Nova Scotia³

Data shared by the Department include those enrolled in a NS Pharmacare program who accessed coverage for a THCD, both including and excluding take-home hormonal therapies that are used for some cancers. The data do not include those who accessed funding through private insurance plans or pharmaceutical-sponsored programs:

- Hormonal therapies (used typically for low-grade breast cancers and prostate cancer) are generally less expensive and are listed as full benefits (i.e. without restrictions) on all the above-listed Pharmacare plans.
- Non-hormonal THCD are typically more expensive and can range from \$500 to \$14,000 per 28-day cycle (often in excess of \$100,000 per year). They have restricted availability, usually with clinical criteria, on the Pharmacare plans.

Numbers of Patients Receiving Benefit Including Hormonal Therapies

For the fiscal year 2015/16, the following numbers of patients accessed Pharmacare programs for THCD including hormonal therapies:

- Seniors Pharmacare: 2,478
- **Family Pharmacare: 387**
- Department of Community Services: 146
- Drug Assistance for Cancer Patients: 111
- Other smaller programs: 58
- (e.g. <65 long term care residents, palliative care)

Mean out-of-pocket expenses for those who incurred deductibles/copayments (Family Pharmacare patients) were \$1,571.

Numbers of Patients Receiving Benefit Excluding Hormonal Therapies

For the fiscal year 2015/16, the following numbers of patients accessed drug programs for THCD excluding hormonal therapies:

- Seniors Pharmacare: 419
- **Family Pharmacare: 173**
- Department of Community Services: 40
- Drug Assistance for Cancer Patients: 33
- Other smaller programs: 32

Mean out-of-pocket expenses for those who incurred deductibles/co-payments (Family Pharmacare patients) were \$3,000.

Proposed Policy/Program Changes in Nova Scotia

On principles of fairness and equity to cancer patients in Nova Scotia, we estimated the incremental cost to Nova Scotia to achieve funding equity between THCD and IV cancer medications. The goal is to ensure all cancer patients have seamless and timely access to approved cancer therapies, regardless of administration method.

³ Kathleen Coleman, Pharmaceutical Services and Extended Health Benefits, Nova Scotia. Personal communication to CanCertainty. Requested Dec 8, 2016; Received March 29, 2017.

1. Eliminating Out-of-Pocket Costs for THCDs for Current Patients

To be equitable with IV cancer treatments, at a minimum we propose to eliminate the out-of-pocket costs (deductible and/or co-pay) required by Family Pharmacare for THCD¹. This practice is currently performed for one THCD – temozolomide – a process put in place more than 5 years ago.⁴

A simple calculation shows that the annual cost to Nova Scotia for providing THCD (including hormonal therapies) with no out-of-pocket burden to current Family Pharmacare patients would be:

$$387 \times \$1,571 = \$607,977 \quad (\# \text{ patients } \times \text{ mean out-of-pocket costs})$$

Again, to be equitable with IV cancer treatments in the over-65 patient population, we recommend that the Ministry also consider eliminating co-payments for Seniors Pharmacare, in order for THCD to be equitable with IV treatments. These patients must incur an annual co-payment up to \$382. However, it is likely that the vast majority of the 2,478 Seniors Pharmacare patients who received a THCD also received other prescription drugs. While the co-payment should be waived for the THCDs, it is reasonable to assume that patients would still incur maximum co-payments for their concurrent prescription needs. Thus, the province is unlikely to incur substantive additional costs by removing THCD from the co-payment requirements for Seniors Pharmacare patients.

2. Ensuring Private Drug Coverage Remains in Coverage Solution

We further propose that private insurance remain as an expected part of the coverage solution. Insurers and employers have emphasized that they want to be part of THCD funding. This is considered an important benefit to employees.⁵ Private insurance should continue to be regarded as first payer when available.

3. Eliminate or raise the income eligibility for the Drug Assistance for Cancer Patients program.

This program already offers 100% coverage of THCD to those without private insurance. The application process for this program is relatively quick and seamless. By increasing the income threshold or eliminating it altogether, this program could provide a relatively seamless alternative for funding of THCD for those **without** a private insurance plan. This could be put in place in addition to eliminating out-of-pocket costs on Family Pharmacare for THCD, as it would then cover all patients and reduce the amount of electronic adjustments needed to override the deductible/co-payment for each patient.

⁴ Correspondence to CanCertainty Coalition, March 2016, Mary Lou Robertson BA, BSW, RSW Medication Resource Specialist - NSHA Cancer Care Program

⁵ Canadian Cancer Society. Canadian Cancer Society and CanCertainty Round Table on Take Home Cancer Drugs. June 21, 2016. Discussion Summary.

4. Anticipating Increased Applications to Family and DACP Pharmacare

The utilization of NS Pharmacare programs for the funding of THCD will be higher by extending eligibility and/or eliminating out-of-pocket costs to patients.

An examination of the Family Pharmacare parameters reveals the potential burden for working Nova Scotians, with or without private drug insurance as follows:

The median income of a Nova Scotia family in 2012 was \$67,910.⁶

A typical family must incur **a deductible up to \$5,571.90 annually** before becoming eligible for any financial assistance from Family Pharmacare.⁷ The family must further incur **a co-payment cost up to \$7,429.20** before they would be eligible for full coverage.⁵ In total, Family Pharmacare patients could incur out of pocket costs typically **up to \$13,001 per year for any drug(s).**

We know that the mean out-of-pocket patient burden is \$1,571 to \$3,000. Middle income families would incur this expense and not meet the minimum deductible to be eligible for any financial assistance from Family Pharmacare. Instead, they would have to bear this 'residual cost' themselves, or seek assistance from private/pharma programs, where they exist. We reiterate that these patients would have zero cost and no need to rely on a complex, shifting funding environment, if their cancer drugs were IV medications.

It is difficult to anticipate the number of additional cancer patients who might be eligible for a Pharmacare program if there were no out-of-pocket costs for THCD. THCD are treated as outpatient prescriptions in NS and are not tracked by the provincial cancer agency. Instead, we relied on epidemiology and assumptions to estimate the number of working Nova Scotians who could be incurring out of pocket costs for THCD that fell below the minimum for Family Pharmacare eligibility.

In 2016, there were 6,000 incident cases of cancer in Nova Scotia.⁸ Approximately 40% of these cases occurred in people under 65;⁹ thus, approximately 2,400 Nova Scotians under 65 received a cancer diagnosis last year.

Of those patients, the majority will be offered some form of oncology therapy as part of their treatment (IV, radiation, or a THCD). If we assume that one-third of patients would require a non-hormonal THCD, this would represent 800 patients. (Note: younger patients are more likely to receive more aggressive, non-hormonal therapies, while hormonal treatments are more likely to be prescribed to older patients).

While 68% of Nova Scotians have a private insurance plan, current insurance industry statistics show only 40% of Canadians have access to 100% coverage on their plan.¹⁰

⁶ Statistics Canada, CANSIM, table [206-0011](#) (2014).

⁷ Nova Scotia. <https://novascotia.ca/dhw/pharmacare/family-pharmacare.asp> Accessed April 13, 2017.

⁸ Canadian Cancer Society. <http://www.cancer.ca/en/cancer-information/cancer-101/canadian-cancer-statistics-publication/?region=ns>

⁹ Cancer Care Nova Scotia. Understanding Cancer in Nova Scotia. <http://www.cancercare.ns.ca/site-cc/media/cancercare/understandingcancer.pdf>

Thus, 218 of the 800 patients would have 100% coverage, leaving as many as 582 Nova Scotians without 100% coverage (those without any insurance, and those with partial insurance). Department data showed that there were only 173 patients who received benefits from Family Pharmacare for non-hormonal THCD.

We conservatively estimated that there could be an additional 400 working Nova Scotians who would qualify for Family Pharmacare at a zero-deductible threshold. If we assume these patients would receive non-hormonal therapies, **this could generate an additional 400 * \$3,000 = \$1,200,000 in costs to provide THCD with no out-of-pocket burden to potential Family Pharmacare patients whose deductible is currently below the threshold for financial assistance.**

5. Possible Offsets

There are few instances where a patient would be directed to an IV treatment instead of an oral or THCD. Most THCD do not have an IV “alternative.” One exception is capecitabine, which has an IV alternative in 5FU and has been referenced in the past by Dr. Bruce Colwell as an option for his patients who could not afford the oral version¹¹. This is an exception to the rule. It is not anticipated that there would be an increase in patients now getting IV treatments who would suddenly switch to an oral THCD.

Possible positive financial offsets are possible through a complete review of Pharmacy Services for THCDs that could substantially reduce mark-ups and dispensing fees paid by the province to community pharmacy. (In Ontario, Cancer Care Ontario has commissioned a Task Force for Oncology Pharmacy Services specifically to address the safety, quality, and delivery models for take-home cancer medications in the province.)

To be conservative, we excluded these potential cost offsets from our budget calculations.

Summary

In order for Nova Scotians to access THCD with the same (zero) financial burden as incurred for intravenous cancer drugs, we estimate the maximum incremental cost at:

- \$608K to eliminate out-of-pocket expenses for current Family Pharmacare patients, as per Department of Health data*
- Estimated \$1.2M to eliminate out-of-pocket expenses for patients under age 65 who are not currently within Family Pharmacare or Drug Assistance for Cancer Patients eligibility limits**
- **Total: approximately \$1.8M to eliminate out-of-pocket expenses** for cancer patients currently in Family Pharmacare plus patients whose out-of-pocket expenses currently fall below the Family Pharmacare deductible threshold.

¹⁰ Canadian Life and Health Insurance Association (CLHIA) Facts and Figures 2015

¹¹ Interview with Dr. Bruce Colwell, CTV News at Six, CTV Atlantic, December 11, 2016

Assumptions:

- Private insurance remains as an expected part of the coverage solution.
 - *Mean out of pocket expense equivalent to patients currently funded by Family Pharmacare (\$1,571) for all THCD, including hormonal therapies.
 - *Potentially some costs for the elimination of out of pocket expenses for current Senior Pharmacare patients, but likely to be modest, if any
 - **60/40 split in cancer cases, 65+/under-65
 - **One-third of cancer cases in the under-65 population would require non-hormonal THCD.
 - **Mean out of pocket expense equivalent to patients currently funded by Family Pharmacare (\$3,000) for non-hormonal THCD
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