Based on the negotiated Pharmacy Services Contract between the Province and the PEI Pharmacists' Association and due to possible wastage as well as the potential danger of storing large quantities of potent drugs in the home, all PEI Pharmacare programs have limits on the maximum days supply of drugs that will be paid for at one time.

PEI Pharmacare Formulary

Since first learning of proposed amendments to the *Drug Cost Assistance Act* which would make Government the payor of last resort, the PEI Retired Teachers' Association has actively opposed these amendments. In correspondence sent to Premier Ghiz, party leaders MacLauchlan, Lantz, Myers, Redmond, and Bevan-Baker, and all sitting ministers and MLAs prior to the 2015 election, we outlined our concerns about the impact of these amendments on our small, self-funded group health plan and on our members over age 65. Along with highlighting the added financial burden for people who in many instances are living on limited fixed incomes (average pension is $26,009), we outlined a number of other concerns related to the sustainability of our plan, implications for individual health care, and the potential for increased costs to the system as we go forward. Our document can be seen on our website at www.peirta.ca in the Group Insurance Forum.

There is tremendous irony in the fact that when the *Drug Cost Assistance Act* was introduced in 1988, it was intended to offset drug costs for seniors over age 65, and now we have members who are dreading turning 65 because they will face significant increases in their drug costs. Retired teachers *over* age 65 now pay more for drugs than they did when they were working, and more than they paid as retirees *under* age 65.

We have taken the position from the beginning that in an ideal world the July 1, 2014 amendments would be rescinded, and life would return to normal. So far, we see no indication that this will happen. But if Government would make one more change to the seniors' plan, much of the additional cost to seniors could be mitigated. There would be no cost to Government. Indeed, the processing of claims and dispensing of drugs would be less labour-intensive and less expensive.

We would hope that Government recognizes the value of having Island seniors carry private health insurance instead of being solely dependent on Government. We understand that the Pharmacy Services Contract will be renegotiated in 2016. We implore this Government to negotiate new terms related to days' supply and thereby relieve an unnecessary financial burden on our seniors, and remove a significant barrier to the continued sustainability of small, self-funded health plans in PEI.

Background

Some might argue that much of the additional cost to individual members of our plan is not the result of SDCAP (Seniors' Drug Cost Assistance Program) amendments but rather derives from the fact that our Group Insurance Trustees made the decision (as did the trustees of at least two other small group plans) to delist drugs covered by PEI Pharmacare (except, in our case, for "high-cost" and diabetes-related drugs), thus boosting the individual co-pay per fill of each prescription from $3.19 to $15.94, just as if we had no private insurance. In fact, delisting was an attempt to stem the new drain on our small plan and prevent premium increases in the range of 25% to 40%—an unprecedented increase which undoubtedly would have driven any number of people from the plan, with the result that a small group would become even smaller, and a good plan would become unsustainable. This action means that in the short term our rates remain stable, and low users will suffer a relatively small economic impact.

The more prescriptions one has, the greater the impact of the aforementioned changes. Again, one could argue that this is the nature of insurance—the more one uses it, the more one has to pay. The logic in this does little to comfort the 65-year-old member of our group plan who has seen his/her annual cost for each prescription for many of the drugs on the Pharmacare formulary go from a maximum of $40 (active teacher, or retired but under age 65) to $0 (over 65 before July 1, 2014) to approximately $191 (over 65 currently). Drug coverage is not like car insurance. One cannot predict or in any significant way control one's need for drug therapy.

How do we arrive at $40 to $191?

An active teacher who is a member of our plan pays a co-pay of 20% of the total cost of the drug to a maximum of $10. If the drug is for long-term or chronic use, it is usually prescribed and covered for 90 days. Four refills would cost the patient, at most, $40 annually. These costs would be over and above the premium cost which is cost-shared 50/50 with the employer.

A retired teacher under age 65 pays the full premium (currently over $1500 for single coverage, or over $3000 for a couple—only one of whom may have pension or other significant income); over-the-counter costs are the same as while working (20% of cost to a maximum of $10 per fill).

Then at age 65 SDCAP comes into play. Under this program, all but so-called "maintenance" drugs are covered for only 30 days, so often the patient now needs twelve fills instead of four. Prior to July 1, 2014, the patient paid the full premium, Pharmacare paid most of the cost of the drug, and our plan covered all or most of the administration/dispensing fees. So in most instances, the patient paid $0 over the counter. But after the July 1, 2014 amendments, Pharmacare became the payor of last resort. The patient paid the full premium, plus a co-pay of $3.19; our plan paid most of the cost of the drug; and Pharmacare paid the rest, usually very little. Annual over-the-counter costs would range from approximately $13 for "maintenance" drugs to approximately $38 for other drugs.

This all sounds very reasonable.

But suddenly there was an enormous new drain on our small plan—so great that Trustees projected an almost immediate premium increase of 25% to 40%. Hence the decision to delist drugs on the Pharmacare formulary, which increased the co-pay for most prescriptions to $15.94. For twelve fills, the new annual cost is $191.38 per prescription.

The majority of seniors in Canada take more than one prescribed drug. The Canadian Institute for Health Information reported in 2014 (2012 figures) that nearly two-thirds of seniors over 65 on public drug programs are taking five or more prescription drugs; over 40% of those over 85 take more than ten. **(**https://www.cihi.ca/en/types-of-care/pharmaceutical-care-and-utilization/most-seniors-take-5-or-more-drugs-numbers-double) This same report shows that in PEI seniors on average use 5.6 drug classes, with almost 54% using between five and 15+, and may well be using more than one drug within a class, necessitating more than one prescription per class. Almost 60% of use is defined as chronic use (taken consistently over a period of months or longer). (https://secure.cihi.ca/free_products/Drug_Use_in_Seniors_on_Public_Drug_Programs_2012_EN_web.pdf)

When we developed the document referenced on page one, Special Authorization drugs represented the greatest concern for our members—some of whom were suddenly facing thousands of dollars in increased costs for single prescriptions. Since that time, our Trustees, in consultation with Johnson Inc. and Medavie Blue Cross, and with the co-operation of Government, have to some extent addressed this issue. Our plan now covers a number of SA drugs which are not covered by Pharmacare but are approved under the Medavie Blue Cross formulary used by our plan.

The process is complex and imperfect, and while many of our members are protected from new, very high costs, some are not. And of course, the changes have put renewed pressure on our plan. What the long term financial impact will be is unclear.

Going Forward

Information gleaned from Government websites and Pharmacare representatives shows that in Nova Scotia the maximum days' supply of drugs for seniors is determined by the prescription. If a doctor writes for 90 or 100 days, that supply is covered by Pharmacare. In New Brunswick, it depends upon the drug. General benefits can normally be gotten for 90 days. Some drugs—narcotics, Special Authorization drugs, and very high cost drugs— may only be covered for 30 days.

We absolutely appreciate the wisdom in restricting the supply of some drugs—narcotics, for example, perhaps high-cost drugs (where wastage is sometimes considered to be an issue), and new prescriptions until it is evident that they will be for chronic use. But we see no logic, and no fairness, in a senior's having to pay for twelve fills a year for a drug that he/she has been and will be taking for years. In fact, we are very concerned that some simply will not do so. Physicians on a CBC panel aired August 20, 2015, reported that almost every day they speak to patients who are splitting pills, skipping doses, or not filling prescriptions because they believe they can't afford them. They cited a recent survey which reported that 20% to 25% of Canadians do not take medications as prescribed specifically because of concerns about the cost. Our own doctors and nurses have made the same point. It is clear that when chronic conditions are not being well managed, enormous costs to the system ensue. Changing the days' supply of drugs available to seniors under Pharmacare would reduce out-of-pocket costs for many prescriptions by two-thirds, while saving Government money on their share of dispensing fees, and possibly reducing future costs to the system. There would be some financial impact at the pharmacy level, but we believe that the needs of our seniors should take precedence over the wishes of an industry which measures ever-increasing revenues in the billions. (Industry Canada, https://www.ic.gc.ca/app/scr/sbms/sbb/cis/revenues.html?code=44611&lang=eng#rdp4). And if wastage and storage are real issues, then drugs could actually be doled out in 30-day supplies. The patient would have the inconvenience of having to pick up refills every month, which currently is the case anyway, but the co-pay would apply only on the first of three fills. There would be no more work at the pharmacy level (they are already dispensing every month); they would collect the co-pay at the time of the first pickup, then "owe" the patient the rest.

Our government has made and continues to make positive changes in the area of drug coverage in PEI. The relatively new Catastrophic Drug Program has the potential to benefit many Islanders. Sadly, we have recently learned that it is under-utilized. (We are perhaps particularly sensitive to this because we know that much of the funding for the program comes from savings introduced with the July 1, 2014 amendments to the *Drug Cost Assistance Act*.) The new generic drug plan will benefit thousands of Islanders, and we applaud Government for its introduction. But we are still missing any accommodation for a small group in a class by themselves—those over 65 who pay substantial premiums as members of self-funded group insurance plans too small to absorb extraordinary drains on their resources.

Ideally, we would like to see the July 1, 2014 amendments rescinded. But if this is not to be, we would ask that PEI fall in line with our neighboring provinces and, where it is reasonable, change the maximum days' supply of drugs that will be covered by Pharmacare.

We thank you for your consideration of our argument.