



# Coverage of new medicines in private versus public drug plans in Canada 2009-2018

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**CHPI** Canadian  
Health  
Policy  
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## CITATION

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## AUTHOR(S)

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## DISCLAIMER

This study uses data from IQVIA Inc. The analysis, conclusions and opinions expressed in this paper do not necessarily reflect the views of the data supplier.

## SUMMARY

### *What good is your drug plan if it doesn't cover new medicines?*

Good drug insurance should provide financial protection from unexpected and unaffordable costs of accessing necessary medicines when you or your family experience health challenges. Most prescription drugs are priced low enough (relative to other household expenses) to be affordable as an out-of-pocket expense which does not require insurance.<sup>1</sup> Older versions of widely used drug products tend to be the most affordably priced. Newer products – often the latest treatment advances, first-in-class therapies, or targeted therapies for rare diseases – can be expensive and unaffordable without insurance. Therefore, it is important to measure the quality of benefits provided under your drug insurance plan according to how good the coverage is for new medicines.



OF 491 NEW DRUGS APPROVED BY HEALTH CANADA FROM 2009 TO 2018, 87% (427) WERE COVERED BY AT LEAST ONE PRIVATE PLAN COMPARED TO 47% (229) THAT WERE COVERED BY AT LEAST ONE PUBLIC PLAN, AS OF MAY 30, 2019.

Since 2013, CHPI has regularly compared the quality of the benefits in private versus public drug plans, according to the scope of coverage for new medicines. Our analysis raises awareness about differences in the insurance benefits provided to patients and informs policy discussions about how best to achieve socio-economically optimal drug insurance systems in Canada.

Our analysis shows that of the 491 new drugs approved by Health Canada from 2009 to 2018, 87% (427) were covered by at least one private plan compared to 47% (229) that were covered by at least one public plan, as of May 30, 2019. Comparing just the drugs covered by both sectors, the average wait to first listing was 152 days for private plans and 473 days for public plans.

These findings are important because the federal government has proposed replacing Canada's private-public prescription drug insurance system with a single-payer national pharmacare program that would be modeled on existing public formularies. Public plans cover far fewer new drugs compared to private plans in Canada. Public plans also take much longer to cover new drugs compared to private plans. The limited scope of coverage in existing public drug plans is indicative of what Canadians can expect from national pharmacare. The results of this study forewarn that national pharmacare will reduce access to new medicines for Canadians currently covered under private plans.



PRIVATE PLANS TOOK 152 DAYS TO COVER NEW DRUGS COMPARED TO 473 DAYS FOR PUBLIC PLANS.

<sup>1</sup> Canadian Health Policy Institute. Out-of-pocket prescription drug costs: What are the implications for National Pharmacare? *Canadian Health Policy*, October 2018.

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## OBJECTIVE

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To compare the quality of the benefits in private versus public drug plans in Canada, according to the scope of coverage for new medicines.

## METHOD

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### Definitions

In this study, the quality of drug insurance coverage is defined by:

- ✓ The **rate** (percentage) of new drugs covered under the plan.
- ✓ The **wait** in days for new drugs to be covered under the plan.

### Data

Data were obtained by special request to Health Canada for all New Drug Submissions (NDS) that were approved (i.e. issued a Notice of Compliance (NOC)) during the 10 year period from January 1, 2009 and December 31, 2018.<sup>2,3</sup> NDS include any drug that has not previously been approved by Health Canada (i.e. New Active Substance (NAS)) or a new combination of previously approved drugs. Over-the-counter (OTC) drugs were excluded so that the study included only prescription drugs. The data identified the date at which each new drug was issued a NOC. The coverage analysis used IQVIA's iMAM database to identify the subsequent date at which each new drug was first claimed for reimbursement under any private plan and/or added to public plan formularies. Data specific to each of the 10 provincial public drug plans and the federal Non-Insured Health Benefits Plan (NIHB) were available. Data were not available for specific private drug plans. Due to this limitation, the analysis was restricted to a first-to-list sectoral comparison of private versus public plans. Data available from other research suggests this method has the effect of inflating the generosity of the coverage offered on average across public plans relative to the average across private plans.<sup>4,5</sup>

### Coverage Rates

Drug coverage rates were calculated as the total number of new drugs receiving full or partial insurance coverage as of May 30, 2019 in at least one private plan versus at least one public plan, stated as a percentage of the total number of new drugs approved for sale by Health Canada in each year during 2009 to 2018. Private plan coverage status was confirmed by the recording of a claim in the database. Coverage status in public plans was confirmed by a formulary listing of the drug.

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<sup>2</sup> This study includes pharmaceutical and biologic NDSs.

<sup>3</sup> Under the regulations of the Food and Drugs Act, each new drug must be issued a NOC from Health Canada certifying the drug's safety and effectiveness, before it can be sold in the Canadian market.

<sup>4</sup> The PBO cites data from TELUS Health Analytics which estimates that 94 per cent of private plans had an open formulary (that is, all drugs that legally require a prescription are eligible). Office of the Parliamentary Budget Officer. Federal Cost of a National Pharmacare Program. Ottawa, Canada. 28 September 2017.

<sup>5</sup> The average coverage rate across all public drug plans in Canada is actually only about half of what is reported in this study. Canadian Health Policy Institute. Coverage of new medicines in Federal-Provincial public drug plans in Canada 2009-2018. *Canadian Health Policy*, September 2019.

## Coverage Waits

For private plans, the wait was calculated from NOC to the first date on which a reimbursement claim occurred in any private plan. For public plans, the wait for coverage of new drugs was calculated from NOC to the date at which the drug was listed on any public plan formulary. The comparison of coverage waits includes only the drugs that have been covered by at least one private plan and at least one public plan, as of May 30, 2019. Drugs that have not yet recorded both a paid claim by a private plan and a public formulary listing were not counted.

## RESULTS

Table 1 summarizes the results. For each year in the study period the number of new drugs approved by Health Canada is shown, followed by the number and percentage of the new drugs covered in private and public plans, followed by the wait in days for the new drugs to be covered on private and public formularies. For the entire study period 2009 to 2018, totals and averages are shown. Coverage rate data are calculated across drugs that recorded either private or public formulary listings. Coverage wait data are calculated only across drugs that recorded both private and public formulary listings.

**TABLE 1. New drugs 2009-2018: Coverage rates and waits in private and public plans, as of May 30, 2019.**

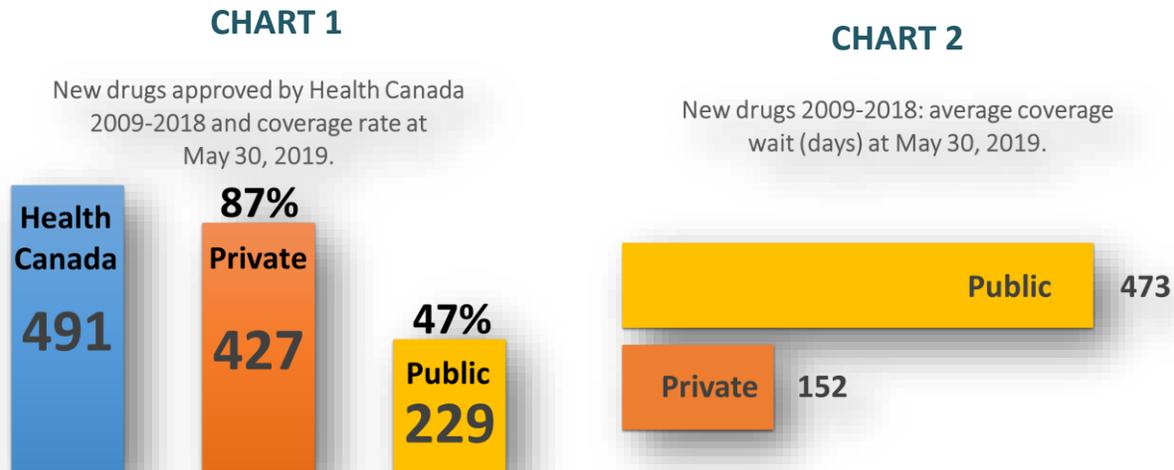
	NUMBER APPROVED HEALTH CANADA	NUMBER COVERED PRIVATE	%	NUMBER COVERED PUBLIC	%	COVERAGE WAIT (DAYS) PRIVATE	COVERAGE WAIT (DAYS) PUBLIC
2009	41	39	95%	26	63%	176	554
2010	42	37	88%	17	40%	118	505
2011	58	54	93%	32	55%	121	408
2012	43	39	91%	19	44%	166	469
2013	56	50	89%	35	63%	123	349
2014	41	33	80%	25	61%	230	443
2015	63	54	86%	32	51%	169	590
2016	52	43	83%	25	48%	128	553
2017	53	43	81%	13	25%	123	493
2018	42	35	83%	5	12%	182	247
2009-2018	491	427	87%	229	47%	152	473
	TOTAL	TOTAL		TOTAL		AVG	AVG

## Public v. Private Coverage Rates

In every year from 2009 to 2018, private plans covered more new drugs than did public plans. Chart 1 shows the total number of new drugs covered as of May 30, 2019, by at least one private plan alongside drugs covered by at least one public plan, and as a percentage of all new drugs approved for sale by Health Canada from 2009 to 2018. Aggregated across all years observed, of the 491 new drugs approved by Health Canada from 2009 to 2018, 87% (427) were covered by at least one private plan compared to 47% (229) that were covered by at least one public plan.

## Public v. Private Coverage Waits

The data also indicate that in addition to covering a higher percentage of new drugs, private plans cover new drugs more rapidly than public plans. Chart 2 displays the average time in days from Health Canada’s approval to first claim/formulary listing for new drugs that have been covered by at least one private plan and at least one public plan as of May 30, 2019. Comparing just the drugs covered by both sectors, the average wait to first listing was 152 days for private plans and 473 days for public plans.



## POLICY IMPLICATIONS

Public plans cover far fewer new drugs compared to private plans in Canada. Public plans also take much longer to cover new drugs compared to private plans. The limited scope of coverage in existing public drug plans is indicative of what Canadians can expect from national pharmacare. National pharmacare will massively disrupt private employment-based drug benefits and reduce health options for more than 23 million Canadians covered under private drug plans. Governments need to improve access to new medicines in existing public plans. Other research has shown that this would be far easier and less expensive than national pharmacare.<sup>6</sup>

<sup>6</sup> Skinner, Brett J. Close the Gaps: Patient Benefits and Taxpayer Costs of 3 Pharmacare Options. *Canadian Health Policy*, April 2019.