

# Coverage for new medicines in Canada's public drug plans, 2015.

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## SUMMARY

### Introduction

The federal government and each of the provincial and territorial governments operate separate publicly funded prescription drug benefit plans within their jurisdiction. Previous research shows that the quality of drug benefits varies significantly between public drug plans. The quality of public insurance coverage for new drugs is an important policy issue because millions of Canadians are dependent on public drug plans for access to their prescription medications, and there are significant health and economic implications associated with access to pharmaceutical innovation.

### Objective

To compare the quality of benefits under Canada's public drug programs in terms of the number of new drugs approved for public insurance coverage; the time that patients must wait for publicly insured access to new drugs; and the scope of insured access (Full Benefit v. Special Access / other access).

### Data

Data were obtained from Health Canada and IMS Brogan covering the period from January 1, 2004 to January 31, 2015.

### Findings

As of 2013 over 11.0 million Canadians were eligible for prescription drug coverage under public drug plans. Of the 464 new drugs approved for sale by Health Canada over the 10-year period from 2004-2013 the average of the coverage rates observed across the 11 federal and provincial public drug plans was only 24.2% (listed for either Full Benefit or Special Access / other access) as of January 31, 2015. Of the new drugs that were covered, the average of the delays observed across all 11 public drug plans was 731 days to list a new drug on the public formulary. Quebec and Ontario provided the highest coverage rates for new drugs, while the federal NIHB, Alberta, Manitoba, British Columbia and Prince Edward Island provided the lowest coverage rates. Quebec had the shortest delays to listing new drugs in its public drug plan, while New Brunswick and PEI had the longest delays to listing. New Brunswick and Quebec had the highest number of new drugs listed as Full Benefit, while British Columbia, Manitoba, Nova Scotia, and the federal NIHB had the lowest number of Full Benefit listings. Among all 11 public drug plans, Quebec provides the best overall access to new drugs.

## Highlights

- ❖ As of 2013, 11.0 million Canadians were eligible for coverage under public drug plans and less than 0.8 million Canadians were eligible for other publicly funded drug insurance programs targeting special populations.
- ❖ Of the 464 new drugs approved for sale by Health Canada over the 10-year period from 2004-2013 the average of the coverage rates observed across the 11 federal and provincial public drug plans was only 24.2% (new drugs listed for either Full Benefit or Special Access / other access) as of January 31, 2015.
- ❖ Of the new drugs that were covered, the average of the delays observed across all 11 public drug plans was 731 days to list a new drug on the public formulary.
- ❖ The quality of insured access to new drugs varies significantly between public drug plans.
- ❖ Quebec (40.1%) and Ontario (31.0%) provided the highest coverage rates for new drugs, while the federal NIHB (17.0%), Alberta (18.1%), Manitoba (19.4%), British Columbia (19.6%) and Prince Edward Island (19.8%) provided the lowest coverage rates.
- ❖ Quebec (432 days) had the shortest average delays to listing new drugs on its public drug plan, while New Brunswick (986 days) and PEI (931 days) had the longest delays to listing.
- ❖ New Brunswick and Quebec had the highest number of new drugs listed as Full Benefit, while British Columbia, Manitoba, Nova Scotia, and the federal NIHB had the lowest number of Full Benefit listings.
- ❖ Among the 11 public drug plans studied, Quebec provided the best overall access to new drugs.

## Introduction

This annual study compares the differences in the quality of insurance coverage for new medicines between each of the federal and provincial public drug plans in Canada.

The federal government and each of the provincial and territorial governments operate separate publicly funded prescription drug benefit plans within their jurisdiction. Eligibility for these programs is typically offered to seniors, recipients of social assistance, and/or individuals with high drug costs. The federal drug plan covers aboriginal populations.

As of 2013, over 11.0 million Canadians were eligible for coverage under public drug plans and almost 0.8 million Canadians were eligible for other publicly funded drug insurance programs targeting special populations.<sup>1</sup>

Our research shows that the quality of drug benefits varies significantly between public drug plans. Some jurisdictions provide much better benefits for their publicly insured populations than do other jurisdictions.

The quality of public insurance coverage for new drugs is an important public policy issue because large populations are dependent on public drug plans for access to their prescription medications and there are significant health and economic benefits associated with better access to pharmaceutical innovation.<sup>2,3,4,5</sup>

<sup>1</sup> IMS Brogan (2015). Estimate comprised of 11,028,315 eligible for federal/provincial/territorial public drug plans and 782,691 eligible under other public drug programs. Some double counting between these groups is possible from dual eligibility. Special data request. May 15, 2015.

<sup>2</sup> Lichtenberg FR (2012). Pharmaceutical Innovation and Longevity Growth in 30 Developing and High-income

# Data and Method

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

1. The percentage of new drugs covered under the drug plan.
2. The wait in days for new drugs to be listed for coverage under the drug plan.
3. The scope of coverage for new drugs listed for coverage under the drug plan, categorized as either:<sup>6</sup>
  - a. **Full Benefit (FB)** status listing, meaning that the product is covered under the drug plan formulary with no restrictions.
  - b. **Special Authorization (SA / other)** status listing, meaning that the product is covered under the drug plan formulary but the patient must meet certain criteria before it will be reimbursed. Includes other statuses, such as: Exception Drug, Conditional Listing, Exception Access, Limited Use, and EM (Quebec only).

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Countries, 2000–2009. *National Bureau of Economic Research (NBER)*, Working Paper No. 18235. July 2012.

<sup>3</sup> Lichtenberg FR (2015). The impact of pharmaceutical innovation on premature cancer mortality in Canada, 2000–2011. *International Journal of Health Economics and Management*. September 2015, Volume 15, Issue 3, pp 339–359.

<sup>4</sup> Lichtenberg FR (2002). Benefits and Costs of Newer Drugs: An Update. *National Bureau of Economic Research (NBER)*, Working Paper No. 8996. June 2002.

<sup>5</sup> Hermus G, Stonebridge C, Dinh T, Didic S, Theriault L (2013). *Reducing the Health Care and Societal Costs of Disease: The Role of Pharmaceuticals*. The Conference Board of Canada, July 2013.

<sup>6</sup> IMS Brogan (2015). iMAM Glossary of Terms – Integrated Market Access Console.

Data on the total number of new drugs that were available to be covered were obtained from Health Canada. The data included all New Drug Submissions (NDSs)<sup>7</sup> that received a Notice of Compliance (NOC)<sup>8</sup> from Health Canada between 2004 and 2013. NDSs are defined as “an application made by a manufacturer to Health Canada to authorize a safe, efficacious, and high-quality drug”.<sup>9</sup> NDSs include any drug that has not previously been approved by Health Canada or a new combination of previously approved drugs.

The public drug plan coverage analysis used all available data from IMS Brogan on new formulary listings in public drug plans in Canada. IMS Brogan’s iMAM database provides comprehensive data recording the date at which new drugs are added to public drug plan formularies and details about the scope of coverage for Full Benefit or Special Access / other access.

All provincial public drug insurance plans were included in addition to the federal Non-Insured Health Benefits Plan (NIHB). Territorial plans were excluded.

Drug plan coverage rates were calculated as the total number of new drugs that were listed for insurance coverage (either Full Benefit or Special Access / other access) in each public plan (as of January 31st, 2015), stated as a

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<sup>7</sup> This study includes pharmaceutical and biologic drugs. Pharmaceuticals are chemically synthesized products; whereas biologics are created using processes in living cells.

<sup>8</sup> Under the regulations of the *Food and Drugs Act*, each new drug must be issued a NOC from Health Canada before it can be sold in the Canadian market.

<sup>9</sup> Health Canada (2007). *Drugs and Health Products: Glossary*. Government of Canada. URL: <http://www.hc-sc.gc.ca/dhp-mps/homologation-licensing/gloss/index-eng.php#n>.

percentage of the total number of new drugs approved for sale by Health Canada in each year from 2004 to 2013.

The delay for coverage of new drugs was calculated from the date that the new drug was approved for sale by Health Canada (marked by the issuance of a NOC) to the date at which the drug was listed on a public drug plan formulary. Drugs that have not yet been recorded on a public formulary listing were not included in the analysis of delays.

National averages were calculated as a simple average of the coverage rates and delays observed for each jurisdiction.

The scope of coverage was calculated as the total number of new drugs that received Full Benefit coverage versus those that received Special Access / other access coverage for each of the public drug plans, as of January 31, 2015. New drugs that switched status from Full Benefit to Special Access / other access coverage (or vice versa) during the period were recorded as “Full Benefit” coverage in order to avoid double-counting.

## Findings

### Drug coverage rates

Table 1 (Appendix) shows the annual coverage rates for new drugs in public drug plans by jurisdiction, as of January 31, 2015. A total for the entire period is shown for each jurisdiction as well as an average of the rates for all jurisdictions combined.

The data show that public drug plans did not cover most of new drugs approved by Health Canada from 2004 to 2013. The average of the coverage rates observed across all public plans

over the entire period from 2004 to 2013 was 24.2%.

As of January 31, 2015, the average of the coverage rates across all public drug plans were as follows (by year):

- 22.2% of new drugs approved for sale by Health Canada in 2004.
- 19.2% of new drugs approved for sale by Health Canada in 2005.
- 32.7% of new drugs approved for sale by Health Canada in 2006.
- 29.1% of new drugs approved for sale by Health Canada in 2007.
- 31.4% of new drugs approved for sale by Health Canada in 2008.
- 25.1% of new drugs approved for sale by Health Canada in 2009.
- 15.9% of new drugs approved for sale by Health Canada in 2010.
- 28.0% of new drugs approved for sale by Health Canada in 2011.
- 23.9% of new drugs approved for sale by Health Canada in 2012.
- 18.8% of new drugs approved for sale by Health Canada in 2013.

There are significant differences in the coverage of new drugs between public drug plans. Chart 1 displays the coverage rates by drug plan as a percentage of all new drugs approved by Health Canada from 2004 to 2013.

As of January 31, 2015 Quebec’s public plan covered the highest percentage of new drugs. The public plans in the federal NIHB, Alberta, Manitoba, British Columbia and Prince Edward Island covered the lowest percentage of new drugs.

### Drug coverage delays

The data indicate that patients waited a long time for insured access to new drugs across all public plans. Of the new drugs that were eventually covered, the average of the delays observed across all public drug plans was 731 days to list a new drug on the formulary (Table 2, Appendix).

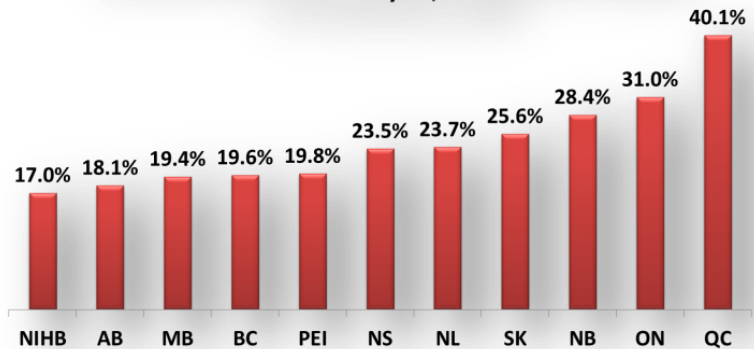
The data also show that the delay to public insurance coverage for new drugs varied significantly between jurisdictions within years. Table 2 (Appendix) shows the average time in days between when new drugs were approved for sale by Health Canada (from 2004 to 2013) and coverage under public drug plans, by year of approval. Chart 2 displays the average time in days over the entire period from 2004 to 2013.

As of January 31, 2015 Quebec had the shortest wait to list a new drug for coverage under the public drug plan. New Brunswick had the longest wait to list a new drug for coverage under the public drug plan.

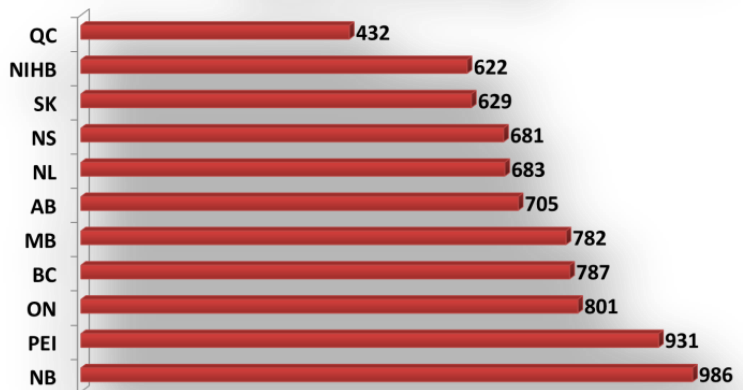
### Scope of drug coverage

Table 3 (Appendix) and Chart 3 show that there was a significant difference in the scope of coverage for new drugs between public drug plans. New Brunswick listed the highest number of new drugs as Full Benefit. British Columbia, Manitoba, and Nova Scotia listed the lowest number of new drugs as Full Benefit.

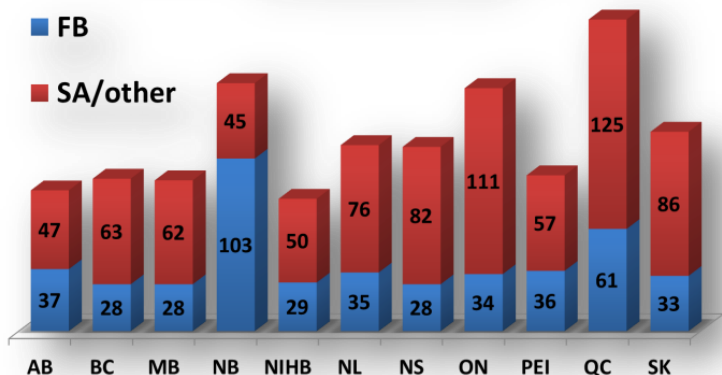
Percentage of the 464 new drugs approved by Health Canada from 2004 to 2013 that were listed for coverage in each public drug plan as of January 31, 2015.



Average number of days following Health Canada approval to list the new drugs that were covered under each public drug plan as of Jan 31, 2015.



Number of new drugs that were listed in each public drug plan as Full Benefit (FB) v. Special Access (SA/other) as of January 31, 2015.



## Conclusions

The quality of insured access to new drugs varies significantly between public drug plans.

Overall, Quebec provided the best access to new drugs under its public drug plan.

It is important to put the performance of all public drug plans in the context of the benchmarks set by private sector insurance plans. Other research confirms that public drug plans in Canada provide much lower quality of coverage for new drugs when compared to private sector drug insurance plans.<sup>10</sup>

## Authors



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<sup>10</sup> CHPI (2014). Private versus public drug coverage in Canada: Experience shows competition and choice are better than government-run Pharmacare. Annual Series: How Good Is Your Drug Insurance? *Canadian Health Policy*, February 21, 2014. Toronto: Canadian Health Policy

# Acknowledgements

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# Open-Access

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# Appendix

**Table 1. Percentage of the 464 new drugs approved by Health Canada from 2004 to 2013 that were listed for coverage in each public drug plan as of January 31, 2015.**

		Year of Approval by Health Canada										2004-2013
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
<b>NOCs issued by Health Canada</b>		50	43	49	44	31	46	44	66	41	50	<b>464</b>
<b>AB</b>	<b>Total covered</b>	9	4	11	10	7	9	6	17	4	7	84
	<b>% of NOCs</b>	18.0%	9.3%	22.4%	22.7%	22.6%	19.6%	13.6%	25.8%	9.8%	14.0%	<b>18.1%</b>
<b>BC</b>	<b>Total covered</b>	8	3	9	11	9	13	7	19	5	7	91
	<b>% of NOCs</b>	16.0%	7.0%	18.4%	25.0%	29.0%	28.3%	15.9%	28.8%	12.2%	14.0%	<b>19.6%</b>
<b>MB</b>	<b>Total covered</b>	9	5	11	10	8	8	4	15	12	8	90
	<b>% of NOCs</b>	18.0%	11.6%	22.4%	22.7%	25.8%	17.4%	9.1%	22.7%	29.3%	16.0%	<b>19.4%</b>
<b>NB</b>	<b>Total covered</b>	11	12	20	15	11	10	6	22	14	11	132
	<b>% of NOCs</b>	22.0%	27.9%	40.8%	34.1%	35.5%	21.7%	13.6%	33.3%	34.1%	22.0%	<b>28.4%</b>
<b>NIHB</b>	<b>Total covered</b>	12	8	15	10	9	11	5	9	N/A	N/A	79
	<b>% of NOCs</b>	24.0%	18.6%	30.6%	22.7%	29.0%	23.9%	11.4%	13.6%	N/A	N/A	<b>17.0%</b>
<b>NL</b>	<b>Total covered</b>	10	8	18	13	11	7	6	18	9	10	110
	<b>% of NOCs</b>	20.0%	18.6%	36.7%	29.5%	35.5%	15.2%	13.6%	27.3%	22.0%	20.0%	<b>23.7%</b>
<b>NS</b>	<b>Total covered</b>	9	9	17	10	9	10	7	19	10	9	109
	<b>% of NOCs</b>	18.0%	20.9%	34.7%	22.7%	29.0%	21.7%	15.9%	28.8%	24.4%	18.0%	<b>23.5%</b>
<b>ON</b>	<b>Total covered</b>	11	9	20	16	10	19	11	22	16	10	144
	<b>% of NOCs</b>	22.0%	20.9%	40.8%	36.4%	32.3%	41.3%	25.0%	33.3%	39.0%	20.0%	<b>31.0%</b>
<b>PEI</b>	<b>Total covered</b>	12	9	17	13	8	8	4	14	5	2	92
	<b>% of NOCs</b>	24.0%	20.9%	34.7%	29.5%	25.8%	17.4%	9.1%	21.2%	12.2%	4.0%	<b>19.8%</b>
<b>QC</b>	<b>Total covered</b>	18	14	22	21	15	21	13	26	14	22	186
	<b>% of NOCs</b>	36.0%	32.6%	44.9%	47.7%	48.4%	45.7%	29.5%	39.4%	34.1%	44.0%	<b>40.1%</b>
<b>SK</b>	<b>Total covered</b>	13	10	16	12	10	11	8	22	9	8	119
	<b>% of NOCs</b>	26.0%	23.3%	32.7%	27.3%	32.3%	23.9%	18.2%	33.3%	22.0%	16.0%	<b>25.6%</b>
<b>Average of the Rates</b>	<b>% of NOCs</b>	<b>22.2%</b>	<b>19.2%</b>	<b>32.7%</b>	<b>29.1%</b>	<b>31.4%</b>	<b>25.1%</b>	<b>15.9%</b>	<b>28.0%</b>	<b>23.9%</b>	<b>18.8%</b>	<b>24.2%</b>



**Table 2. Average number of days following Health Canada approval to list the new drugs that were covered under each public drug plan as of Jan 31, 2015.**

	Year of Approval by Health Canada										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004 - 2013
<b>AB</b>	708	1374	832	1043	570	700	340	521	548	411	705
<b>BC</b>	701	1923	972	965	600	621	474	559	617	442	787
<b>MB</b>	587	934	1088	774	776	1107	773	744	589	444	782
<b>NB</b>	1405	1454	1360	1163	1065	1000	707	627	637	438	986
<b>NIHB</b>	697	974	868	619	364	605	485	365	N/A	N/A	622
<b>NL</b>	1059	1023	666	766	563	620	395	628	659	449	683
<b>NS</b>	687	1234	769	628	632	614	516	625	632	473	681
<b>ON</b>	1419	1199	1085	958	561	794	612	485	529	365	801
<b>PEI</b>	1469	1001	1128	1105	954	850	1095	719	536	450	931
<b>QC</b>	520	656	514	327	363	537	323	376	456	250	432
<b>SK</b>	559	1081	716	881	377	727	466	506	570	406	629
<b>Average of the Delays</b>	<b>892</b>	<b>1168</b>	<b>909</b>	<b>839</b>	<b>620</b>	<b>743</b>	<b>562</b>	<b>560</b>	<b>577</b>	<b>413</b>	<b>731</b>

Note: Data include only the drugs for which have been listed for coverage. Drugs that are rejected for insurance coverage are excluded. Drugs that are still awaiting insurance approval decisions are not counted.

**Table 3. Number of new drugs that were listed in each public drug plan as Full Benefit v. Special Access / other access as of January 31, 2015.**

		Year of Approval by Health Canada										
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-2013
AB	Full Benefit	4	1	5	7	4	3	1	8	2	2	37
	Special Access / other	5	3	6	3	3	6	5	9	2	5	47
BC	Full Benefit	3	2	5	5	2	4	1	4	1	1	28
	Special Access / other	5	1	4	6	7	9	6	15	4	6	63
MB	Full Benefit	5	2	5	4	2	3	1	4	2	0	28
	Special Access / other	4	3	6	6	6	5	3	11	10	8	62
NB	Full Benefit	9	11	19	15	11	10	6	18	3	1	103
	Special Access / other	2	1	1	0	0	0	5	14	12	10	45
NIHB	Full Benefit	4	3	7	1	5	4	1	4	0	0	29
	Special Access / other	8	5	8	9	4	7	4	5	0	0	50
NL	Full Benefit	6	5	7	3	4	3	1	4	1	1	35
	Special Access / other	4	3	11	10	7	4	5	14	9	9	76
NS	Full Benefit	3	4	5	2	2	4	1	4	2	1	28
	Special Access / other	6	5	12	8	7	6	6	15	9	8	82
ON	Full Benefit	4	3	4	7	3	5	0	4	3	1	34
	Special Access / other	7	6	16	9	7	14	11	18	14	9	111
PEI	Full Benefit	5	5	7	6	3	4	1	3	1	1	36
	Special Access / other	7	4	10	7	5	4	4	11	4	1	57
QC	Full Benefit	7	5	8	10	6	7	3	8	3	4	61
	Special Access / other	11	9	14	11	9	14	10	18	11	18	125
SK	Full Benefit	4	3	5	6	4	3	1	4	1	2	33
	Special Access / other	9	7	11	6	6	8	7	18	8	6	86