

# Spotlight on Group Benefits

JOHNSON 



## What You Should Know About Hepatitis C

The first of a new class of pharmaceutical therapies for hepatitis C with cure rates in clinical trials of over 90% were released into the Canadian marketplace in late 2014, but treatment has come with a high price tag for both private and public payers [1]. In this article we examine the prevalence of hepatitis C, the cost of new treatment options and the implications of coverage under public and private plans.

Hepatitis C is a liver disease caused by a virus spread through blood-to-blood contact. Most commonly the hepatitis C virus enters the bloodstream through infected needles and drug paraphenalia or through blood transfusions where the blood was not effectively screened (the case in Canada prior to 1992) [1].

According to CATIE (Canada's Source for HIV and hepatitis C information), estimates are that by 2011 between 220,697 and 245,987 Canadians were infected with hepatitis C, almost half of whom were not diagnosed [1]. This equals less than 1% of the 2015 Canadian adult population ages 20-64 [2], and declining. Based on 2012 national surveillance data, the rates of reported diagnosis have declined since 1998 by 56.2% from a high of 66.9 cases per 100,000 [3].

Plan sponsors should know that those infected are not in a typical workforce population [1]. Across the Canadian population those most likely to be infected, or have a past infection of hepatitis C, are those with a history of injection drug use (66%) followed by those who have been in the prison population (24%) [1]. This means that the numbers of those who are infected and insured under private benefit plans is probably much lower than in the overall population.

Treatment for hepatitis C is not new, but a cure is. Before curative therapies first appeared in 2014, plan sponsors were paying for drug therapies to help manage the virus, often along with disability costs. While a minority of those infected (about 25%) clear the hepatitis C virus from their bodies without medication, without curative therapies the majority of those who contract the virus face chronic infection that ultimately leads to severe liver damage (cirrhosis), liver cancer and liver failure, requiring a liver transplant [1].

### Tips



#### Is my car covered if someone else is driving it?

Yes, it is, as long as the driver:

- Is legally entitled to drive the vehicle and is using it with your permission.
- Hasn't committed an offence under Canada's Criminal Code while operating a vehicle.
- Doesn't use your vehicle for one of the uses prohibited in your policy.

## Treatment Options, Outcomes and Cost

New drugs for hepatitis C provide relatively short durations of therapy and better health outcomes for patients, reducing the long term costs to plan sponsors of those with chronic hepatitis C infections [4]. Here is an overview of the impact of new developments in the treatment for hepatitis C:

- **Higher cure rates:** New therapies are targeted to genotype 1 which accounts for 65% of patients [5]. Cure rates are upwards of 90%. Older therapies had cure rates of 40% to 74% [5]. This means that the majority of employees who receive new therapies will be at work and productive once treated and cured.
- **Shorter treatment duration:** Treatment is now just 12 weeks for most patients, while older therapies require treatment of between 24 and 48 weeks [5]. This means patients are more likely to be adherent and the financial impact of new therapies to the benefit plan is short term.
- **Fewer side effects:** Before 2013 treatments had debilitating side effects [6]. Side effects mean that employees are more likely to take time off during treatment [6] or suffer from presenteeism that will have an impact on performance at work.
- **Cost:** New treatments that are curative cost between \$56,000 and \$71,000 for a 12 week course of therapy [5]. Some patients may require longer treatment.

While there has been some concern about reinfection rates and the associated costs of treatment, reinfection rates are low, 25% according to Benitec, the manufacturer of Harvoni® [7], even among those with high risk behaviours [8].

Overall, Dr. Curtis Cooper, a liver specialist and the director of the Ottawa Hospital and Regional Hepatitis Program, believes treatments are cost effective. "Although the [new] treatment is expensive, it is far more expensive to deal with these things later [4]."

## Provincial Coverage

Some insurance carriers are now looking to provincial plans before a drug is considered for reimbursement under private plans, but the process can be a long one. After Health Canada has approved a drug for use in Canada, the cross Canada provincial drug review and listing process through the CADTH Common Drug Review (CDR) [9], which excludes Québec, conducts a review. This process means that it can take many months until a new drug is approved under provincial formularies.

The Therapeutic Review by CADTH, released in 2014, compared the four new treatment regimens for genotype 1 infection. As a result, according to pharmacy benefits manager TELUS, provincial coverage is currently available in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Brunswick and Nova Scotia for the following drug therapies:

- peg-interferon and ribavirin
- ledipasvir and sofosbuvir (Harvoni®)
- dasabuvir + ombitasvir/paritaprevir/ritonavir (Holkira™ Pak)
- boceprevir (Victrelis®) taken in combination with peg-interferon and ribavirin
- simeprevir (Galaxos™) taken in combination with peg-interferon and ribavirin
- sofosbuvir (Solvaldi®) taken in combination with peg-interferon and/or ribavirin

The North West Territories and Nunavut have not listed Holkira™ Pak. The Yukon, Newfoundland and Labrador have not listed Victrelis®. Prince Edward Island does not list Harvoni®, Galaxos™ and Solvaldi®.



### I'm renovating. How does this affect my insurance?

You should talk to your Service Specialist to make sure you're covered. A part of your house being renovated can still suffer loss or damage, so it's a good idea to be prepared.



### Winter tips for your pets

Antifreeze is extremely toxic to pets. Antifreeze has a sweet taste that can be appealing to animals and amounts as small as a teaspoon can be deadly to pets.

Dogs and cats can get hypothermia and frost bite. If it's too cold outside for you, chances are it's too cold for your cat or dog.

Not all of those infected with the hepatitis C virus are eligible for coverage under provincial drug programs. In Ontario, the Province has agreed to pay for patients with at least Stage 2 fibrosis of the liver [4]. Stage 2 fibrosis is considered significant [11]. A second review is scheduled in 2015 to review therapies for multiple genotypes, as well as interferon-free, and interferon and ribavirin-free [10]. Insurers will likely be looking to this second review for guidance on reimbursement for hepatitis C.

### Private Plan Coverage

Private drug plan spending is on the rise again after several years of deflationary pressures [12, 13] in large part due to specialty medications. IMS Brogan, a leading healthcare information company, found that in private pay direct plans, drug cost expenditure increased by 5.9% between 2013 and 2014 [14]. This is the largest annual drug cost increase since 2010. In recent years provincial generic price controls were introduced and several patented block buster medications came off patent, mitigating the impact of increased expenditures on high cost specialty medication [13, 15].

According to the 2014 Drug Trend Report from Express Scripts Canada, the contribution made by specialty drugs to total drug spend increased by 2%, to 26.5%, up from 24.2% in 2013. Specialty drug spend is expected to reach 35% of total drug expenditures in the next five years [15]. Specialty drugs typically treat chronic, complex conditions such as hepatitis C, rheumatoid arthritis, multiple sclerosis and cancer. However there are other pressures on drug plan cost. According to the Public Health Agency of Canada, these include a 14% annual increase in the incidence of chronic disease [16]. Unlike chronic, complex conditions, the costs for chronic disease can be mitigated through improved lifestyles [17] and compliance to medication regimes [15, 18].

The private drug plan landscape is changing. Insurers are implementing claims processes to control costs and access to high cost or specialty drugs, regardless of the plan design implemented by plan sponsors. The 'big 3' are leading the way. The result is an increasingly complex reimbursement process for patients, and new plan design and plan management challenges for plan sponsors.

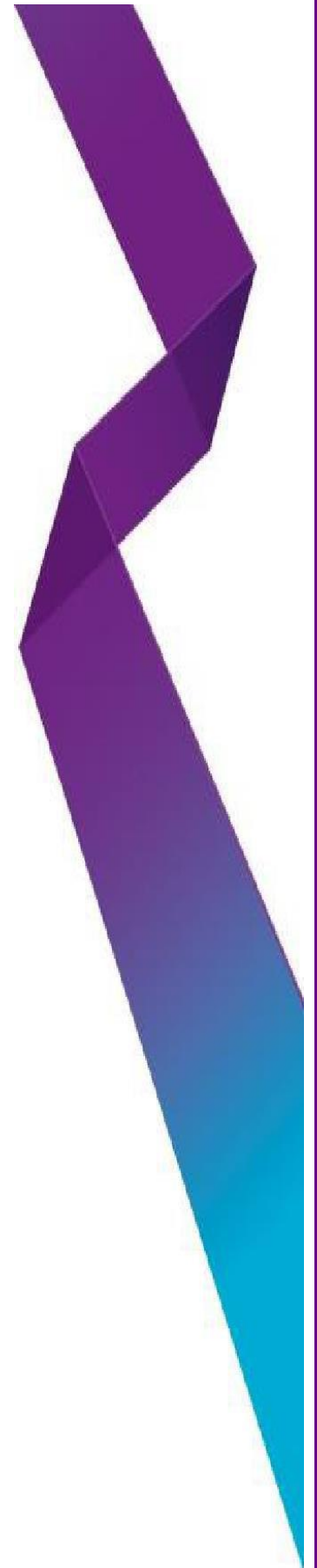
The growth of specialty, high cost drugs in the market is not all bad news for plan sponsors. Based on 2013 figures, without curative treatment, it is estimated that a male, aged 35 to 39 with hepatitis C, will incur a lifetime cost of between \$51,946 and \$327,608 (if a liver transplant is required) [19]. The cost of curative drug therapy over a 12 week course of therapy is between \$56,000 and \$72,000.

### What This Means to You

While new, often expensive, specialty medications can deliver long term plan savings they can still wreak havoc on plan costs over the short term, particularly for small and medium sized employers who are unprepared. Understanding and preparing your plan for this eventuality now can help you manage your costs and employee health for the long term.

In the current environment it is easy for plan sponsors and other industry stakeholders to focus exclusively on controlling the use of high cost, specialty drugs. But this would be a mistake. There are significant savings opportunities by improving the prevention and management of chronic diseases and their associated drug, absenteeism, presenteeism and disability costs. Since chronic disease continues to make up the majority of costs for most private plans, there are significant opportunities to mitigate costs here.

The best benefit advisors will understand the current landscape and have access to a network of specialty resources, including medical and pharmacy experts, to provide the best and most accurate advice to their clients. They must take a balanced, measured approach to ensure effective, long term plan management, and help their clients improve employee and member health outcomes. If you would like more information about how to manage your plan and employee health we would welcome your call. Please contact Shannon Patershuk at 780.413.6616 or by email to spatershuk@johnson.ca.



**Notes:**

- [1] CATIE "The epidemiology of hepatitis C in Canada" (2015), online CATIE: [http://www.catie.ca/fact-sheets/epidemiology/epidemiology-hepatitis-c-anada?utm\\_source=google&utm\\_medium=cpc&utm\\_content=en&utm\\_campaign=epidemiology%20of%20hepatitis%20c](http://www.catie.ca/fact-sheets/epidemiology/epidemiology-hepatitis-c-anada?utm_source=google&utm_medium=cpc&utm_content=en&utm_campaign=epidemiology%20of%20hepatitis%20c)
- [2] Statistics Canada 2015CANSIM, table 051-0001. <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo10a-eng.htm>
- [3] CATIE "HIV In Canada: A Primer for Service Providers" [http://www.catie.ca/en/hiv-canada/3/3-1?utm\\_source=google&utm\\_medium=cpc&utm\\_term=2&utm\\_content=en&utm\\_campaign=hic](http://www.catie.ca/en/hiv-canada/3/3-1?utm_source=google&utm_medium=cpc&utm_term=2&utm_content=en&utm_campaign=hic)
- [4] Elizabeth Payne, "Ontario approves second costly drug for hepatitis C" (June 30, 2015) online: <http://ottawacitizen.com/news/local-news/ontario-approves-second-costly-drug-for-hepatitis-c>
- [5] ClaimSecure, "The Changing Landscape in Treatment Options" (2015), online ClaimSecure: [https://www.claimsecure.com/en-CA/content/pdfs/en-CA/DrugReviews/DrugReview\\_Vol14\\_Issue2\\_en.pdf](https://www.claimsecure.com/en-CA/content/pdfs/en-CA/DrugReviews/DrugReview_Vol14_Issue2_en.pdf)
- [6] Pacific Blue Cross "Drug Trends Report, The evolution of hepatitis C treatment" (2014), [http://www.pac.bluecross.ca/pdf-bin/drugtrends/0468.031\\_BI\\_DrugUtilization201412.pdf](http://www.pac.bluecross.ca/pdf-bin/drugtrends/0468.031_BI_DrugUtilization201412.pdf), page 9
- [7] Biopharma "Harvoni: Why hepatitis C focus is a plus for Benitec" (2014), [http://www.benitec.com/documents/short-insights/1411\\_Harvoni\\_Why\\_Hep\\_C\\_Focus\\_is\\_a\\_Plus\\_for\\_Benitec.pdf](http://www.benitec.com/documents/short-insights/1411_Harvoni_Why_Hep_C_Focus_is_a_Plus_for_Benitec.pdf), page 2
- [8] Oxford Journals; Clinical Infectious Diseases, Hepatitis C Virus Reinfection Following Treatment Among People Who Use Drugs, Grady, Schinkel, Thomas, Dalgard, Volume 57, Issue suppl 2, Pp. S105--S110, [http://cid.oxfordjournals.org/content/57/suppl\\_2/S105.full](http://cid.oxfordjournals.org/content/57/suppl_2/S105.full)
- [9] CADTH Common Drug Review (CDR) (2015), <https://www.cadth.ca/about-cadth/what-we-do/products-services/cdr>
- [10] CADTH Common Drug Review (2012) <https://www.cadth.ca/resources/evidence-bundles/chronic-hepatitis-c-virus-infection>
- [11] Province of British Columbia, "Determining fibrosis stage for the treatment of chronic hepatitis C", Information for Prescribers (October 2014) <http://www2.gov.bc.ca/assets/gov/health/practitioner-pro/special-authority/fibrosis-info-sheet.pdf>
- [12] Canadian Institute for Health Information, National Health Expenditure Trends, 1975 to 2014 (October 2014) Prescribed Drug Expenditure, Private-Sector Share, Canada, 1975 to 2014, page 50, figure 21 [https://www.cihi.ca/en/drug\\_spend\\_drivers\\_en.pdf](https://www.cihi.ca/en/drug_spend_drivers_en.pdf),
- [13] Canadian Institute for Health Information, Drivers of Prescription Drug Spending in Canada, 2014, Pages 7-12, [https://www.cihi.ca/en/drug\\_spend\\_drivers\\_en.pdf](https://www.cihi.ca/en/drug_spend_drivers_en.pdf)
- [14] Eric Shen, The IMS Brogan File, "Specialty Products Maintain High Rate of Growth" (September 2015)
- [15] Express Scripts Canada, Drug Trend Report 2014 pages 5-6,14 [http://www.express-scripts.ca/sites/default/files/ESC\\_14101\\_annual\\_report\\_ENG3.pdf](http://www.express-scripts.ca/sites/default/files/ESC_14101_annual_report_ENG3.pdf)
- [16] Centre for Chronic Disease Prevention and Control, Public Health Agency of Canada, POHEM Model, Statistics Canada
- [17] Ministry of Health and Long Term Care, Preventing and Managing Chronic Disease, Ontario's Framework (May 2007) page 4 [http://www.health.gov.on.ca/en/pro/programs/cdpm/pdf/framework\\_full.pdf](http://www.health.gov.on.ca/en/pro/programs/cdpm/pdf/framework_full.pdf)
- [18] Canadian Society of Hospital Pharmacists [http://www.cshp.ca/advocacy/factSheets/patientCare\\_e.asp](http://www.cshp.ca/advocacy/factSheets/patientCare_e.asp)
- [19] Canadian Liver Foundation, Burden of Hepatitis C: The Future Costs of Not Treating (May 2014) [http://www.liver.ca/files/Hep\\_C\\_-\\_CJGH\\_article\\_-\\_campaign\\_materials/Future\\_Cost\\_of\\_Illness.pdf](http://www.liver.ca/files/Hep_C_-_CJGH_article_-_campaign_materials/Future_Cost_of_Illness.pdf)

This newsletter does not contain medical advice. It is intended for informational and educational purposes only and is not intended to substitute for professional medical advice, diagnosis or treatment. Although efforts were taken to ensure medical information referenced is current, we cannot guarantee that the information is correct or reflects the most up-to-date medical research. Your employees/plan members should consult their physician for medical advice on this topic. They should always seek the advice of a physician or other qualified healthcare provider with any questions regarding a medical condition. They should never disregard or delay seeking professional medical advice or treatment because of something read in this newsletter.

**Copyright:**

This newsletter should not be distributed, modified, or transmitting in print, duplicated, reused or reposted in full or in part for public or commercial purposes, without the author's prior written permission.

\*\*Johnson Inc. ("Johnson") is a licensed insurance intermediary. Home and auto policies are primarily underwritten by Unifund Assurance Company ("Unifund"). Unifund and Johnson share common ownership. Auto insurance is not available in BC, SK or MB. Alternate home and auto policies with alternate benefits available in QC. Home insurance discounts only available on policies underwritten by Unifund. Eligibility requirements, limitations, exclusions or additional costs may apply, and/or may vary by province or territory. Travel insurance policies available with Royal & Sun Alliance Insurance Company of Canada ("RSA") or through Johnson. Johnson and RSA share common ownership. Certain eligibility requirements apply. Products and services are subject to the terms and conditions of the applicable contract(s). \*\*\*©2015RSA. All rights reserved. Pets Plus Us is a division of RSA and its products are offered and underwritten by RSA. Pets Plus Us, Pets Plus Us.