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## Specialty Prescription Drugs Biologics and Biosimilars -- What You Need to Know

### What Are Biologics?

Complex cutting-edge medicines called biologics are demonstrating success at improving the outcomes for many previously disabling conditions, including cancer, rheumatoid arthritis, multiple sclerosis, diabetes, and Crohn's disease.

The complexity involved in researching, manufacturing, storing, and delivering these medications results in their high expense. Most come with a price tag of tens, or even hundreds of thousands of dollars each year. Although biologics currently represent only a small number of drug claims (1%), today they account for almost 20% of drug plan costs (compared to 5% in 2009 and 12% in 2011). Because of the expense, and the fact biologics are the fastest growing category of drug claims, there are concerns that biologics will threaten the sustainability of benefit plans (see our January 2013 *Journal* [Protecting Your Prescription Drug Plan](#)).

The good news is that these drugs have shown a dramatic impact in treating otherwise disabling diseases, resulting in reduced absenteeism, fewer disability claims, and improved employee productivity—in effect, getting people back to work, and keeping them there.

### How Insurers Handle These Specialty Drugs

These high priced biologics are included in a category of drugs referred to as "**specialty drugs**" that require prior authorization before the insurer will consider payment. Each insurer has their own review process, but here is what you need to know:

**Contact your insurer before purchasing a biologic drug:** The vast majority of extended health benefit drug plans include coverage for biologics. However, some plans have implemented restrictive formularies and may not.

**Access-preferred suppliers:** Some insurers require patients to purchase these drugs through

a network of preferred suppliers. Contact the insurer to confirm the process.

**Public funding through provincial drug programs:** Insurers require that patients access public programs that may cover specialty drugs before claiming under the extended health plan. These programs vary by province, but the physician, pharmacist and insurer can provide information on what is available.

**Patient assistance programs:** Specialty drugs require frequent dosage adjustments and close clinical supervision, intensive patient training and compliance, and the financial ability to pay for them. Again, the physician, pharmacist, and insurer can advise on what may be available.

The prior authorization process may also include limiting the initial supply to insure that the drug has its intended results, or it may require that patients first try a less expensive therapy. With the high cost of these drugs, insurers and plan sponsors (employers) must balance the patients' access to the best drug therapies, while ensuring the money spent from your plan is spent wisely.

### Subsequent Entry Biologics (SEBs)

We know generic drugs offer savings (see our March 2012 *Journal* [Generic Prescription Drugs](#)). Subsequent Entry Biologics (aka SEBs or biosimilars) may also provide savings, but they are not generics. Health Canada does not consider SEBs as interchangeable and for that reason, SEBs are not viewed as a generic form of a biologic. At this time, no SEBs are available for sale in Canada, but they are coming soon and eligibility under your plan will be determined in the same manner as the original biologic.

### Extended Health Plans – Good Solution

Although all stakeholders are struggling with the expense of these drugs, consider how one of your employees would manage without a drug plan to cover at least some of these costs. **Well-designed group extended health plans are a good solution.**