



2019 **ANNUAL
MEETING**
& EXHIBIT

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Session 095: Drug Claim Management - Lessons from Canada

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Drug Claim Management Lessons from Canada

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October 29, 2019



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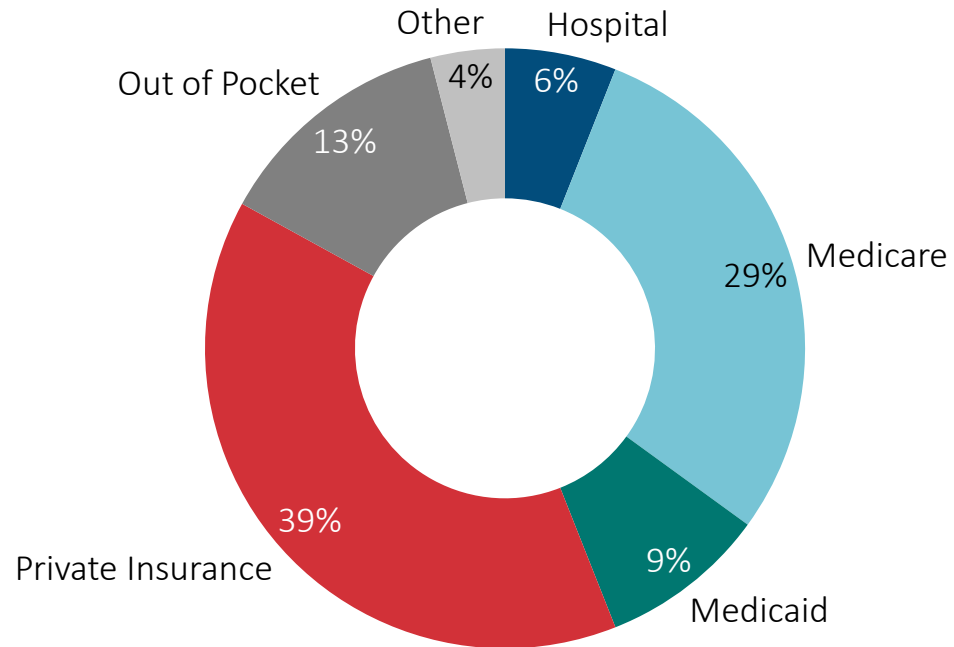
Common Border, Uncommon Economics

Comparator	US 	Canada 	Ratio US : Canada	Source(s)
Population (M)	327.2	37.1	8.8 : 1	US Census Bureau, StatsCan
GDP Per Capita	\$70,488	\$56,273	1.25 : 1	OECD
Total GDP (\$T)	\$23.1	\$2.1	11.1 : 1	OECD, US Census Bureau, StatsCan
Health Care Spend (\$B)				
Voluntary (ins, OOP, other)	\$693.9	\$72.4	9.6 : 1	OECD
Gov't / Compulsory	\$3,793.5	\$166.5	22.8 : 1	
Total	\$4,487.4	\$238.9	18.8 : 1	
Rx Drug Spend (\$B)	\$470.5	\$33.7	14 : 1	CIHI, Kaiser Family Foundation, StatsCan, US Census Bureau

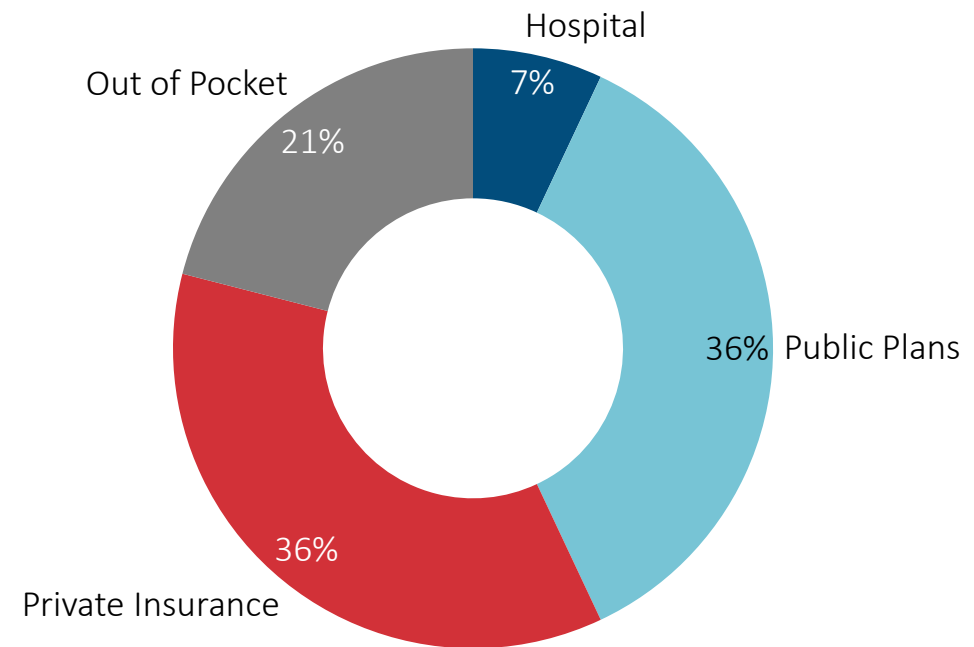
Drug Spend Comparison



2018 US Rx Drug Spend
Breakdown of \$470.5 Billions CAD



2018 Canada Rx Drug Spend
Breakdown of \$33.7 Billions CAD

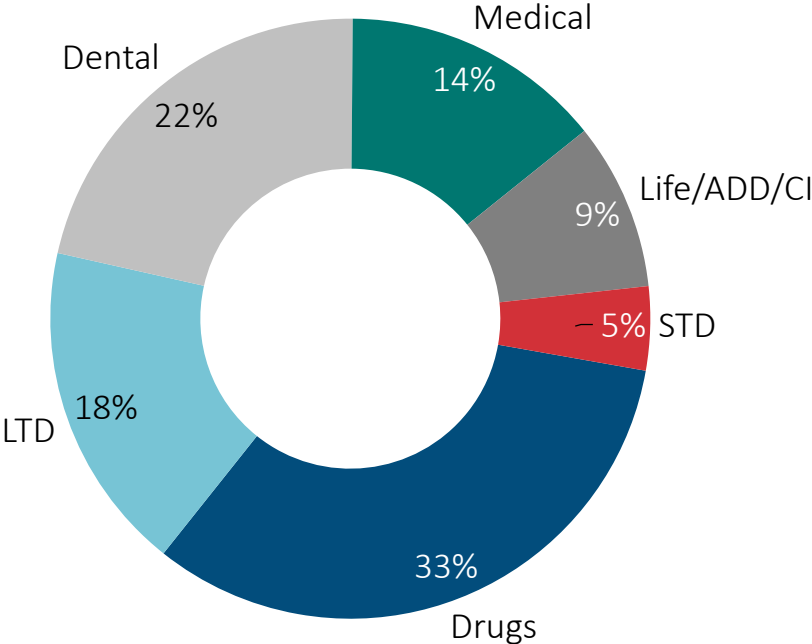


Sources: CIHI, kff.org (Kaiser Family Foundation), OECD, StatsCan, US Census Bureau

Spend By Benefit



Canadian Benefit Spend Distribution by Benefit



Sources: Fraser Group Universe (private group insurance)
Assumption: Drugs = 70% of Total Medical

What are the trends in drug plan costs in Canada?



What are we doing to mitigate rising drug costs?

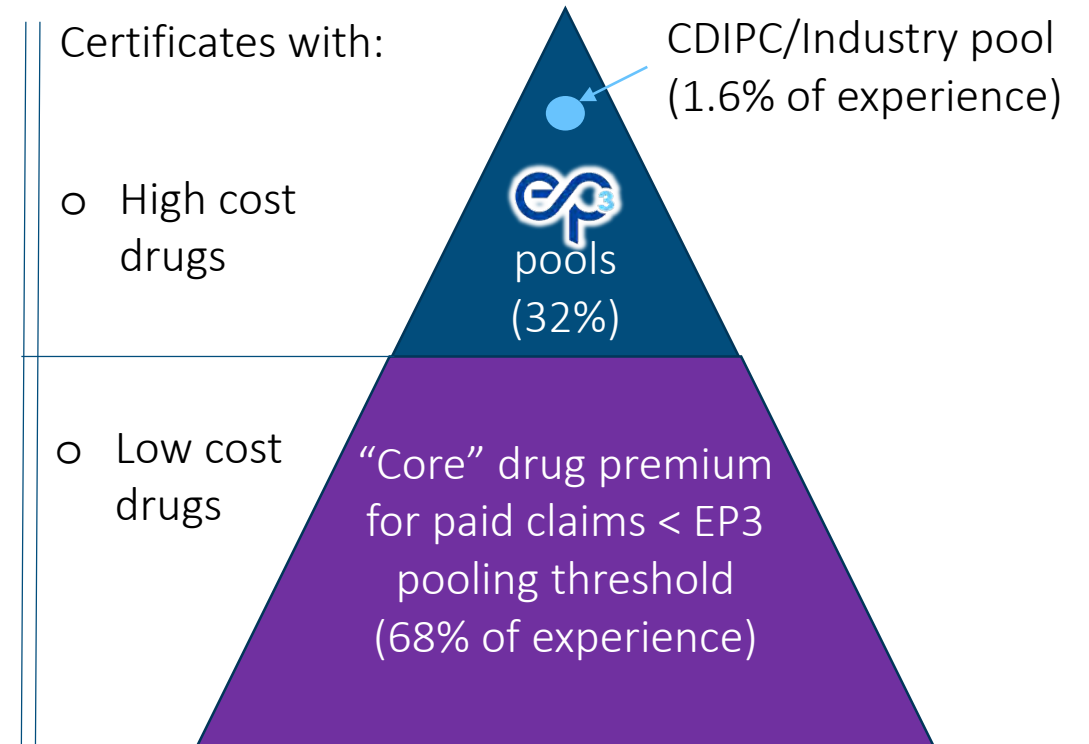


CDIPC pooling

- Attributes

- One or more EP3 pools per participating member insurer.
- No experience rating is permitted under any circumstance.
- Pools often created to represent risks driven off of non-coverage by provinces.
- EP3 protection moves with the sponsor if the it changes insurers.
- Not for profit. Money in = money out.
- Pooling costs recovered through pooling charges

- Structure





Pooling mechanics

Private drug claims paid per certificate

Pooling related risk costs to participating insurers.

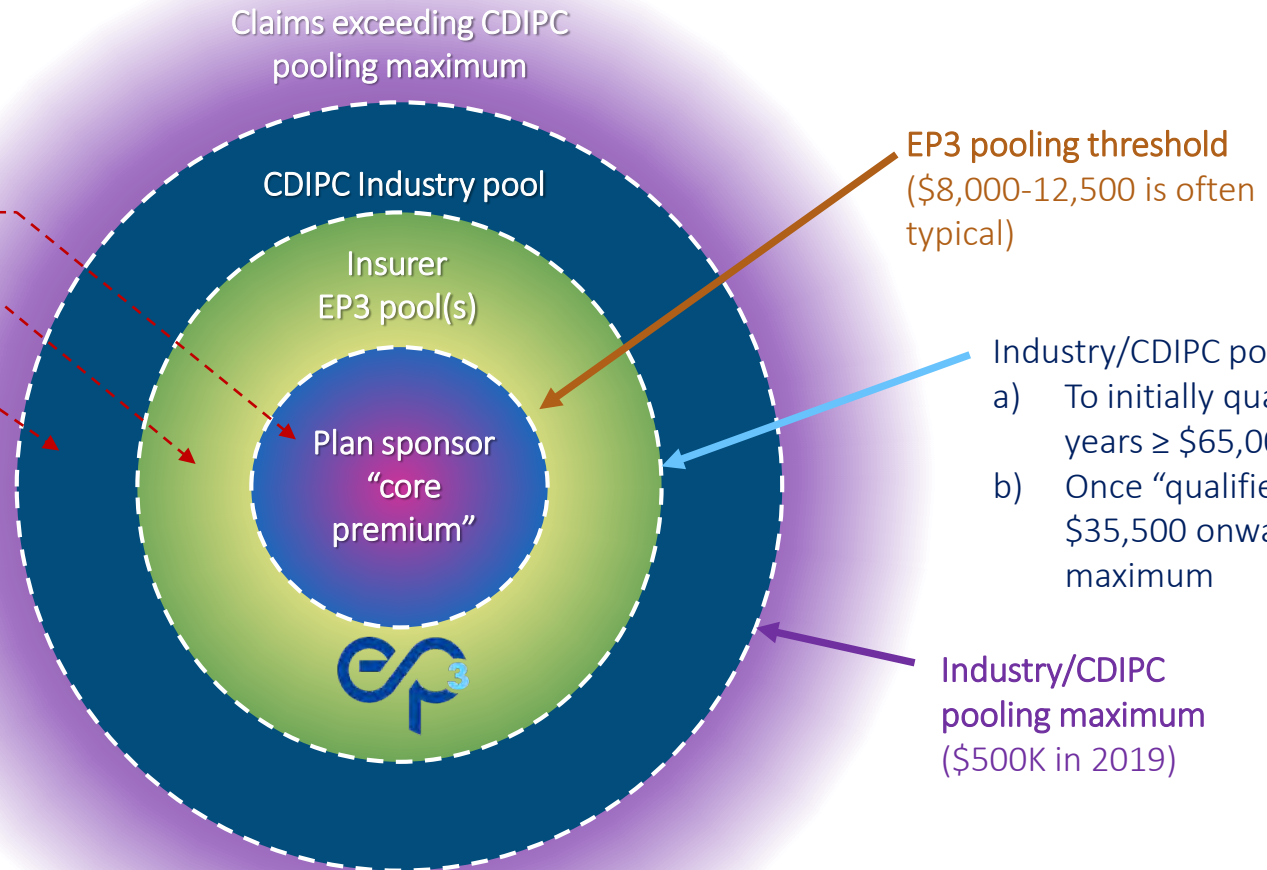
Shown:

- Amounts of claims below EP3 threshold.
- EP3 pooling.
- 15% of claims qualifying for CDIPC pool.
- 100% of claims exceeding CDIPC pool maximum.

Not shown:

- Any costs if insurer pays into CDIPC pool.

Can be pooled in EP3 pools as long as not experience rated



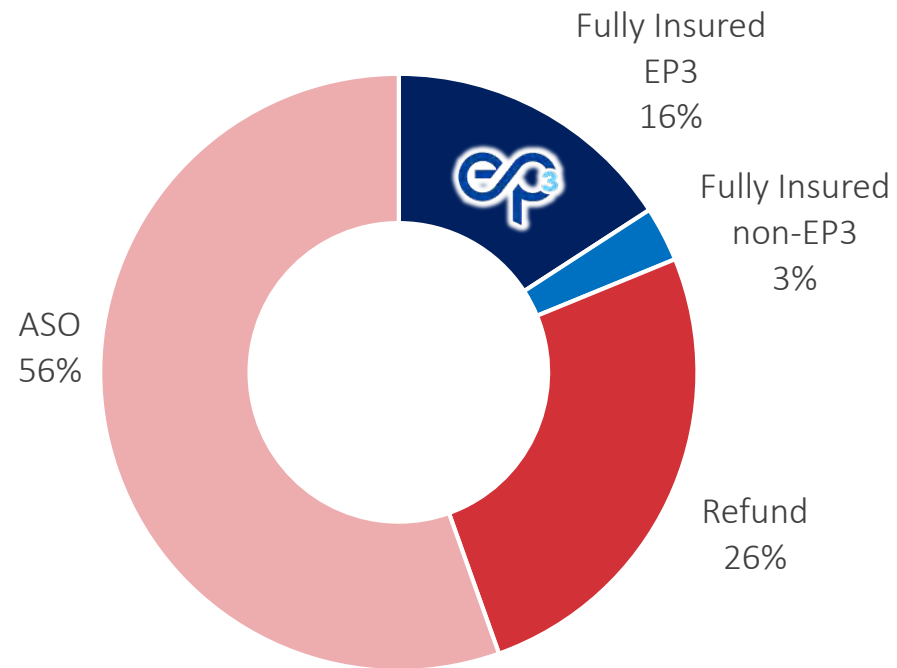
What are we not doing, or not doing enough of?



Private drug funding basis



Canadian Private Claims Paid Distribution by Funding Type



Source: CDIPC market review (2017)

National Pharmacare?



Questions?

