



A REPORT FROM THE 2004 SOLUTIONS IN DRUG PLAN MANAGEMENT CONFERENCE

SLOW UPTAKE

Canada Revenue Agency now recognizes pharmacy services as medical expense tax credits. But the benefits industry isn't ready to foot the bill just yet. **By Sonya Felix**

LAST DECEMBER, Canadian pharmacists rejoiced when they learned the Canada Revenue Agency (CRA) had finally agreed to recognize pharmacists as medical practitioners. The news was a coup for pharmacists who have worked long and hard to have pharmacy services eligible for medical expense tax credits (METCs). Yet, while the CRA decision represents a major opportunity for pharmacists to market services to consumers, it will take a lot more effort yet to convince third-party payers to cover pharmacy services under employer-sponsored benefits plans.

Emily Del Piero, assistant director, employee benefits at the Toronto Transit Commission in Toronto, was one of several plan sponsors who attended this year's Solutions in Drug Plan Management conference in Mississauga, Ont., last April, where pharmacists made their case. And, like most third-party payers in the audience, she was left with a lot of unanswered questions.

"What will be the return on the employer's investment and how will employers measure the effectiveness of this service?" she says. "My concern is related to the ability for employers to pay for yet another service. I don't believe we are there yet."

As a participant at one of the conference roundtable discussions about the impact of METC on pharmacy services, Susan Ayer, benefits policy administration, General Motors of Canada Ltd. in Oshawa, Ont., commented that, although she could see some benefit from pharmacy services, it would have a big financial impact on plan sponsors. "There's going to have to be a huge sell on this item," she said.

With health benefits costs continuing at double-digit increases, it's not surprising that plan sponsors want more information about return on investment before they deem pharmacy services affordable. "No one is looking at adding extra costs right now," says Noel MacKay, senior consultant with the Williamson Group in Brantford, Ont. Although the METC status makes pharmacy services eligible for listing under health spending accounts, which allocate a certain dollar amount for consumers to spend on their choice of health services, it seems unlikely pharmacy services will soon become part of general health benefits plans. "Pharmacists would have to paint a business case to demonstrate savings," he says. "If it's just an add-on to costs, then it isn't going to happen."

Chris von Heymann, a principal with Cubic Health, a drug plan management consulting firm in Toronto, agrees. "Studies have demonstrated that pharmacy services can have positive health outcomes such as reducing cholesterol levels and helping people keep track of their blood glucose, but the challenge is to translate that into dollar savings."

THE PHARMACY CASE

"Proof" is a contentious issue with pharmacists who insist studies already show how they can improve health outcomes such as lower absenteeism, higher productivity and reduced disability rates. "It is a misconception that payers can't afford pharmacy services," says Debra Yearwood, director of marketing and communications for the Canadian Pharmacists Association (CPhA) in Ottawa. "They



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can't not afford it. Employers are already paying for drugs, so why don't they want to be sure they are getting the most benefit from these drugs? If they say they can't afford it then they don't understand what it is."

Employer-sponsored drug plans have traditionally covered the fees pharmacists charge for dispensing prescription drugs. But, prior to the CRA decision, pharmacists' non-dispensing consultative services didn't have the tax status necessary for inclusion in drug and extended health plans. Many payers don't understand the distinction between dispensing and non-dispensing services and assume that the dispensing fee pays for it all.

Not so, say pharmacists. Although professional guidelines call for counselling on the proper usage of medication at the time of dispensing, more in-depth services are not a given. Some pharmacists have been providing extra services, some charging a fee and some not. But, now that non-dispensing services such as blood pressure monitoring, diabetes care and meter training, structured medication reviews, home visits, anti-coagulation management and travel clinics qualify as medical expense tax credits, pharmacists want to be paid just like any other healthcare provider.

Why would employers want to cover non-dispensary services? Janet Cooper, senior director, professional affairs for CPhA, presented the pharmacy point of view at the Solutions in Drug Plan Management conference. There she reminded the audience that the Romanow Commission, the Kirby Report and various provincial commissions have all called for an expanded role for pharmacists and better medication management. She referred to studies that confirm community pharmacists' ability to improve patients' health through better compliance with drug therapy. Two examples are:

- **SCRIP** - A Study of Cardiovascular Risk Intervention by Pharmacists led by Dr. Ross Tsuyuki at the University of Alberta looked at the impact of a pharmacy-initiated program directed at cholesterol risk management in patients at high risk for cardiovascular events. Results showed that

patients receiving pharmacist intervention had significantly better cholesterol risk management compared to a control group receiving usual care. Better cholesterol management means decreased costs over the long term, Cooper said.

- **The B.C. Community Pharmacy Asthma Study** -

Using specially trained community pharmacists, this study showed that with pharmacy intervention patients had fewer asthma symptoms, increased peak flow readings, missed fewer days from work or school, had fewer emergency room and medical office visits and reported a higher overall quality of life. Although there was no change in the use of corticosteroids, there was lower usage of beta-agonists which could decrease drug spending.

"Pharmacists have proven they can improve use of medications," Cooper concluded. "Increased levels of pharmacist services will result in improvements in both health outcomes and expenditures."

CONVINCING PAYERS

Despite pharmacists' confidence in their ability to help control health-related costs, many people outside the profession don't understand how this would work or what it entails. "We've been talking to employers and union groups but it still is not clear to them what we're talking about," says Barry Cavanagh, chief executive officer of the Pharmacists Association of Alberta, in Edmonton. "This lack of awareness is a problem that pharmacists have faced for a long time."

While pharmacists are admittedly dismayed that payers still need so much convincing, they are determined to get the message out. "We need to create a demand for pharmacy services and then the benefits industry will oblige," says Yearwood. "Employers pay for chiropractors and massage therapy and this [pharmacy] is so much more of a health benefit. People have to understand that we are doing this to improve health outcomes, not so we can bring in more money for pharmacists. We're not selling snake-oil pills."



Marketing is the biggest issue pharmacists face and it will take time to get people used to the idea of paying for non-dispensing services, says Bob Arnold, a pharmacist and health benefits solutions consultant for Maritime Life in Markham, Ont. “The CRA decision is a great opportunity for pharmacists to step out of the ‘lick, stick and pour’ mode of dispensing drugs and get paid for a service that isn’t welded onto a product,” he says. “But, a lot of people, including insurers, don’t understand the concept. If pharmacists can’t prove value to the paying public, they will have a very hard time selling the idea to insurers.”

Proving their worth is only one aspect of the issue. Participants in roundtable discussions at the Solutions in Drug Plan Management conference also raised questions as to whether pharmacists are ready to take on such a huge role in healthcare. “From an insurer’s perspective, we need proof that pharmacists are able to deliver services consistently on a national basis and that there is ongoing accreditation,” says Ron Kalbfleisch, an account executive for Sun Life Assurance Company of Canada in Waterloo, Ont. “Right now, delivery is fragmented.”

Pharmacists’ associations understand that payers have concerns about consistency and minimum standards of service. The CPhA is currently spearheading an effort to develop national standards to ensure that “a service is a service” right across the country. Provincial pharmacy associations are also working on areas such as fee guides, detailed descriptions of services and billing templates with the goal of pooling resources.

The pharmacy industry needs to put together a packaged program with specific deliverables in a standardized format, says von Heymann, adding that a properly designed study could then compare before and after costs to show return on investment. “Given the year-over-year comparisons required for several different measures, such a study will necessarily involve some time for completion,” he says.

Arnold is sure that pharmacists will eventually prove that over the long term they can reduce costs or at least

Searching for solutions

The annual Solutions in Drug Plan Management conference was organized by the pharmacy publications at Rogers Media, which also publishes *BENEFITS CANADA*. This year’s event, held on April 27 in Mississauga, Ont., brought together more than 100 drug plan stakeholders and healthcare experts, including benefits plan sponsors, physicians, benefits consultants, pharmacists, representatives of the pharmaceutical industry, and group insurers. The goal of the conference was to try to develop ways to manage drug plans more efficiently and effectively, and to forge improved relationships between plan sponsors, pharmacists and service providers. For more, click the link to the conference Web site on the left nav bar of www.benefitscanada.com.

ensure that benefits dollars are spent wisely. Some plan sponsors worry that by improving patients’ compliance with drug therapy, costs will increase and that the drug component of overall benefits costs will go up if more people take medication as directed. But other costs related to absenteeism and disability could go down. “If pharmacists can reduce short- or long-term disability costs then payers will pay attention,” says Arnold. “Disability costs are a lot more expensive than paying for the extra cognitive services done by pharmacists.”

In order to prove the link between pharmacy services, health outcomes, absenteeism and disability costs, it will be necessary to break down all the silos that compartmentalize healthcare spending. “It’s going to take time,” Arnold says. “But some fairly progressive insurers see that improving health outcomes is the only possible route to making sure that the health benefits system is maintained. Payers have introduced prior authorization, managed formularies and restricted formularies but it hasn’t slowed down drug costs. Since plan design hasn’t had an impact, why not try something else?” **BC**

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