

# 20 YEARS OF INDUSTRY CHANGE

## Healthcare:

### Drug Plans Erode Over Last 20 Years

By: Mike Sullivan

The world ushered in 1991 with the start of the Gulf War. It's hard to believe here we are 20 years, two different President Bushes and the first African-American president later. In 1991, Nintendo unleashed the Super Nintendo in North America, while today a billion dollar video game is released to incredible fanfare with warnings to the public that its scenes are so realistic, some users should refrain from playing – a far cry from the days of Mario Brothers. Bryan Adams put Canada centre stage with the biggest hit of 1991 at the same time as the USSR collapsed and Boris Yeltsin was the first elected President of Russia.

Twenty years ago last month, Freddie Mercury, the lead singer for Queen, died of complications relating to AIDS, while basketball legend Magic Johnson announced to the world he had contracted HIV. Today, Magic is a shining example of the wonderful advances we have made in drug therapy.

#### 44 New Drugs

In the decade that spanned 1982 to 1992, 44 new drug products (i.e. new chemical entities) were approved by the FDA. In the 10 years that followed, nearly four times as many new drug products (156 in total) were approved, including blockbusters such as Lipitor, Nexium, Effexor XR, Viagra, and Remicade.

The last 20 years has seen the advent of two distinct generations within the pharmaceutical industry – the Blockbuster Drug Era and now the Specialty (biologic) Drug Era. The advances that have been made in drug therapy since 1991 have been nothing short of remarkable.

The most highly touted drug launch of 1991 was Imitrex (sumatriptan) for migraine headaches, followed by Paxil (paroxetine), the third entry into the SSRI class of anti-depressants. Fast forward to today and we have seen Lipitor, Prevacid, Effexor XR, Altace, Zithromax, and a whole host of other major brand drugs released onto the market with generics now available.

The pharmaceutical industry has discovered new classes of blood pressure lowering agents, anti-depressants, and cholesterol lowering medications over the last two decades in addition to developing biologic drugs to treat autoimmune disorders such as Rheumatoid Arthritis and MS. We have seen an explosion of oncology products, best

**'... LITTLE HAS HAPPENED IN CANADA ... REGARDING THE MANAGEMENT OF PRESCRIPTION DRUG PLANS ...'**

represented by a new wave of targeted oral cancer drugs that allow patients to take their chemotherapy at home.

The last 20 years have truly been the golden era for drug therapy advances and the pharmaceutical industry. There are many industry watchers and stock market analysts who feel the glory days of the pharmaceutical industry have come and gone and while one may debate its future, there is no mistaking how much better off patients are today with the advances we have seen since Operation Desert Storm was launched.

There is also no mistaking how little has happened in Canada during that time regarding the management of prescription drug plans. For example:

► We have seen Lipitor rise to become the biggest selling drug in history and turn generic 18 months ago – yet

nearly half of Canadian plan sponsors still do not have mandatory generic substitution in place.

- Back in the 1990s, there were no viable drug treatments for MS. Today, not only do we have an arsenal of injectible biologics to treat MS, we also now have targeted oral therapies. Yet, there isn't a single prior authorization program in Canada that limits the coverage of these MS therapies – which cost tens of thousands of dollars annually, based on the subtype of the disease.
- In 2011, the distribution channel of medications is still controlled by retail pharmacy that is arm's length from the plan sponsor. Pharmacy still has a business model based on volume and churning out prescriptions, rather than rewarding medication management.
- The vast majority of plans continue to be administered by stakeholders who have as much interest in controlling costs and ensuring appropriate utilization as I do in becoming a professional tango dancer.

All of us involved in the provision and management of drug plan benefits should be embarrassed by the lack of progress over the past 20 years. When we look at the innovations ushered in by the pharmaceutical industry and by managed care in the U.S. over the past two decades, it's amazing to see how little the needle has moved in this space here in Canada.

#### Get Serious

If plan sponsors, advisors, administrators, claims processors, pharmacy providers, and manufacturers do not get serious and start collaborating to protect the sustainability of drug plans in the private sector in 2012, there will be no need for a follow-up column in 2031 because plans, as we know them, will go the way of the Super Nintendo. **BPM**

**Mike Sullivan**  
(RPh, BSP, MBA) is  
president of Cubic  
Health Inc.

