

REFERENCE-BASED PRICING?
MAXIMUM ALLOWABLE COST?
WHAT'S GOING ON?

When Accountants Decide What's Best For Patients



As more and more Canadians reach retirement, they are being forced to deal with an increasing number of obstacles to quality health-care services. This situation is likely to get worse as some governments turn to accountants to resolve the question of how to meet Canada's health-care needs in the face of an aging population and a growing number of users.

What's The Problem?

It's no secret that governments are facing tremendous challenges to keep up with the pace of health-care needs. There are more Canadian seniors than ever before, and they are the highest users of hospital and health-care professional services - the most expensive part of our health-care system (60% of all provincial health-care costs). Hospital staff and physicians can't keep up with the demand, and Canadians are waiting longer and longer before receiving care.

Instead of focusing on ways to help reduce hospitalizations, governments are considering drastically curtailing the public's access to medications, which will result in more demands on doctors and hospital services, not less.

Cutting Off Access To Medications Is No Solution

"Reference-Based Pricing" (RBP) and "Maximum Allowable Cost" (MAC) are accounting terms that mean only one thing for working and retired Canadians - less health care at greater cost.

If implemented, these policies will allow the government to reimburse only the cheapest choice of medication, even if it is not the most effective or appropriate treatment for an individual. In the end, patients will either have to pay additional costs to receive their current medication or be switched to the medication that has been approved by the government.

CARP

Canada's
Association
for the
Fifty Plus™

(Continued on the inside)

Restricting Medications Hurts Canadians

When It Comes To Medicines, One Size Doesn't Fit All

Pretending that different medicines are all the same is not only wrong, it's dangerous. But that's what some government accountants want you to believe. We know that every patient is different, with his or her own unique medical profile and history. Physicians should be deciding what medication is appropriate, not accountants.

Affects Doctor/Patient Relationship

If RBP or MAC is implemented, this policy could mean that patients will be forced to try or switch to a drug that doesn't work as well or has more side effects. Decisions regarding prescription medications should be based on the best medical judgment, not dictated by a budgeting rule.

Substituting drugs interferes in doctor-patient decisions regarding what's best for the patient. This in turn can lead to higher health-care costs by requiring patients to see their doctor more often or needing hospital care because the treatment didn't work.

Two-Tier Health Care?

Some people will be able to afford to pay the difference and will not have to switch to less effective medications due to financial reasons. The people hardest hit will be the poor and elderly who have no choice but to rely on the government-funded prescription medication program. Regardless of which category you fall into, you will be paying more for less with either your wallet or your health.

Restricting Medications Is Expensive To The Health System

Health-care costs are going up because Canadians are getting older and are beginning to access Canada's world-class health-care system in greater numbers. However, harsh new rules limiting medication benefits are not the answer to dealing with the increasing need for health-care services. Providing people with better medications actually saves money in the long run because patients who receive the right treatment take up less time and space in doctors' offices and hospitals.

A Hidden Tax On Patients

If a patient wants to remain on their current medication, they must pay out of pocket to do so if their current medication is not the government's choice. This is just another way of creating a new tax and shifting health-care costs on to the public.

More Costs To The Health-Care System

To make sure doctors adhere to policies like RBP and MAC, patients will be required to visit their physician to renew prescriptions. If the substitute treatment doesn't work, patients will need to return to their doctors for more trials or may end up using other professional health-care or hospital services. In the end, cutting off medications will not result in savings but just shift costs to other parts of the health-care budget.

What Can You Do?

Is forcing seniors to choose between paying for medications that work or taking less effective medications the way? No.

There are alternatives to coping with rising health-care costs without reducing prescription medication benefits. But first, the government must be willing to listen and to ask Canadians what they want.

Write to your MPP and ask if they understand what "reference-based pricing" and "maximum allowable cost" mean to you.

See CARP's website at www.carp.ca for more details.

Frequently Asked Questions

What Is Reference-Based Pricing (RBP) Or Maximum Allowable Cost (MAC)?

Reference-based pricing (and other similar policies like maximum allowable cost) is a controversial policy for strictly limiting which prescription medications will be refunded and at what cost under programs like Ontario's Drug Benefit Program. This type of policy reduces the public's health-care benefits by trying to substitute cheaper, usually older, medications instead of newer medications in order to save money.

What's The Problem With These Policies?

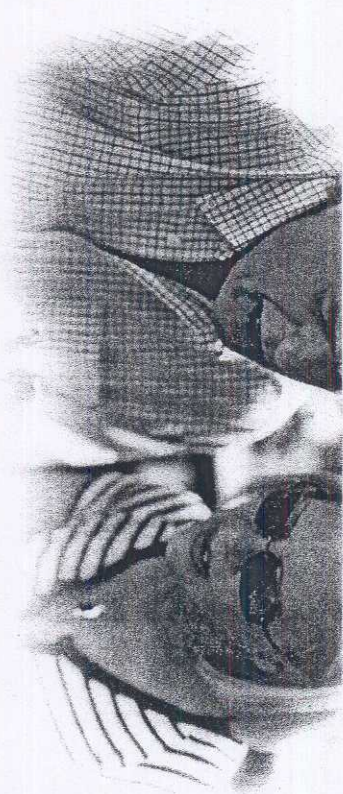
The main problem is that these policies assume that what works for one patient will work for all. In doing so, they limit physician and patient choices about the best and most appropriate medication. It could mean that patients may have to switch to a drug that doesn't work as well for their condition or one that has more side effects. This, in turn, can lead to higher health-care costs due to patients requiring more frequent visits with their physicians as well as increased hospital care.

How Would RBP/MAC Policies Impact My Relationship With My Doctor?

Your doctor is in the best position to select the most appropriate medication for you based on your individual condition. RBP and similar policies have been designed by accountants who do not understand or refuse to make a distinction between different medications. By deciding that all medicines for a particular condition are the same, accountants are substituting themselves for a person's doctor.

Will It Mean That Patients Will Pay More For Medications?

Yes. In many cases, the benefit level set under RBP will not cover the full cost of most newer medications. Either the patient or his or her insurer will have to pay the difference or accept the cheapest option.



What Will Happen If A Patient Cannot Pay The Difference?

The patient will have to accept the substitute medication and stop taking their usual medication. For this reason, RBP and similar policies have the greatest negative impact on those with the fewest financial resources.

If Cutting Off Medications Isn't The Solution To The Government's Problem, Then What Is?

Less than 10% of the health-care budget goes toward prescription medication. The greatest costs are those associated with services - 40% for hospitals alone. Medications save money in the long run because they help people avoid disability, expensive operations and hospital care. Instead of restricting access to prescription medication, the government should work with patient associations, health-care professionals and the pharmaceutical industry to help patients receive the maximum benefit from their medications. This includes educating physicians and patients on appropriate use of medications.

Real-Life Stories On The Impact Of Reference-Based Pricing

British Columbia is the only province in Canada to have introduced "reference-based pricing" for prescription medication, and the results have been disastrous. Not only has the policy not saved the province money on its health-care budget, it has changed the way doctors treat their patients. Recently, a coalition of patient groups organized a campaign to have this policy reversed.

The B.C. government's drug coverage plan has become one of the stingiest in the country, according to a coalition of non-profit, patient advocacy groups. In a blistering attack on the government's drug funding policies, the Better PharmaCare Coalition said Monday that people with diseases like diabetes, arthritis and Alzheimer's are being denied access to expensive new

drugs because the \$830 million drug budget is inadequate.

"There is no excuse for denying B.C. patients the same level of care as other Canadians," said Jean Blake, executive director of the Canadian Diabetes Association, a member of the coalition, which says it represents 1.5 million patient/consumers.

Vancouver Sun, February 8, 2005

The following stories were provided by a B.C. physician who witnesses on a daily basis the negative health consequences of the B.C. government's Reference Drug program (also known as "reference-based pricing"). In addition to limiting a doctor's ability to select the best medication for their patients, it also creates a heavy administrative burden for special approvals, taking time away from treating and counselling patients.

"An 85-year-old woman presents with abdominal pain. She is felt to have gastritis and is treated with Ranitidine. She makes good improvement and is sent home with this medication. She goes to the drugstore to be told that only Cimetidine is covered. She has to be switched to Cimetidine, which causes her abdominal pain to return. A special authority form is then sent in because the Cimetidine is not working, and a request for Ranitidine is made. It is approved."

(Continued on the back cover)

"A 49-year-old woman with long-standing rheumatoid arthritis, who is on social assistance, presents with a history of having tried many treatments for her arthritis. Before reference-based pricing, she was able to manage on Arthrotec, which is a combination of anti-inflammatory medication and stomach protection. This medicine is not covered so she is placed on Naprosyn, which is covered. Not only does it not relieve the pain for her arthritis, but it causes bleeding in her gastrointestinal tract. She is treated with Cimetidine without good response, and a special authority form goes in for Losec, which is approved."

"A 68-year-old woman with severe back deformity from compression fractures is given a prescription for Fosamax, the only drug on the market that both stops bone growth and builds new bone in the case of osteoporosis. This is refused because there is a cheaper drug on the market called Didronel that stops bone destruction but does not build bone. The criteria to allow the use of Fosamax are so severe as to have no one qualify."

These stories were taken from the website of the Better Pharmacare Coalition (BPC), an organization composed of health organizations, patient associations and Canadians who are demanding that the British Columbia government repeal its reference-based pricing policy. For more information on the BPC, see www.betterpharmacare.com.

OFFICIAL ENROLMENT FORM

Complete this Enrolment Form and mail in an envelope to:

CARP 27 Queen St. E., Ste. 1304, Toronto, ON M5C 2M6 OR Tel: 416-363-8748 Fax: 416-363-8747 Toll-Free: 1-800-363-9736

YES! I want to reap the many CARP rewards for 50-Plus Canadians!
Please enrol me as a CARP member and a 50Plus magazine subscriber for:
 1 Year \$19.95 3 Years \$49.95
Prices include GST, postage and handling.

METHOD OF PAYMENT

My Cheque/Money Order enclosed payable to CARP
OR...Please bill my credit card:

VISA MASTERCARD AMEX

Credit Card No. _____

Exp. Date: Mo: _____ Yr: _____

Your Date of Birth: _____

Day _____ Month _____ Year _____

Enrol me in CARP but NOT as a 50Plus magazine subscriber... \$10.00 annually!

Enrol me as a 50Plus magazine subscriber but NOT as a CARP member...\$11.95 annually!

Check if you prefer NOT to receive special offers from CARP-RECOMMENDED suppliers or others.

JOIN NOW AND ENJOY ALL THE CARP REWARDS YOURSELF!



Enrol my Spouse FREE:

SPOUSE'S NAME _____

PLEASE PRINT

LAST NAME _____ FIRST NAME _____

ADDRESS _____ APT. _____

CITY _____ PROV. _____ POSTAL CODE _____