



Centre for
HEALTH SERVICES AND POLICY RESEARCH

Well Designed Drug Review Processes Can Improve Drug Coverage: Lessons from Abroad

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Commonwealth Fund / Alliance for Health Reform

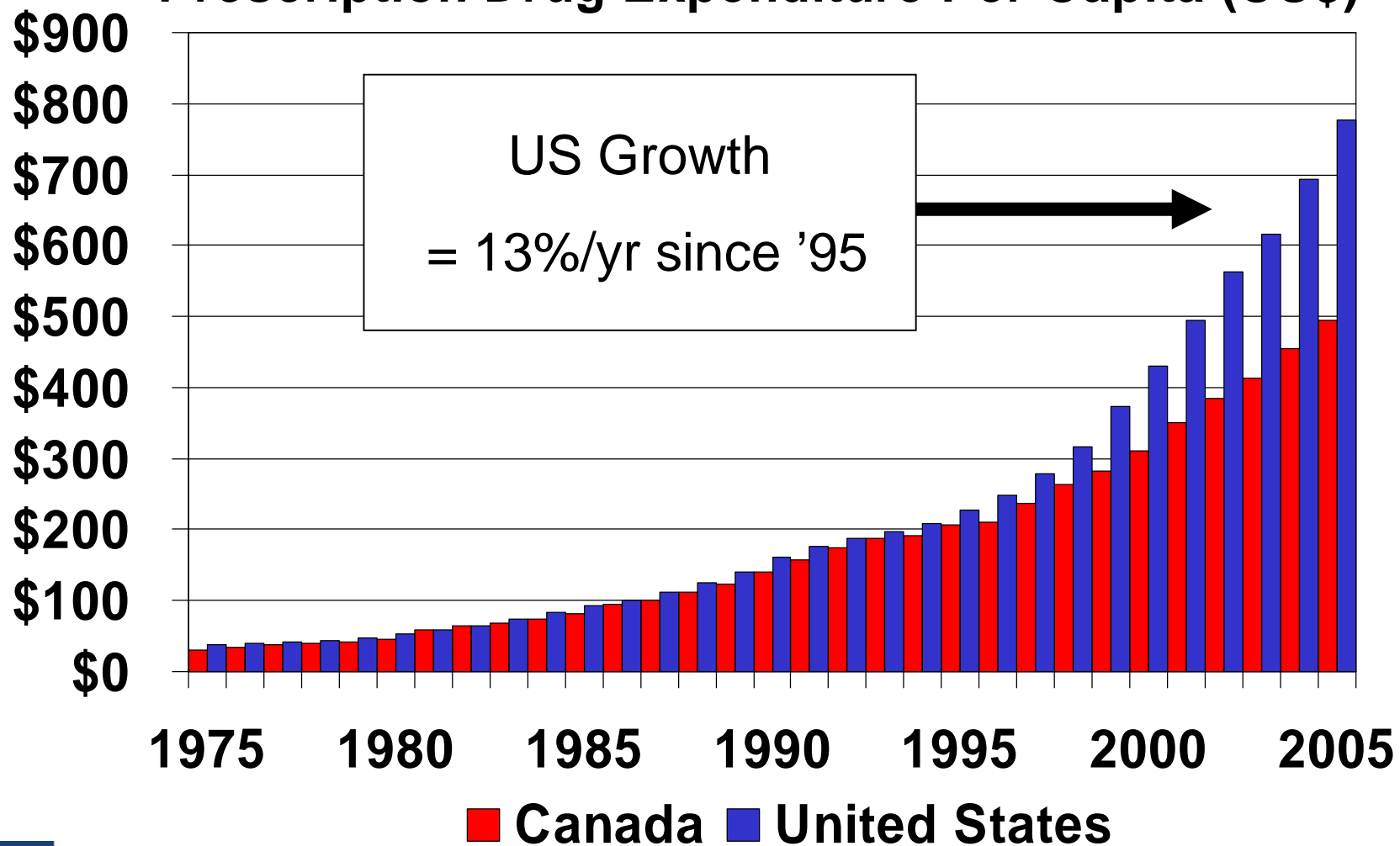
Policy Briefing, 23 June 2006



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Why review medicines?

Prescription Drug Expenditure Per Capita (US\$)



Why review medicines?

- **Licensing does not yield comparative info**
- **Science complex / comparators abound**

Without rigorous and transparent drug reviews, marketing, *not science*, will drive drug use, pricing and expenditure.

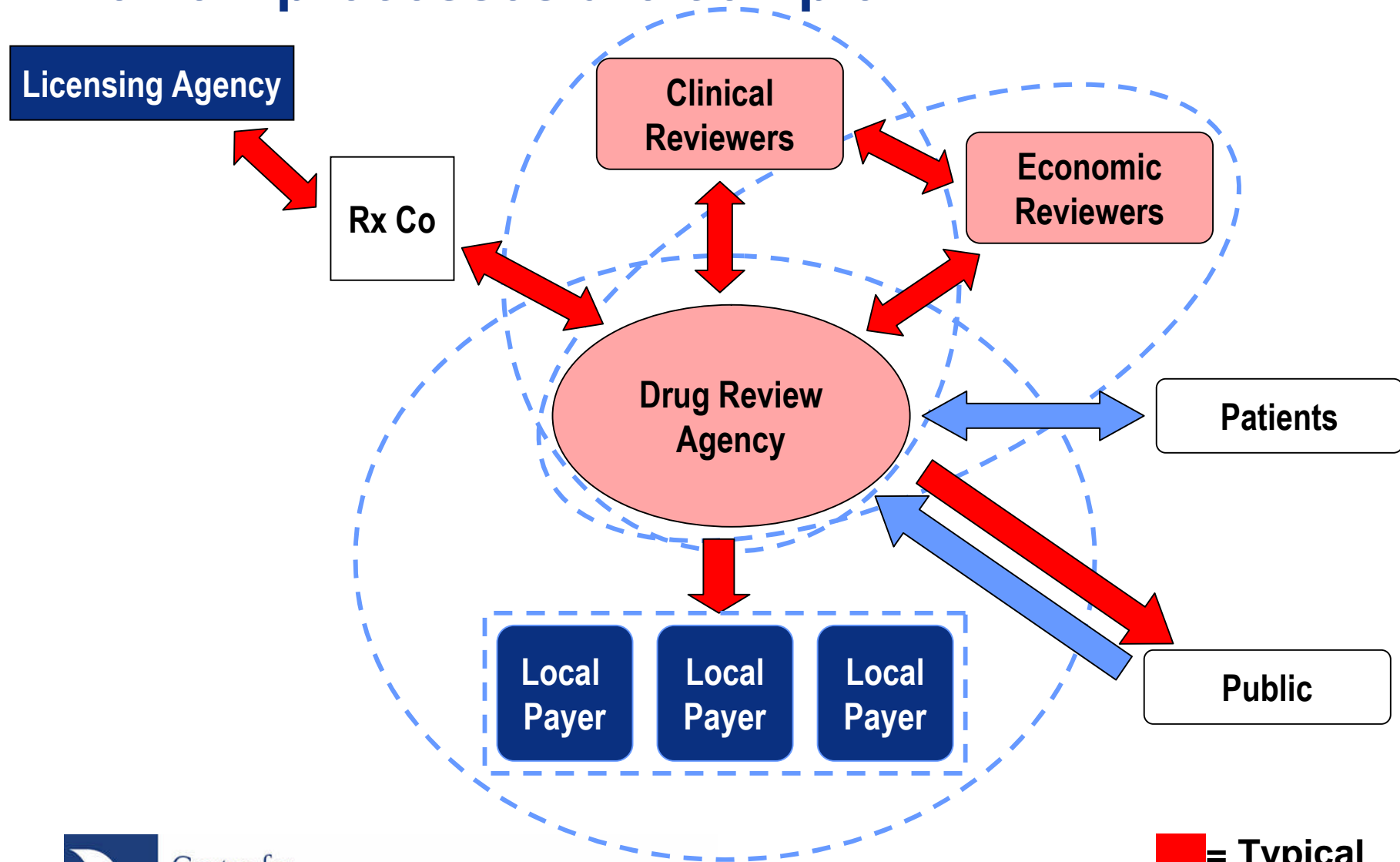


Basic Evidence + Simple Economics = Better Coverage

	Less Effective	As Effective	More Effective
Higher Cost	<u>Do Not Cover</u>	Do Not Cover	Deliberate
Same Cost	Do Not Cover	Negotiate	Cover
Lower Cost	Deliberate	Cover	<u>Cover</u>



Review processes are complex



Australia: Reviews by PBAC

- **Universal coverage / national formulary**
- **Review required**
 - Minister cannot list without PBAC “yes”
- **Pragmatic process**
 - ~100 drugs per year (including generics)
 - Rationale published on Internet
- **Prices negotiated**
 - Upon a “yes” from PBAC



New Zealand: Reviews by PTAC

- **Universal coverage / national formulary**
- **Review required**
 - But listing may differ from PTAC decision
- **Pragmatic process**
 - ~30 to 40 reviews per year
 - Select information on Internet
- **Prices negotiated**
 - As part of listing decision



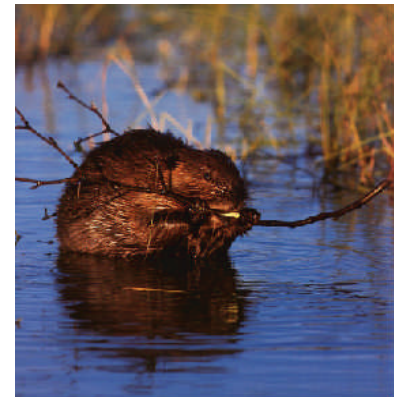
England and Wales: Reviews by NIHC

- **Universal coverage / “negative” formulary**
- **Selective reviews**
 - Only high-impact / controversial drugs
 - But, “guidance” must be followed by regions
- **Exhaustive process**
 - ~11 reviews per year (1+ yr / review)
 - Many consultative stages and info on Internet
- **No price negotiation**



Canada: Reviews by CDR

- **Mixed coverage / many formularies**
- **Review required**
 - Tied to coverage for 12+ public plans
 - Yet, decisions remain local
- **Pragmatic process**
 - About 25 drugs per year
 - Summary of rationale on Internet
- **No price negotiation**



Impact findings

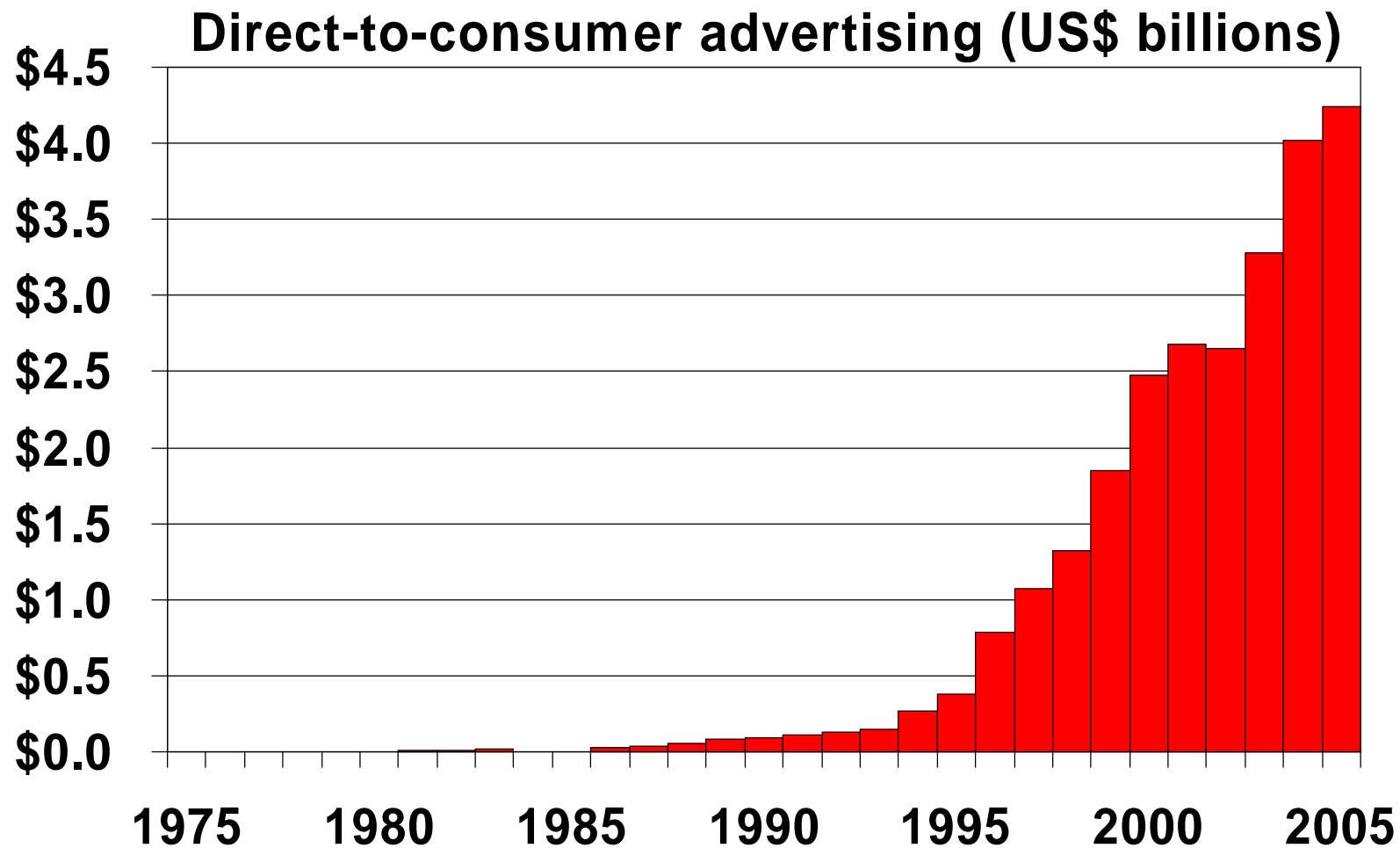
- **Reviews tied to coverage affect use & cost
...tied to universal coverage matter most**



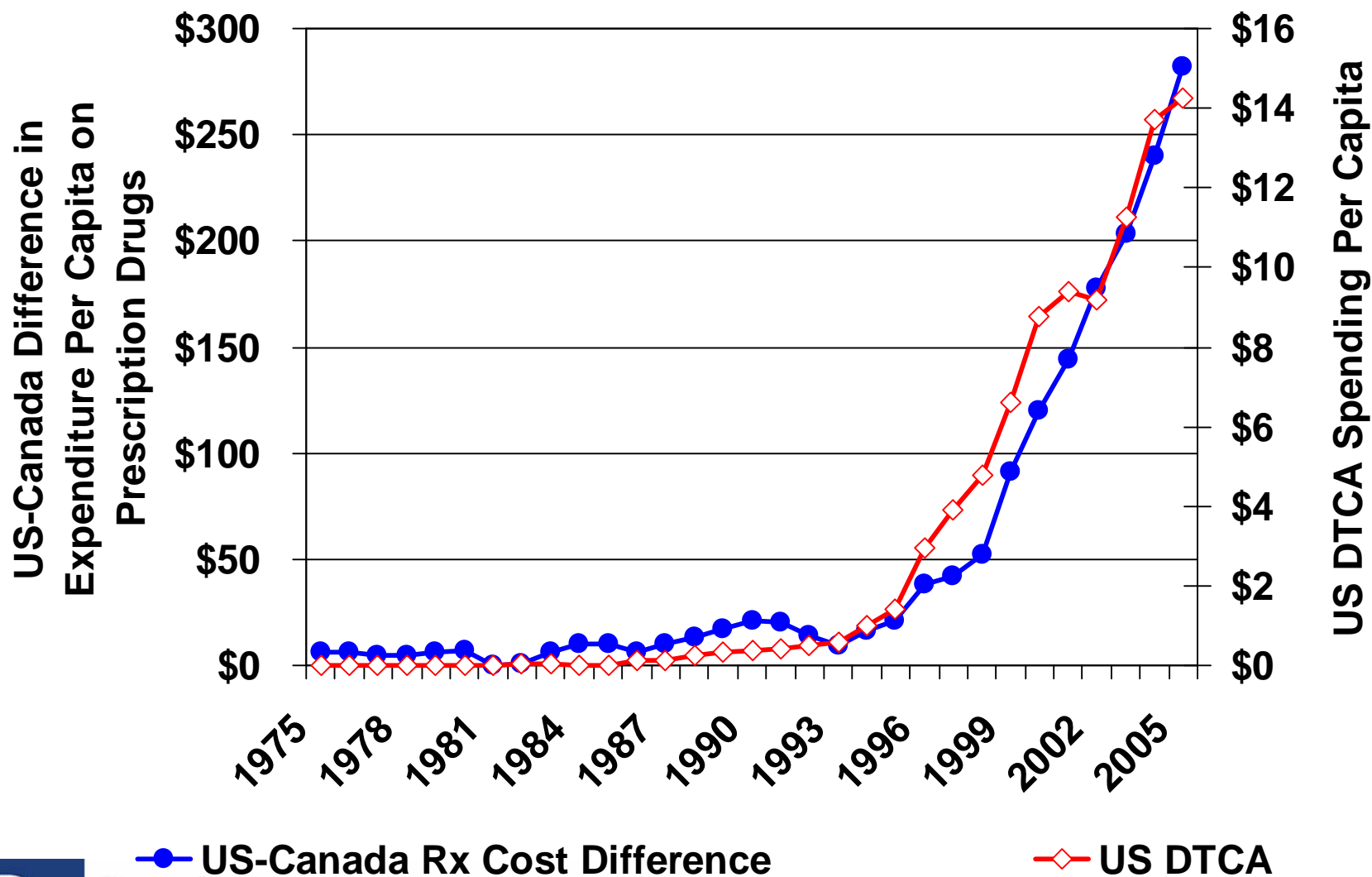
Challenges...

- **Surrogate makers & ‘dubious’ science**
- **Transparency vs confidentiality**
- **Real world “indication creep”**

Why transparent evidence really matters in US:



Why transparent evidence really matters in US:



● US-Canada Rx Cost Difference

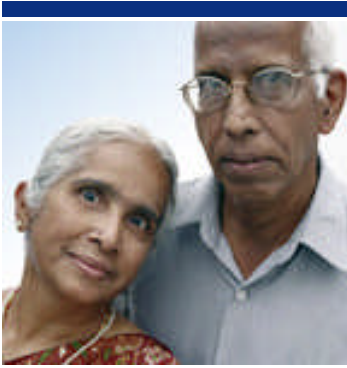
◇ US DTCA

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USA: Recommendations from abroad...

- **Expand investment and partnerships**
 - E.g., Drug Effectiveness Review Project (DERP)
- **Make reviews a requirement**
 - Tie transparent review process to coverage
 - Yet, still allow decisions to remain local
- **Pragmatic and exhaustive process**
 - Timely reviews of drugs and drug classes
 - Summarize evidence for providers and public
- **No price negotiation**





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Thank you

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