BRITISH COLUMBIA’S CONVERSATION ON HEALTH

Submitted by:
GlaxoSmithKline (GSK)

June 2007
INTRODUCTION

GlaxoSmithKline applauds the BC Government for embarking on what is clearly an ambitious undertaking – engaging its citizens in a broad discussion that will shape the future of health care.

This document, our contribution to the Conversation on Health, responds to the governments call for ideas on where improvements can be made to the health system.

We have limited our observations and advice primarily to the integral and increasingly important roll prescription drugs play in the British Columbia health care system.

Total health expenditures are growing steadily and consuming an increasing portion of total program spending by governments. In the absence of significant system reform, these trends are expected to continue as the population ages.

The advances in both vaccines and medicines have had a significant impact on the outcome of many diseases. Medicines prevent, treat and cure disease, improve quality-of-life, control pain and suffering and save lives.

It will be innovation, including the discovery of new medicines, through the expansion of scientific knowledge and technology that will lead the way in sustaining the health care system.

However, innovation will and does not happen on its own. Innovation must be nurtured. There must be incentives to innovate, rewards to be gained from discovering new treatments and advancing cures.

British Columbia is currently not doing all that it could do to reach its full potential. Rather than rewarding innovation, British Columbia’s publicly funded drug program (PharmaCare) actually discourages it.
ACHIEVING SUSTAINABILITY

The stated aim of the Conversation on Health is “sustaining our public health system for today and tomorrow.”

We agree that sustainability in health care is an essential goal. The debate is about how to achieve it.

To achieve the vision of making BC the “greatest place on earth,” the Premier has challenged British Columbians on many fronts. One recent one is to meet the challenge of climate change. Another is to make British Columbia known throughout the world as an “alternative energy powerhouse.”

As the Premier points out, achieving each of those goals will require new thinking and ingenuity, new technologies and innovations yet to be discovered. And the Premier is right. For in all aspects of life we turn to new science and new technologies to assist us in improving our lives, our productivity, our comfort and the environment in which we live.

The key to a sustainable economy lies in innovation – the relentless pursuit and discovery of new technologies.

The key to a sustainable environment lies in innovation – the relentless pursuit and discovery of new technologies.

And the key to a sustainable health care system also lies in innovation – the relentless pursuit and discovery of new technologies.

It seems reasonable to assume that if people were healthier they would use the health system less. It also seems reasonable that if those in need of health care were able to regain/improve their health situation faster, spending less time getting treatment, that too would be less burdensome on the system.

The path to achieving sustainability then should be based on the following objectives:

1. Improve population health – better overall health through healthier lifestyles
2. Achieve better health outcomes for those needing care
3. Encourage the discovery and use of new innovation (medicines and vaccines) and technology
NEW MEDICINES, CHRONIC DISEASE MANAGEMENT & BETTER HEALTH OUTCOMES

The way to achieve better health outcomes for people and reduce overall healthcare costs is to more effectively manage those who become stricken by disease or illness. It’s called chronic disease management.

Approximately 80% of those aged 65 and older suffer from at least one of the following chronic conditions – arthritis, hypertension, COPD, diabetes, heart disease, cancer and mood disorders\(^1\).

Disease management begins by first educating the patient about the disease and what their responsibilities are in treating it. Once those responsibilities are known and accepted, the patient is given the best tools (often medicines), to begin treatment, monitoring and management of the illness.

GlaxoSmithKline has been a leader in chronic disease management and patient self management through health care partnerships since the early 1990’s. The creation of over 50 Community Care Asthma Centres across Canada, 13 centres in British Columbia, positively impacted the lives of thousands of patients while significantly reducing consumption of health care resources.

PRIISME®:

GlaxoSmithKline advanced their leadership in chronic disease management with the Canadian introduction of PRIISME® in 1999. Community partners, with the expertise and support of GSK, apply a patient-centred, integrated approach across all healthcare disciplines with the goal of optimizing care in chronic asthma, COPD and diabetes disease management.

PRIISME® launched in British Columbia in 2005, expanding from the initial partner site in downtown Vancouver to 7 current sites across the province, with plans for 2 additional initiatives in 2008. To support these partnerships, GlaxoSmithKline through PRIISME has provided a combined invested/committed total of almost one million dollars in addition to substantial in-kind ongoing support.

All PRIISME initiatives strive to achieve specific measurable outcomes:

1. Improved patient disease knowledge and increased ability to self management
2. Reduced utilization of health care resources
3. Increased adoption and use of approved clinical practice guidelines by health care professionals
4. Appropriate use of medications as recommended within clinical practice guidelines

\(^1\) Pharmaceutical Reimbursement Advisor, May 2007
The impact of PRIISME within the health care system in British Columbia has yet to be fully measured and quantified as most of the initiatives are currently moving to full implementation. Across Canada, PRIISME initiative has demonstrated the ability to positively impact the quality of life of those patients suffering with chronic disease and significantly reduce the reliance on the health care system through a multidisciplinary health care team approach. This includes:

- 77% reduction in COPD related hospitalizations (Quebec COPD PRIISME)
- 78% reduction in Asthma related emergency room visits (Ontario Asthma PRIISME)
- Diabetes patients within PRIISME achieving control of their blood sugars (A1c <7%) (New Brunswick & Alberta)

It is fully anticipated PRIISME will deliver the same results for the health care system and patients in British Columbia.

Pitney Bowes and Chronic Disease Management:
In the US, in 2001, Pitney Bowes\(^2\) implemented a chronic disease management model, for diabetes and asthma, including reducing the amount that employees paid for diabetes and asthma drugs with the expectation that more affordable drugs would increase compliance, yielding better health and subsequently reduce the company's escalating health-care costs.

The result was significant savings – three years after implementation, the median medical cost for a Pitney Bowes employee with diabetes has fallen 12%, while the median cost for a patient with asthma has dropped 15%.

By lowering barriers to drug therapy, Pitney Bowes's approach was contrary to the increasing premiums, deductibles and co-pays that most employers were applying. Such efforts would slow health care cost increases in the short term. But Pitney Bowes's experience shows that spending more upfront to make it easier - and cheaper - for employees (payors) to manage some chronic illnesses would lead to greater savings in the long run.

City of Ashville and Chronic Disease Management:
A similar approach has worked for several years in Asheville, N.C., where in 1997, the city partnered with the pharmaceutical industry and local pharmacists to implement a chronic disease management program for diabetic employees. One aspect to the program was the elimination of co-payments for medications and lab tests if patients attended educational counseling sessions with specially trained pharmacists. Drug costs went up, but overall medical costs went from more than $7,000 per diabetic patient in 1997 to less than $5,000 in 2002\(^3\).

---

\(^2\) A Radical Prescription: *While most companies look to slash health costs by shifting more expenses to employees, Pitney Bowes took a different tack. The results were surprising.* By Vanessa Fuhrmans. The Wall Street Journal. May 10, 2004; Page R3

The Asheville Project, which continues to measure long-term clinical and economic outcomes among diabetes patients, has also found meaningful improvements in clinical measures and patient adherence.

These are examples of Chronic Disease Management partnerships that facilitate access to appropriate medications, combined with effective educational interventions, to deliver improved health outcomes and overall health system savings.
THE VALUE OF MEDICINES

Advances in science, such as a better understanding of molecular and genetic causes of disease, have given researchers important new insights to better treat rare diseases, which are often more complex than other diseases, and provide better, more focused, treatments for many more common illnesses. This increasing use of genetics and genomics will have a profound impact on the future of health care and provide hope for many patients without treatment options today.

And, like all innovations and new technologies, pharmaceutical costs (medicines) will continue to rise. To fully appreciate the importance of these ongoing investments, it is necessary to understand the significant role and impact of pharmaceuticals on health status and health care.

There has been rapid evolution in the use of drugs in treatment of disease over the past 25 years. Drug therapy is standard treatment for many diseases, in some cases pharmaceuticals treat or cure diseases that were previously fatal or untreatable.

Looking back, drugs have made an enormous contribution to human development since the dawn of the modern pharmaceutical era in the 1920’s. The development of vaccines and drug therapies have eradicated or mitigated some of the leading causes of mortality, and enabled people to live longer, healthier lives. Advancements in medical care including pharmaceuticals have revolutionized public health across the globe. In just 300 years, the average human lifespan in the industrialized world has more than doubled. Innovative pharmaceutical companies are unique in their direct impact to improving the health and prolonging the lives of patients in Canada and abroad.

Government response to increases in pharmaceutical expenditures has focused almost exclusively on cost containment, the use of “medicine rationing” as a means to slow the growth in public drug program budgets. These policy and regulatory measures often are implemented without proper consideration of the causes of expenditure increases, or the consequences of the mechanisms used to control costs.

There is little convincing evidence to demonstrate that the restrictions imposed under government drug plans are effective in controlling costs or enhancing care. In fact, costs have continued to rise despite the implementation of a variety of restrictive policies. Over 30 international studies have concluded that the primary effect of drug plan restrictions was to shift, not to reduce, health care costs. Restrictions on drug use tend to increase

---


reliance on non-restricted drugs or on other health care services,\textsuperscript{7} which increases the overall cost of care. One U.S. study comparing health care spending in 20 states with restrictive formularies with spending in 30 states without such restrictions found that while drug costs declined 13.4% in states with restrictive formularies, costs for physician services rose 28.7% and the cost of hospital in-patient services rose 39.1%. Another US study of 13,000 patients from six HMOs found that greater formulary limitations on drug availability resulted in more emergency visits and hospital admissions, higher drug costs, and more doctors’ office visits. The increase in resource use resulting from restrictive formularies was even more pronounced for elderly patients.\textsuperscript{8}

British Columbia needs to present a vision that reflects the importance of both industry investments into research, including alliances with BC’s biotechnology sector, and the utilization of the new innovative medicines that result from research.

A 2007 Canadian study shows that increasing drug spending by $1.00 decreases non-drug non-physician health care resource use by $1.48 without compromising health outcomes.\textsuperscript{9}

A 2001 Columbia University study showed that every dollar invested in new medicines relieves the health care system of expenses seven times greater than in other medical areas.\textsuperscript{10}

Both studies clearly indicate there are savings to be achieved in the health care system from spending money on the provision of innovative medicines to patients in need. Pharmaceutical innovations decrease costs in other areas of the health care system because:

- prescription drugs are substituted for surgical procedures
- prescription drugs facilitate reduced length of acute hospitalization
- prescription drugs allow patients to be managed in the community.

Once regulators and politicians recognize and understand this reality, they can move beyond medicine rationing policies as cost containment vehicles, and instead make spending decisions that reflect the wisdom of investing in medicines as a means to achieve health care sustainability.

\textsuperscript{7} CIHI National Health Expenditure Trends, 1975 – 1999, at 44.

\textsuperscript{8} Horn SD, Sharkey PD, Tracy D, Horn C, Blair J, Goodwin F. Intended and Unintended Consequences of HMO Cost Containment Strategies: Results form the Managed Care Outcomes Project. Am J Man Care 1996; 11(3): 253-64.

\textsuperscript{9} Do Drugs Reduce Utilization of Other Healthcare Resources? \textit{Pierre-Yves Cr’emieux,1 Pierre Ouellette2 and Patrick Petit3 Pharmacoeconomics 2007; 25 (3)}

RECOMMENDATIONS TO ACHIEVE SUSTAINABILITY

This document offers four suggestions for sustaining British Columbia’s health care system through improved management and delivery of health care services and drug therapies in BC.

1. **Halt the expansion of the Reference Drug Program (RDP) and other forms of Therapeutic Substitution (TS) and re-examine the need for other restrictive reimbursement policies**

   The Reference Drug Program (RDP) in British Columbia is the one policy that is most emblematic of silo policy thinking at PharmaCare.

   RDP/TS are medicine rationing policies without regard to either its financial impact on other parts of the health care system or its impact on the quality of patient care.

   Considering all of the literature, the Reference Drug Program (RDP/TS) is a very controversial and invasive medication rationing tool that negatively impacts both patients and physicians.

   Most health systems that have implemented RBP/TS have abandoned the policy or are not expanding it to new therapeutic classes and a vast number of others have considered this policy only to reject it. This is because the balance of evidence shows that RDP does not succeed in lowering health care or drug costs, it is complex and costly to administer and it may actually harm patients. It is important to note that of the 25 studies that directly report on RBP internationally, almost two thirds of them do not support the policy.

   Therefore, until such time that rigorous, high quality research, covering long-term impacts on health outcomes, is conducted to provide reliable guidelines to assist policy-makers; one should not consider expanding the implementation of such restrictive reimbursement policies as RDP and TS.

2. **Encourage an integrated model of health care**

   Assessing the full value achieved from an increasing investment in the provision of new innovative medicines requires an examination of pharmaceuticals within the context of the broader health care system.

   An integrated view of the health care sector offers a number of benefits. Among other things, this approach:

   - facilitates the development of integrated health care policy
   - considers and addresses, where appropriate, the factors responsible for growth in pharmaceutical expenditures
recognizes the role and contribution of pharmaceuticals
The British Columbia health care system has long operated under a so-called “silo” model. Under this approach, the health care system is divided into a series of discrete segments (e.g. hospitals, health insurance, health protection, health promotion, mental health, drug programs, etc.). Planning, budgeting, administration, management and delivery activities generally are aligned to these individual program areas. Silo or component management serves British Columbians poorly for several reasons. Among many problems, this approach:

- views costs and benefits in isolation, and fails to recognize potential for cross-budget efficiencies
- emphasizes treatment over prevention (“sickness care vs. health care”);
- reimburses disproportionately for the most expensive services in the most expensive settings;
- lacks incentives to understand and treat the entire disease (providers can only affect events within a given setting or budget);
- leads to uncoordinated planning, management and delivery, resulting in lack of care continuity;
- fails to recognize the complex interactions of health services and health costs;
- frequently pits patient-focused providers against other stakeholders who are budget-oriented.

An integrated model of health care recognizes that the various segments of the health care system do not operate independently, despite sector-specific rules, regulations, management systems and budgets.

3. Implement a Comprehensive Chronic Disease Management Approach

Collaboration across the health care system can contribute to improved management of disease and improved health care generally. The focus on medicine rationing needs to be replaced by comprehensive disease management strategies that promote effective treatment and appropriate utilization of health care resources.

4. Improve Information Management and Access to Information

The ability to provide optimal health care is highly dependent on the amount and quality of information available. The BC Government’s “E-Health” initiatives are making progress in this area. Among other things, improved and integrated health information systems can:

- support coordination of services and continuity of care among providers
- provide tools and information to support health professionals in their clinical decision-making
- assist in planning, management and resource allocation decisions
- facilitate audit and outcome measurement
- support evidence-based decision-making
GLAXOSMITHKLINE (GSK) IN CANADA

GlaxoSmithKline is one of the world’s leading research-based pharmaceutical and healthcare companies and is committed to improving the quality of human life by enabling people to do more, feel better and live longer.

GSK strives to make a difference for Canadians. More than 3,300 people are employed by the company in Canada. GSK is a member of Rx&D (Canada's Research-Based Pharmaceutical Companies).

In Canada, GlaxoSmithKline contributed more than $176 million in research and development in 2006 alone, ranking it in the top 2 research-based pharmaceutical companies for R&D investment.

A recent example of GSK’s commitment to pharmaceutical / vaccine innovation was the announcement of the creation of a North American Headquarters for vaccine development in Laval, Quebec. GSK will invest $50 million and create 60 new high-tech jobs. This new investment was made possible through Quebec’s supportive pharmaceutical policy environment.

The company is headquartered in Mississauga, Ontario with regional offices in Montreal, Halifax, Ottawa, Winnipeg, Calgary and Vancouver. GlaxoSmithKline has Canadian distribution centres in Moncton, Mississauga and Calgary.

GSK is also one of Canada's top 10 corporate charitable donors. By annually donating at least one per cent of pre-tax profit through The GlaxoSmithKline Foundation, the company is designated a Caring Company by Imagine, a national program of the Canadian Centre for Philanthropy. One example is the partnership between the Canadian Hospice Palliative Care Association, hospice palliative care organizations across the country and The GlaxoSmithKline Foundation, Living Lessons® helps raise awareness of and support for hospice palliative care services to help enhance the quality of end-of-life care.