Canadian Institute of Actuaries

L’Institut canadien des actuaires

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Ontario – Oncology Drugs

Proposal recommended by Cancer Care Ontario to exclude certain intravenous oncology drugs

• Ontario hospitals to administer IV oncology drugs for a fee but will not pay for the cost of the drug
• The cost of the drug will be borne by private insurance, individual savings, a Critical Illness policy etc.
• The province of Ontario has obtained a legal opinion that states that their position does not violate the Canada Health Act
  – Reasoning: the Canada Health Act mandates physician and hospital services only, not drugs
Considerations

- Does Ontario’s position violate the Canada Health Act?
  - Most insurers think that it does since the treatment is being done in a hospital and the infusion is considered a medically necessary service which is an insured service.

- What is your contractual liability?
  - Does your wording cover drugs administered in a hospital setting?

- Does the contract wording supersede the law?

- Does your pooled rate account for the additional liability?

- Will other governments follow Ontario’s lead?

- Will other drugs fall outside of the hospital budget?
  - Some Rheumatoid Arthritis drugs and Fabry Disease drugs require IV infusion.
Plan Sponsor Considerations

- Do plan sponsors want to cover drugs administered in a hospital setting when the hospital does not fund the drug?
- Do plan sponsors want to cover drugs administered in a private clinic?
- Do plan sponsors want the option to choose when they will cover the drug treatment?
- Will drug maximums or formulary choices (managed or provincial) become more appealing to limit plan sponsor liability?
- Do plan sponsors want to cover the administration fee?
HPV Vaccination
For Cervical Cancer

- Merck Frost and Glaxco Smith Kline have developed a vaccination for cervical cancer
- 99% of the cases of cervical cancer are caused by the HPV virus
- This vaccination is indicated for women from the ages of 9 – 26.
- The pharmaceutical companies will be approaching insurers to cover this vaccination standardly, outside of vaccination coverage.
- The cost of the vaccination is approximately $400 - $500.

Will insurers consider this approach?