

OHIP+

Proposed just eight months ago, Ontario's OHIP+ Children and Youth Pharmacare program will go live on 1 January 2018. Ontario's public drug programs (OPDP) currently pay for prescription medications for seniors, people with high drug costs, and other vulnerable populations. OHIP+ creates a new eligibility stream under the Ontario Drug Benefit (ODB) program for Ontarians age 24 and under. The new plan covers all drugs available through the ODB program, including about 4,400 drug products listed on the ODB Formulary/Comparative Drug Index and additional drugs eligible for funding under the Exceptional Access Program (EAP). The move is expected to add \$465 million to the annual OPDP spend, which is currently estimated at about \$5 billion.

OHIP+ is likely to generate some savings for plan sponsors with Ontario members, as costs associated with the age 24 and under claimants shift to the public program. The volume of savings can be predicted through early analysis of plan demographics and claims patterns. Insurance carriers, pharmacies, and government agencies are gearing up for the 1 January 2018 program launch. Aon will continue to monitor OHIP+ implementation progress and keep organizations informed of issues or new information that will benefit the operation of their private drug plan.

Children and youth pharmacare (OHIP+) program components

- Effective 1 January 2018
- Covers all Ontario residents age 24 and under who are already covered by OHIP
- Covers drug products listed on the ODB Formulary/Comparative Drug Index, drugs eligible for funding through the Exceptional Access Program (EAP), and professional pharmacy services (e.g., MedsCheck and smoking cessation)
- No income or secondary coverage restrictions (province is first payer)
- No deductibles
- No co-payments
- Automatic enrollment for children/youth, 24 and under, who have a valid OHIP card

OHIP+ and the Exceptional Access Program

The EAP facilitates patient access to drugs not funded under the ODB Formulary or where no listed alternative is available. In order to receive coverage, a patient must be eligible to receive benefits under the ODB program and meet qualifying criteria. Beginning 1 January 2018, OHIP insured Ontarians age 24 and under will be eligible for OHIP+, and by extension for drugs that may be available for funding under the EAP.

To receive coverage for an EAP drug, a funding request must be submitted by the patient's prescriber. The request must include specific information on the patient's medical circumstance. Children and youth who already have an approved EAP request for a particular drug product (e.g., by virtue of their application for the Trillium Drug Program for any unpaid amounts) will be fully covered for the cost of that drug and an additional application will not be required.

Private drug plan sponsors with members who currently have access to a drug that is not on the ODB Formulary, but is currently covered under the private plan (whether facilitated through carrier prior authorization

approval process or not), may be eligible to apply for EAP funding under OHIP+. To address these situations, and to avoid treatment gaps, children and youth who will become OHIP+ eligible on 1 January 2018, can take advantage of a streamlined EAP application process available for twelve named and relatively inexpensive drug treatments. The purpose of the streamlined process is to minimize EAP assessment delays for patients who have been stabilized on certain medications that require an EAP approval.

Patients starting a new drug therapy after 1 January 2018 will need to apply for EAP approval through regular channels. Patients currently prescribed a drug that will require OHIP+ EAP approval after 1 January 2018, but does not appear on the list of twelve "streamlined process" drugs, will also be required to apply for approval using the standard process. For these patients, prescribers are encouraged to apply for funding approval as soon as possible.

Projected drug plan cost savings generated by OHIP+

OHIP+ will lead to a reduction in private plan drug claims and carrier administrative costs and should generate downward premium adjustments for insured drug plan sponsors with claimants in Ontario.

Plan sponsors can expect to see savings between 3% and 6% depending on whether the bulk of their membership is based outside of or inside of Ontario. Aon has conducted research to determine how insurance carriers will apply these savings to plan sponsors and found that some will apply an off-renewal rate change effective 1 January 2018, while others will adjust rates accordingly at the next renewal.

Even though claims costs vary for individual employers depending on consumption patterns and employee population demography, it is clear that private drug plan sponsors will see savings once OHIP+ comes into effect. As such, potential cost reductions based on experience and national versus Ontario exposure, should be examined in advance of renewal discussions to ensure plan sponsor experience is accurately reflected in rate changes presented by insurance carriers.

Ontario employers
(most drug plan members
reside in Ontario)



6% savings
(*estimate)

National employers
(most drug plan members
reside outside of Ontario)



3% savings
(*estimate)

**Savings estimates are based on Aon sourced data for 2015/2016 total submitted drug cost in Ontario by members or dependents who are under age 25 for drugs that are listed on the ODB formulary.*

Ontario Drug Benefit coverage limitations

OHIP+ will provide coverage for drugs currently funded through the ODB program. In determining the impact of OHIP+ on private plans, employers should be cognizant of the fact that the ODB program does not cover all drugs. In fact, and of significance to plan sponsors, Aon data shows that only about 45% of total claims for the under age 25 group will be covered under the ODB in its current form. This leaves employer plans to cover the additional 55% of claims on an ongoing basis should drug coverage continue to be offered for this age group.

There may be cases where a brand name drug is prescribed by a physician and only the generic form is covered by the ODB. In this situation, and if the brand format is dispensed, the ODB would cover the cost up to the generic maximum, leaving the individual or a private plan to make up the difference. It should be noted that under the program, biologics and biosimilars are not considered interchangeable (e.g. children/youth that are currently stable on a biologic will not be required to switch). Plan sponsors should be aware of these kinds of coverage exceptions when considering plan design options.

High cost claims

One assumption about the new program is that cost savings will be limited as younger populations tend to have lower overall drug costs. While there is merit to this argument, it must be remembered that children and youth may also fall victim to disease and may also be prescribed necessary high cost drugs to combat an illness or control

Benefit plan enrollment

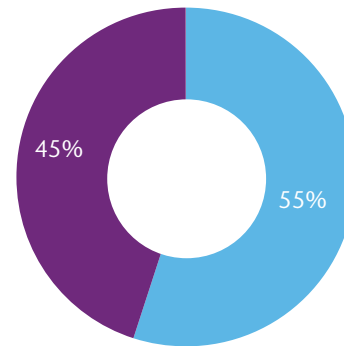
Employers may wish to consider allowing opt-outs for employees who are eligible for drug plan coverage under OHIP+. An employee's decision to opt-out of a benefit program, in whole or in part, based solely on public drug plan coverage could eliminate benefit plan coverage in other areas and is a decision that should be taken with care. To minimize liability, employers allowing plan opt-outs should ensure

Administrative Services Only (ASO) programs

Employers offering drug plans that are administered on an ASO basis should see corresponding reductions in claims and costs once OHIP+ comes into effect. The expectation is that the reduced number of claims would lead to proportional reductions in the administrative processing

Drug Claims Where OHIP+ Coverage Would be Available*

- % of drug costs for under age 25 population not covered under current ODB formulary
- % of drug costs for under age 25 population covered under current ODB formulary



*Aon book of business, 2016 claims data.

a chronic disease that may or may not be covered by OHIP+. As such, it is probable that employers will continue to have a degree of high cost drug exposure as parents would likely maintain dependent coverage for their children for as long as possible under these exceptional circumstances.

that their employees understand the consequences of such a decision either way and have the information required to make good choices.

Where a flexible benefit plan is in place, adding a "25th birthday" life event would provide the opportunity for employees who have opted out of drug coverage to opt back in when the OHIP+ coverage ceases.

costs borne by ASO providers, and that those savings would be passed on to plan sponsors in the form of reduced administration fees.

Preparing for 1 January 2018 and beyond

Plan sponsors should already have begun to explore budgeting and design options to determine where savings can be realized or drug program innovations can be made to reflect the influence of OHIP+. Aon is ready to help plan sponsors review and analyze plan specifics to identify potential savings and provide advice on effective overall drug plan strategy going forward. We will also continue to monitor public

policy discussions in other areas such as the Ontario drug program redesign slated for 2019 and the persistent debate over national pharmacare. Plan sponsors are encouraged to stay informed as governments continue to tinker with public drug programs to address the dual challenge of rising costs and population health.

Key contacts

Should you wish additional information on this topic, please contact your local Aon Hewitt Consultant, or send an email to canada.hbknowledge@aon.ca.

Aon Hewitt publishes Information Bulletin for the purposes of providing general information. The information in Information Bulletin does not constitute financial, legal, or any specific advice and should not be used as a basis for formulating business decisions. For information tailored to your organization's specific needs, please contact your consultant at Aon Hewitt. This issue of Information Bulletin contains information that is proprietary to Aon Hewitt and may not be distributed, reproduced, copied or amended without Aon Hewitt's prior written consent.

About Aon Hewitt

Aon Hewitt empowers organizations and individuals to secure a better future through innovative talent, retirement and health solutions. We advise, design and execute a wide range of solutions that enable clients to cultivate talent to drive organizational and personal performance and growth, navigate retirement risk while providing new levels of financial security, and redefine health solutions for greater choice, affordability and wellness. Aon Hewitt is the global leader in human resource solutions, with over 35,000 professionals in 90 countries serving more than 20,000 clients worldwide across 100+ solutions. For more information on Aon Hewitt, please visit aonhewitt.com.

© 2017 Aon Hewitt Inc. All Rights Reserved.

This document contains confidential information and trade secrets protected by copyrights owned by Aon Hewitt. The document is intended to remain strictly confidential and to be used only for your internal needs and only for the purpose for which it was initially created by Aon Hewitt. No part of this document may be disclosed to any third party or reproduced by any means without the prior written consent of Aon Hewitt.

