Section 6

Update on the implementation of recommendations from:

Managing Pharmacare: Slow Progress Toward Cost-Effective Drug Use and a Sustainable Program

March 2006

October 2008

April 30, 2008 719851

Mr. Morris Sydor, CA
Assistant Auditor General
Office of the Auditor General of British Columbia
8 Bastion Square
Victoria, BC V8V 1X4

Dear Mr. Sydor:

As requested by the Office of the Auditor General, I am pleased to enclose an update on the significant progress the Pharmaceutical Services Division has made in implementing the Auditor General's recommendations since the February 2, 2007, presentation to the Public Accounts Committee.

Since the report was tabled, the Pharmaceutical Services Division has made considerable progress in addressing both its substance and direction. The division has fully implemented eight recommendations and substantially or partially implemented the remaining seven. The new divisional structure and capacity has supported this progress.

The Ministry of Health is committed to providing British Columbians with access to the best drug therapies at the best price. PharmaCare is already one of the most comprehensive programs in Canada. We intend to safeguard this valuable program by continuing to base drug coverage decisions on a rigorous review of clinical evidence, by implementing strategies to better control costs, and by promoting better drug prescribing and optimal use of drug therapies throughout the province.

I would like to thank the Auditor General for the recommendations and for this opportunity to report on our progress to date.

Sincerely,

Original signed by

Gordon Macatee
Deputy Minister

Ministry of Health Office of the Deputy Minister 5-3, 1515 Blanshard Street
Victoria BC V8W 3C8

SUMMARY OF STATUS OF IMPLEMENTATION BY RECOMMENDATION

Managing PharmaCare: Slow Progress Toward Cost-Effective Drug Use and a Sustainable Program

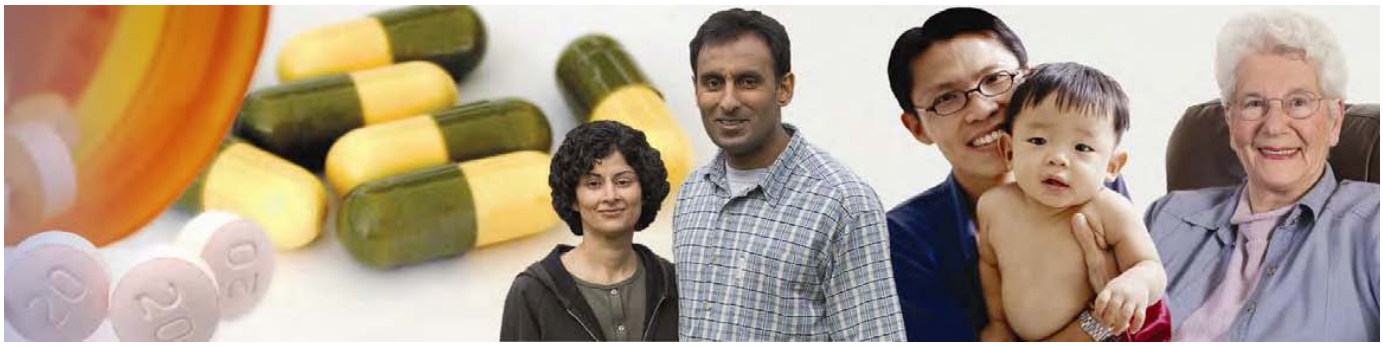
As at April 2008

(Please tick implementation status for each recommendation)

Auditor General's Recommendations	**Implementation Status**				
	Fully	**Sub-stantially**	**Partially**	**Alter. Action**	**No Action**
We recommend that the ministry: 1. Review PharmaCare's strategic objectives and make necessary adjustments to reflect current thinking.	X				
2. Align PharmCare strategic objectives with statements of actions that describe how the objectives are to be achieved.	X				
3. Determine the human resources needed to achieve the program's objectives and build capacity to meet those needs.		X			
4. Develop performance measures for, set targets for, and collect information to support the achievement of program objectives.	X				
5. Work with the College of Pharmacists and others to move custodianship of PharmaNet information to the ministry, and provide timely access.			X		
6. Formally evaluate the MAXIMUS BC contract on a regular basis, to determine its effectiveness.	X				
7. Review internal procedures for assessing the cost-effectiveness of new drugs to identify and implement ways to streamline the assessment process, including consideration of a fast-track process.		X			
8. Put in place a process to systematically assess the cost-effectiveness of existing drugs in the formulary.			X		
9. Explore and implement ways to ensure best prices are paid for drugs by the province.		X			

Auditor General's Recommendations (cont.)	Implementation Status				
	Fully	Sub-stantially	Partially	Altern. Action	No Action
We recommend that the ministry:					
10. Use PharmaNet information to identify trends in prescribing practices and to inform physicians about their own prescribing practices and the projected results had currently recognized clinical best practices been followed.		X			
11. Significantly increase support for PharmaCare-sponsored programs that encourage appropriate drug use through physician best practices in prescribing (such as Therapeutics Initiative Letters, physician access to PharmaNet, and the academic drug detailing program).	X				
12. Support greater involvement of physicians in developing actions to promote appropriate drug use.	X				
13. Review Plan G – No-charge Psychiatric Medication Program and the supporting policy framework, to ensure they are consistent.	X				
14. Ensure that eligibility criteria for Plan G – No-charge Psychiatric Medication Program are clear, and that eligibility is being assessed in accordance with the criteria.		X			
15. In its annual report, move toward reporting in a manner consistent with the British Columbia reporting principles on the performance of the PharmaCare program.	X				

(1) Although the Ministry reviews Health Insurance BC's reported performance measures, on a regular basis, related to the contract, and the ministry contracted with Deloitte to do Sys Trust audits–formal review has been postponed until year 5 or 6 in Maximus BC's 10-year contract—when the key legacy systems that support the Medical Services Plan and PharmaCare have been replaced.



Pharmaceutical Services Division

Progress on Implementing the Auditor General's Recommendations on *Managing PharmaCare*

April 2008
BC Ministry of Health
Victoria, British Columbia

BRITISH COLUMBIA
The Best Place on Earth

Table of Contents

1. Introduction

In March 2006, the Office of the Auditor General released a report reviewing how well the Ministry of Health manages the PharmaCare program in order to achieve its goal of operating a sustainable, evidence-based, prescription drug insurance program that improves the health of British Columbians. Overall, the report concluded that "progress toward cost-effective drug use and a sustainable PharmaCare program is being compromised by insufficient management attention."

The Pharmaceutical Services Division of the Ministry of Health appeared before the Select Standing Committee on Public Accounts on February 2, 2007, to address the points raised by the report.

On March 19, 2008, Pharmaceutical Services received a written request from the Office of the Auditor General to provide an update on the progress that has been made in implementing the Auditor General's recommendations since the February 2, 2007, presentation to the Select Standing Committee on Public Accounts.

The division is pleased to report that the past year has brought considerable progress on all of the recommendations made by the Auditor General.

During 2007/08, we took stock of our role in British Columbia's health care system to determine how we could more fully contribute to the Ministry of Health's vision of a health system that supports people to stay healthy and, when they are sick, provides high quality publicly-funded health care services that meet their needs. The result has been greater clarity in our goals and objectives and the development of clearly defined strategies to support accessible, sustainable, optimal drug therapy for all British Columbians.

We continued to build the capacity necessary to effectively manage the programs and services we deliver and to expand our role to encompass educational initiatives. Increased capacity also allowed us to move forward on many key projects, to undertake keen evaluations of the robustness of current programs and policies, and to examine the efficiency and effectiveness of internal processes.

Although we are pleased with the progress we have made, we recognize that careful planning and continued commitment will be necessary to maintain our momentum. In the year ahead, we will continue to implement our divisional plan and to critically evaluate our success in meeting our goals and specific performance targets.

2. Managing PharmaCare's Performance

Recommendation 1: ***Review PharmaCare's strategic objectives and make necessary adjustments to reflect current thinking.***

Status - Fully Implemented

The Pharmaceutical Services Division is responsible for developing programs to provide British Columbians with timely access to cost-effective and evidence-based drug therapy. Our vision is "pharmaceutical excellence for better health" and our mission is "to improve the health of British Columbians by advancing optimal drug therapy."

Pharmaceutical Services develops an annual Divisional Plan that aligns our strategies and objectives with the broader Ministry of Health goals. The objectives are designed to address both present and future challenges. Our 2007/08 Divisional Plan highlighted the strategic objectives which allowed us to support B.C. citizens to have the best possible health and the best pharmaceutical system in the world (see Appendices A and B for 2007/08 and 2008/09 Pharmaceutical Services Divisional Plans).

Pharmaceutical Services' first goal, *supporting citizens to have the best possible health*, is aligned with the ministry goal of *improved health and wellness for British Columbians*.

As outlined in our 2008/09 Divisional Plan, Pharmaceutical Services will achieve these goals through the following objectives:

- Patients understand the drug therapy benefits available to them
- Health professionals are able to provide appropriate professional advice to patients
- British Columbians have access to a comprehensive drug benefit program

Our second goal of *providing the best pharmaceutical system in the world* is aligned with the ministry goals of *high quality patient care* and *a sustainable, affordable, publicly funded health system*. We plan to achieve these goals through the following objectives:

- The best drug at the best price
- Improved patient care and safety
- Drug policies are fair, equitable, accountable, sustainable and meet the changing needs of British Columbians
- Effective stakeholder engagement
- Enhanced operational performance through continuous improvement
- Research and knowledge translation on health outcomes, drugs use optimization and pharmaceutical policy

Our third and last goal of *providing the best place to work, with the best people* includes the following objectives:

- Pharmaceutical Services Division has the human resources capacity to achieve its goals
- A supportive, professional working environment that promotes teamwork and celebrates success
- Effective administration and people processes

To develop the 2008/09 Divisional Plan and meet strategic objectives, Pharmaceutical Services staff and external stakeholders participated in planning and input sessions that aligned strategic objectives with current thinking. We held the following 12 meetings between September 2007 and February 2008.

Dates	Attendees	Purpose
September 26, 2007	Executive Directors & ADM (PSLT)	Review deliverables in 2007/08 Divisional Plan
October 12 & 15, 2007	All staff participated in ½ day sessions	Review 2007/08 Divisional Plan and provide feedback to be used in the development of 2008/09 Divisional Plan
October 31, 2007	PSLT, Directors and Managers	Debrief session on the Work Environment Survey
November 16, 2007	All PSD stakeholders, PSD Executive Directors and Directors	Multilateral Stakeholder meeting - input from external stakeholders included in the building of our 2008/09 Divisional Plan
November 13 & 21, 2007	All staff	Work Environment Survey Drill Down- input gathered and used in the development of 2008/09 Divisional Plan
Nov 22 & 23, 2007	PSLT, Directors and Managers	Met to develop 2008/09 Divisional Plan
December 10, 2007	PSLT	Reviewed/discussed next steps for development of 2008/09 Divisional Plan
January 18, 2008	PSLT, Directors and Managers	Further development of 2008/09 Divisional Plan
February 15, 2008	PSLT, Directors and Managers	Finalized 2008/09 Divisional Plan

Pharmaceutical Services also holds external bilateral and multilateral stakeholder engagement meetings to ensure that stakeholders' voices are heard during the strategic planning process and to ensure the Divisional Plan is communicated back to stakeholders. The multilateral engagement sessions are used to outline each year's Divisional Plan and incorporate feedback from these sessions into future strategic planning (see Appendix C for a list of stakeholders).

Pharmaceutical Services' management meets quarterly to review the division's objectives, to share progress on the supporting strategies from the branches, and to update the divisional plan.

Recommendation 2: ***Align PharmaCare strategic objectives with statements of actions that describe how the objectives are to be achieved.***

Status - Fully Implemented

The 2007/08 Pharmaceutical Services Divisional Plan linked the division's objectives to specific strategies and actions for achieving objectives. Each of the five branches (Drug Use Optimization; Drug Intelligence; Business Management, Supplier Relations and Systems; National Pharmaceuticals Strategy; and Policy Outcomes, Evaluation, and Research) has defined accountabilities and deliverables that are aligned with their strategic objectives. Further, our division has developed performance measures to evaluate effectiveness and ensure strategic objectives are being met. Each performance measure contains a description of activities/projects, accountability, deliverable/outcome measure, and target date for completion. Where appropriate, activities/projects are also incorporated into the Ministry's Corporate Calendar.

Please refer to Appendices A and B for the 2007/08 and 2008/09 Pharmaceutical Services divisional plans containing objectives and performance measures.

Recommendation 3: ***Determine the human resources needed to achieve the program's objectives and build capacity to meet those needs.***

Status - Substantially Implemented

In February of 2006, the ministry created the new Pharmaceutical Services Division and retained an Assistant Deputy Minister (ADM) whose sole responsibility is the management of pharmaceutical-related programs and initiatives including PharmaCare and the BC National Pharmaceuticals Strategy Secretariat. The division is divided into five branches: the National Pharmaceuticals Strategy; Drug Intelligence; Drug Use Optimization; Policy, Outcomes, Evaluation and Research; and Business Management, Supplier Relations and Systems.

The leadership component of the Pharmaceutical Services Division is in place, as each branch now has an Executive Director. Our division has a plan to build capacity (please refer to Appendix D for the division's Organizational Chart). Hiring is currently underway to build the capacity to accomplish our goals as outlined in our divisional plans (see Appendices A and B for our 2007/08 and 2008/09 divisional plans). To emphasize the importance of this recommendation our divisional plan contains an overarching goal "to build a foundation for sustainable growth."

As outlined in the Pharmaceutical Services 2007/08 Divisional Plan, our division's human resource objectives included the finalization of a staffing plan and development of a retention/succession plan. In our 2008/09 Divisional Plan, we commit to identify our staff and management needs for the next five years, identifying recruitment and retention plans, and determining succession options for the ADM and leadership team. Performance measures, such as a needs assessment and the production of space and succession plans, will ensure we meet our objectives.

As demonstrated by our divisional plan and organizational chart, Pharmaceutical Services has determined the human resource capacity required to achieve our program objectives and are actively building that capacity. Our division will have the human resource capacity to achieve program objectives by the end of fiscal year 2008/09.

Recommendation 4: ***Develop performance measures for, set targets for, and collect information to support the achievement of program objectives.***

Status - Fully Implemented

Pharmaceutical Services Division produced its first Annual Performance Report (the 2005 edition) in May 2007. The report outlines PharmaCare plans and utilization data, as well as divisional expenditures and branch-specific activities. As part of the strategic planning process, branch activities are part of performance measures that feed back to the overarching divisional strategic goals.

The 2006 Annual Performance Report has been completed and was released to the public on March 18, 2008.

For 2007, reporting will shift from calendar year to fiscal year and the 2007 Annual Performance Report will become the 2007/08 Annual Performance Report. The report is scheduled to be released in August 2008 and will include performance measures.

The Pharmaceutical Services 2007/08 Divisional Plan set performance measures for the first time as we moved toward formal evaluation of divisional objectives (Please see Appendix A). Performance measures met included the following:

Strategic Objectives	Performance Measures Met
Citizens are supported to have the best possible health	• Produced PharmaCare and Fair PharmaCare policy brochures. • Hired staff for Drug Use Optimization branch. • Participated in one health fair. • Implemented exclusion of Universal Child Care Benefits income when determining Fair PharmaCare assistance. • Completed PharmaCare Diabetes Policy Review. • Launched first Education for Quality Improvement of Patient Care program. • Vancouver Coastal Health Authority implemented Hospital Access to PharmaNet. • Expanded Drug Benefit Committee to include clinicians. • Implemented Alzheimer's Drug Therapy Initiative.
The best pharmaceutical system in the world	• Held 10 bilateral and 2 multilateral stakeholder sessions. • Actively engaged in development of Health Canada Progressive Licensing framework. • Collaborated with researchers on 3 projects that support research on evidence-based policy development and analysis. • Created drug formulary web page. • Actively partnered with Finance & Corporate Services Division in the development of the PSD budget.
The best place to work, with the best people	• Establish five branches of PSD. • Staffing plan developed and finalized. • Developed retention/succession plan. • Completed all Divisional Employee Performance and Development Plans. • Created training budget.

Pharmaceutical Services Division *Progress Report*

The Pharmaceutical Services 2008/09 Divisional Plan expanded our division's commitment to meet objectives by identifying robust performance measures to evaluate our progress. The following are samples of some of our program objectives and accompanying performance measures:

Strategic Objectives	Performance Measure
Public are supported to have the best possible health	• A formulary information website will be launched, with press releases and appropriate communications. • Wireless access pilot project for Hospital Access to PharmaNet will be completed. • Additional 500 physicians will be enrolled in Medical Practice Access to PharmaNet. • Representatives from PSD will attend one health fair per geographic region and garner a 70 per cent score on attendee evaluation surveys. • Fast Track Submission Review Process will be defined and established.
The best pharmaceutical system in the world	• PSD Drug Review Planning Team will be established to improve efficiencies of PSD drug review process. • 85 percent of drug reviews will be completed within time limits. • Conceptual framework for competitive tendering of multi-source drugs will be developed. • Stakeholder engagement strategy will be approved and implemented for fall multilateral. • Will collaborate with researchers (academic, university) on pharmaceutical outcomes and path finding research for new policies
The best place to work with the best people	• Terms of reference and membership will be established for PSD Healthy Workplace Committee. • Each staff will have completed a minimum of two to three days of personal development/training • Supervisory level management scores on Workplace Survey increased over April 2007 survey.

Please refer to Appendix B for further details on 2008/09 program objectives and accompanying performance measures.

Recommendation 5: ***Work with the College of Pharmacists and others to move custodianship of PharmaNet information to the ministry, and provide timely access.***

Status - Partially Implemented

PharmaNet has been operational for 13 years under the authority of the *Pharmacists, Pharmacy Operations, and Drug Scheduling Act (PPOD*SA*)*. Under the PPODSA, access to PharmaNet data is governed by the College of Pharmacists of British Columbia. Each request for information must be individually submitted to and evaluated by the College's PharmaNet Committee.

On average, the PharmaNet Committee's turnaround time for reviews and decisions on access to PharmaNet data requests is 30-90 days. This average time is based on the assumption that the researcher is seeking access to PharmaNet data only.

Academic requests for data contained in the BC Linked Health Database (BCLHD) must be submitted to the ministry's Data Access, Research, and Stewardship unit (DARS). Academic requests for PharmaNet data must be submitted to the College of Pharmacists of British Columbia. The team has also resolved the majority of the backlog in academic data requests, while the implementation of a project-tracking website where researchers can monitor the processing of their data requests has proved highly successful. This tracking tool is accessible on the ministry website: www.health.gov.bc.ca/das/research/index.html. The DARS team has also strengthened its working relationship with the Center of Health Services and Policy Research, and the BC research community more generally.

With respect to the transfer of custodianship of PharmaNet information to the ministry, Legislation (Bill 82) to repeal and replace PPODSA with the new *Pharmacy Operations and Drug Scheduling Act* (PODSA) received third reading by the B.C. Legislature in the fall of 2003. Under the new PODSA, a "PharmaNet Stewardship Committee" of the ministry will replace the PharmaNet Committee. It will have the same mandate of managing access to the PharmaNet database for the purposes of scientific, health service delivery or drug use research conducted at a university or hospital and health policy research, planning or evaluation related to drug use, PharmaCare or health service delivery.

As the Pharmaceutical Services Division moves toward establishing a ministry "PharmaNet Stewardship Committee," we will continue to work with the PharmaNet Committee to ensure that access to health data is provided in a timely fashion.

This legislation has not yet been brought into force pending the re-designation of pharmacists from PPODSA to the *Health Professions Act*. The legislation will come into force once the College of Pharmacists of BC has the appropriate Bylaws approved and included in the Health Professions Act. This is anticipated to take place in winter of 2008.

Work has also begun on the PharmaNet Access Regulation required for PODSA. Pharmaceutical Services is working with the College of Pharmacists of British Columbia and the Ministry of Health's Strategic Policy, Legislation and Intergovernmental Relations Division to ensure the Bylaws and the PPODS to PODSA transition project continue to progress.

Bill 24, introduced in the House on April 10, 2008, provides a mechanism for health researchers, based on a case-by-case basis with the approval of the Privacy Commissioner, to contact individuals to request their participation in health research studies. Bill 24 also harmonizes the PharmaNet privacy and access provisions with the Health and Personal Information Access and Protection of Privacy Act.

Pharmaceutical Services values research and innovation in B.C. and is committed to ensuring continued access to appropriate health data for the advancement of research and innovation that will improve health outcomes for British Columbians.

Recommendation 6: ***Formally evaluate the MAXIMUS BC contract on a regular basis, to determine its effectiveness.***

Status - Fully Implemented

The ministry reviews the performance of Health Insurance BC (HIBC) monthly and HIBC reports quarterly on key service areas to the public. These reports are placed on the joint Ministry of Health / HIBC website and satisfy the transparency requirements set out by the Alternative Service Delivery Secretariat.

The established service level requirements (SLRs) monitor performance in a number of functional areas that are critical to service delivery for the public and health care providers including: answering calls timely and accurately; processing enrolment, premium assistance applications and account maintenance requests in a timely manner; processing claims and provider requests in a timely manner; and, maintaining technology that supports health care providers in a timely manner.

The July, August, September 2007 quarterly report from HIBC indicates that HIBC met or exceeded all 27 SLRs in this quarter (see Appendix E for details).

HIBC processed the vast majority of public documents within the service level standard since the end of November 2005; answered telephone calls from the public, on average, within less than three minutes for two years straight; and answered telephone calls from service providers, such as doctors and pharmacists, on average within less than one minute, for 25 months straight.

The ministry has provided all relevant documentation to the Office of the Auditor General (OAG), and has met with the Auditor General's staff on several occasions over the past few years, to keep the office apprised of the contract's progress and governance/contract management activities. The ministry has also engaged Deloitte to conduct SysTrust audits and that engagement was expanded in early 2006 to provide the OAG with opinions in regard to financial controls and their operation within HIBC. This is a ten-year contract and the first few years are consumed with change. As MAXIMUS BC undergoes its transformational activities (replacing key legacy systems that support the Medical Services Plan and PharmaCare), it is contemplated that an effectiveness, or value-for-money audit, would not be practical until later in the term of the contract (i.e. year 5 or 6). The ministry will continue to cooperate with the OAG on any audits planned for this contract.

3. Selecting Drugs for Coverage and Managing Their Cost

Recommendation 7: ***Review internal procedures for assessing the cost-effectiveness of new drugs to identify and implement ways to streamline the assessment process, including consideration of a fast-track process.***

Status - Substantially Implemented

Pharmaceutical Services is responsible for developing programs to provide British Columbians with timely access to cost-effective and evidence-based drug therapy. Our goals, objectives and strategies support accessible, sustainable and optimal drug therapy for all British Columbians.

Assessing Cost-Effectiveness of New Drugs

The assessment of cost-effectiveness of new drugs occurs at several levels within the drug review process used by our division.

Common Drug Review (CDR)

- After a new drug has been approved for sale in Canada by the federal government, the manufacturers can apply to the Common Drug Review if they wish to have the drug considered for listing under federal/provincial/territorial drug plans.
- The CDR recommendation is an important and valued addition to the information that we consider when making drug coverage decisions.
- The CDR process includes a cost-effectiveness check consisting of an assessment of the manufacturer's pharmacoeconomic analysis. The CDR process uses this pharmacoeconomic review along with the clinical review when making common formulary recommendations to the participating drug plans.

Pharmaceutical Services Division Review

- Drug submissions forwarded to our division for review undergo assessment of cost effectiveness at two levels:
    - The external Drug Benefit Committee membership includes a health economist who provides cost-effectiveness assessment on drug submissions under review.
    - Internally, Pharmaceutical Services economists review cost-effectiveness of new drugs from a Budget Impact Analysis perspective.
    - Pharmaceutical Services Division has and will continue to obtain additional cost-effectiveness evaluations as needed.

There are limitations to cost-effectiveness assessments of new drugs as they are commonly based upon clinical trial efficacy data (data collected in a research environment). Notwithstanding, assessment of cost-effectiveness of existing drugs is also challenging as 'real world' safety and effectiveness data that includes patient outcomes data may not be readily available. To overcome these challenges, the Pharmaceutical Services Division may make drug coverage decisions but conduct parallel research evaluations to collect additional outcomes data for cost-effectiveness assessments (also known as coverage with evidence development—see Status Update for Recommendation 8).

Improving the Efficiency of the Drug Review Process:

Capacity and Structure Improvements

The Pharmaceutical Services Division completed the following enhancements to address the capacity and structure required to improve the efficiency of the drug review process:

- With an interest in enhancing the transparency of formulary decisions, we recently expanded the membership of the Drug Benefit Committee to include more robust representation and include members with expertise in general medical practice, medical specialties, geriatrics, medical ethics, clinical pharmacy/pharmacology, critical appraisal, and health economics.
- We have expanded the Formulary Management area of the PharmaCare website to inform the public of our drug coverage decisions and the status of drug reviews. Please see www.healthservices.gov.bc.ca/pharme/formulary/index.html

In 2008/09, our division will complete the following enhancements to address the capacity and structure required to further improve the efficiency of the drug review process:

- Increase capacity within the Drug Intelligence branch
- Establish public representation on the Drug Benefit Committee.
- Expand the website information in 2008 to include the Drug Benefit Committee recommendations and reasons for recommendation and more detailed information on the formulary review process.
- Develop a Formulary Management Drug Review Database in 2008 to track documents and correspondence, track submission review status, and establish performance measures.

Process Improvements

In 2008/09, Pharmaceutical Services Division will make the following process enhancements to improve the efficiency:

- Establish a fast track capability in the drug review process in 2008. While the ultimate goal is to ensure the quality and comprehensive review of drug submissions, those that meet the criteria for a fast track review will move through the process at a more rapid pace.
- To improve the transparency and timeliness of drug listing decisions, our division will establish target review timelines in 2008 for drug submission and performance review assessment of these target timelines.
- To ensure that in-depth evidence-based consideration is behind every PharmaCare listing decision, our division will establish and publish a clear set of requirements for clinician-submitted drug listing requests.
- Establish a quality improvement framework for Special Authority program.

Pharmaceutical Services continues to improve its drug review efficiency, as is evidenced by some trends of our drug review decisions.

Submission Type	January 1, 2004 to January 31, 2007	February 1, 2007 to March 31, 2008	Percent Change (based on avg. decisions per month)
CDR Submissions	35 decisions (avg. 1 per month)	18 decisions (avg. 1.3 per month)	+30 percent
Non-CDR Submissions	80 decisions (avg. 2.2 per month)	43 decisions (avg. 3.1 per month)	+41 percent

Recommendation 8: ***Put in place a process to systematically assess the cost-effectiveness of existing drugs in the formulary.***

Status - Partially Implemented

The cost-effectiveness of drugs should be assessed strategically on a targeted basis to ensure appropriate use of the resources required to conduct this necessary but intensive work. To identify priority areas for review, Pharmaceutical Services currently utilize various sources including therapeutic guideline development bodies (such as the Guidelines and Protocols Advisory Committee and the Canadian Optimal Medication Prescribing and Utilization Service) and health technology assessment groups (Health Technology Assessment and Drug Effectiveness Review Project). We also obtain feedback from clinicians, B.C. research groups, professional health associations, pharmaceutical industry, patients and the public.

The 2008/09 Divisional Plan includes the development and implementation of a process to systematically assess the cost-effectiveness of existing drugs on the formulary through a quality assurance framework for the Special Authority program. The Special Authority program currently adjudicates coverage requests for approximately 125 limited coverage drugs. One of the objectives of the quality assurance framework is to develop screening tools to help identify target drugs for further cost-effectiveness assessment. Screening tools may be based on various parameters including high-expense drugs, high-growth drugs, drugs with lower quality of scientific evidence, drugs with evolving clinical data, and/or drugs with identified safety concerns. These screening tools can also be applied to other PharmaCare drugs besides those in the Special Authority program.

Once a target drug or drug class has been identified, the cost-effectiveness evaluation can take the form of a drug class (therapeutic) review or a research-based review.

For drug class (therapeutic) reviews, a cost-effectiveness assessment involves assessing several medications used to treat a particular health condition. The assessment involves critically appraising the clinical evidence, reviewing practice guidelines, soliciting stakeholder input, and reviewing our existing drug policy. Often, reviews of existing drugs may be conducted in parallel to an evaluation of a new drug used for the same disease. An example of a recently completed (March 2008) review was a drug class (therapeutic) review of hepatitis B drugs.

Pharmaceutical Services Division is also conducting research-based reviews, some of which include providing benefit coverage while the clinical data is being collected (coverage with

evidence development). Examples of research-based reviews include: Alzheimer's Drug Therapy Initiative, biologic products for rheumatoid diseases, clopidogrel following cardiac stent placement, and the glitazone medications for diabetes.

Our division is also preparing to participate in Real World Safety and Effectiveness initiatives including those that are expected to come out of the National Pharmaceuticals Strategy. Pragmatic evaluations of academic detailing and other educational programs are being designed to include a cost-effectiveness component.

Whenever possible, sufficient scientific rigour will be employed to show impacts on health outcomes, cost, and cost-effectiveness. These assessments will then be used to inform policy decision-making and guide educational initiatives, to ensure optimal and cost-effective drug utilization.

Recommendation 9: ***Explore and implement ways to ensure best prices are paid for drugs by the province.***

Status - Substantially Implemented

In the past year, the Business Management, Supplier Relations and Systems branch within Pharmaceutical Services has been established and the Executive Director hired. This branch has primary responsibility for negotiations and other commercial initiatives to ensure that the Province obtains the best possible value for the drug, supplies and services subsidized by the PharmaCare program.

As a central element of the Pharmaceutical Services Division's strategy to deliver on the above objective, we are actively negotiating with pharmaceutical companies to moderate the cost of new patented drugs submitted for inclusion on the PharmaCare formulary. Increasingly, we have achieved success in obtaining added value from manufacturers as a condition for listing new products. While the nature of the value delivered through such agreements varies by product, negotiated benefits include rebates, expenditure caps and other risk-sharing mechanisms, and funding for costs associated the administration of specific drugs. Expressed as a consolidated figure including cost savings, cost avoidance and other added value, the estimated net value accruing to the Province from executed listing agreements[1] is as follows:

Year	Total Estimated Value
2006/07	$658,000
2007/08	$4,315,000
2008/09 *	$12,866,000

* projected net value accruing from agreements concluded to March 31, 2008

Working within the parameters of expert clinical guidance delivered by the Common Drug Review and the Drug Benefit Committee, Pharmaceutical Services will continue to pursue product listing agreements as a critical cost management tool. In 2008/09 and ongoing, with

[1] Including all payments received from vendors, the gross revenues generated from PLAs are as follows:
2007/08 $7,984,000
2008/09 $18,776,000

added capacity within the Business Management branch, we expect to advance an increasingly assertive position in discussions with manufacturers.

Complementing our division's efforts to obtain optimal value for expenditures on patented medicines, we are also evaluating strategies to manage the significant cost of multi-source drugs (i.e. generics). Competitive tendering is a mechanism that has been utilized effectively in other jurisdictions and has been the subject of detailed consideration by Pharmaceutical Services. To test this approach in the B.C. context, we issued a Request for Proposals (RFP) for the supply of olanzapine, a high-cost psychiatric drug, for PharmaCare beneficiaries. The RFP was issued in December 2007 to the two Canadian suppliers licensed to market olanzapine and offered exclusive access to the formulary for the proponent offering to supply olanzapine at the lowest net cost to PharmaCare. The projected savings generated through this RFP are included in the above-referenced total.

Incorporating the experience gained from this initial case, preparations are underway for the expanded implementation of competitive tendering as a tool to reduce the cost of multi-source products.

In developing Pharmaceutical Services Division's cost management strategies, we are diligently investigating experience from other jurisdictions which may be transferable to the B.C. market. Of note, two of the division's executives traveled to Australia and New Zealand in March 2007, to meet with senior officials responsible for the administration and oversight of those nations' respective pharmaceutical benefit systems. Both countries are considered global leaders in the delivery of cost-effective public drug coverage for their citizens. In particular, we established a strong, collaborative relationship with New Zealand's Pharmaceutical Management Agency, PHARMAC, including an agreement for the exchange of key personnel. Pursuant to that agreement, a senior PHARMAC representative recently concluded a three-month secondment to our division during which he provided invaluable insight regarding PHARMAC's strategy and operations.

With respect to other Canadian jurisdictions, our division is engaged in ongoing dialogue with drug plan managers from other provinces and continues to investigate the potential for two or more jurisdictions to benefit from the joint exercise of leverage in the pharmaceutical market.

In the 2008/09, our division will complete its cost management strategies framework and execute a pricing strategy.

4. Monitoring Drug Use and Encouraging Cost-Effective Prescribing

Recommendation 10: ***Use PharmaNet information to identify trends in prescribing practices and to inform physicians about their own prescribing practices and the projected results had currently recognized clinical best practices been followed.***

Status - Substantially Implemented

All three components of this recommendation are being accomplished by a new program called Education for Quality Improvement of Patient Care (EQIP):

1) EQIP uses PharmaNet information to identify trends in prescribing practices that can be improved.
2) EQIP informs physicians about their own prescribing practices by means of *confidential* prescribing portraits that they can choose not to receive.
3) EQIP makes projections concerning what would result if recognized clinical best practices were followed, and the confidential portraits include concise statements of evidence juxtaposed with data showing the prescriber's adherence or non-adherence to best practices.

EQIP is funded by Pharmaceutical Services as a joint initiative of the BC Ministry of Health, the BC Medical Association and the University of British Columbia Faculty of Medicine's Division of Continuing Professional Development and Knowledge Translation (please refer to Appendix F for a draft copy of EQIP's Annual Report).

EQIP is launching its first program in Spring 2008, and plans one other educational topic for 2008/09.

Pharmaceutical Services Division is also working with the College of Pharmacists of BC on research concerning pharmaceutical services delivery by electronic mechanisms. This collaboration will involve monitoring trends in electronic prescribing and electronic forms such as Special Authority, informing physicians of these trends and measuring and projecting their impacts on outcomes.

Pharmaceutical Services Division *Progress Report*

Recommendation 11: ***Significantly increase support for PharmaCare-sponsored programs that encourage appropriate drug use through physician best practices in prescribing (such as Therapeutics Initiative Letters, physician access to PharmaNet, and the academic drug detailing program).***

Status - Fully Implemented

Pharmaceutical Services has created the Drug Use Optimization branch that is responsible for educating prescribers, other health care professionals, patients, and the public on the appropriate use of medications to achieve improved health outcomes in a fiscally responsible manner. It is expected that this branch will have great effect on the demand side of drug utilization in B.C.

The Education for Quality Improvement of Patient Care (EQIP) program described above contributes to the fulfillment of this recommendation as well, since not only is PharmaNet data being used to increase awareness of physicans, prescribing trends, but the program also distributes educational messages to assist with moving towards best prescribing practices.

Pharmaceutical Services recently launched a state-of-the-art "coverage with evidence development" initiative for Alzheimer's medications through the Alzheimer's Drug Therapy Initiative. This initiative unites best practices in drug policy, education, and access for the people of B.C.

The division has recently established a Provincial Academic Detailing program. Academic detailing is an effective means of impacting prescribing behaviour and has received strong endorsement from the BC Medical Association policy report (*A Prescription for Quality: Improving Prescription Drug Policy in B.C.*) and the Health Council Safe and Sound Optimizing Prescribing Behaviours symposium and report.

Under the newly launched Provincial Academic Detailing program, a pharmacist or other health professional will visit physicians and offer one-on-one, evidence-based education through face-to-face and virtual meetings. The Province's investment in the new detailing program will establish such services across British Columbia at a cost of approximately $2.25 million annually for five years. Program funding will be provided to regional health authorities for 10 full-time pharmacists in total, and will support personnel and equipment in visiting up to 2,000 practitioners throughout the province. Selected pharmacists have already participated in a 3.5-day workshop held in March 2008, to learn how to provide academic detailing services. Next steps include signing partnership agreements with health authorities to facilitate service delivery throughout the province. The program is planned to start in early summer.

To reach more physicians and areas of the province, there are plans for collaboration with UBC Continuing Professional Development and Knowledge Translation to offer technology-enabled academic detailing as part of the provincial program.

Pharmaceutical Services continues to actively participate in Canadian Optimal Medication Prescribing and Utilization Service (COMPUS) initiatives. COMPUS, one of three core programs under the Canadian Agency for Drugs and Technologies in Health, is a collaborative, pan-Canadian program funded by Health Canada with a mandate to identify and promote optimal drug prescribing and utilization through provision of strategies, tools, and services that encourage the use of evidence-based clinical and cost-effectiveness information in decision

making among health care providers and consumers such that medication use is optimized and health outcomes are improved. COMPUS contributes to the quality and effectiveness of the Canadian health care system by providing a collaborative national approach, creating efficiencies, reducing duplication of effort and coordinating and building on existing jurisdictional initiatives.

The first evidence-based topic on proton pump inhibitors has been released with a tool kit of educational resources. These are currently being analyzed and adapted to the B.C. context so that they can be used as part of a coordinated educational launch, the impacts of which can be evaluated. Work on the second evidence-based topic, diabetes, is underway. As part of the COMPUS Advisory Committee, Pharmaceutical Services Division is also influencing plans to educate Canadians regarding awareness of context including issues such as: How are coverage decisions made? What does cost-effective mean to tax payers? What does investing in health outcomes mean?

The Therapeutics Initiative continues to be a source of rigorous evaluation of the evidence and supports the Drug Benefit Committee (DBC). The Therapeutics Initiative continues to release its newsletter, offer its annual conference, and improve its website. The group is also working together with the e-Drug initiative to make drug prices available to prescribers. An IMS[2] report recently covered in the media states that physician knowledge of drug prices can have a profound impact on their choices and thereby on overall drug expenditures.

In collaboration with the College of Physicians and Surgeons of BC, the College of Pharmacists of BC, the eDrug project has expanded access to patient medication profiles by providing PharmaNet access to authorized health professionals working in physician private practices and clinics as well as hospitals and designated mental health facilities. Both these services are stepping stones to the provincial Electronic Health Record (EHR).

In January 2006, access to medication profiles was made available to physicians from their medical offices. To date, more than 1650 physicians at over 650 individual medical practices have registered for this service. A survey of physicians using this service indicated that having access to PharmaNet does provide clinical value to physicians in their medical practices by providing point of care access to all drugs that have been dispensed to a patient.

In January 2008, Hospital Access to PharmaNet service was made available. Timing for implementing this new service will vary based on the priorities and plans of each B.C. health authority or facility. Both Vancouver Island Health Authority and Vancouver Coastal Health have started deploying the service, with 14 locations using it so far and over 350 physicians registered for the service. Hospital Access to PharmaNet assists the physicians of the province by streamlining the medication reconciliation process and reducing both the time to determine each patient's current drug treatment and the need to call community pharmacies for medication clarification, all of which improves patient safety and care.

[2] IMS is a provider of business intelligence and strategic consulting services for the pharmaceutical and healthcare industries.

Recommendation 12: ***Support greater involvement of physicians in developing actions to promote appropriate drug use.***

Status - Fully Implemented

Pharmaceutical Services has always recognized the value of physician knowledge and input into many aspects of the drug review process and Special Authority program. We recently expanded the membership of the Drug Benefit Committee to include more robust representation of physician members. The Drug Benefit Committee makes recommendations on new drug listing submissions and advises on other drug policy matters to encourage the appropriate use of medicines in B.C.

Physician expert consultants and physicians on Pharmaceutical Services Division's Special Authority adjudication committees are essential resources for the development of our Special Authority forms and criteria which also help promote appropriate drug use. The physician specialists who make up the membership of the various Drug Benefit Adjudication Committees (rheumatoid arthritis, Crohn's disease, hepatitis and Alzheimer's disease) help adjudicate Special Authority requests that fall outside of the established use criteria.

Pharmaceutical Services is working with groups such as the BC Medical Association and the Division of Continuing Professional Development and Knowledge Translation of the UBC Faculty of Medicine. EQIP, described earlier, is a joint initiative between the aforementioned groups that is poised to release its first mailing, with two more topics ready in the queue.

We will also be collaborating with the Division of Continuing Professional Development and Knowledge Translation on a project funded by the Canadian Institutes of Health Research. This project will integrate physicians, knowledge brokers and information technology in order to improve the frequency and quality of adverse reaction (AR) reporting by physicians. The collaboration will explore ways to optimize the utility of such reports, as well as physician engagement. It will facilitate the incorporation of AR reporting into physicians' daily workflow– a process that should ultimately lead to improved patient safety.

Pharmaceutical Services continues to work with the Guidelines and Protocols Advisory Committee (GPAC), co-chaired by the BCMA, as well as its working groups. The working groups are largely made up of practicing physicians. We collaborate to ensure that evidence-based, best practice GPAC guidelines are aligned with Pharmaceutical Services' policy.

The Provincial Academic Detailing program is engaging physicians. Members of the EQIP working group, including BCMA representatives and practicing family physicians, have agreed to form the core advisory body to the program. With the addition of Health Authority representation, this group will be well-placed to facilitate stakeholder input and assist with topic selection. In addition, provincial and regional specialists will be approached to comment on and endorse educational materials.

Pharmaceutical Services Division *Progress Report*

Through the Alzheimer's Drug Therapy Initiative, Pharmaceutical Services is working with clinical specialists, general practitioners and the University of British Columbia's Division of Continuing Medical Education and Knowledge Transfer to develop and introduce a comprehensive province-wide dementia education program for family physicians and general practitioners. Through this initiative we plan to help physicians and other health professionals achieve optimal care for patients suffering from dementia, including the appropriate use of dementia medications.

Pharmaceutical Services values the input from the BC Medical Association, including their recent policy paper entitled *A Prescription for Quality: Improving Prescription Drug Policy in B.C.*, as well as contributions at bilateral and multilateral stakeholder meetings.

5. Ensuring Eligibility of Insured Persons

Recommendation 13: ***Review Plan G – No-Charge Psychiatric Medication Plan and the supporting policy framework, to ensure they are consistent.***

Status - Fully Implemented

A full review of Plan G (No-Charge Psychiatric Medication Plan) has been completed. As a result of the review, the policy has been revised, in collaboration with the Internal Audit and Advisory Services of the Office of the Comptroller General, to address both the issues and recommendations raised by the Auditor General, as well as gaps identified during the review. The revised program policy ensures that procedures are both accountable and auditable, and are aligned and consistent with the policy framework. The report also included extensive input from stakeholders (e.g., Mental Health Services Centres).

Recommendation 14: ***Ensure that eligibility criteria for Plan G – No-Charge Psychiatric Medication Program are clear, and that eligibility is being assessed in accordance with the criteria.***

Status - Substantially Implemented

As a result of the completed review of the Plan G—No-Charge Psychiatric Medication Plan, revised policy now clearly states financial and clinical eligibility criteria, which can be summarized as follows:

Clinical Criteria: To be eligible for Plan G, the client;

1. must have been hospitalized for a psychiatric condition

   OR

2. without the medication the client is likely to require hospitalization

   OR

3. Other serious consequences are very likely (e.g. unemployment, child neglect, etc.)

Financial Criteria: In addition to the clinical criteria, the client;

1. must sign an application form to declare that the cost of the prescribed psychiatric medication(s) is a barrier to treatment and that they have no other financial coverage

   AND

2. must have an annual family net income of $37,500 or less (the amount reported on Line 236 of their income tax return less the amount of any Universal Child Care Benefit payments received).

Exception Criteria: For clients not meeting the financial criteria, exception criteria has been established and may be applied at the discretion of the Mental Health Service Centre (MHSC) based on specified clinical or circumstantial conditions.

To ensure continued coverage while eligible, the client must complete the Fair PharmaCare registration process before or within 90 days after applying for Plan G.

Eligibility is presently being assessed against these criteria as follows:

1. An application form must be completed and signed by a physician or psychiatrist certifying the client's clinical eligibility.
2. Upon receipt of the signed clinical eligibility certification, the Mental Health Service Centre is responsible for determining if the client meets the financial criteria by contacting Health Insurance British Columbia (HIBC) to confirm MSP premium assistance eligibility. A telephone line has been established for this purpose.

System and process improvements are underway to strengthen Plan G eligibility assessment by removing the dependence on MSP Premium Assistance data, the associated manual processes, and the current legacy system.

Business analysis for these improvements is complete, providing for a new process, broadly summarized as follows:

1. An application form must be completed and signed by a physician or psychiatrist certifying the client's clinical eligibility (no change)
2. Upon receipt of the signed clinical eligibility certification, the Mental Health Service Centre will enter a request for Plan G eligibility into a patient management system.
3. The Patient Management System will transmit a request for Plan G coverage to an HIBC computer application that will assess financial eligibility based on the client's Fair PharmaCare eligibility derived from CRA income data. If the client is found to meet the financial criteria, Plan G coverage will be established on the PharmaNet system. If the client does not meet the financial criteria, the request for coverage will be declined.
4. Temporary eligibility will be established for clients who have not completed Fair PharmaCare registration (90 days).
5. Requests for Plan G coverage based on exception criteria will be accepted in all cases.
6. All requests for Plan G coverage will be recorded in a database for reporting purposes.
7. MHSC patient management systems will periodically produce a report on clients whose eligibility is due to expire.

The business design for the new process is provided as an addendum to this document (please refer to Appendix G). However, the system to implement the revised policy is not yet in place.

The desired timing for the new system development runs concurrent with the timelines established for PharmaNet-eRx implementation. This adds a significant degree of complexity to both the technical and planning aspects of this initiative. However, Maximus BC Health Inc., the

Ministry's outsourced business partner, is currently exploring technical design options for the new process, and plans for development and implementation phases have been established as follows:

From time of writing:

Near Term (4-6 months)

- Develop Technical Design for existing PharmaNet architecture solution
- Refine cost estimates and work plans accordingly
- Analyse PharmaNet-eRx Architectural, Implementation and Resourcing Impacts
- Explore alternate technical solutions

Medium Term (6-9 months)

- Develop detailed implementation plan
    - Deliverables
    - Infrastructure
    - Business Implementation
- Start development

Pharmaceutical Services continues to meet regularly with our outsourced partner on this systems project and is actively monitoring progress to ensure completion in the shortest timeframe possible, given the system coordination complexities. We will complete this project in 2008/09.

6. Reporting to the Legislative Assembly and the Public

Recommendation 15: ***In its annual report, move toward reporting in a manner consistent with the British Columbia reporting principles on the performance of the PharmaCare program.***

Status - Fully Implemented

Since the Auditor General's report, we have released two Annual Performance Reports.

The **Annual Performance Report for 2005** was released in May 2007. The report provided PharmaCare usage data, divisional expenditures, and highlighted specific activities and accomplishments (please refer to Appendix H for a copy of the 2005 Annual Performance Report).

The **Annual Performance Report for 2006** was released on March 18, 2008. Although the Pharmaceutical Services Division was established in February 2006 and had not had the opportunity to develop a full strategic plan with accompanying performance measures, the 2006 report complied with many of the reporting principles: it clearly explained the public purpose the division serves (reporting principle #1); linked goals and results in so far as it defined what we intend to achieve in the future and what we actually achieved during the year (principle #2); and focused on selected key aspects of its performance (principle #3). The information presented is credible and fairly interpreted (principle #7). The financial information and other data were supported by information on the limitations and considerations necessary to understand the information (principle #8). The report clearly communicated the structure and intent of the new division, defining the specific role that the division's five branches will play in meeting ministry and divisional priorities in the future (please refer to Appendix I for a copy of the 2006 Annual Performance Report).

For 2007, reporting will shift from calendar to fiscal year. **The Annual Performance Report for 2007/08** is scheduled for release in August 2008 and, by using the divisional plan and accompanying performance measures as its foundation, the report will adhere to all eight reporting principles.