

Contract Amendment - Sun Life's prior authorization program to be applied to your Pay-Direct Drug (PDD) group benefits plan

Sun Life will be adding the enhanced prior authorization (PA) program to your Pay-Direct Drug (PDD) group benefits plan via an amendment to your contract effective March 1, 2013. This Focus Update provides 90 days' notice of this amendment and should be printed and filed with your records until your next plan revision when the contract can be updated.

Why is Sun Life doing this now?

Sun Life is committed to continued group drug plan sustainability on behalf of its clients and choice for their plan members. Prior authorization (PA) provides plan sponsors like you the ability to help control the claims of expensive drugs under your plan. Management of reimbursement of high drug expenses will help to keep your plan costs down.

By the numbers:

- In 2010, Canadian insurers and ASO plan sponsors paid out roughly \$9.5 billion in prescription drug costs, and close to 2,000 individual claims had an annual cost in excess of \$25,000, reports CLHIA.
- A single claim can be as high as \$1 million.
- And CLHIA says the number of claims over \$25,000 has been increasing at a rate of more than 20% since 2008.*

Making the switch and opting-out

The inclusion of the PA program as a part of your group benefits plan will be a seamless process in March 2013. More information about the process of prior authorization for you and your plan members will be distributed closer to the conversion date. We strongly believe that PA will help you to manage your extended health care costs, however, we recognize that the program may not be a fit for everyone. If you would like to discuss opting out with your Sun Life group benefits representative, please do so by January 18, 2013.

New wording

The following is the new contract wording that will be included in your contract at the time of your next plan revision.

Prior authorization program – The prior authorization (PA) program applies to a limited number of drugs and, as its name suggests, prior approval is required for coverage under the program. If a drug that is included in the PA program is prescribed, both the covered person and the attending doctor must complete a prior authorization form. The form will be reviewed to determine if the person will be covered for the drug.

With the change to the contract, the plan member booklet literature will also be updated to give details about the PA program:

Prior authorization program – The prior authorization (PA) program applies to a limited number of drugs and, as its name suggests, prior approval is required for coverage under the program. If you submit a claim for a drug included in the PA program and you have not been pre-approved, your claim will be declined.

In order for drugs in the PA program to be covered, you need to provide medical information. Please use our PA form to submit this information. Both you and your doctor need to complete parts of the form.

You will be covered for these drugs if the information you and your doctor provide meets our medical criteria. If not, your claim will be declined.

Our prior authorization forms are available from the following sources:

- *Our website at www.mysunlife.ca
 - *from there, click on Group Benefits and then Prior Authorization Drug List and Forms**
- *Our Customer Care Centre
 - *call toll-free 1-800-361-6212**

Why prior authorization?

Sun Life's prior authorization program is our new approach to handling biologics, and as described below, consists of and includes only specialty drug categories.

Our approach to biologics

Within the biologic class of specialty drugs, there are preferred and non-preferred drugs. Before we will approve a claim for a non-preferred biologic, we will require a plan member to first try a preferred biologic drug. If the preferred drug does not improve the plan member's condition, and assuming the claim is otherwise eligible, he or she will then be approved for a non-preferred drug. Plan members still have access to biologics for their treatment; this administrative process ensures that costs of reimbursement are managed.

High-cost specialty categories

In many instances, rising drug plan costs are not caused by a large number of claims, but rather by a small number of expensive, high-cost claims for specialty drugs or treatments. With Sun Life's prior authorization program, we focus on monitoring the

higher-cost drugs, thereby reducing the number of categories, and the number of Sun Life plan members affected. While the PA program does not affect a large number of plan members, it definitely serves to keep future plan costs down.

Sun Life's specialty drug categories

The specialty drug categories in our PA program are: Biologics, Rare Disease, Asthma, Multiple Sclerosis, Muscle-Nerve Disorders, Osteoporosis, Pulmonary Arterial Hypertension, Cancer (drugs administered orally), and Lupus. The average claim for these types of drugs is \$10,753.**

Grandfathering

For those plan members who are currently being reimbursed for PA drugs, Sun Life will grandfather their prescription. For example, if a plan member is receiving reimbursement for a drug before March 1, 2013 that will require prior authorization after the conversion date, it will be grandfathered and the plan member *will not* have to submit the drug via the PA process. If a plan member fills a prescription for a PA drug that they are not currently taking (and that has not been grandfathered), they *will* have to submit the required form for approval. Any prescriptions that are grandfathered will be grandfathered indefinitely at this time.

Prior authorization form review soon be brought in-house

As of January 1, 2013 Sun Life will be bringing the PA program's form review in-house. This process was previously handled by TELUS Health Solutions. Sun Life will be processing the PA forms within five business days and will notify the member of approval status in writing by mail. At this time, when a medication is approved for a member via the PA process, the approval is indefinite – this may change with future enhancements.

Learning more

We will be preparing a communication for you to share with your plan members shortly before the conversion date to tell them about the new addition of PA to your PDD group benefits plan. Communications will also be available to you explaining in further detail about the PA program, such as how to find forms and the list of PA drugs, grandfathering, cost containment, and where to learn more. Speak to your Sun Life Financial group benefits representative to get copies.

*Source: *Insurers to share costs of high-priced drugs*, Benefits Canada, April 3, 2012.

**Source: 2011- Sun Life Financial.

***Source: Sun Life Financial/Ipsos Reid research, March 2011

Questions?

Contact your Sun Life Financial group benefits representative.