

Drug Costs Matter

Introducing Prior Authorization



The cost of offering a drug plan to your employees is rising. It appears that it will keep rising as new, more expensive biologic drugs make up a significant percentage of the drugs under development.

We want to make sure you can manage drug costs while still offering coverage for plan members for the right treatments.

THAT'S WHY WE'RE OFFERING PRIOR AUTHORIZATION

Prior authorization requires that coverage for certain drug therapies is pre-approved based on medical criteria.

We are recommending prior authorization to all plan sponsors as a standard plan design – there is no extra cost to you or to your plan members.

WHY IS PRIOR AUTHORIZATION IMPORTANT?

Employers in Canada spend about \$200 million each week on prescription drug claims.* Generally speaking, this isn't only because of the number of claims; it's also because a small number of claims are very expensive.

Prior authorization can help manage the costs in a small number of cases where very expensive drugs are used. That keeps your drug plan affordable in the long term, and your plan members still get the health care coverage they need.

WILL THIS IMPACT THE QUALITY OF HEALTH CARE MY PLAN MEMBERS RECEIVE?

Prior authorization aims to manage costs while providing your plan members with coverage for the right treatment for them.

- Prior authorization only applies to some drugs within selected categories, not every prescription your plan members and their dependents may need.
- If you chose the “grandfathering” option and they are taking one of the drugs included in the prior authorization program in the 120 days before the program starts, they don't have to apply for authorization; they'll be considered pre-approved for reimbursement if they are reimbursed now.
- They can still have a choice of drugs for their condition.
- The included drugs aren't critical care related drugs, so the approval time shouldn't have any effect on the condition.



DID YOU KNOW?

- New rheumatoid arthritis practice guidelines encourage use of biologic drugs earlier in the disease state and for a longer time. This could increase claims for biologics.
- A single claim can be as high as \$1 million.**
- CLHIA states that the number of claims over \$25,000 has been increasing at a rate of more than 20% since 2008.**
- 82% of Canadians agree prior authorization is somewhat or very acceptable.***

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WHICH DRUGS ARE INCLUDED?

Some, but not all, drugs used to treat the following conditions require prior authorization:

- Asthma
- Cancer (drugs administered orally)
- Hepatitis
- Lupus
- Multiple sclerosis
- Muscle-nerve disorder
- Osteoporosis
- Pulmonary arterial hypertension
- Rare diseases

A category of drugs called **biologics** also needs prior authorization. Biologics are used to treat conditions such as:

- Rheumatoid arthritis
- Crohn's disease
- Psoriatic arthritis
- Ankylosing spondylitis
- Plaque psoriasis



You can find a list of the drugs and forms by going to mysunlife.ca/priorauthorization.

HOW DOES PRIOR AUTHORIZATION WORK?

For each of the conditions listed above, if the drug the plan member's doctor recommends needs prior authorization, the plan member needs to send Sun Life a completed prior authorization form before filling their prescription.

For biologics:

For some categories of biologic drugs, there is a preferred drug. The preferred drug is selected based on expert opinion concerning factors like safety, cost and efficacy. The plan member needs to try the preferred drug before they can apply for reimbursement for another drug in that category, unless they are not able to take the preferred drug because of a pre-existing condition.

If this preferred drug does not improve the condition, the plan member and their doctor can submit a prior authorization form for coverage for a different drug that the doctor recommends for the plan member.

For both non-biologics and biologics:

Provided that we have all of their information, Sun Life will review each request within five business days, and let the plan member know in writing if it is approved. Once they are approved, they are approved indefinitely at this time. Plan members do not have to re-submit a form each time. If the request is not approved, the plan member can still use the drug their doctor has recommended, but it will not be reimbursed by your drug plan.

Communication to plan members is key

It's important that plan members understand the primary reason behind prior authorization – plan sustainability – and that they know the steps to take when speaking to their doctor or applying for prior authorization. We can provide a series of plan member communications to help plan members understand and support this process.

* Source: Canadian Institute for Health Information, Drug Expenditures in Canada, 1985-2009

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

*** Source: Sun Life Financial study, 2011



Questions?

Please contact your Sun Life Financial group benefits representative.

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Group Benefits are offered by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

GB10103-E-05-14 mc-mp-an

