



In this era of wonderful, innovative drug products that treat debilitating conditions like rheumatoid arthritis, cancer and multiple sclerosis, many of us have been conditioned to think that the high users we see in our drug plans are in fact these unfortunate plan members with terrible afflictions. The truth in many cases is much different.

Myth 1: The Ultra-High User vs. The High User – Just a Matter of Semantics

There is no question that the ultra-high users of the prescription drug benefit (let's define this as being those plan members spending in excess of \$15,000 per year) are almost all on very high-cost specialty drugs and have catastrophic conditions. However, we need to open the lens wider to see what's actually going on at the top of the pyramid. It is high users within a plan, not ultra-high users who often have a more profound role in driving costs at the top end of a plan's experience.

High users in medium- and large-size plans are defined as those plan members spending between \$5,000 and \$15,000 per year. They are much greater in number when compared to ultra-high users, and in most cases, these people *do not* have catastrophic illnesses. These plan members are characterized as having multiple age-related chronic conditions treated by traditional drug products. It's fascinating to see how many of these members have diabetes, chronic pain, or in some cases both.

Take the following two examples as evidence of the points made above. In the first case, there were 32 claimants in the most recent benefits year that had claims costs in excess of \$5,000. However, of that group, only seven ultra-high users exceeded \$15,000 in spending. Of the 25 remaining high-users, only five of them could attribute any of their spending to expensive specialty drugs. What is happening in the rest of this group?

It was very interesting to see the pattern in these other 20 claimants. They all had multiple, age-related chronic conditions, and a majority suffered from chronic pain conditions. The co-morbid chronic conditions ranged from high blood pressure, to high cholesterol, to asthma. Another fascinating finding: a significant number suffered from co-morbid depression.

A second example: one group in 2007 had 10 claimants incur over \$15,000 in spending on prescription drugs, but nearly three times that number spent between \$5,000 and \$15,000. Again, the ultra-high users suffered uniquely from catastrophic conditions such as cancer, organ transplantation, and multiple sclerosis, but the 28 other high-users had the same profile as the first example—multiple age-related chronic conditions. Only in this case, diabetes dominated the landscape more so than chronic pain.

Myth 2: Specialty Drugs and Catastrophic Conditions are Driving Cost Inflation

It's easy to blame ever-increasing drug costs on catastrophic disease states and Orwellian-like specialty drugs that resemble something out of a science fiction novel, but that's not the problem in most cases. The average Canadian plan sponsor in 2007 spent about 10% of its prescription drug budget on specialty drugs. There's no question that specialty drugs are the fastest growing component of prescription drug plan spending, but they are not yet responsible for the majority of cost inflation in most drug plans.

Spending 10% of your budget on a fraction of 1% of the total number of claims is without question an unbelievable financial burden, but what about the other 90% of the amount spent? If plans were able to better manage the 90% of their spending they currently invest in treating high blood pressure, high cholesterol, diabetes, asthma, depression, and other common conditions, there would be far less year-over-year cost inflation, and more resources available for plan sponsors to fund therapies for catastrophic conditions that are not covered by the public purse.

The one nice thing about specialty drugs for Canadian plan sponsors is that the rate of increasing in the spending in this area will force groups to examine their plan experiences and designs and become more serious about responsible cost management on the 90% side of the equation. The key is finding cost-management solutions that do not adversely affect plan members. The good news: there are a number of practical ways to do that.

Plans will need to be much more vigilant about the impact of age-related chronic conditions. They are the key to understanding future plan spending inflationary trends, including where seemingly routine incidences of spending on chronic conditions can turn into the next series of high users within the plan.

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