

Monitoring Canada's drug supplies during COVID-19.

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TELUS Health is monitoring and responding to Canada's evolving drug supply by streamlining its processes for covering alternate drugs that can be dispensed in place of drugs that are in low-supply or out-of-stock. For group supplementary health employer sponsored drug plans, TELUS Health is collaborating with its clients by sharing with them data pertaining to drug back-orders in order to help them take the best possible actions on behalf of their plan sponsors.

"All stakeholders are working in a unified way on two levels: to prevent the hoarding of medications in the short term, and to protect the viability of the global supply chain in the long term," said **Jason Kennedy**, director, health business consulting, TELUS Health.

Most pharmaceutical manufacturers operate globally, which often means that they source their ingredients from multiple countries. While most typically have several months of finished products on hand in any given market, it's unknown how the economic disruptions caused by COVID-19 will affect the supply chain beyond that.

"It's not just the potential shortage of materials but also the ability to transport them in sufficient volumes that matter," noted Kennedy. "We don't have visibility from end to end, and many factors could upset the balance and impact the end product."

Health Canada and industry stakeholders are communicating at an unprecedented level to anticipate and mitigate short- and long-term disruptions. "One silver lining that has come with this terrible virus is that we are seeing great collaboration and more transparency across all stakeholders. We are taking action on concepts that have been discussed for a couple of years now regarding how to expedite processes to address drug shortages," said **Nick Boorman**, vice-president of marketing, Apotex, a Canadian-owned pharmaceutical manufacturer.

Short-term actions.

The need to act quickly was readily apparent, given COVID-19's immediate impact on drug supplies. "In March, almost double the number of drugs were on back order compared to January or February," said **Lavina Viegas**, director of drug operations, TELUS Health, citing numbers from drugshortagescanada.ca, the Health Canada website for drug shortages and discontinuations. Pharmaceutical manufacturers in Canada are legally obligated to report anticipated and actual shortages to this website.

These back orders, however, do not necessarily translate into shortages for patients. That's because the majority of back orders involve drug categories that have two or more generic drugs available in addition to the brand. The pharmacy is therefore able to dispense an alternate drug, usually a generic, once adjudication takes place.

TELUS Health has streamlined that adjudication process by "aggressively monitoring the drug shortages website and managing our drug pricing system so that it proactively relinks coverage to the next lowest cost generic, rather than waiting for pharmacies to contact the service desk about back orders," said Viegas. "Pharmacies are very busy right now and we're doing everything we can to make sure there is no inconvenience to plan members."

Many of the additional back orders in the early days can be linked to patients' efforts to hoard or stockpile their medications. Health Canada has publicly urged Canadians not to buy more medication than usual, and distributors and manufacturers are managing orders to try to keep them at pre-COVID levels. "Everyone is doing their part to make sure that the downstream person or entity isn't trying to hoard medications," summarized Kennedy.

Provincial pharmacy regulators have taken the additional step of advising, and in some cases mandating (in Saskatchewan and Manitoba), pharmacies to limit the dispensing of maintenance medications to 30-day supplies rather than the usual 90-day supplies.

Back orders for salbutamol inhalers for asthma in particular are a cause for concern for all stakeholders, including plan sponsors, due to their potential use for the treatment of COVID-19 symptoms. "Health Canada has done a great job taking the lead and working with manufacturers, patient groups, hospitals and pharmacies to ensure existing patients stay on their medications, and to help manufacturers respond to what could be incremental demand," said Boorman.

In an [advisory](#) and news release dated April 17, Health Canada confirmed an increased demand for salbutamol inhalers due to COVID-19. To address short-term supply issues, it reiterated that people with asthma "will receive only one inhaler at a time when they go to refill their prescription." It also reminded patients to take their other asthma medications as prescribed to reduce the need for salbutamol, which is intended for occasional use as a "rescue" medication only.

Preparations for the long term.

In the coming weeks, back orders could be indicators of possible problems in the long-term global supply chain. “We are keeping an eye on situations where manufacturers rely on the same active ingredient from the same source outside of Canada, or where Canada is competing with other countries and the other countries are getting more supply,” said Kennedy.

Apotex is prepared to play a central role in helping to address longer-term supply issues. With its home base in Canada, it manufactures 95% of its finished goods and many of its active ingredients on Canadian soil. It is the largest pharmaceutical manufacturer in Canada by volume, filling one in five prescriptions in the country.

“Our priority is to ensure that Canadians’ needs are managed first,” said **Heather West**, vice-president, market access and government relations, Apotex.

Communications with federal and provincial governments occur daily, and include plans for Apotex to ramp up production for medications as needed. “We have repurposed our plants and have already ramped up manufacturing products where we believe there may be increased demand,” said West. The company has also begun to hire more employees for its manufacturing sites.

Implications for plan sponsors.

TELUS Health is consolidating information from its drug plan database, the Health Canada drug shortages website and regular communications with pharmaceutical manufacturers, distributors and pharmacy stakeholders in order to keep its insurance carriers up to date. “We have established weekly calls with insurance carriers and third party payers to discuss timelines and potential impacts in the weeks and months to come,” said Kennedy.

The conversations also include possible cost implications of some of the strategies to mitigate drug shortages. For example, TELUS Health has begun to see increased claims for 30-day supplies and decreased claims for 90-day supplies—resulting in three dispensing fees billed to the plan rather than one fee.

As well, a handful of drug classes have begun to experience back orders for all its generic options at the same time. In that case, coverage is temporarily linked to the original brand-name drug until supply is restored for one of the generics. “Even plans with a mandatory generic substitution policy will honour the brand price in that situation,” noted Viegas.

“There is a potential for short-term cost increases during these uncertain times. The main objective at this point is the continuity of therapy for patients,” added Kennedy.

Therapeutic substitution is another option. Multiple drug classes are available within blood pressure medications, for example, and each drug class has its own set of generic drug options. If an entire class is back ordered, physicians—or pharmacists, in provinces where they have the prescribing authority—can switch the prescription to another drug class. In fact, such substitution would likely need to occur when even the brand no longer exists in a class. “This

type of therapeutic substitution would be dictated by supply rather than as a cost-containment measure,” said Kennedy.

The months ahead will present a clearer picture of the implications of drug back-orders, as well as further mitigation strategies, on private drug plans. TELUS Health will continue to monitor, consolidate and interpret the many sources of information that will help insurance carriers, third party payors and their plan sponsors make the best possible decisions for their organizations.

“It’s fair to say that in Canada we’re okay for now, but we can’t walk away and not worry about potentially serious disruptions to our drug supply,” said Viegas. “At least now we are in a good position to see what may be coming, and proactively respond.”