BC's reference-based pricing stirs controversy

Reference-based pricing, the BC government policy that requires doctors to prescribe the low-cost "reference" version of certain medications, may be 5 years old now, but it remains controversial.

Dr. Rick Hudson, who consults to Pharmacare, says that since 1996, $138 million has been saved in spending on the 5 classes of drugs involved. He adds that administrative costs have not increased during that period. However, Vancouver physician Bill McArthur, a Fraser Institute consultant, says the program actually costs taxpayers money because the government fails to factor in program costs or the cost of having patients switch from a drug that works to a referenced drug. The end result, he says, is more visits to doctor's offices and ERs.

Classes covered by the program include nonsteroidal anti-inflammatory drugs, angiotensin-converting enzyme inhibitors and calcium-channel blockers. The rationale for reference-based pricing is that older, cheaper drugs in these classes work just as well as more expensive, newer ones (see *CMAJ* 1999;161[3]:255-60; 286-8). Doctors can file a "special-authority request" if they wish to prescribe a newer more expensive drug.

Three independent studies are now under way to evaluate the program's cost-effectiveness and analyse patient outcomes. Notwithstanding these results, Hudson says there is "no question that, nationally, prospective adjudication is going to be the way of the future. It allows a drug plan to define first- and second-line benefits." Technically, BC is the only province with the program, although Hudson says some provinces, including Ontario and Newfoundland, have adopted "similar" ones. Overseas, New Zealand and Australia currently have the program, while Holland, Germany and Britain are considering it.

Dr. Ailve McNestry, who chairs the British Columbia Medical Association's (BCMA) Pharmacy and Therapeutics Committee, says that even though the program's cost-containment goals are admirable, there are other problems. "What concerns me most is the way it was implemented, with very little consultation with physicians, pharmacists and patients — the 3 groups directly involved." Physicians object to the philosophy of reference-based pricing and are frustrated with dealing with the program, she says. The time family doctors have to take for special-authority requests is a major issue.

About 6000 special-authority requests are filed in the province each month, or about 16 to 20 per typical family physician. As for the unpaid time this takes, Hudson says the government expects certain administrative procedures to be included in a doctor's professional work, and that 99% of the requests are approved. However, McNestry says some approvals are delayed for weeks. Besides, she says, "if they are approving as many as they say, what's the point?"

McNestry thinks there has to be a better way. "I just can't believe that this system is a good way to do it. The BCMA and the pharmacists' association would very much like to be involved in a discussion as to how this could be streamlined." — *Heather Kent*, Vancouver

Companies in NS get heart smart

Dr. Lydia Makrides wants her research to have an impact on both the physical health of employees and the financial health of their employers, and that is why Project Impact is designed to assess both outcomes.

"We are trying to come up with a comprehensive study that looks at clinical effectiveness and also very real issues for employers like productivity and morale," says Makrides, director of the Atlantic Health and Wellness Institute in Halifax. The project will also assess return on investment.

More than 3000 employees from companies such as Nova Scotia Power, the Nova Scotia Liquor Commission and the Halifax Regional Municipality are now lining up to have their blood pressure checked, their body-mass index recorded, their cholesterol measured and their risk factors for heart disease identified. Those with at least 2 risk factors that can be modified through lifestyle changes will become part of a control group or a treatment group that participates in a 12-week health-and-wellness program. "These are the programs that are needed now," notes Makrides. "We need to combat chronic disease by exercising, eating healthy and reducing body fat. The answer is to get health and wellness programs right into those places where people work."

Project Impact, which will cost approximately $750 000 to implement — funding is provided by a 3-year grant from an insurance company and drug company — is one of the first in the country to assess the effect of health and wellness intervention on employees' health, their quality of life and their overall satisfaction, as well as the cost/benefit to employers.

Although it is too early to report results, pre-screening data indicate that the percentage of people in Nova Scotia with risk factors is similar to the proportion found in other heart health studies, with one notable exception: the proportion of obese people is much higher. "Upwards of 60% of the population here is obese," says Makrides. "The national average is 35%." — *Donalee Moulton*, Halifax