

Health

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Main points

The Department of Health spends more than \$150 million per year on the Saskatchewan Prescription Drug Plan (Drug Plan).

In this chapter, we report on the adequacy of the Department's processes to monitor the quality and relevance of drug use and to report on the Drug Plan's performance.

The Department should do more analysis to monitor the quantity and relevance of drug use in the population. This analysis would allow the Department to determine the success of specific program efforts. It would also allow it to focus resources to encourage appropriate and economical prescribing practices.

The Department has a Drug Plan claims database with a wealth of information that can provide valuable insights. Currently, the Department is improving its processes to monitor the quantity and relevance of drug use at an individual level. The planned improvements to this system will serve to strengthen this process in the future.

The Department's public reports need to show whether the Drug Plan is achieving its purposes.

Introduction

The Department of Health's mandate is to protect and improve the health of Saskatchewan people. To do this, the Department provides policy direction, direct services, and funding to healthcare providers and health agencies.

This chapter reports the results of our audit of the Department to monitor the quality and relevance of drug use and to report on the Drug Plan's performance.

Drugs are the second highest expenditure in the Canadian healthcare system.¹ During the last two decades, drugs have been one of the fastest-growing components of total health expenditure in Canada. From 1985 to 2002, spending on drugs grew 9.7% per year while total health spending grew 6.4% on average each year. Every year spending on drugs grew faster than total health spending.²

All jurisdictions in Canada have a drug program to aid residents with the cost of drugs. There are differences in the drug benefits and coverage of programs across jurisdictions. For example, several provinces cover the drug costs of residents with no private insurance coverage, regardless of age or income. Others cover some drug costs for residents who meet certain criteria. The Drug Plan covers most residents with high drug costs in relation to their income.

In 2003, our Office and legislative auditors across Canada agreed to audit the drug program in their jurisdictions. The legislative auditors chose audits from a set of six common objectives, noted in Exhibit 1, and related audit criteria. To help make the audit results comparable, the legislative auditors coordinated their work. Each jurisdiction's results will be released between 2004 and 2006. Copies will be available at each legislative auditor's web site. Our web site, at <http://www.auditor.sk.ca>, provides a link to all other legislative auditors' web sites.

¹ Canadian Institute for Health Information (2005). *Drug Expenditure in Canada 1985-2004* p. 1

² Canadian Institute for Health Information (2005). *Drug Expenditure in Canada 1985-2004* p. 5

Exhibit 1—Common audit objectives

- To assess whether the organization has adequate procedures to:
1. Manage the performance of the drug program
 2. Ensure resources are managed with due regard for cost-effectiveness
 3. Ensure the eligibility of the insured persons and appropriate collection of premiums and other fees
 4. Ensure compliance with legislation and assess whether its policies and procedures for approving, processing, and paying claims are adequate and are being followed
 5. Monitor the quantity and relevance of drug use and encourage appropriate and economical practices
 6. Report on the drug plan performance and that any reports to the Legislative Assembly are presented in the prescribed timeframe

We designed our audit approach to compliment the work we did on the Drug Plan that we reported in Chapter 2A of our 2004 Report – Volume 3. That work covered many aspects of the first four objectives noted in Exhibit 1. In that report, we recommend that the Department ensure pharmacists follow its payment process for exception status drugs.

Background

In Saskatchewan, healthcare providers may prescribe any drug, federally approved for sale in Canada, to their patients. The Minister of Health approves a formulary,³ which is a list of drugs covered by the Drug Plan, as required by law. The Department compiles the formulary with advice from the Saskatchewan Formulary Committee. The Committee is an expert panel responsible to recommend cost-effective drugs with therapeutic value for coverage under the Drug Plan.

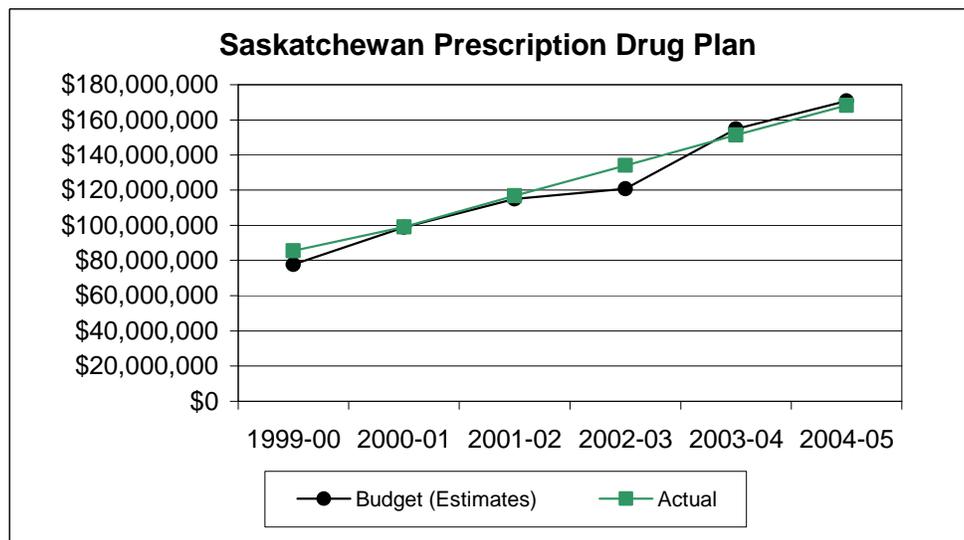
Residents with a valid Saskatchewan health services card may be eligible for Drug Plan coverage. This support program helps those with drug costs that are high in relation to their income, e.g., costs greater than 3.4% of family income. Support to offset formulary prescription costs varies depending on the type of benefit an individual is eligible to receive. Saskatchewan residents who have coverage under federal or worker's compensation programs are not eligible for Drug Plan benefits.

³ Saskatchewan Health (2003). *Formulary July 2003- June 2004*. <http://www.health.gov.sk.ca>.

The Drug Plan provides financial aid to Saskatchewan residents for formulary prescription drugs used outside of hospitals. The objectives of the Drug Plan are to:

- ◆ provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness
- ◆ reduce the direct cost of prescription drugs to Saskatchewan residents
- ◆ reduce the cost of drug materials
- ◆ encourage the rational use of prescription drugs⁴

Exhibit 2 – Growth in spending on prescription drugs



Source: Public Accounts: Volume 2: Details of Revenue and Expenditure

The cost to the Province for the Drug Plan for formulary drugs has more than doubled in the past five years. This pattern is similar to the experience in other drug plans across Canada.

⁴ Saskatchewan Health (2005). *Drug Plan and Extended Benefits Branch Annual Statistical Report 2003-04*, p. 9.

Objectives

The objectives of this audit are to assess whether, as at January 31, 2005, the Department of Health had adequate procedures to:

- ◆ monitor the quantity and relevance of drug use and encourage appropriate and economical practices
- ◆ make timely, adequate public reports on the Drug Plan's performance

Throughout our audit, we followed *The Standards for Assurance Engagements* established by the Canadian Institute of Chartered Accountants.

Audit conclusion

The Department has adequate procedures to monitor drug practices and make timely reports of the Drug Plan's performance except for:

1. **We recommend that the Department of Health develop a plan to monitor and evaluate drug use in the population.**
2. **We recommend that the Department of Health set, evaluate, and report on performance measures for the Saskatchewan Prescription Drug Plan.**

The Department has a claims database with a wealth of information that can be used to monitor and evaluate drug use. We encourage the Department to carry out the planned system enhancements. These enhancements include setting up individual patient profiles and providing additional drug alerts to healthcare providers.

Key findings

We set out our criteria in *italics* under each heading in the section below. The Department agreed with our criteria.

Monitoring drug use

The Department should monitor individual prescriptions for problems associated with quantity or relevance and take corrective action where necessary. The Department should also adequately monitor and analyze provincial drug use and take action where necessary. We also expected the Department to encourage economical and appropriate doctor prescribing practices.

Analyze claims and overall drug use

The Department keeps records of formulary prescriptions through its Drug Plan claims system (System) and has for many years. The Drug Plan claims system captures data for covered prescriptions filled at any pharmacy in the Province. The System gives the Department a wealth of data on drug use in the Province. However, it did not capture all data for federally reimbursed programs, workers' compensation, or SGI claims.

The System provides some alerts to pharmacists before they dispense drugs. The System rejects prescriptions when the pharmacist submits an invalid Saskatchewan health services card. The System also alerts pharmacists of unusual drug use by providing a warning message if the same prescription was filled within the last week or, in some cases, where the quantity prescribed exceeds a set limit. Pharmacists can choose to override the alerts and dispense the drugs. The Department does not cover prescriptions that do not meet the Drug Plan's rules.

During 2003-04, the System could not provide alerts to pharmacists based on an individual's Saskatchewan health services card regarding adverse drug interactions from a combination of prescriptions dispensed or if excessive dispensed prescriptions exist.

In 2005, the Department implemented a new computer system, called ADAPT, to collect data on all prescriptions dispensed within the Province. The ADAPT system provides the same alerts as the previous claim system. Eventually, ADAPT will provide healthcare providers with access to an individual's drug profile with all prescriptions dispensed listed. ADAPT is part of the plan to create an electronic health record. The Department plans to integrate ADAPT information in a Pharmaceutical Information Program with on-line warnings of adverse drug interactions.

The final phase of this program is intended to improve patient safety by making possible on-line prescribing with fewer medical errors.

The Department provides drug claim data for research purposes. For example, the Health Quality Council reviewed drug use by senior citizens living in long-term care. In 2004, the Health Quality Council made a public report on its review called *Improving the Quality of Drug Management of Saskatchewan Seniors in Long-Term Care*.⁵

The Department should do more to encourage appropriate drug use for all Saskatchewan residents. Analyzing drug usage, particularly in high-risk areas, is critical to supporting good healthcare. Studying drug use patterns and taking action to prevent misuse can help ensure the intended outcomes of drug therapies. This analysis would also allow the Department to determine the success of specific program efforts. This type of work would contribute to meeting the Drug Plan's objective of encouraging the rational use of prescription drugs.

The Federal/Provincial/Territorial Ministers of Health established the National Prescription Drug Utilization Information System in 2001. The purpose of the Information System is to provide analyses of price, use, and cost trends so that the health system has more information on how prescription drugs are used and on sources of cost increases. When available, these analyses should help the Department to evaluate drug use in Saskatchewan.

Encourage certain prescribing practices

The Department uses several means to encourage appropriate prescribing practices. These means include indirectly encouraging certain drug use by setting a formulary and designating some drugs for use only in specified conditions. The Department also provides funding for several services available to healthcare providers to promote effective prescribing practices.

The Department needs to assess if these programs are meeting the Drug Plan's objectives. If the Department analyzed drug usage, it would be

⁵ Health Quality Council (2004). *Improving the Quality of Drug Management of Saskatchewan Seniors in Long-Term Care*. <http://www.hqc.sk.ca>.

able to determine the success of its programs to encourage appropriate prescribing practices.

The formulary lists more than 3,500 drug products covered by the Drug Plan. Drugs are included in the formulary if they clearly demonstrate a therapeutic value or offer a potential economic advantage over existing drugs as recommended by an expert panel. The formulary also sets cost effective dispensing quantities for ongoing therapy drugs in the maintenance phase. All healthcare providers have access to the formulary. The Department indirectly encourages the use of drugs listed on the formulary by providing coverage under the Drug Plan. Many private insurance plans also use the formulary as their basis for coverage.

The Department designates some drugs in the formulary with an exception status that limits their use to certain listed conditions. The Drug Plan and many private insurance plans will only reimburse patients for the cost of these drugs if they meet the formulary's conditions. To obtain drug cost reimbursement from either source, healthcare providers must apply to the Drug Plan to receive approval that the patient meets the formulary's conditions.

Healthcare providers are aware of the exception status drugs and listed conditions for approved use. The Department is encouraging the restricted use of these drugs because they have the potential for misuse, or the drugs cost more than the listed alternatives on the formulary, or the drugs offer an advantage in only a limited number of conditions.

The Department pays for several services intended to promote effective prescribing practices. These services include:

- ◆ Educational resources available from the Saskatoon Health Region to help doctors in the Province select the most appropriate drug therapy. These resources include newsletters and academic detailing on topics of current interest to doctors. Academic detailing is a process where a health educator provides a doctor with summarized information on a specific drug therapy.
- ◆ A call-in line for healthcare providers and consumers to obtain drug information.

- ◆ The College of Physicians and Surgeons monitoring of certain drugs with intent to reduce abuse and diversion to “street use.”
- ◆ Expert medical advice for the formulary committee’s review process from the College of Medicine at the University of Saskatchewan.

In 2004, Health Canada established the Canadian Optimal Medication Prescribing and Utilization Service to promote and facilitate best practices in drug prescribing and use among healthcare providers and patients. Currently, it is focusing on diabetes, high blood pressure, and digestion problems. This Service will assist all provinces in promoting best practices for drug prescribing.

Reporting on performance

We expected the Department would make timely reports to the Legislative Assembly on meeting its program objectives, including the Drug Plan. Program objectives would be well defined, measurable, and compatible with the law. The Department would report on essential aspects of its programs’ performance, key risks, capacity, and future plan to show whether the Drug Plan achieves its objectives.

In 2003, the Department of Finance set guidelines, including a 4-year implementation schedule, for preparing performance reports for all departments. The guidelines do not require reporting of key risks, capacity, or performance targets until future years. The Department of Health is required to follow these guidelines in preparing its public performance plan and annual report.

The Department’s public performance plan⁶ for 2003-04 provided an overview of the Department’s key actions to achieve its strategic goals. The performance plan did not include the Department’s specific objectives for the Drug Plan. The Drug Plan’s 2003-04 budget was over \$150 million.

The Department has not set specific targets and performance measures related to its objectives for the Drug Plan. Without specific operational

⁶ Saskatchewan Health (2003). *Annual Report 2002-2003*. <http://www.health.gov.sk.ca>.

targets and performance information, the Department is not able to assess whether its activities achieve their intended purpose.

Each year, the Department reports its performance, including that of the Drug Plan, in its public annual report⁷ and in various annual statistical reports. The Department's *2003-04 Annual Report* provides limited information on the Drug Plan. The report describes key enhancements to the Drug Plan and lists the total amount spent through the program. The Minister gives a timely annual report to the Legislative Assembly.

The Drug Plan and Extended Benefits Branch Annual Statistical Report 2003-04 includes the Drug Plan program objectives, benefits, and process. It highlights usage and cost trends for a number of years. The Department has publicly released the 2003-04 report in 2005.⁸

Reporting should be improved to include information specific to the Drug Plan's performance measures and, in the future, key risks, capacity, and targets.

⁷ Saskatchewan Health (2004). *Annual Report 2003-2004*. <http://www.health.gov.sk.ca>.

⁸ Saskatchewan Health (2005). *Drug Plan and Extended Benefits Branch Annual Statistical Report 2003-04*. <http://formulary.drugplan.health.gov.sk.ca>

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