Chapter 25
Saskatchewan Cancer Agency—Cancer Drug Supply Management

1.0 Main Points

The Saskatchewan Cancer Agency is responsible to deliver effective and sustainable research, education, prevention, early detection, treatment, and supportive care programs for the control of cancer in Saskatchewan.[1] The Agency purchased over $175 million of cancer drugs in 2023–24.

By June 2024, the Agency implemented all five recommendations we made in our 2022 audit of its processes to manage its supply of cancer drugs.

The Agency documented its process for updating the approved list of cancer drugs (i.e., formulary) to treat cancer patients and established a timeframe (i.e., five business days) for making decisions on physicians' requests for exception cancer drugs (e.g., certain cancer drugs not listed on the approved formulary). At September 2024, the Agency had over 200 approved cancer drugs on its list.

The Agency also documented and considered relevant factors when deciding to purchase cancer drugs directly (through tendering or sole/single sourcing) rather than using group purchasing methods.[2] It directly purchased over $15 million of cancer drugs in 2023–24 using tenders or single/sole sourcing methods. We found it maintained appropriate documentation to support its purchases of cancer drugs, including when and who completed potential supplier evaluations when tendering for cancer drugs (which helps mitigate conflict of interest).

Effective processes to manage cancer drugs contribute to the safety and wellbeing of cancer patients in Saskatchewan. Good purchasing processes facilitate the fair and equitable treatment of suppliers and the Agency receiving best value when purchasing cancer drugs.

2.0 Introduction

2.1 Background

The Saskatchewan Cancer Agency maintains a list of approved cancer drugs for cancer patients in Saskatchewan through its drug formulary and administers most cancer treatments at its two main centres—the Allan Blair Cancer Centre in Regina and the Saskatoon Cancer Centre.[3] At September 2024, the Agency had over 200 approved cancer drugs on its list (September 2022: over 180 approved cancer drugs).

[1] *The Cancer Agency Act*, s. 9.
[2] Group purchasing methods can help organizations realize the benefits from nationally negotiated prices for cancer drugs.
[3] The Allan Blair Cancer Centre is located at the Pasqua Hospital in Regina, and the Saskatoon Cancer Centre is located at the Royal University Hospital in Saskatoon.

The Agency receives funding from the Ministry of Health to prepare, dispense, and administer cancer drug treatments at no cost to patients. It uses three main methods for acquiring its cancer drugs:

- Contracts originating from terms negotiated by the pan-Canadian Pharmaceutical Alliance (pCPA). The pCPA uses the combined negotiating power of its members (i.e., federal, provincial, and territorial governments) to conduct joint negotiations for brand name and generic drugs in Canada and obtain greater value for patients and publicly funded drug programs.[4] In 2023–24, the Agency purchased over $155 million of cancer drugs under this method.

- Contracts negotiated directly by the Agency. In 2023–24, the Agency purchased over $15 million of cancer drugs under this method.[5]

- Contract established by Health Shared Services Saskatchewan (3sHealth) with a national group purchasing organization (i.e., HealthPRO) for mostly generic cancer drugs and support medications (e.g., anti-nausea).[6,7] In 2023–24, the Agency purchased approximately $5 million of these drugs under this method.

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we made in 2022.

We concluded that, for the 12-month period ended June 30, 2022, the Saskatchewan Cancer Agency had, other than the areas reflected in our five recommendations, effective processes to manage its supply of cancer drugs.[8]

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Agency's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Agency management agreed with the criteria in the original audit.

To carry out our follow-up audit, we interviewed key Agency staff, examined relevant policies and procedures, and tested a sample of formulary changes, exception drug requests, and drug purchases.

3.0 Status of Recommendations

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 30, 2024, and the Saskatchewan Cancer Agency's actions up to that date.

[4] www.pcpacanada.ca/about (11 September 2024).
[5] Information provided by the Saskatchewan Cancer Agency (amounts reported are before rebates and discounts).
[6] 3sHealth is responsible for facilitating the purchase of goods and services on behalf of its member agencies (i.e., shared procurement), including the Saskatchewan Cancer Agency, the Saskatchewan Health Authority and its affiliates. We did not audit cancer drug purchases made by 3sHealth, as we audited 3sHealth's shared procurement processes in our *2015 Report – Volume 2*, Chapter 34, pp. 185–203.
[7] HealthPRO brings together the national buying power and expertise of over 1,300 member organizations to deliver contracts for high-quality products and services, saving both time and money for healthcare institutions across Canada. www.healthprocanada.com/about-us (19 September 2024).
[8] *2022 Report – Volume 2*, Chapter 10, pp. 99–115.

3.1 Process for Maintaining Cancer Drug Formulary Documented

We recommended the Saskatchewan Cancer Agency formally document its processes for updating the approved list of cancer drugs (i.e., formulary) available to treat cancer patients. (*2022 Report – Volume 2,* p. 105, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

The Saskatchewan Cancer Agency documented its process for updating the cancer drug formulary within the terms of reference for its Drugs & Therapeutics Committee.

The Agency's Drugs & Therapeutics Committee is responsible for oversight and management of the cancer drug formulary. We found the Agency updated the Committee's terms of reference in March and August 2024 to clearly establish the frequency for updating the formulary (i.e., at least annually, or when it adds new cancer drugs to the list). The terms of reference also include documentation and approval requirements (e.g., Committee, management) for various types of formulary changes, including:

- Recommendations for new drugs from a national drug expert review committee requiring provincial consideration of drug funding and implementation[9]
- Requests for new treatments not reviewed by a national drug expert review committee
- Adding a historical standard of care (e.g., past treatment practices) to the drug formulary
- Updated clinical criteria and/or treatments reflecting current clinical practice
- Removal of existing treatments from the drug formulary that no longer reflect clinical practice
- Minor housekeeping changes or changes in language to enhance clarity of the drug formulary without material changes in eligibility criteria

The Agency made nine changes to the formulary since July 2023 (e.g., cancer drug additions, administrative changes such as names of cancer drugs). We tested a sample of three drug formulary changes and found the Agency met the documentation and approval requirements outlined in the terms of reference.

A documented process for updating its cancer drug formulary helps those involved in the process be aware of and fully understand the process and desired results. This may also reduce the risk of delays in cancer drug availability for treating patients.

[9] Canada's Drug Agency (CDA), previously known as Canada's Drug and Health Technology Agency, has a national drug expert review committee to bring consistency and clarity to the assessment of drugs in Canada. CDA is created and funded by Canada's federal, provincial, and territorial governments to provide Canada's health system leaders with independent evidence and advice to make informed decisions about drug and health technology. www.cda-amc.ca/about-us (18 September 2024).

3.2 Timeframe Set for Exception Cancer Drug Decisions

We recommended the Saskatchewan Cancer Agency establish a timeframe for making decisions on physician requests for exception cancer drugs. (*2022 Report – Volume 2,* p. 106, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

The Saskatchewan Cancer Agency established a reasonable timeframe for making decisions on physicians' requests for exception cancer drugs.

The Agency maintains a case-by-case review program for exception drug requests (i.e., on an individual patient basis). The program is intended for a small group of patients with rare types of cancer.

The Agency's Case-By-Case Review Program Policy outlines a standardized and transparent process for Agency staff to follow when physicians request the use of cancer medications outside of the Agency's approved formulary. In March 2023, the Agency updated its policy to include a target to approve or deny exception drug requests within five business days.

We tested a sample of 13 exception drug requests and found the Agency made its decisions on these requests (i.e., nine approved, four denied) within five business days.

Timely decisions on exception drug requests help to ensure all patients have access to the cancer drugs needed to support their treatment.

3.3 Relevant Factors Considered and Approved When Deciding on Direct Purchasing

We recommended the Saskatchewan Cancer Agency set out, in writing, relevant factors it expects staff to consider when deciding to purchase cancer drugs directly rather than using group purchasing methods. (*2022 Report – Volume 2,* p. 108, Recommendation 3; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

We recommended the Saskatchewan Cancer Agency document its rationale, and seek approval, when purchasing cancer drugs using the single or sole source purchasing methods. (*2022 Report – Volume 2,* p. 109, Recommendation 4; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

The Saskatchewan Cancer Agency documented and considered relevant factors before approving the purchase of cancer drugs directly through tendering or single/sole sourcing, rather than using group purchasing methods.

As described in **Section 2.1**, the Agency uses three main methods for acquiring cancer drugs. The Agency purchases the majority of its cancer drugs using group purchasing methods (i.e., pCPA, HealthPRO). However, it directly purchased over $15 million of cancer drugs in 2023–24 using tenders or single/sole sourcing methods.

We found the Agency approved a document in January 2024 outlining each drug acquisition pathway, including factors for staff to consider when purchasing cancer drugs directly. Factors include:

- Clinical needs of the specific patient population (e.g., patient intolerance to a certain drug)
- Availability of marketed generic drug
- Supply interruptions
- Financial considerations (e.g., impact on associated costs of cancer drugs based on existing utilization patterns)
- Quantity of cancer drugs needed
- Manufacturer declines to participate in group purchasing

We tested one tender and one sole source cancer drug purchase the Agency made and found staff appropriately documented the factors supporting the decisions to purchase directly (e.g., anticipation of at least similar or better pricing than is currently in place in Saskatchewan), and senior management approved those decisions.

Maintaining documented rationale and approval for cancer drug purchases help the Agency facilitate a fair and equitable procurement process and obtain best value when making purchasing decisions.

3.4 Supplier Tender Evaluation Documented

We recommended the Saskatchewan Cancer Agency formally document when and who completed potential supplier evaluations when tendering for cancer drug purchases. (*2022 Report – Volume 2,* p. 110, Recommendation 5; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

The Saskatchewan Cancer Agency maintained adequate documentation of when and who completed potential supplier evaluations when tendering for cancer drug purchases.

The Agency uses an evaluation matrix to score each bid received for a tender. Members of the Agency's pharmacy team (i.e., Director, Managers) complete the evaluations and provide an overall score for each proposal.

In May 2023, the Agency prepared a work standard for evaluating and awarding tenders to potential suppliers, including requirements for all evaluation committee members to declare their independence. Additionally, the Agency requires all members to sign an award submission form documenting the evaluation committee's final award decision.

We tested one tender for cancer drugs and found the Agency formally documented when and who completed evaluations of the potential suppliers, including having all evaluation committee members declare their independence.

Maintaining adequate evidence to support an independent supplier evaluation and award decision prepares the Agency to defend against potential conflict of interest allegations or challenges to the tendering process and the award decision.