



**A Communication**

**To**

**The House of Assembly**

**by**

**Hon. D. Shane Gibson, M.P.,**

**Minister of Labour and National Insurance**

**on**

**The Chronic Diseases Prescription Drug Fund**

**2012 Financial Statements**

**30<sup>th</sup> July 2014**

**Mr. Speaker** and Honourable House Members I am so grateful to the good people of the Golden Gates Constituency on whose shoulders I stand on today and who I have the privilege to serve. Today, **Mr. Speaker**, I rise to deliver a brief, but very important communication to this Parliament on a Report on the National Insurance Board's Chronic Diseases Prescription Drug Fund 2012 Audited Financial Statements prepared by PKF Bahamas Chartered Accountants.

**Mr. Speaker**, the National Prescription Drug Plan opened its doors to the public almost four years ago on September 20, 2010 with 6,500 beneficiaries for its first phase. To date, the number of beneficiaries has more than tripled to just over 25,000 active beneficiaries. Though still a fairly new program, the National Prescription Drug Plan has managed to improve access to medication through the addition of both public and private pharmacies as participating providers of the Plan.

There is no question that the Plan is being utilized. Since 2010, **Mr. Speaker**, the number of participating pharmacies has grown from 108 to

121 to facilitate the increase in beneficiaries and the expansion of coverage. I am proud to say that our beneficiaries are receiving medication they previously had to pay out of pocket and they are thereby saving hundreds of dollars each month.

**Mr. Speaker**, I am advised that Physicians have reported increases in compliance and better control of disease, particularly with glaucoma, since patients are able to receive quality medications free of charge. While we have experienced medication shortages, in some instances, we have been able to locate substitute products and make them available to the pharmacies or authorize alternate dosing schemes.

Now, **Mr. Speaker**, while this Plan is moving progressively in numbers, providers and coverage, there is some concern of the fiscal future of the Plan with regards to sustainability of the Drug Fund. This anticipated concern is being addressed to identify mechanisms to ensure the continued success of the Plan in providing quality drugs and supplies currently covered and as well future expansions.

Since inception, **Mr. Speaker**, the Plan has been fully funded solely through the Medical Benefits Branch (MBB) of the National Insurance Fund. However, it was never intended for the Medical Benefits Branch to be the lone funding source for the Plan. The National Insurance (Chronic Diseases Prescription Drug Fund) Act, 2009 identifies the Medical Benefits Branch as a source of funding, along with funding from the Consolidated Fund and contributions from workers.

For the year 2012, the contribution from the National Insurance Fund to the Plan was \$7.46 million. The 2012 Financial Statements for the Chronic Diseases Prescription Drug Fund were audited by the accounting firm PKF Bahamas which issued a clean audit report on the financial statements. Subsequently, these statements were approved by the National Insurance Board on March 27, 2014. The statements include a comparative analysis of both the 2011 and 2012 income statement figures. 2011 being the first audit of the Plan covered a 17 month period while 2012 covered the normal 12 month period.

**Mr. Speaker**, while we are pleased about the clean audit report, we are well aware that if we continue in this direction and with the funding of mini-hospitals by the Medical Benefits Branch, the Branch will be challenged to provide continued funding for the Plan. Indications are that the Central Government will soon have to consider providing funding for the Plan, at least until the Drug Plan is incorporated in the pending National Health Insurance program.

The audited statements revealed a significant growth of 41% in drug and medical supplies expenditure from \$4.06 million in 2011 to \$5.71 million for the year 2012. Much of this 41% growth is attributed to reimbursement costs to private sector pharmacies as the purchase of drugs for the government sector pharmacies was significantly less in 2012 at \$464,300 from \$738,500 in 2011. To the contrary of the overall growth in drug expenditure, the statements also revealed a 32% reduction in administrative expenses from \$2.1 million in 2011 to \$1.4 million in 2012.

**Mr. Speaker,** the Drug Plan covers specified groups for specified chronic conditions. At present, this has resulted in the government purchasing some of the same medication for both the government pharmacies and The National Prescription Drug Plan. This by far is not ideal and through the implementation of the National Health Insurance program we wish to integrate and merge the procurement system and distribution of drugs for all government entities inclusive of the Drug Plan, the Bahamas National Drug Agency and the Department of Public Health.

The Drug Plan has liberated and empowered many individuals in that, they are able to fill prescriptions at the pharmacy of their choice, be it public or private. Since inception, we have paid more than 1.1 million claims and spent over \$20 million dollars in drugs and medical supplies. Whilst this is the case, a great percentage of the beneficiaries, 84% to be exact, have opted to use private pharmacies as opposed to the public pharmacies. Thus far, we have not seen the level of participation and utilization as we expected from the public sector.

**Mr. Speaker**, to paint a clearer picture, the average number of weekly claims paid to private pharmacies total 5,984 and for the public pharmacies this average is far lower at 898 claims weekly. These numbers are not satisfactory and evidence that the Plan is not being utilized to capacity in the public sector.

We are not perfect and we have experienced some challenges in both our public and private sector pharmacies. Some of those challenges, include:

- turning away Drug Plan members from accessing medications resulting in low drug utilization;
- not requesting Drug Plan members use their ACE Rx Card and dispensing from public stock instead;
- filling prescriptions under the clinic name instead of the doctor name, inhibiting claim submission on refills because the prescriber is unknown;

- not using the claims processing system when dispensing to members resulting in a higher number of manual claims;
- less than consistent internet connections preventing the adjudication of claims; and
- tardiness in sending in requisitions for supplies, in checking and in verifying receipt of supplies.

In general, **Mr. Speaker**, the Plan has faced a myriad of challenges over these past three years and I am certain many persons would beg to differ with me as to the highlighted challenges. It has been a long and steady process of getting many of our pharmacies on board with the Drug Plan. We have work closely with both sectors to garner support to fully embrace the Plan. Many of our providers have made a special effort to increase utilization of the Plan and we have seen some improvement. I appeal to those persons on the front line, to keep in mind that one of the reasons the Drug Plan was implemented was to relieve the stress on the

public system and increase availability of medications for chronic diseases. If we all work together, we can improve the face of the Plan throughout The Bahamas.

Mr. Speaker, as we move into commemorating the fourth anniversary of this program on September 20, 2014, we want to ensure that the Plan remains relevant to the many persons who suffer from chronic conditions. We have heard the cries of many and I am pleased to say that recommendations have been made to add medication for Alzheimer's Disease to the presently covered condition Psychiatric Illness.

Also, and I am certain to the delight of many individuals, recommendations have also been made to increase the number of covered conditions with the addition of Lupus to the Drug Plan.

Mr. Speaker, as the Plan matures and develops, we aim to keep it relevant to the needs of Bahamians. However, with growth comes wisdom, as we are now experiencing similar issues as our older counterparts within the region with regards to fraudulent cases. Through this development, we also recognize the need for a more extensive IT structure to support inventory management due to the growth of the Plan. I must say that despite all of the challenges, the Drug Plan has yielded valuable data that will help us refine current programs and inform new ones.

**Mr. Speaker**, though the Plan still has some growing pains, one of the Drug Plan's greatest successes lies in the Healthy People Program, the second component of the National Prescription Drug Plan. Through NIB's signature Healthy People Program initiative, "The Get Well Bahamas Health and Fitness Challenge", many persons experienced major improvement in the ailments with chronic conditions through regular exercise and modification in dietary habits.

The Plan is not only concerned with the treatment of chronic conditions but also with the prevention and reduction of the prevalence of chronic conditions through the Healthy People Program. This program is responsible for many personal success stories. Since the start of the Drug Plan, three phases of the Get Well Bahamas Challenge have been launched.

In each phase, 40 individuals were afforded the opportunity to 12 weeks of professional wellness coaching and personal fitness training. Many of the participants experienced significant weight loss with some as high as 78 lbs. There were also significant reductions in blood pressure, blood sugar and cholesterol readings with more than 12 persons being taken off of prescription medication entirely. Further, **Mr. Speaker**, this initiative has reinforced what medical professionals have been saying all along — Smarter lifestyle choices are key to improving the chronic disease picture in our community and beyond. We are looking forward

to launching the fourth phase of this program in short order as we continue to work towards finding ways to spread elements of the program to more communities.

Through programs of this nature in conjunction with the implementation of the National Health Insurance Plan, we aim to provide not only prescriptions but also comprehensive health care to the entire Bahamian population. The former government's plan was to extend coverage for prescriptions to the entire population for chronic diseases only. However, there are many persons suffering from more than just chronic diseases that require a lot more than just prescriptions. There are many who cannot afford private health insurance, hence our goal is to provide affordable coverage for persons to have access to the health services they need. This comprehensive care will definitely improved the lives of many Bahamians and give them peace of mind in knowing that they are covered no matter what.

**Mr. Speaker**, while this comprehensive care encompasses many facets, prescriptions being one of them, we intend to use the experience of the Drug Plan and build on it to progressively introduce the National Health Insurance Plan. In fact, it was always the Plan of this government, to provide healthcare to the entire population over a period of time through a phased approach. This plan will provide choice, stability, peace of mind, limited out-of-pocket spending, health security and improved quality of life for many Bahamians.

Mr. Speaker, I am pleased to Table the National Insurance Board Chronic Diseases Prescription Drug Fund 2012 Audited Financial Statements.