

**VETERANS AFFAIRS CANADA’S DETAILED ACTION PLAN IN RESPONSE TO AUDIT FINDINGS AND RECOMMENDATIONS IN CHAPTER 4:
“DRUG BENEFITS – VETERANS AFFAIRS CANADA” OF THE SPRING 2016 REPORT OF THE AUDITOR GENERAL OF CANADA**

PREPARED BY VETERANS AFFAIRS CANADA, MAY 2016

Office of the Auditor General Recommendation	VAC’s Response	VAC Actions, Target Completion Dates and OPIs ¹
<p><u>Recommendation #1</u> <i>Veterans Affairs Canada should implement a decision-making framework that specifies the type of evidence and how it is considered. The Department should use this framework to decide which drugs to pay for and to what extent it will pay for them. The framework should also include requirements that the Department update the drug benefits list on a timely basis.</i></p>	<p>Agree. Veterans Affairs Canada is currently developing a decision-making framework that will outline the type of evidence, including cost-effectiveness, to be considered when making formulary decisions; and will establish a governance structure and senior management oversight. In addition, the Department will strengthen access for eligible Canadian Armed Forces Veterans transitioning to the Department’s drug benefits coverage. The Department will also work with Health Canada and recognized experts in the field of cannabis use for medical purposes, and will consult with other federal departments to identify areas of best practices to model. The framework will be completed and implemented by May 2017.</p> <p>In September 2015, a new national pharmaceutical advisor was hired. The new pharmaceutical advisor will lead the development of standardized operating procedures for formulary reviews which will outline the manner in which decisions are made and implemented. This work will be done in conjunction with our federal partners and other jurisdictions. The Department will also add resources to the treatment benefits program management team. All of these initiatives will be implemented by May 2017.</p>	<p><u>Development of Decision Making Framework</u></p> <ul style="list-style-type: none"> Continue consulting with federal drug partners (e.g., CAF, RCMP, Health Canada etc.) to inform the development of the framework. This includes consultations regarding which type of evidence is used for making drug listing decisions. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q1 2016-2017</p> <ul style="list-style-type: none"> Define a governance structure, identify an approval authority and develop approval processes for formulary management decisions. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q2 2016-2017</p> <ul style="list-style-type: none"> Identify what evidence is to be considered, when it will be considered, and how it will be assessed for the purpose of listing drugs on VAC’s formulary. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q3 2016-2017</p> <ul style="list-style-type: none"> Review and update existing processes to formalize a systematic evidence-based decision making approach. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p><u>Development of Standardized Operation Procedures</u></p> <p>Q2 2016-2017</p> <ul style="list-style-type: none"> Analyse data on drug requests and utilization. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q3 2016-2017</p> <ul style="list-style-type: none"> Utilize data analysis and information gathered from consultations with other federal drug partners

¹ Office of Primary Interest (OPI)

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		<p>(e.g., best practices) to develop Standardized Operating Procedures (SOP). OPI: DG, Service Delivery and Program Management, Service Delivery Branch Q1 2017-2018</p> <ul style="list-style-type: none"> Implement Framework and Standard Operating Procedures. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p><u>Enhanced Transition Services</u></p> <p>Q1 2017-2018</p> <ul style="list-style-type: none"> Work with CAF and RCMP to review and analyse respective formularies with a goal to establish a framework for aligning formularies to the extent possible. OPI: DG, Health Professionals, Service Delivery Branch Review, analyse and amend the processes that are in place for releasing CAF members to ensure a seamless continuation of drug coverage based on members' history and eligibility. OPI: DG, Service Delivery and Program Management, Service Delivery Branch
<p><u>Recommendation #2</u></p> <p><i>Veterans Affairs Canada should periodically review its cost effectiveness strategies to identify whether:</i></p> <ul style="list-style-type: none"> <i>they are up-to-date and leading to reduced costs for drugs and pharmacy services,</i> <i>other potential strategies should be pursued alone or in collaboration with other federal departments</i> 	<p>Agree. Veterans Affairs Canada will enhance its cost-effectiveness strategies through regular assessments and reviews of the formulary, and research strategies used by other drug plans. The Department will leverage its partnerships with other federal government departments and other jurisdictions to pursue efficiencies for the Department, wherever possible, and cost-effective solutions for our Veterans. The Department has already commenced working with other federal partners and the Pan Canadian Pharmaceutical Alliance to explore opportunities. All of the above will be completed by May 2017.</p>	<p><u>Cost Effectiveness Strategies</u></p> <ul style="list-style-type: none"> Continue working with other federal drug partners and the Pan Canadian Pharmaceutical Alliance to explore opportunities to enter into Product Listing Agreements (PLA). OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q2 2016-2017</p> <ul style="list-style-type: none"> Implement a framework and processes for obtaining rebates on drug costs through PLAs. Consult with federal drug partners and private industry to assess best practices in place for cost-effective formulary management strategies. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>Q3 2016-2017</p> <ul style="list-style-type: none"> Describe the cost-effectiveness strategies that are to be part of formulary management including when and how they will be assessed. OPI: DG, Service Delivery and Program Management, Service Delivery Branch

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<p><i>Recommendation #3</i> <i>Veterans Affairs Canada should explore ways in which the costs associated with marijuana for medical purposes can be contained.</i></p>	<p>Agree Veterans Affairs Canada will develop a policy on marijuana for medical purposes, putting the health, well-being and safety of our Veterans at the forefront. The Department will leverage medical expertise to identify the most efficient and effective approach. This may require regulatory consideration. This policy will be developed and implemented by May 2017.</p>	<p><u>Policy Development on Marijuana for Medical Purposes</u></p> <p>April 2016</p> <ul style="list-style-type: none"> • Convene an Expert Panel on marijuana for medical purposes. OPI: DG, Health Professionals, Service Delivery Branch <p>April 2016</p> <ul style="list-style-type: none"> • Consult with producers. OPI: DG, Service Delivery and Program Management, Service Delivery Branch <p>May 2016</p> <ul style="list-style-type: none"> • Consult with Veterans. OPI: DG, Strategic Priorities Implementation, Service Delivery Branch <p>May 2016</p> <ul style="list-style-type: none"> • Conduct a review of Veterans Affairs Canada's approach to the reimbursement of marijuana for medical purposes. OPI: DG, Audit and Evaluation Division <p>June 2016</p> <ul style="list-style-type: none"> • Review Health Canada's Information for Health Professionals' Guide. OPI: DG, Policy and Research, Strategic Policy and Commemoration Branch <p>June 2016</p> <ul style="list-style-type: none"> • Formulate Departmental policy position. OPI: DG, Policy and Research, Strategic Policy and Commemoration Branch <p>August 2016</p> <ul style="list-style-type: none"> • Create a comprehensive implementation plan including strategies for Veteran care and well-being, communications, and staff training. OPI: DG, Policy and Research; DG Health Professionals; and DG Service Delivery and Program Management. <p>May 2017</p> <ul style="list-style-type: none"> • Complete implementation. OPI: DG, Policy and Research; DG Health Professionals; and DG Service Delivery and Program. Mgt.

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<p><i>Recommendation #4</i> <i>Veterans Affairs Canada should develop a well-defined approach to drug utilization monitoring that serves the needs of veterans and helps it manage its drug benefits program.</i></p>	<p>Agree. Veterans Affairs Canada will enhance its drug utilization monitoring process to support the health, safety and well-being of its Veteran population. The Department recognizes that the individual health of a Veteran is the primary responsibility of the physician or regulated health professional and the medical system. The drug utilization monitoring process will be based upon this reality. Accordingly, the Department intends to develop an efficient approach, governance structure and oversight in order to establish safeguards, monitor trends and determine potential risks that could affect the health and well-being of its Veteran population. This will better inform Departmental decision making at the program level and further support the well-being of the Veteran population.</p> <p>The Department will leverage its partnerships with other jurisdictions' programs to obtain information on best practices. The Department will review performance data, setting targets and trajectories and implementing routine procedures to track progress on the management of the drug benefits program. Given that the Department will rely on significant industry research and consultation with other federal jurisdictions and private plan carriers, this approach will be completed by May 2017.</p>	<p><u>Establish Comprehensive VAC Drug Utilization Evaluation and Monitoring Program</u></p> <p>Q1 2016-2107</p> <ul style="list-style-type: none"> Prepare draft of a proposed monitoring process on Drug Utilization Evaluation (DUE) activities for VAC. OPI: DG, Health Professionals, Service Delivery Branch <p>Q2 2016-2107</p> <ul style="list-style-type: none"> Conduct external consultations with other jurisdictional (both federal and provincial) drug programs and organizations that conduct DUE activities to obtain more information and learn best practices. OPI: DG, Service Delivery and Program Management, Service Delivery Branch and DG, Health Professionals, Service Delivery Branch. <p>Q3 2016-2017</p> <ul style="list-style-type: none"> Consult internally on the draft monitoring process including determining what and how data will be collected to support DUE activities. Incorporate comments into proposed document. OPI: DG, Service Delivery and Program Management, Service Delivery Branch and DG, Health Professionals, Service Delivery Branch <p>Q1 2017-2018</p> <ul style="list-style-type: none"> Finalize implementation plans and set DUE reporting priorities for fiscal year. OPI: DG, Service Delivery and Program Management, Service Delivery Branch and DG, Health Professionals, Service Delivery Branch Launch new VAC Drug Utilization Monitoring services and report on an ongoing basis to the VAC Formulary Review Committee. OPI: DG, Service Delivery and Program Management, Service Delivery Branch and DG, Health Professionals, Service Delivery Branch Implement; analyze collected data and report on findings yearly; adjust DUE strategy based on findings or departmental requirements. (Ongoing) OPI: DG, Service Delivery and Program Management, Service Delivery Branch and DG, Health Professionals, Service Delivery Branch