

I am a Plan Sponsor/Advisor

Why is the Prior Authorization Designation Used?

Although specialty drug claims make up only a small portion of the number of total drug claims submitted under group benefit plans, specialty drugs make up an increasing amount of total drug claims and expenditure for employers and other sponsors of group benefit plans. Two important organizations, Express Scripts and TELUS reported that in 2022 specialty drug spend has increased as a percentage of overall drug expenditures.

- [Express Scripts Canada reported](#) that specialty drugs made up only 0.9% of total claims, but that they accounted for 29% of total drug spend in group drug plans, up 6.8% from the previous year.
- [TELUs Health reported](#) that specialty drugs made up 34% of the total eligible amount despite only making up 1.2% of total claims.

Assuming current trends continue, TELUS Health predicts that by 2026, specialty drugs will account for almost half of the average eligible amount per certificate. Prior authorization is an insurers response to managing access to and costs for high-cost specialty drugs. It is in place to ensure that the medication prescribed is medically necessary and cost effective, i.e., either there are no suitable lower-cost alternatives available, or all other lower-cost alternatives have already been explored. Because the number of specialty drugs is increasing the PA process will become more commonplace.

Prior authorization is also used by public drug plans funded by provinces usually referred to as special authorization. Although the information on this site is primarily directed towards group insurance plans that include drug coverage, much of the information on this website will also be helpful if a plan member has been prescribed a drug(s) that may be eligible under their provinces public drug formulary. To find out more about whether a speciality drug is eligible for coverage under a private or public drug program anyone can use the [Is My Prescription Covered](#) tool developed by the Canadian Skin Patient Alliance.