2026 Drug Trends Report

MEDAVIE BLUE CROSS™

Table of Contents

Foreword

A Changing Drug Landscape

The drug landscape continues to evolve at a rapid pace, reshaped by new therapies, shifting utilization patterns, and rising expectations for accessible, equitable care. Our Drug Trend Report is designed to help plan sponsors navigate this complexity with confidence. Founded on the strength of our own claims data, the report provides a clear view of emerging trends and the forces affecting drug plan sustainability. Our goal is simple: to equip you with the insights needed to make informed plan decisions so your organization — and your members — are future-ready.

A Unique, Fully Integrated Model

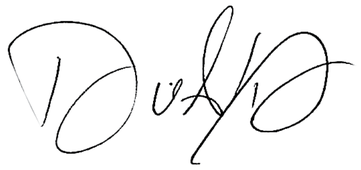
At Medavie Blue Cross, our fully integrated model allows us to manage drug plans with clarity, consistency, and precision. As Canada's largest not-for-profit insurer and the only all-lines carrier with in-house pharmacy benefit management, we are uniquely positioned to oversee the entire drug management process from end to end. This under-one-roof approach gives us direct control over our operations and enables us to design evidence-based, customizable solutions without relying on external vendors. Supported by in-house clinical expertise, advanced technology, and robust internal data, we continuously monitor drug trends to keep pace with change — and, more importantly, to anticipate it on behalf of our clients.

What the 2025 Trends Tell Us

This year's findings highlight a market entering a new phase of cost pressure. Drug spending rose by a more modest 4% in 2025, driven by slower specialty drug growth and a slight decline in overall utilization. At the same time, weight management therapies surged, reshaping category rankings and emerging as the strongest driver of trend, while most other major categories remained stable. These shifts signal a future where rapid uptake in select high-interest therapies — rather than broad utilization growth — will define the sustainability challenges facing benefit plans.

Looking Ahead

As you review this report, I encourage you to consider how these trends may influence your plan today and in the years ahead. Our team is here to support you with the insights, tools, and expertise needed to build plans that are sustainable, equitable, and aligned with the evolving needs of your members.



David Adams
Executive Vice President, Insurance Business
Medavie Blue Cross

Executive Summary

Slower Growth in Overall Spending

In 2025, overall per-capita drug spending increased by 4.0%, marking a slower rate of growth compared to recent years. This moderation was driven by a smaller rise in specialty drug costs, steadier inflation, and a slight decline in overall drug utilization.

Specialty Drugs Remain the Largest Cost Driver

Specialty drugs continue to dominate spending, but their growth has stabilized, easing pressure on total plan costs.

Shifts in Leading Therapeutic Categories

The composition of top drug categories shifted in 2025. Inflammatory conditions remained the largest category, followed by diabetes and mental health. ADHD medications dropped from fifth to seventh place due to lower cost per claim following generic entry. Weight management drugs entered the top 10 for the first time, reflecting rapid uptake and expanding coverage across plans.

Diverging Utilization Trends Across Conditions

Utilization patterns were mixed. Respiratory therapies were the only major category to see a decline in claimant incidence, while ADHD, oncology, and especially weight management showed strong growth. Weight management claimants increased by roughly 60% year over year, though fewer than 1% of members currently use these therapies.

Medications Driving the Most Spend

Key cost drivers included Ozempic and Wegovy, as well as biologics for inflammatory conditions such as Dupixent and Skyrizi. Meanwhile, spending on Vyvanse dropped sharply due to genericization, despite rising utilization.

Implications for Plan Sustainability

Overall, 2025 reflects a year of slower cost growth, shifting therapeutic priorities, and emerging pressures from rapidly expanding categories like weight management, alongside early signs of disruption from evolving pricing policies and regulations in Canada and abroad. Together, these trends underscore the importance of ongoing monitoring and targeted cost-management strategies to help maintain sustainable benefit plans.

Overall Drug Trends

Although overall drug cost growth has slowed, inflation continues to drive increases—making proactive cost management more important than ever.

Overall Drug Trends

Shifts in drug spending

In 2025, per-capita drug spending increased by 4.0%, which is slower than in recent years. This smaller increase occurred because specialty drug costs rose less sharply, overall drug use increased more slowly, and inflation remained stable.

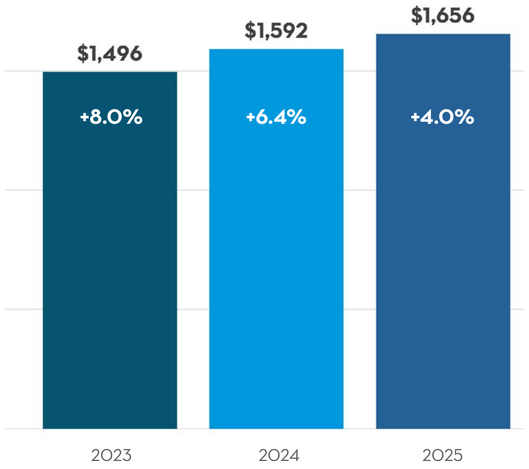
Extended Health Benefits growth slows

Extended Health Benefits (EHB) spending also grew more slowly in 2025 at 5.2%, but it continues to make up a large share of total benefit spending at Medavie Blue Cross. This reflects changes in plan design and how members are using their benefits. These trends show why it is important to monitor both drug and EHB use to keep plans sustainable and responsive to member needs.

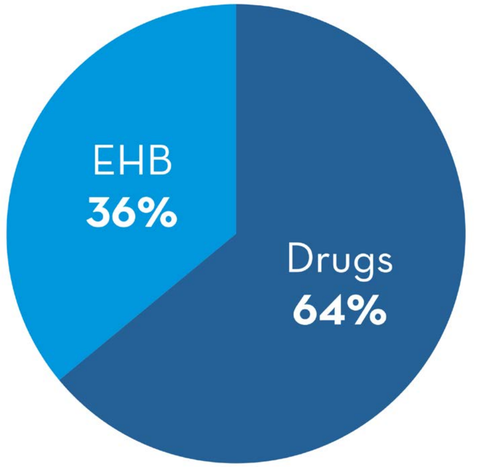
Inflation drives trend

Drug utilization increased only very slightly (+0.3%) in 2025, while inflation (+3.6%) continued to be the main factor driving overall trend. The combination of both resulted in a smaller increase than in the recent past.

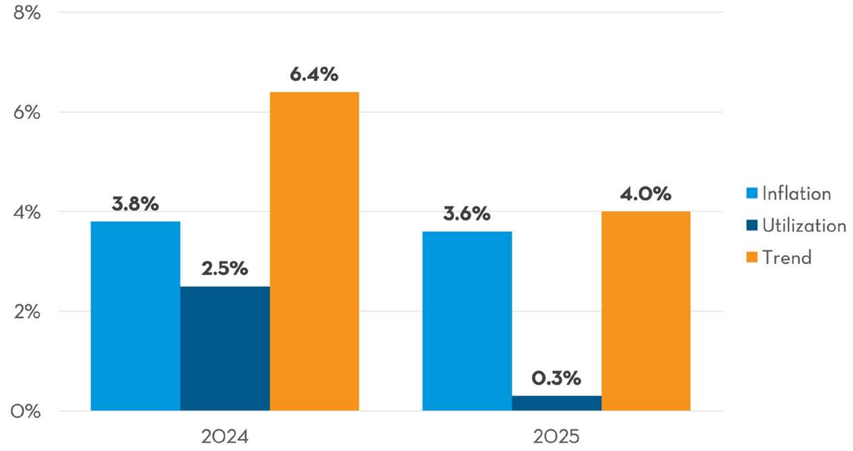
DRUG SPEND PER CAPITA



% OF TOTAL ELIGIBLE SPEND



DRUG INFLATION AND UTILIZATION



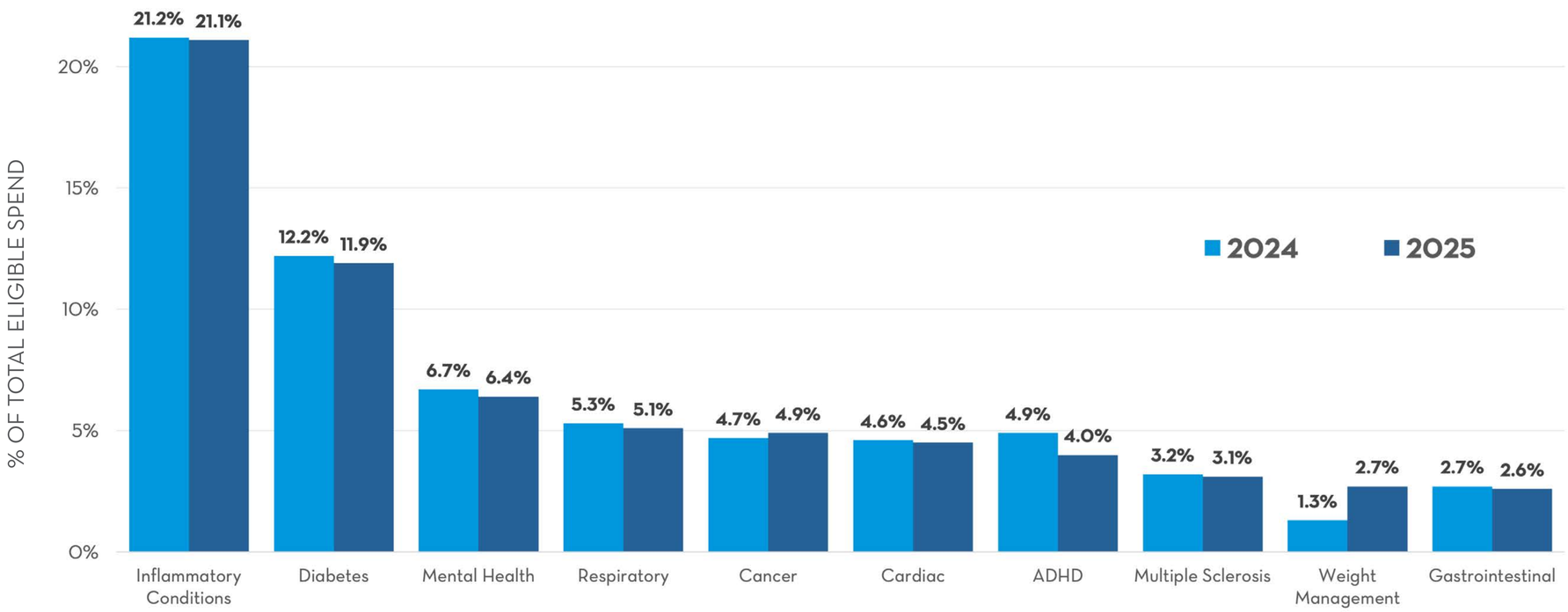
Overall Drug Trends

Top 10 therapeutic drug categories

There were changes in the top 10 therapeutic drug categories in 2025.

- **Inflammatory conditions** remained the largest category and continued to account for the highest share of total drug spending.
- **Diabetes** stayed in second place, although its share of spending dropped slightly.
- **Mental health** therapies remained third.
- **ADHD medications** fell from fifth to seventh place.
- **Respiratory, oncology, cardiac, multiple sclerosis, and gastrointestinal** therapies all stayed within the top 10 with stable year-over-year spending.

TOP 10 THERAPEUTIC DRUG CATEGORIES



Overall Drug Trends

Major shift

A major shift in 2025 was the entry of weight management drugs into the top 10 for the first time, representing 2.7% of total spending. About 45% of plans now cover weight management. When looking only at these plans, weight management drugs make up 5% of total spending, placing them third among all drug categories for this group.

Small changes

Overall, utilization stayed fairly stable, with only small changes across therapeutic classes. Diabetes drug use, in particular, appears to be stabilizing rather than growing.

ADHD medications showed a mixed-use pattern:

- Their share of total spending dropped, driven primarily by lower spend per claim.
- This reflects the full-year impact of generic lisdexamfetamine (brand name: Vyvanse), even though the number of claimants and claims continued to rise.

Weight management drugs showed the strongest growth. Both the percentage of claims and the number of claimants per 100 members increased significantly, showing rapid uptake and expanding reach.

	2024				2025			
Top 10 Categories by Spend	**% spend**	**% claims**	**Average amount per claim**	**Claimants per 100**	**% spend**	**% claims**	**Average amount per claim**	**Claimants per 100**
Inflammatory Conditions	21.2%	1.0%	$1,579	1.4	21.1%	1.0%	$1,627	1.5
Diabetes	12.2%	7.2%	$130	6.5	11.9%	7.0%	$134	6.6
Mental Health	6.7%	10.0%	$35	18.5	6.4%	10.1%	$35	18.8
Respiratory	5.3%	4.3%	$95	11.6	5.1%	4.0%	$102	10.6
Cancer	4.7%	0.6%	$638	1.7	4.9%	0.6%	$649	1.9
Cardiac	4.6%	12.5%	$28	15.7	4.5%	12.6%	$28	16.3
ADHD	4.9%	4.0%	$94	5.0	4.0%	4.4%	$72	5.7
Multiple Sclerosis	3.2%	0.1%	$2,313	0.1	3.1%	0.1%	$2,374	0.1
Weight Management	**1.3%**	**0.2%**	**$456**	**0.5**	**2.7%**	**0.5%**	**$442**	**0.8**
Gastrointestinal	2.7%	5.5%	$38	13.2	2.6%	5.4%	$37	13.3

Overall Drug Trends

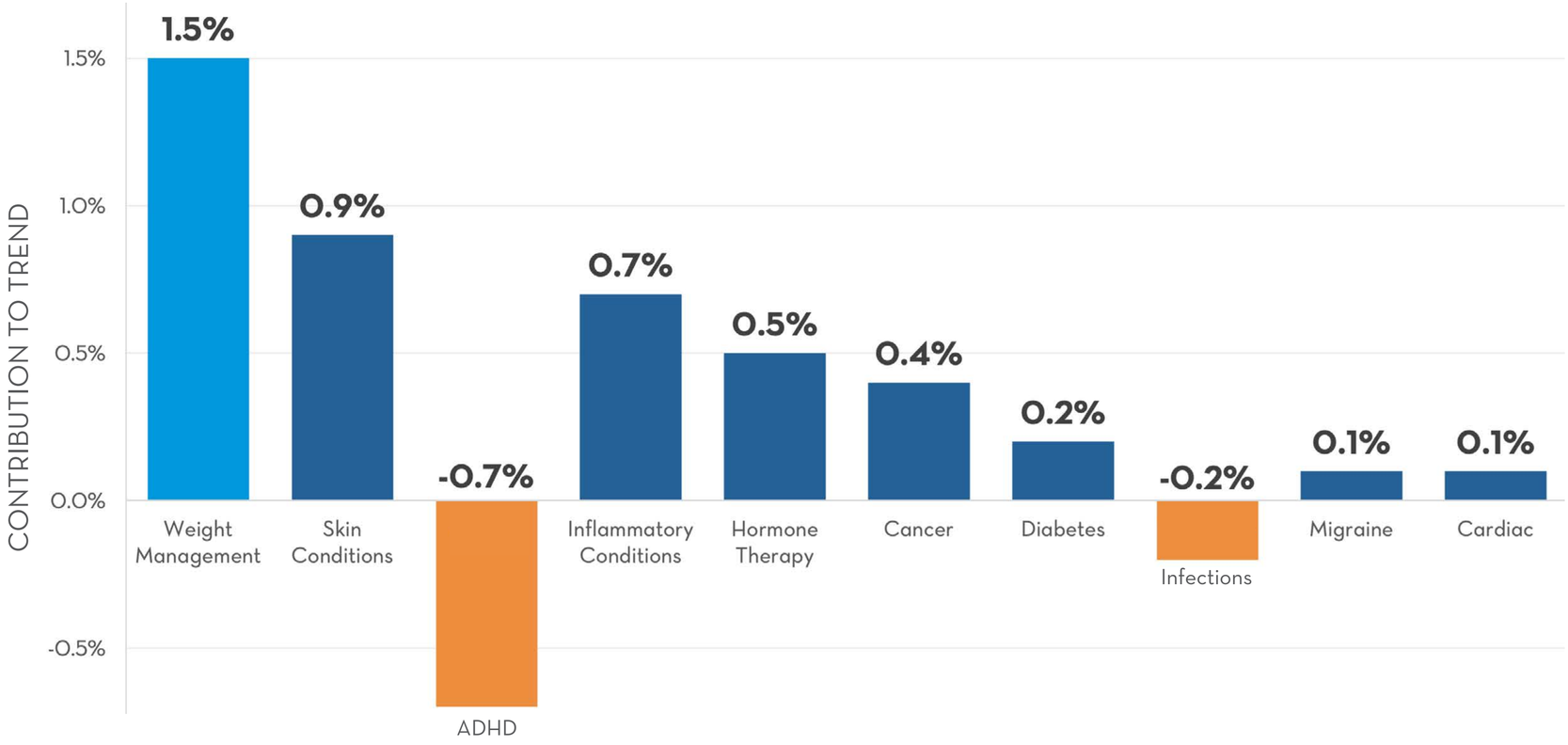
Top trend drivers

In this report, “trend drivers” refers to the therapeutic drug categories that had the greatest influence on year-over-year changes in drug plan expenditures. These categories represent the primary sources of cost variation — whether increases or decreases — when comparing 2025 spending to 2024.

Looking at the top trend drivers across all plans, several shifts stand out:

- **Weight management** was the biggest driver of overall trend.
- **Skin condition therapies** entered the top 10 trend drivers for the first time, even though they are not yet in the top 10 by total spend.
- The decline in **ADHD** spending helped slightly offset overall growth.
- **Hormone therapy** rose from ninth to fifth place as a trend driver.

TOP 10 TREND DRIVERS



Overall Drug Trends

Drug utilization trends

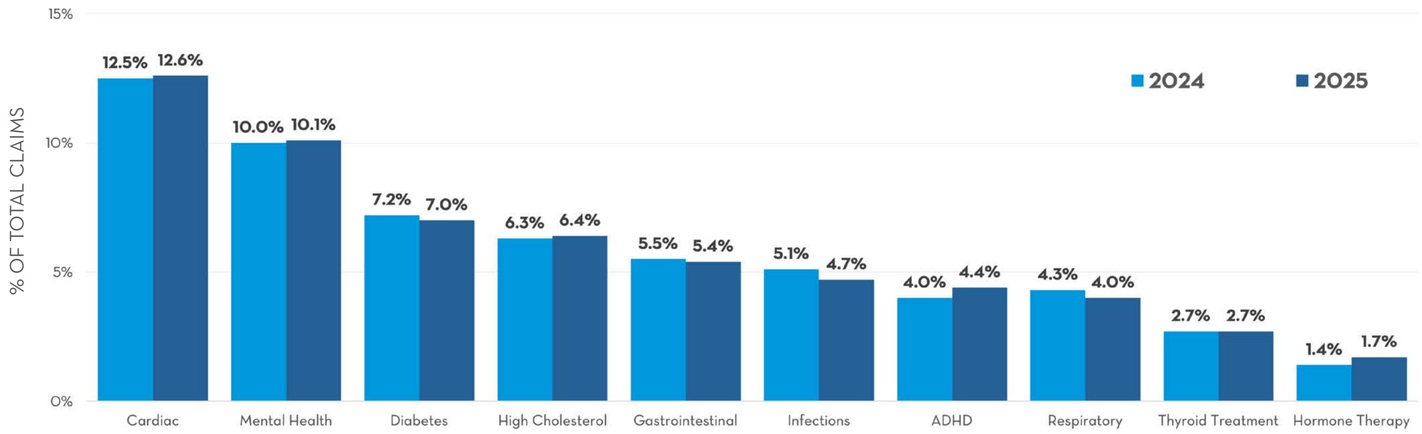
Utilization trends remained similar to previous years, led by cardiac, mental health, and diabetes categories.

Major cost drivers

Ozempic continued to be a major cost driver in 2025. Although spending on Ozempic dropped slightly, this was balanced by increased spending on Wegovy. Spending on infliximab (Remicade and biosimilars) and adalimumab (Humira and biosimilars) also decreased slightly but remained high because inflammatory conditions are common, and these drugs have high costs per claim. Increased spending on Dupixent and Skyrizi also contributed to higher costs for inflammatory conditions.

As expected, spending on lisdexamfetamine (Vyvanse) dropped sharply due to the availability of generics, even though utilization increased. Rosuvastatin (Crestor), pantoprazole (Pantoloc, Tecta), and levothyroxine (Synthroid) remained among the most commonly used drugs for cardiovascular disease, gastrointestinal conditions, and hypothyroidism, respectively.

TOP 10 THERAPEUTIC DRUG CATEGORIES BY NUMBER OF CLAIMS



Top drugs by spend	2024	2025	Top drugs by claims	2024	2025
Semaglutide (Ozempic, Rybelsus)	6.6%	6.1%	Rosuvastatin (Crestor)	3.4%	3.6%
Infliximab (Remicade)	4.1%	3.7%	Pantoprazole (Pantoloc, Tecta)	2.7%	2.7%
Adalimumab (Humira)	4.1%	3.7%	Levothyroxine Sodium (Synthroid)	2.6%	2.6%
Semaglutide (Wegovy)	0.8%	2.5%	Amlodipine (Norvasc)	2.1%	2.2%
Risankizumab (Skyrizi)	1.8%	2.4%	Metformin (Glucophage, Glumetza)	1.9%	1.9%
Ustekinumab (Stelara)	2.7%	2.4%	Atorvastatin (Lipitor)	1.8%	1.8%
Dupilumab (Dupixent)	1.2%	1.9%	Methylphenidate (Ritalin, Concerta, Biphentin, Foquest, Quillivant ER, Jornay PM)	1.7%	1.8%
Methylphenidate (Ritalin, Concerta, Biphentin, Foquest, Quillivant ER, Jornay PM)	1.8%	1.8%	Semaglutide (Ozempic, Rybelsus)	1.8%	1.6%
Vedolizumab (Entyvio)	1.5%	1.6%	Sertraline (Zoloft)	1.6%	1.7%
Lisdexamfetamine (Vyvanse)	2.3%	1.4%	Lisdexamfetamine (Vyvanse)	1.5%	1.8%

Overall Drug Trends

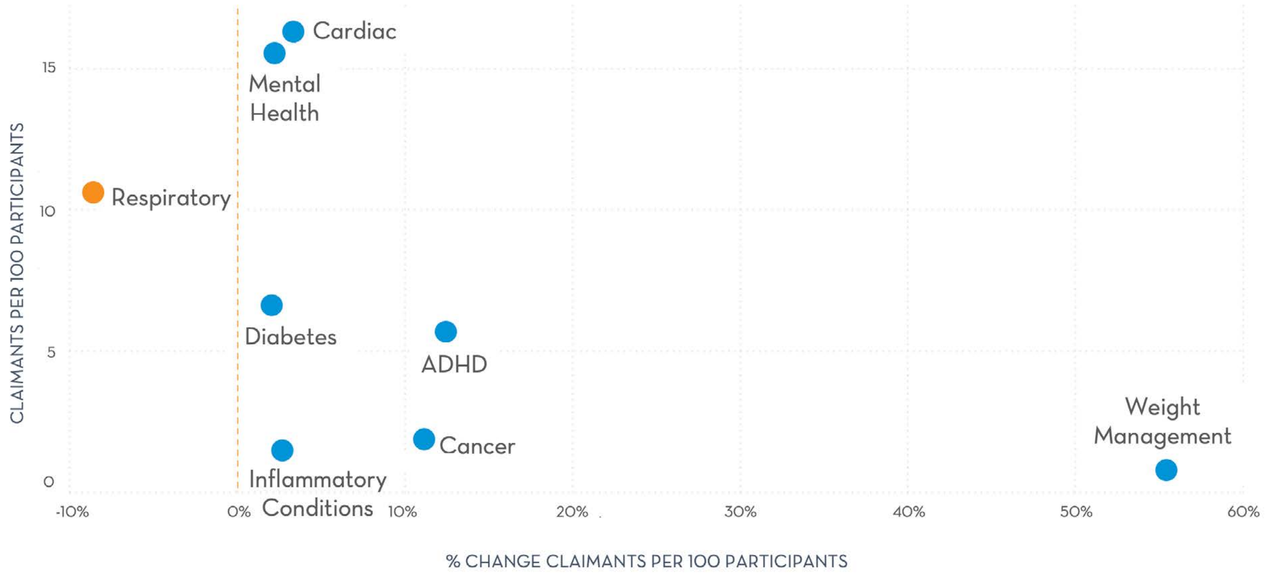
Respiratory therapies

Respiratory therapies saw a noticeable decline in utilization in 2025, with fewer claimants per 100 members compared to 2024. Lower use of drugs like Flovent made respiratory the only major category with a drop in claimant incidence. This category exhibits considerable year-over-year volatility, often correlated with the incidence of seasonal infections, such as influenza and bronchitis.

Fastest-growing categories

In contrast, all other major categories saw increased claimant incidence. ADHD and cancer were among the fastest-growing categories. Weight management had the most rapid growth, with claimants per 100 rising by about 60% year over year. Even with this growth, fewer than 1% of members are using weight management drugs today. These patterns show shifting utilization, with lower respiratory use offset by rapid growth in high-interest categories, especially weight management.

DRUGS – GROWTH VS. INCIDENCE



	2024		2025
Growth vs Incidence	**Claimants per 100**	**% Change Claimants per 100**	**Claimants per 100**
Weight Management	0.5	60.0%	0.8
ADHD	5	12.5%	5.7
Cancer	1.7	11.1%	1.9
Inflammatory Conditions	1.4	7.0%	1.5
Cardiac	15.7	3.5%	16.3
Mental Health	18.5	1.6%	18.8
Diabetes	6.5	1.6%	6.6
Respiratory	11.6	-8.5%	10.6

Specialty Drugs

As specialty therapies expand into more conditions, employers must balance access to innovative care with sustainable cost controls.

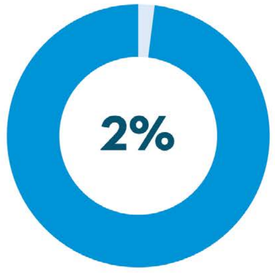
Specialty Drugs

Specialty drug growth

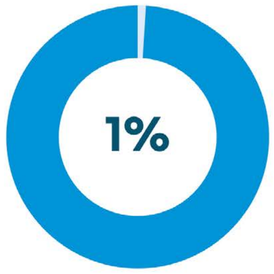
Specialty drugs continue to make up a large share of drug plan costs. Although they represent only 1% of all drug claims, they account for 37% of total drug spending. Almost 2% of plan members use at least one specialty drug.

Specialty drugs are high-cost medications, usually costing more than $10,000 per year or per treatment. They often need prior authorization, and many require special handling, storage, or administration, which adds to their complexity.

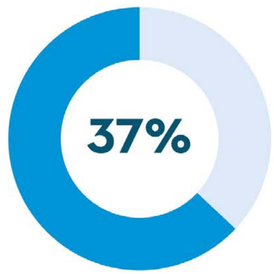
Despite their high cost, specialty drugs can offer major benefits. They often treat conditions that were once difficult or impossible to manage. Some even provide cures.



of claimants



of drug claims



of drug spend

BENEFITS OF SPECIALTY DRUGS

Treating conditions that once had few options

Many specialty drugs target complex, chronic, or rare diseases.

They can slow or reverse disease progression and improve daily functioning.

Potential for cures

Some drugs, such as those used for hepatitis C, can fully cure the disease.

Cures reduce long-term healthcare needs and costs.

Better quality of life

These drugs can reduce symptoms, relieve pain, and improve overall well-being.

Many patients can return to work or resume normal activities.

Lower long-term costs

Although expensive upfront, specialty drugs may reduce long-term costs by preventing complications or shortening treatment time.

Higher productivity and fewer disability claims

When patients feel better and return to work, employers may see fewer disability claims and higher productivity.

Specialty Drugs

Specialty drug spending trends

Spending on specialty drugs continues to rise each year. In 2025, they made up 37% of drug spending for the full Medavie Blue Cross book of business, and the percentage was even higher in Atlantic Canada (41.6%).

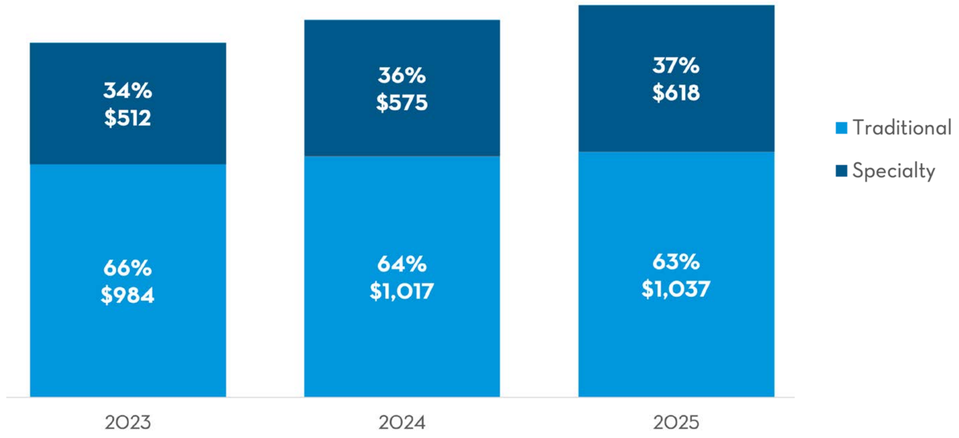
Specialty drugs vs. traditional drugs

The per-capita cost trend for specialty drugs was 7.5%, compared to 2.0% for traditional drugs. Increased utilization is the main driver of this growth. As new specialty drugs enter the market, more conditions are treated with them, increasing both the number of patients and the number of claims.

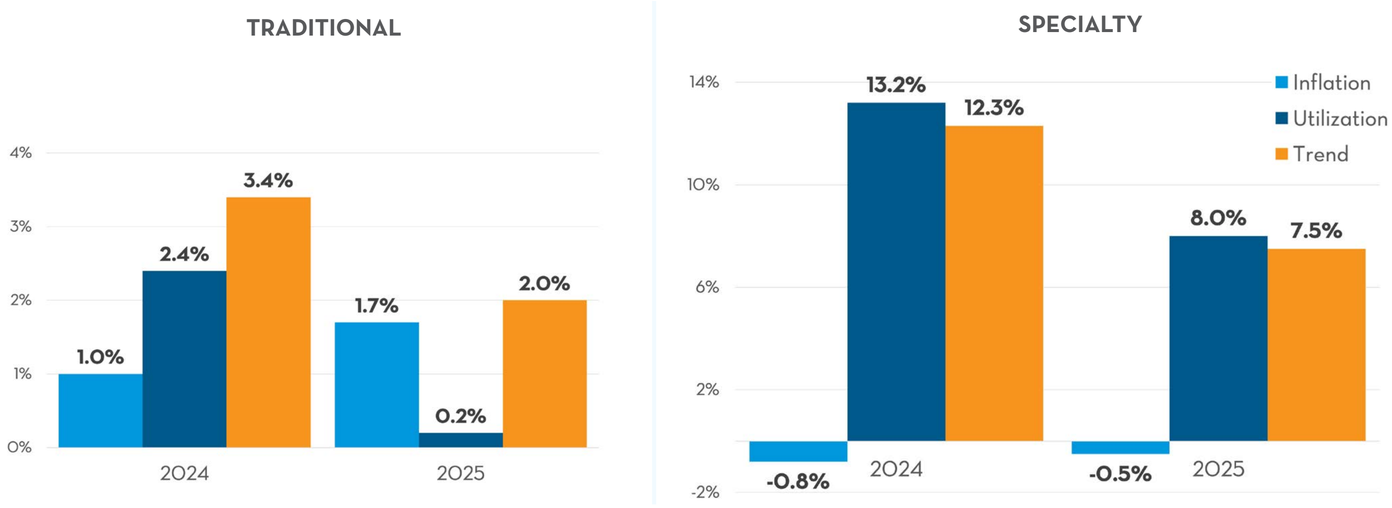
Specialty therapies

More conditions that were once treated with traditional drugs are now being treated with specialty therapies. For example, a new biologic drug was introduced for Chronic Obstructive Pulmonary Disease (COPD) in 2025, which was previously treated with much less expensive inhalers. At the same time, prescribers are becoming more comfortable with specialty drugs as real-world evidence continues to show strong results and low safety risks.

SPECIALTY VS TRADITIONAL - SPEND PER CAPITA



SPECIALTY VS TRADITIONAL TRENDS – INFLATION & UTILIZATION



Specialty Drugs

Why overall drug trend shifted

The overall drug trend increased by 4%, the lowest increase since 2020. Two main factors explain why specialty drugs now make up a larger share of total costs:

- Our automated GLP-1 criteria ensure that only members with diabetes can access Ozempic and similar drugs, slowing growth in the traditional drug category.
- Specialty drug spending is still rising, but not as sharply as in 2024.

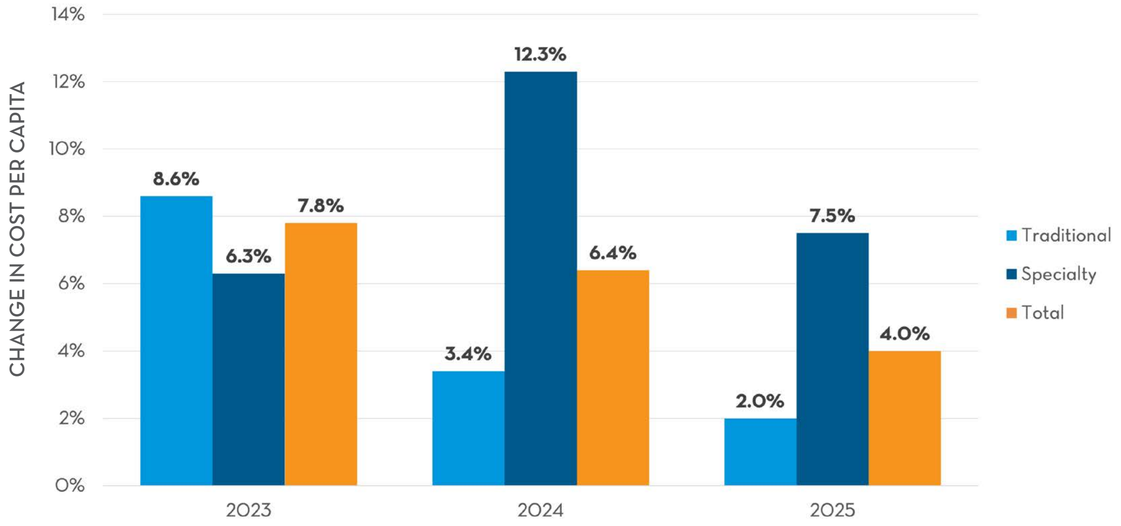
Top specialty drug categories

We saw a change in claimants for the top five specialty drugs from 2024 to 2025.

Inflammatory conditions, cancer, and multiple sclerosis remain the largest contributors. However, specialty drugs for skin conditions saw the most dramatic growth, with a 57% increase.

Specialty drugs are now used for a wider range of conditions than ever before. New high-cost drugs are being used for more common chronic diseases such as migraine, high cholesterol, atopic dermatitis, and asthma.

SPECIALTY VS TRADITIONAL – TRENDS



SPECIALTY DRUGS – TOP CONDITIONS

Category	% of Specialty Spend	Trend
Inflammatory Conditions	54.4%	3.6%
Cancer	8.9%	11.6%
Multiple Sclerosis	7.8%	2.9%
Skin Conditions	5.4%	57.2%
Respiratory	4.0%	7.5%

Specialty Drugs

Inflammatory conditions

Conditions such as rheumatoid arthritis, psoriasis, ulcerative colitis, and Crohn's disease continue to be major drivers of specialty drug spending. In 2025, utilization in this category remained stable, but costs increased due to higher cost per claim.

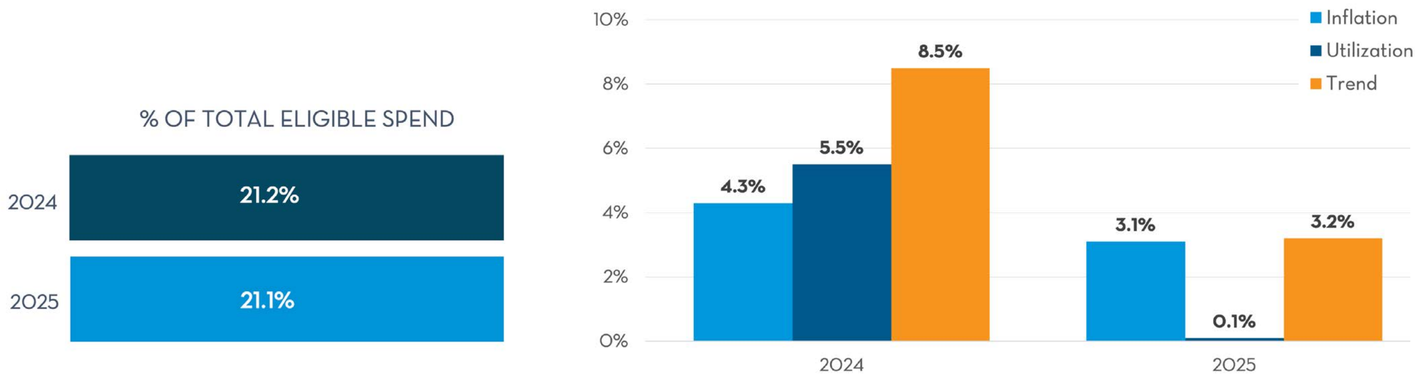
Top five biologic drugs

We saw a change in claimants for the top five biologic drugs from 2024 to 2025. Rinvoq, although not a biologic, is a newer targeted therapy in this group. It is an oral drug, but just as costly as injectable biologics. Its approval for ulcerative colitis and Crohn's disease in late 2023 has increased its use.

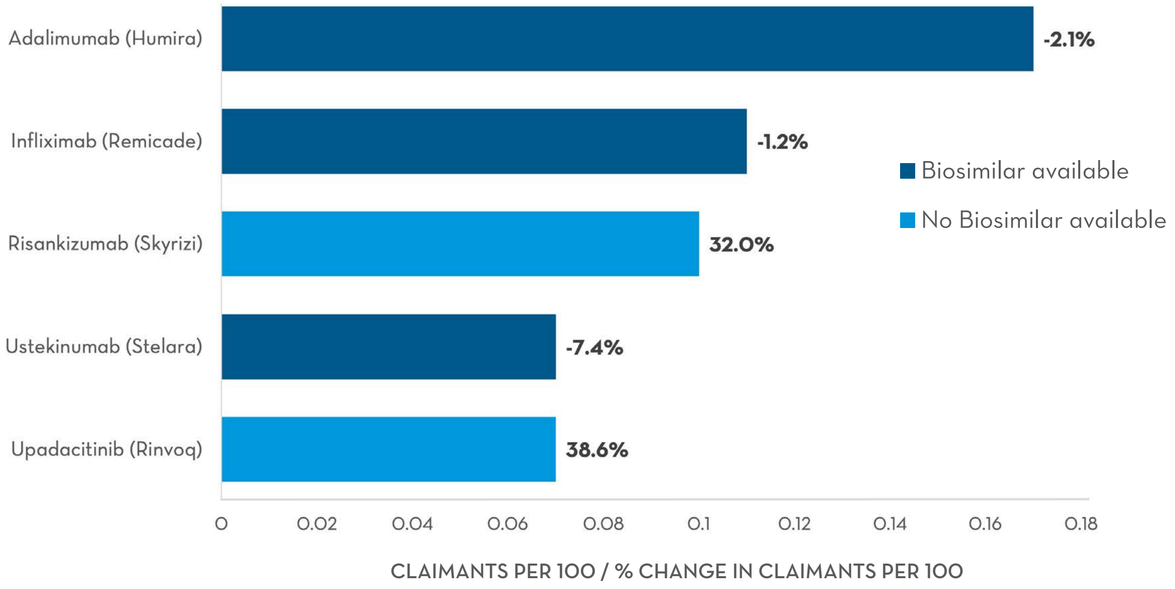
Biosimilars

Biosimilars are available for Humira, Remicade, and now Stelara. While biosimilar use has grown, it has been offset by increased use of newer drugs like Skyrizi and Rinvoq. As a result, biosimilar utilization is declining. This shift toward newer therapies increases cost pressures and highlights the need for strong product listing agreements to help manage spending.

SPECIALTY DRUGS – INFLAMMATORY CONDITIONS TRENDS



BIOLOGIC AND BIOSIMILAR UTILIZATION COMPARISON



Specialty Drugs

Cancer

Cancer drugs are now the second most costly specialty category. However, as a percentage of total eligible spend, cancer drug costs remained relatively stable, rising modestly from 4.7% in 2024 to 4.9% in 2025.

Oncology drug development continues to grow quickly, and artificial intelligence is expected to accelerate future research.

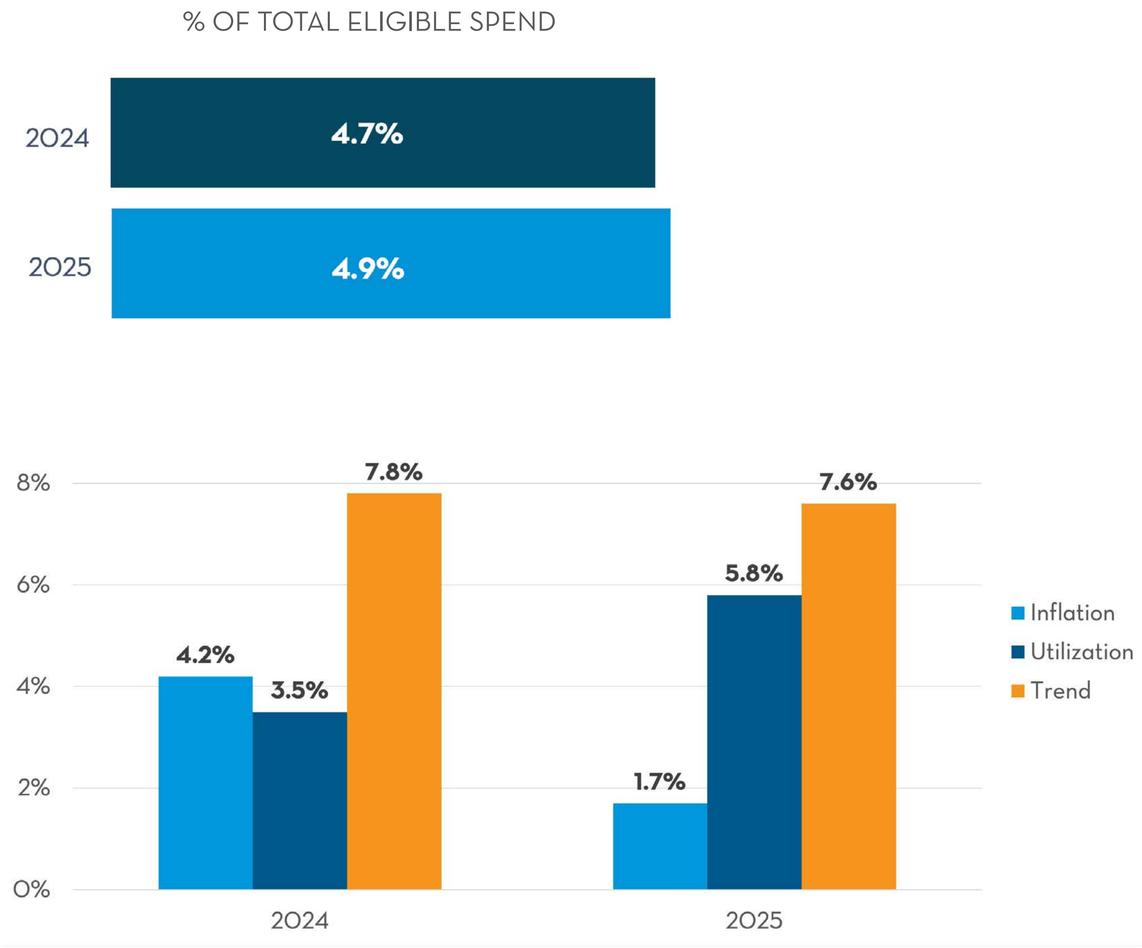
This trend is driven by:

- More cancer diagnoses
- Increased use of combination therapies (using two or more drugs together)
- Rising costs of innovative treatments

These advances improve survival and quality of life but also increase financial pressure on benefit plans.

Our data also shows that the average age of members starting a cancer drug dropped from 49 years in 2021 to 45 years in 2025.

SPECIALTY DRUGS – CANCER TRENDS



Specialty Drugs

Skin conditions

Specialty drugs for skin conditions were the fastest-growing category last year. Their share of total spending rose from 1.7% to 2.5%, with an overall trend of 50.7%. Most of this spending was for atopic dermatitis.

Atopic dermatitis (a severe form of eczema) causes dry, itchy, inflamed skin. It often begins in childhood but can occur at any age. Its rise may be linked to both genetic and environmental factors and is often associated with asthma and hay fever.

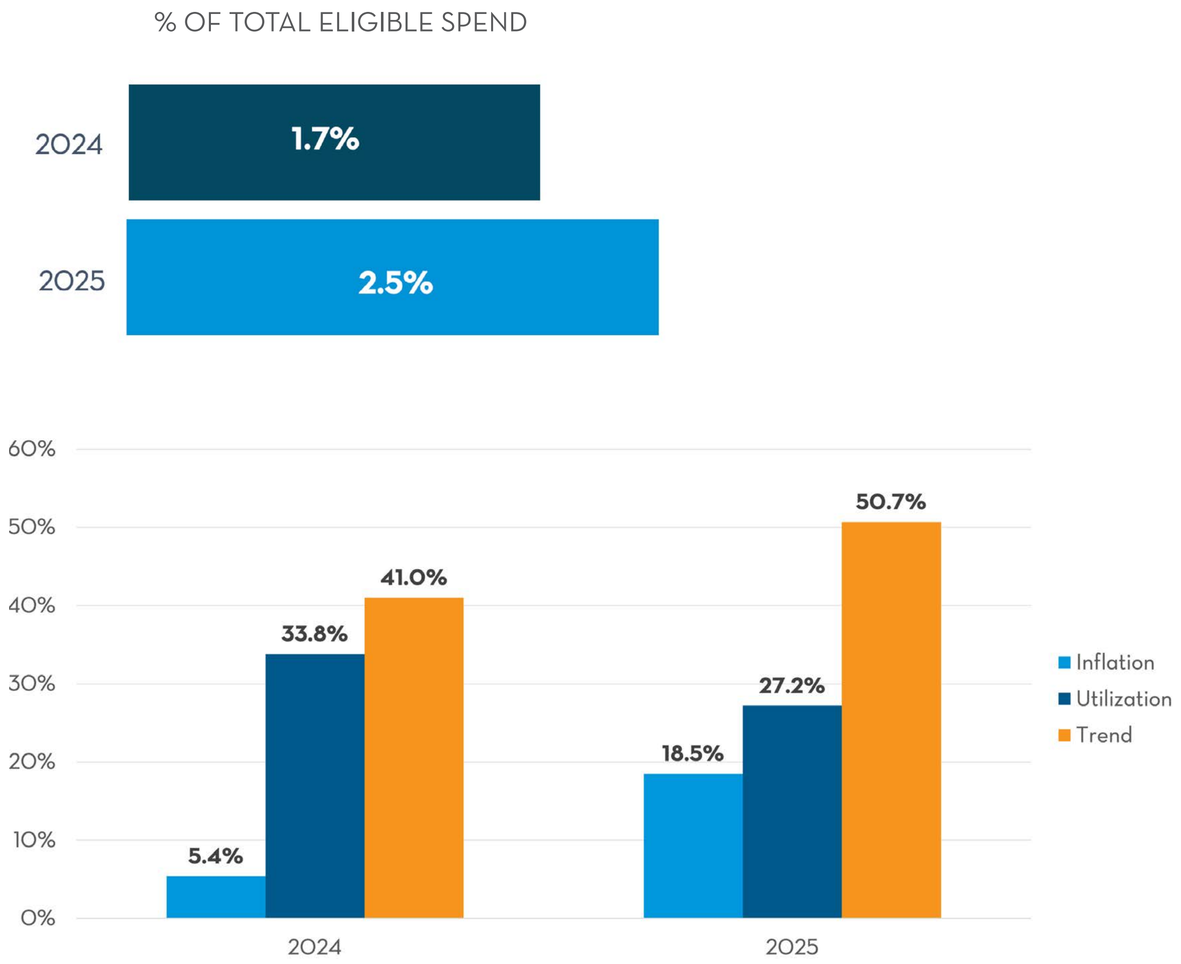
Three biologic drugs—Dupixent, Adtralza and Ebglyss—were used to treat this condition in 2025, with more drugs expected to enter the market.

The trend is driven by a 27.2% increase in utilization. These medications cost more than $2,000 per month, which is about 30 times more than traditional topical treatments used in the past.

Managing these costs is a priority because atopic dermatitis sits at the intersection of:

- Rising specialty drug spending
- Increasing chronic disease rates
- Long-term budget sustainability
- The need to maintain appropriate patient access

SPECIALTY DRUGS – SKIN CONDITIONS TRENDS



Specialty Drugs

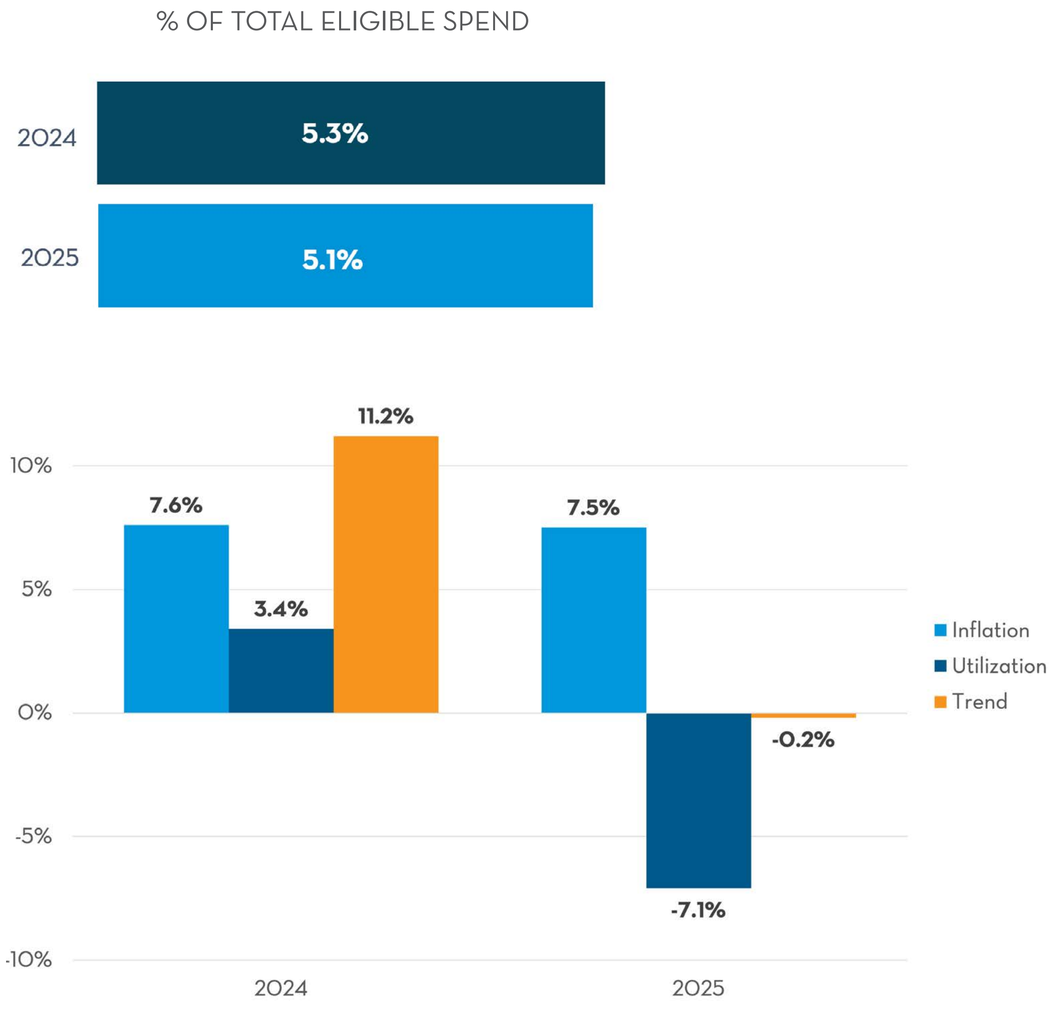
Respiratory

Respiratory therapies experienced a decline in utilization in 2025, with fewer claimants per 100 members compared to 2024. However, the trend decreased by only 0.2%, reflecting a shift towards higher-cost specialty therapies replacing traditional treatments.

Similar to atopic dermatitis, COPD and asthma are increasingly being managed with biologics rather than conventional inhalers, which have historically been the standard of care. As prescribers gain greater familiarity and confidence with these specialty therapies, supported by growing real-world evidence demonstrating strong efficacy and favorable safety profile, we will likely see an upward trend in overall respiratory drug spend in the coming years.

Xolair was the leading specialty contributor to respiratory drug spend in 2025. Other biologics, including Tezspire and Nucala, have contributed and will continue to play a significant role in the overall trend.

SPECIALTY DRUGS – RESPIRATORY TRENDS

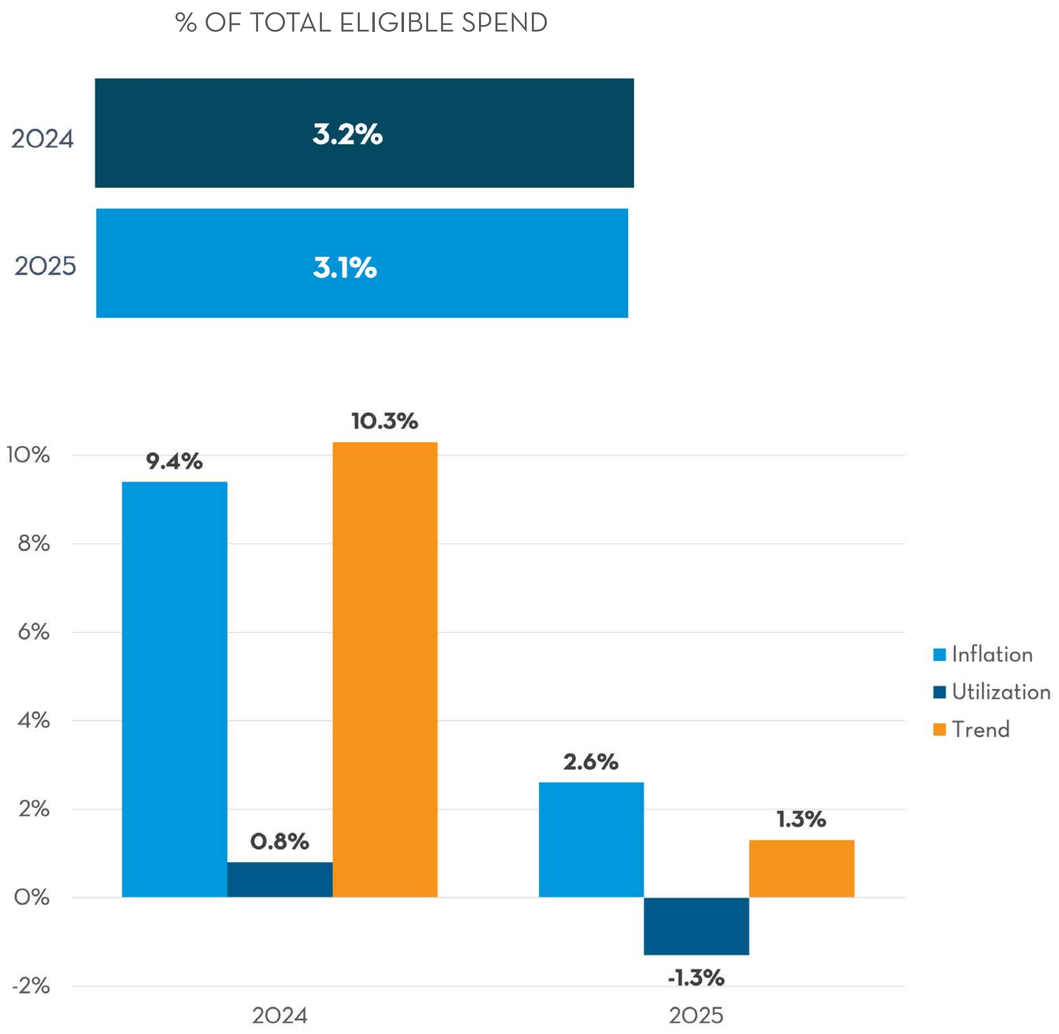


Specialty Drugs

Multiple Sclerosis

Canada has one of the highest prevalence rates for Multiple Sclerosis (MS) globally. Rising prevalence reflects better survival, not necessarily increasing disease incidence. The newer drug therapies, such as Ocrevus and Kesimpta, are disease-modifying drugs that delay disability progression, improve quality of life and as such increase the likelihood of members remaining employed for longer periods of time than in the past. While MS remains a major cause of disability, advances in treatment have enabled more effective disease management and may help some individuals maintain their quality of life and workforce participation for longer periods.

SPECIALTY DRUGS – MULTIPLE SCLEROSIS TRENDS



Diabetes

As diabetes prevalence continues to rise, employers must prioritize effective management to reduce long-term health and cost impacts.

Diabetes

Growing prevalence of diabetes

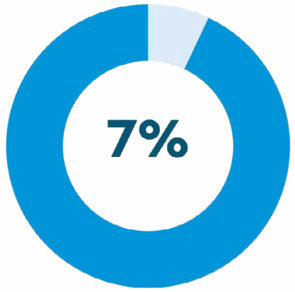
Type 2 diabetes remains highly prevalent in Canada, influenced by factors including genetic predisposition, rising obesity rates, dietary patterns, and levels of physical activity. Prevalence is expected to continue increasing. According to Diabetes Canada, 10% of people in Canada live with diagnosed diabetes, a proportion that rises to 15% when undiagnosed type 2 diabetes is included, and 30% of the population lives with diabetes or prediabetes overall.

Effective therapies essential

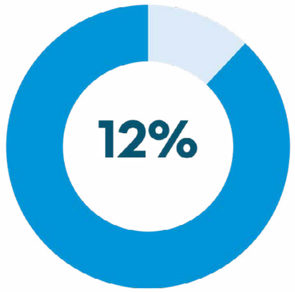
In 2025, 7% of all drug claims were for type 1 and type 2 diabetes medications, representing 12% of overall drug spend and 6.6% of covered members. This underscores the significant impact diabetes has on both members and benefit plans.

As prevalence rises, access to effective therapies is essential — not only for day-to-day management, but also to prevent serious complications that can lead to higher long-term healthcare costs.

Several GLP-1 drugs are available in Canada to treat type 2 diabetes, along with companion products approved for weight management, under different brand names. These weight management brands are often higher-dose versions of the same molecule to treat weight loss versus diabetes.



of drug claims



of drug spend

DEFINITIONS

- **Type 1 Diabetes:** A chronic autoimmune condition where the body's immune system mistakenly attacks and destroys the insulin-producing beta cells in the pancreas. The body produces little or no insulin — a hormone essential for allowing glucose (sugar) to enter cells and be used for energy.

- **Type 2 Diabetes:** A chronic metabolic disorder where the body produces insufficient insulin or cannot use insulin effectively (a condition known as insulin resistance). Insulin is a hormone that helps glucose (sugar) enter cells to be used for energy. When this process is impaired, glucose builds up in the bloodstream, leading to high blood sugar levels. Type 2 diabetes accounts for over 90% of all diabetes cases.

- **Prediabetes:** A condition where blood sugar levels are higher than normal, but are not yet high enough to be diagnosed as type 2 diabetes. Although not everyone with prediabetes will develop type 2 diabetes, many people will.

Diabetes

GLP-1 benefits

GLP-1 drugs continue to be studied for benefits beyond blood sugar control and weight loss, including improved cardiovascular outcomes, reduced risk of heart disease and stroke, and potential benefits for kidney disease, liver disease, and even neurodegenerative conditions.

Spending drops

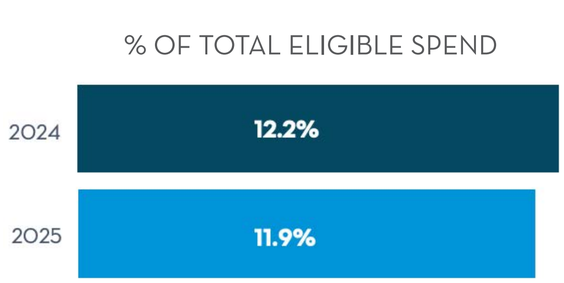
In 2025, the share of total eligible drug spend for diabetes medications dipped slightly to 11.9% of the total drug spend. While diabetes as a percentage of total drug spend decreased, the shift in utilization was notable. After rising 3.0% the previous year, utilization declined by 1.3% in 2025.

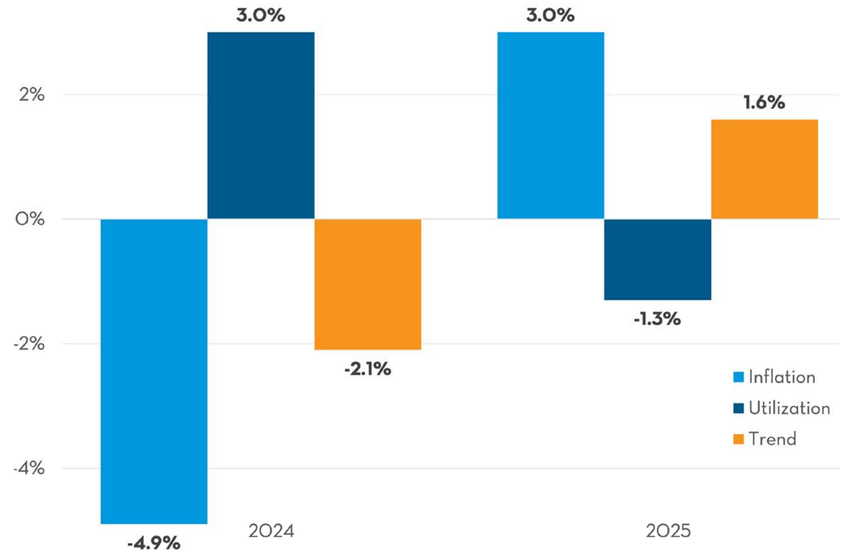
Despite lower utilization, the overall diabetes trend increased to 1.6%, driven by inflationary pressure linked to growing claims for newer therapies — most notably Mounjaro, which entered the market at a premium price.

GLP-1 DRUGS: SAME CHEMICAL, DIFFERENT BRANDS

Diabetes Brand	Chemical Name	Weight Management Brand
Trulicity	dulaglutide (injectable)	
Victoza	liraglutide (injectable)	Saxenda
Rybelsus	semaglutide (oral)	
Ozempic	semaglutide (injectable)	Wegovy
Mounjaro	tirzepatide (injectable)	Zepbound

DIABETES – TREND OVERVIEW





Diabetes

Top diabetes drugs

Among the top five drugs used for diabetes, metformin remains the most widely utilized, with 58.4% of claimants. Its continued prominence underscores its role as the foundational therapy for type 2 diabetes, supported by long-standing efficacy, a strong safety profile, low cost, and guideline-recommended, first-line status.

Semaglutide is the second most used diabetes drug due to its potent effects in lowering blood glucose, supporting weight loss, and limiting cardiovascular risk.

Growth in empagliflozin use has been propelled by evidence of cardiovascular, heart failure, and renal benefits, prompting earlier and broader adoption — often as an add-on therapy to metformin.

The patent for semaglutide, the active ingredient in Ozempic, expired in Canada in January 2026, enabling the launch of lower-cost generic versions. This is a good time to ensure that mandatory generic substitution is enabled, so that plan sponsors automatically benefit from lower-cost options.

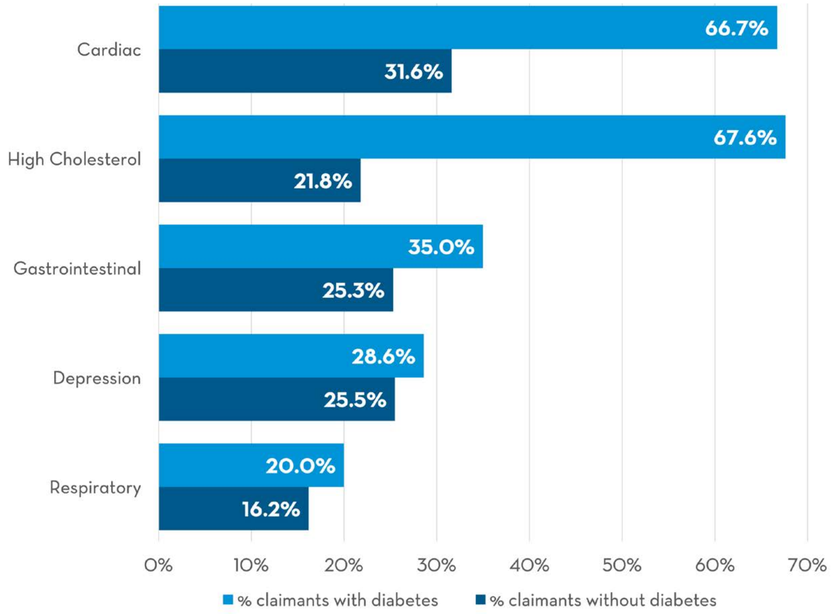
Comorbid conditions

Individuals with diabetes are significantly more likely to submit claims for other health conditions, demonstrating a higher comorbidity burden than members without diabetes. High cholesterol and cardiac conditions are the most pronounced, with roughly two-thirds of diabetes claimants also submitting claims for these therapies. These patterns reinforce that diabetes rarely occurs in isolation.

TOP 5 DIABETES MOLECULES

2025	% of total Diabetes Drug Spend	% of Diabetes Claimants	2021	% of total Diabetes Drug Spend	% of Diabetes Claimants
Semaglutide (Ozempic & Rybelsus)	51.6%	38.1%	Semaglutide (Ozempic & Rybelsus)	22.8%	17.6%
Empagliflozin (Jardiance)	9.7%	17.8%	Empagliflozin (Jardiance)	10.2%	15.5%
Metformin (Glucophage/Glumetza)	6.3%	58.4%	Metformin and Sitagliptin (Janumet)	9.0%	11.7%
Tirzepatide (Mounjaro)	5.3%	3.6%	Insulin Glargine (Lantus/Toujeo)	8.7%	12.3%
Insulin Degludec (Tresiba)	5.2%	8.3%	Metformin (Glucophage/Glumetza)	6.9%	62.7%

CLAIMS BEYOND DIABETIC DRUGS



Diabetes

Importance of diabetic supplies

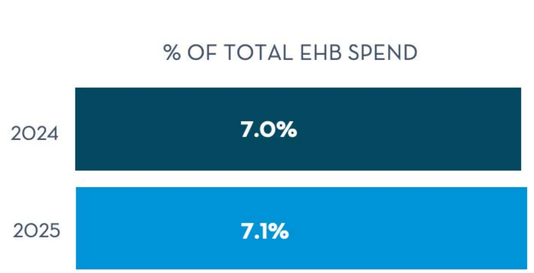
In addition to medications used to treat diabetes, supplies such as glucose sensors are essential tools that help members safely manage blood glucose levels, make real-time treatment decisions, and prevent both short- and long-term complications. Diabetic supplies consistently account for a stable 7.1% of total EHB spend. Glucose Sensor Monitoring (GSM) now represents 68% of total spend in this category, with 48.9% of diabetic claimants using this technology in 2025.

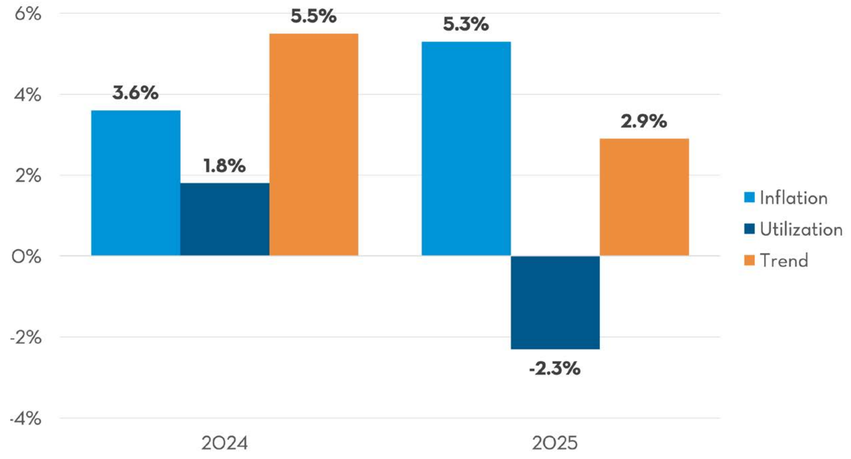
Reliable access to these tools is critical; without them, effective self-management of glucose levels becomes much more difficult.

2025 DIABETIC SUPPLIES

Diabetic Supplies	% of total diabetes claims spend	% of total number of diabetes claims	% of total diabetes claimants
GSM Sensors	68.0%	38.4%	48.9%
Test Strips	14.9%	25.3%	37.0%
Pump Supplies	8.6%	3.7%	3.9%
Needles & Syringes	7.3%	21.7%	29.0%
Lancets	1.0%	10.0%	15.0%
Urine Testing	0.1%	0.7%	1.0%
Alcohol Swabs	0.0%	0.2%	0.4%

DIABETIC SUPPLIES – TRENDS





Diabetes

Automated prior authorization

When GLP-1 therapies were first introduced to manage type 2 diabetes, coverage was managed through quantity limits, and for some plans, step therapy was adopted to restrict usage. Despite these measures, we saw a rapid increase in claimants in 2022, likely due to the awareness of the weight management properties of the drugs. To address this, we implemented automated prior authorization (auto-PA) in 2023, requiring a previous claim for a diabetes drug in order to be eligible for coverage. The result was a clear improvement — an increase in eligible claimants and a reduction in off-label use. The remaining non-eligible portion reflects groups that chose to maintain broader access and those who provided continuous coverage to existing claimants.

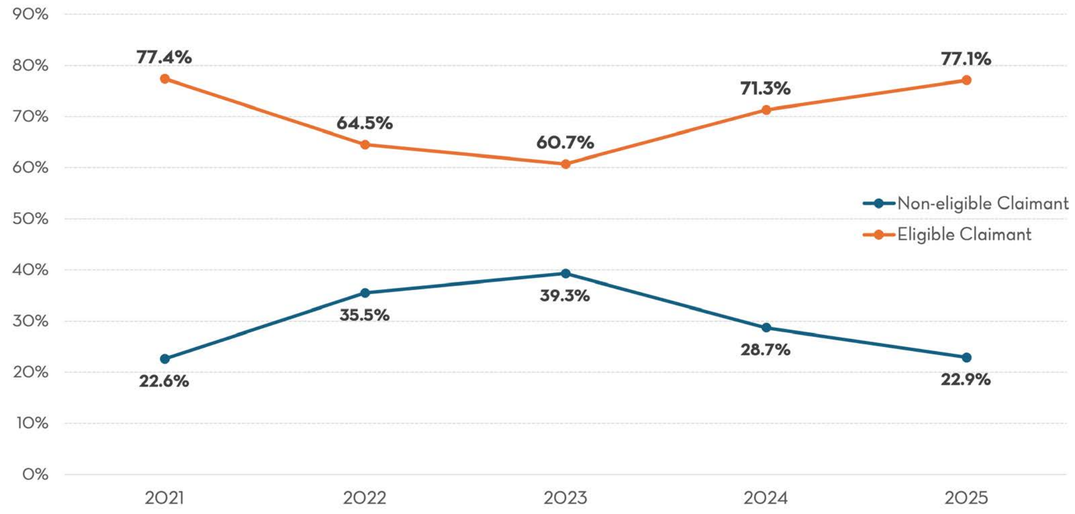
Combination therapy common

Diabetes is a progressive condition, and combination drug therapy is common. In 2025, almost 30% of diabetes claimants were taking two diabetes medications, and 27.5% were taking three or more to manage their condition.

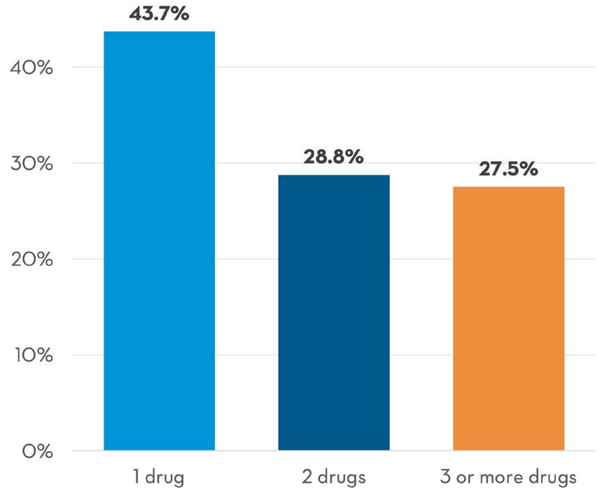
SOLUTIONS SPOTLIGHT

Connected Care: Our digital health and wellness hub connects members to a variety of virtual care services, including Total 360 Care. This program offers personalized health coaching for diabetes, hypertension, and weight management.

GLP-1 CLAIMANTS



DIABETIC DRUGS PER CLAIMANT



Weight Management

Rapid growth in weight management medications signals rising demand, requiring employers to define clear coverage strategies.

Weight Management

Increased demand for medication

The demand for weight management medications has surged, driven by medical necessity, the arrival of newer and more effective therapies, and increased public awareness. The number of claimants rose 300% from 2023 to 2025, yet weight management still accounts for less than 1% of member claims and under 3% of total drug spend across our full block of business. When isolating groups that offer weight management benefits, the share of total spend rises to 5%.

WEIGHT MANAGEMENT DRUG UTILIZATION

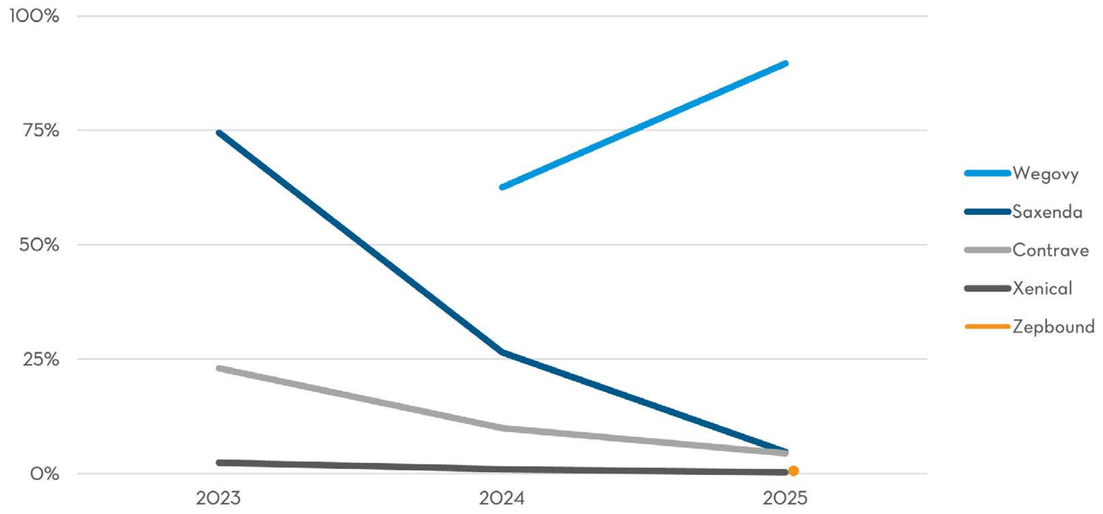
Incidence	2023	2024	2025
Claimants per 100	0.2	0.5	0.8
% of Total Drug Spend	0.6%	1.3%	2.7%
% of Total Drug Claims	0.0%	0.0%	0.1%

Changing landscape

Wegovy has reshaped the weight management landscape since its launch in 2024. It accounted for 90% of total spend in this category in 2025, up from 61% the previous year. In contrast, spending on Saxenda declined sharply. Saxenda represented 81% of spend in 2023, dropped to 32% after Wegovy launched, and fell further to 6% in 2025.

Zepbound, launched in July 2025, already represents 1% of total spend, and early forecasts for 2026 indicate significant interest due to its strong clinical results.

% TOTAL OF WEIGHT MANAGEMENT CLAIMS



Weight Management

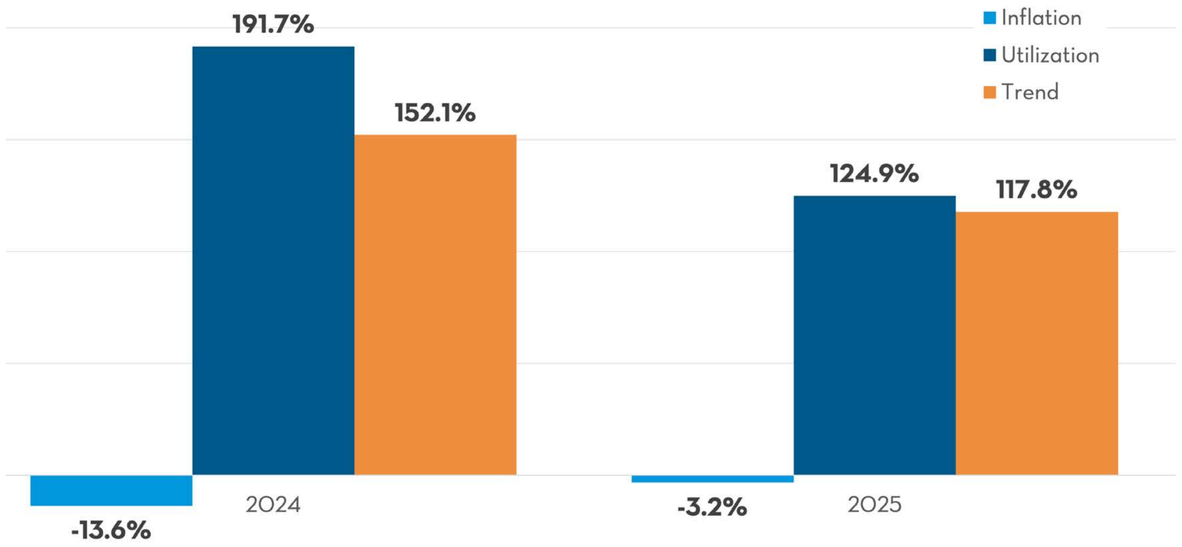
Fastest-growing category

Weight management is the fastest-growing drug category in 2025, driven by broader coverage access and rising utilization of Wegovy.

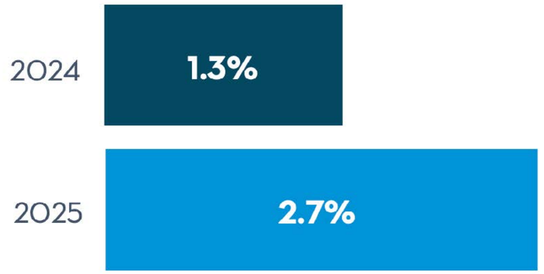
In 2025, total eligible spend on weight management medications doubled, reaching 2.7%. This growth was driven primarily by a sharp rise in utilization, which increased 125% as broader coverage enabled more members to access these therapies.

The drop in inflation reflects the high number of new patients starting therapy at lower doses. However, the overall cost trend remains elevated at 117.8%, driven largely by strong uptake of Wegovy. This upward trend is expected to continue as more plan sponsors expand coverage and member demand increases.

WEIGHT MANAGEMENT – TREND OVERVIEW



% OF TOTAL ELIGIBLE SPEND



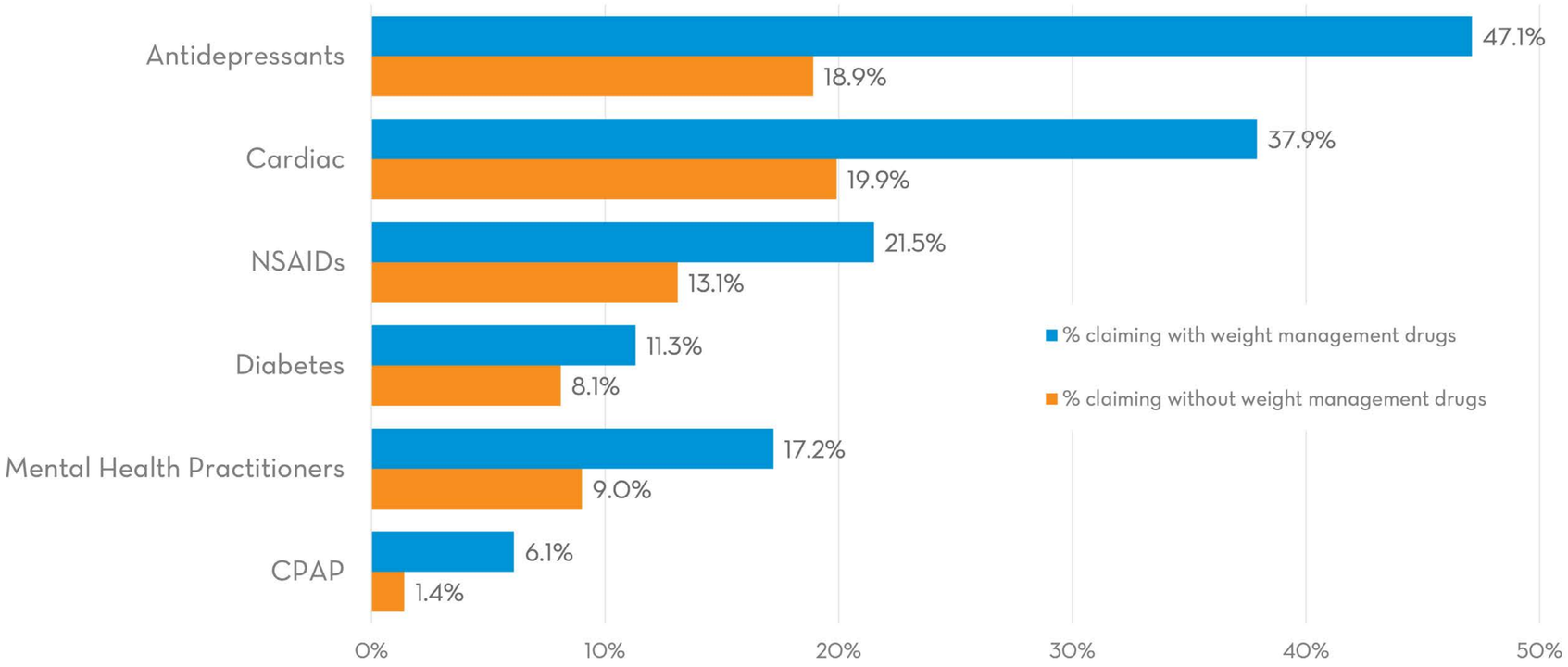
Weight Management

Impact of comorbidities

Our data also shows that members using weight management medications are more likely to submit claims for treatments related to other chronic conditions, reinforcing the strong link between obesity and comorbidities.

This supports the rationale for our enhanced eligibility criteria, which incorporates obesity-related complications into coverage decisions to ensure appropriate access and a more holistic treatment approach.

CLAIMING OTHER BENEFITS



Weight Management

Understanding treatment options

Until April 2025, our prior authorization criteria for weight management medications were largely aligned with product monograph indications and focused primarily on Body Mass Index (BMI) thresholds. BMI is a numerical value derived from a person's weight and height and is commonly used to assess whether an individual has a healthy body weight.

We updated our criteria to move beyond BMI, aligning with current scientific evidence and the latest Canadian clinical guidelines for obesity management. This enhanced approach highlights that effective weight management requires a comprehensive strategy. It includes lifestyle and behavioral changes alongside medical options, and supports coverage when obesity is accompanied by related health complications.

Spending stabilizes

Since implementing our enhanced eligibility criteria, spending on weight management medications has stabilized significantly, underscoring the importance and effectiveness of targeting coverage to the right patients.

CRITERIA FOR WEIGHT MANAGEMENT DRUGS

BMI 27-34.9
and high waist circumference*

BMI 35+

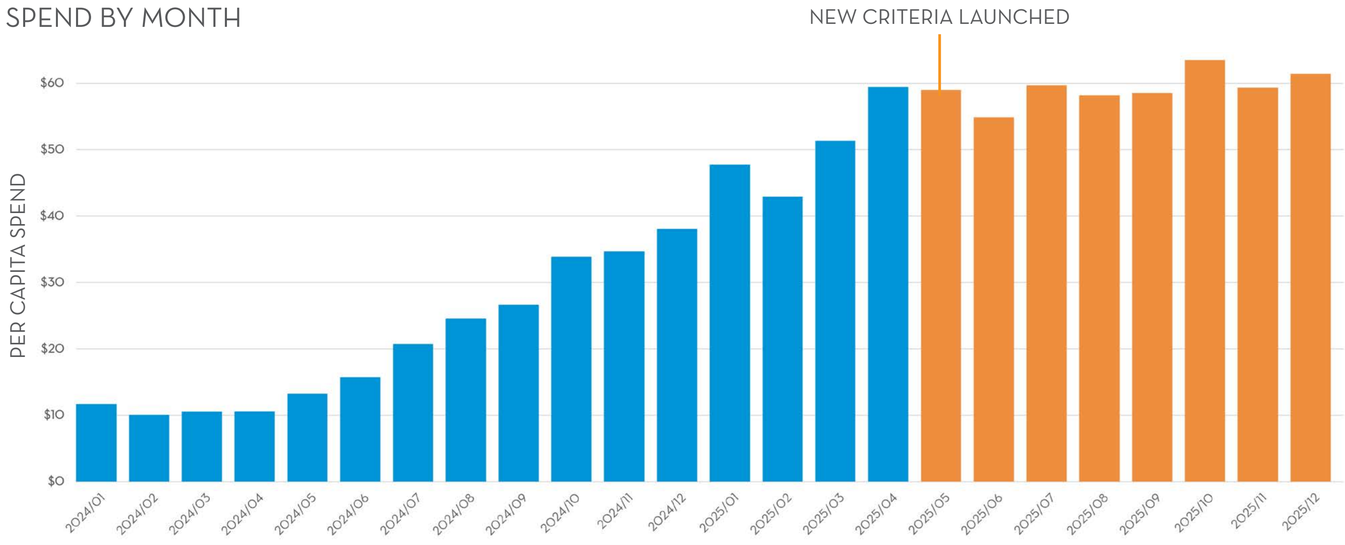
\+

Dietary, physical activity and behaviour interventions

\+

Obesity-related complications
For example: joint pain, sleep apnea, prediabetes, liver condition, cardiac condition etc.

SPEND BY MONTH



Weight Management

Plan adoption increases

Plan sponsor adoption of weight management therapy continues to rise, reflecting a broader commitment to the overall health and wellness of plan members.

As of 2025, 45% of Medavie Blue Cross plans include weight management coverage, with approximately 90% requiring prior authorization. For these groups, weight management drugs represent 5% of overall spend, making it the third highest spend category, behind inflammatory conditions and diabetes.

Balanced approach

While a small subset of groups applies annual or lifetime dollar maximums to manage costs, such limits may interrupt treatment for members who are responding well, potentially reversing clinical progress. More robust prior authorization criteria offer a balanced approach — supporting long-term plan sustainability while ensuring appropriate access, optimizing outcomes, and maximizing value for plan sponsors.

PLAN SPONSOR ADOPTION BY GROUP SIZE

Group Size	0-100	100-500	500+
2023	81.0%	15.3%	3.7%
2024	79.9%	16.0%	4.1%
2025	79.0%	16.2%	4.8%
Delta (2023-2025)	-2%	6%	31%

SOLUTIONS SPOTLIGHT

Our approach to addressing obesity is based on strong medical evidence and focuses on care that works, while also keeping health plans affordable. We also go beyond using BMI alone as a diagnostic tool for treatment.

We offer a full range of services to help members stay on track with their health goals.

Connected Care: A robust digital health and wellness platform, including:

360 Total Care: Personalized health coaching, smart digital tools (e.g., connected scales, blood pressure cuffs), and condition-specific education for obesity, diabetes, and hypertension.

360 Harmony: One-on-one nutrition counselling with a registered dietitian.

ADHD

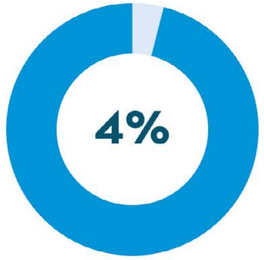
With utilization increasing but costs stabilizing, employers have an opportunity to support access while maintaining cost control.

ADHD

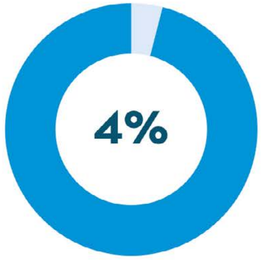
Sustained growth

Drugs used to treat attention deficit hyperactivity disorder (ADHD) now make up 4% of all drug claims, 4% of total drug spending, and 5.7 claimants per 100 members in 2025.

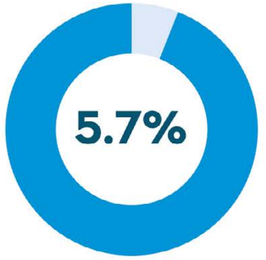
We have been monitoring ADHD trends closely since 2020, when incidence first began to rise sharply. This growth has been fuelled by several interconnected factors. Updated diagnostic criteria in the DSM-5 broadened the clinical definition of ADHD, while the COVID-19 pandemic accelerated both symptom recognition and help-seeking behaviours.



of drug spend



of drug claims



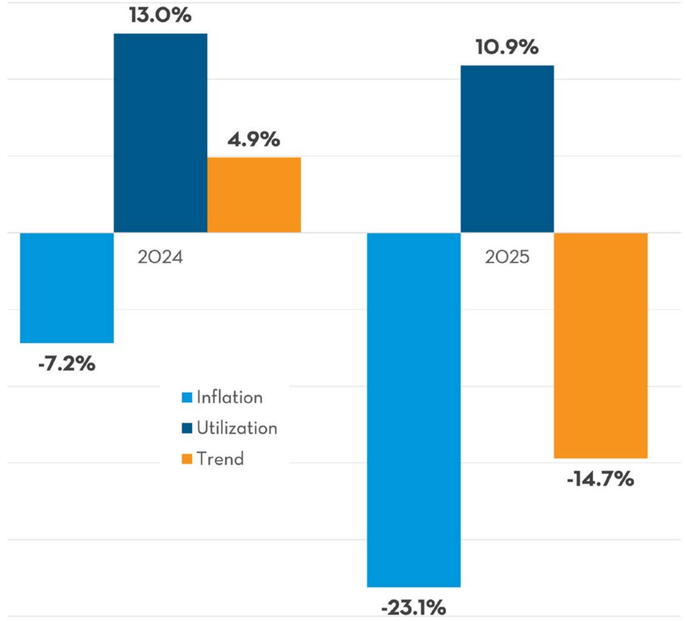
of claimants

Contributing clinical and social factors

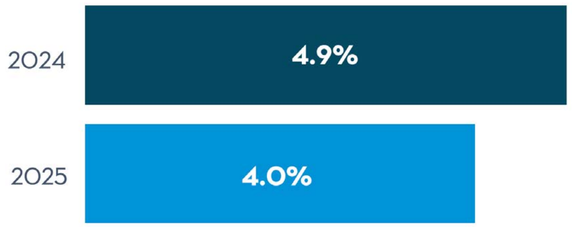
During the pandemic, many people experienced heightened stress, disrupted routines, and increased screen time, which brought attention to previously unrecognized symptoms. At the same time, social media played a major role in spreading awareness, normalizing conversations about ADHD, and encouraging individuals — especially adults and women — to seek assessment.

The rapid expansion of virtual care providers further increased access to diagnosis and treatment, making it easier for members to connect with clinicians from home. Together, these forces have contributed to the sustained and significant rise in ADHD diagnoses and medication use observed since 2020.

ADHD TREND OVERVIEW



% OF TOTAL ELIGIBLE SPEND



ADHD diagnoses are rising due to broader diagnostic criteria, increased awareness, and easier access to care.

ADHD

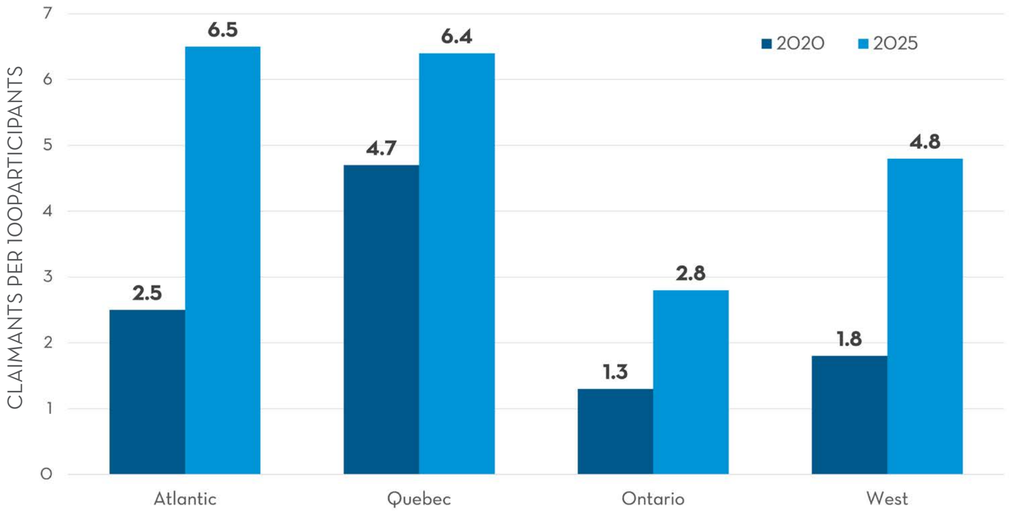
Generics savings counteract increased utilization

Drug spending for ADHD decreased by almost 1% in 2025, mainly due to the introduction of generic Vyvanse (lisdexamfetamine). While the generic was introduced in mid 2024, the full effect of the lower costs was fully realized in 2025. This generic launch contributed to the reduced inflationary trend of 23% within the class of drugs to treat ADHD.

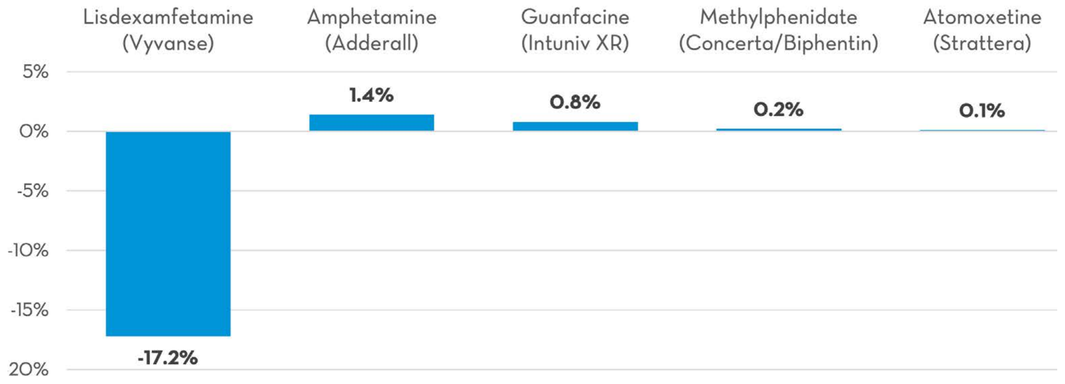
Atlantic Canada swing

Our data indicates clear regional shifts in ADHD medication use since COVID. Notably, by 2025, the number of claimants in Atlantic Canada matches that of Quebec, a marked change from 2020 when Quebec showed significantly higher utilization.

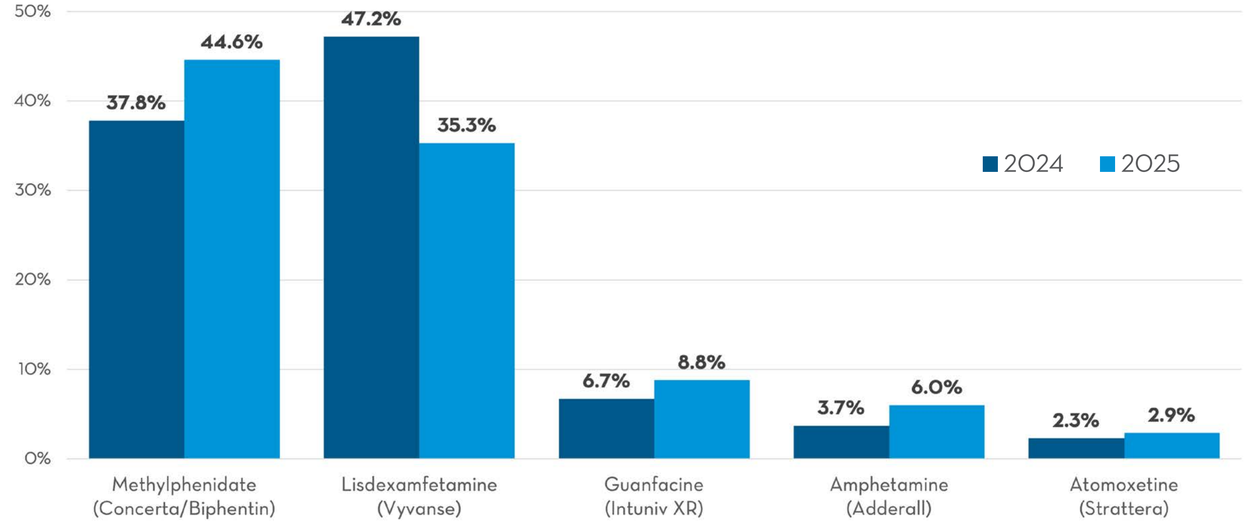
REGIONAL SHIFTS 2020 VS 2025



2025 TOP TRENDS - CHANGE BY DRUG SPEND



TOP 5 ADHD PRODUCTS



ADHD

Utilization grows

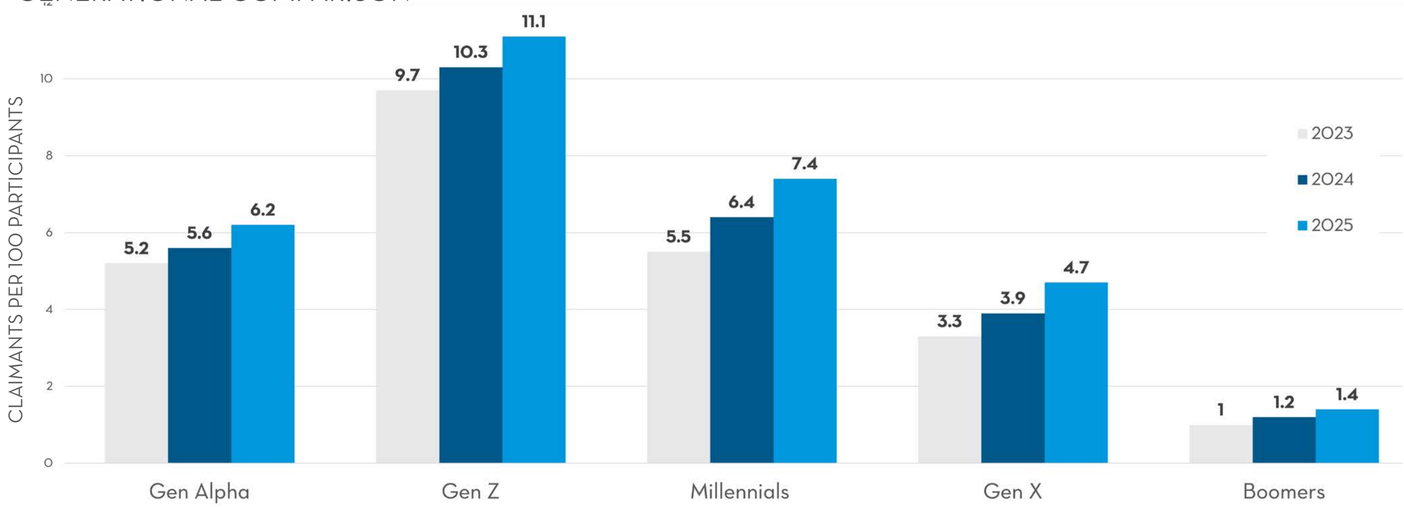
Our data suggests meaningful changes in how ADHD is being diagnosed and treated across regions and demographics.

Utilization continues to grow, especially among adults. This reflects increasing recognition that ADHD affects people well beyond childhood. Growth in recent years has been driven mainly by Millennials and Gen X, who now make up a large portion of the workforce. In 2025, Millennials were between 29 and 44 years old, a group showing significant increase in ADHD diagnoses.

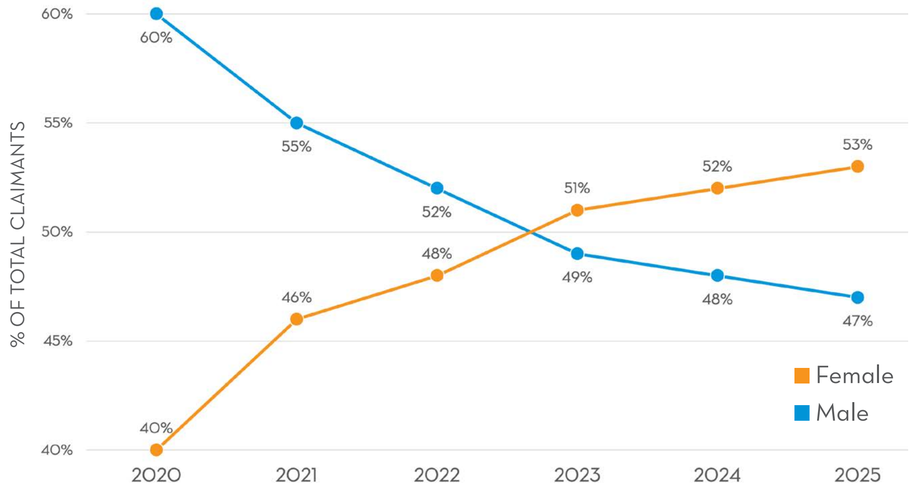
Rise in female diagnoses

We have also been tracking ADHD claimants by sex at birth. Females now account for 53% of ADHD claims, surpassing males. Historically, ADHD was viewed as a disorder affecting hyperactive young boys, and diagnostic tools were built around that profile. Inattentive symptoms — more common in females — were often overlooked. The increase in female diagnoses is believed to reflect better detection, not higher prevalence, supported by updated diagnostic criteria and improved clinician training.

GENERATIONAL COMPARISON



GENDER DIFFERENCES



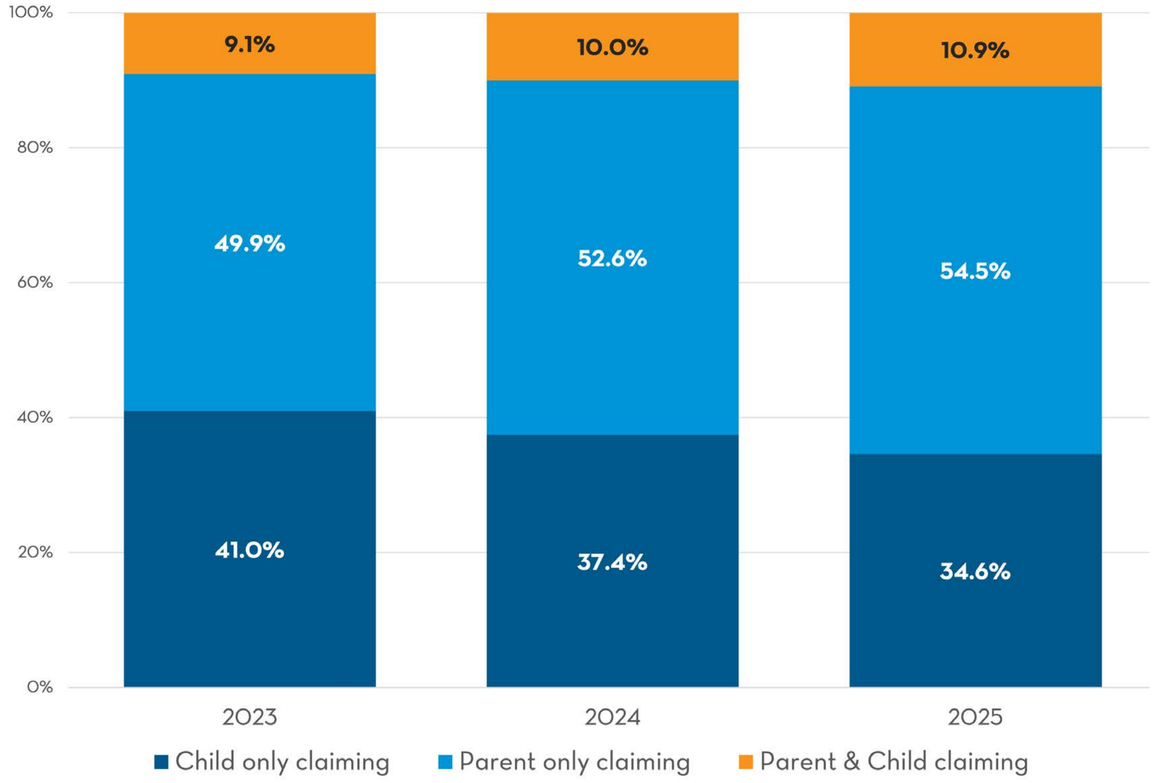
ADHD

Role of genes

Research shows that ADHD has a strong genetic component, meaning it often runs in families. There is no genetic test for ADHD, and while genes may increase risk, developmental and biological factors also play important roles. Symptoms may become more noticeable during stressful periods, hormonal changes, or when responsibilities increase. Effective treatment can make a meaningful difference.

We also explored whether more parents are being assessed for ADHD when their child receives a diagnosis, which would reflect changing diagnostic practices. The data shows a small increase in family claiming patterns, but the strongest growth is among adults claiming ADHD medications on their own. This reinforces the broader trend of rising adult diagnoses — particularly among those aged 30 and older — which remains the main driver of increased ADHD claims.

FAMILY CLAIMING TREND



SOLUTIONS SPOTLIGHT

ADHD Assessment & Treatment

With ADHD diagnoses rising — especially among adult women — Beyond ADHD offers accessible assessment and ongoing care for adults and children. A trained nurse practitioner provides a full evaluation, diagnosis (if applicable), and a personalized treatment plan, with follow-ups to monitor progress. This service supports earlier identification and coordinated care, reducing reliance on trial-and-error medication use.

Menopause

Rapid growth in menopause-related treatment signals increasing awareness and demand, positioning it as a notable emerging driver of drug trend.

Menopause

Leading drug trend contributor

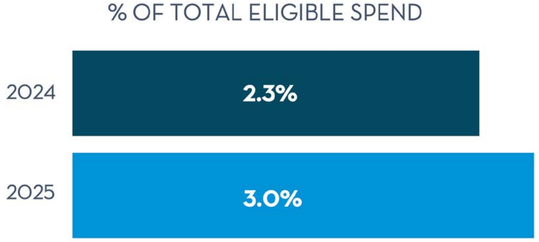
Perimenopause and menopause typically occur between the ages of 45 and 55, often during the most productive years of women's careers. While hormone therapy is not a top category by overall spend, it is now the #5 contributor to drug trend, making it one of the fastest-growing areas.

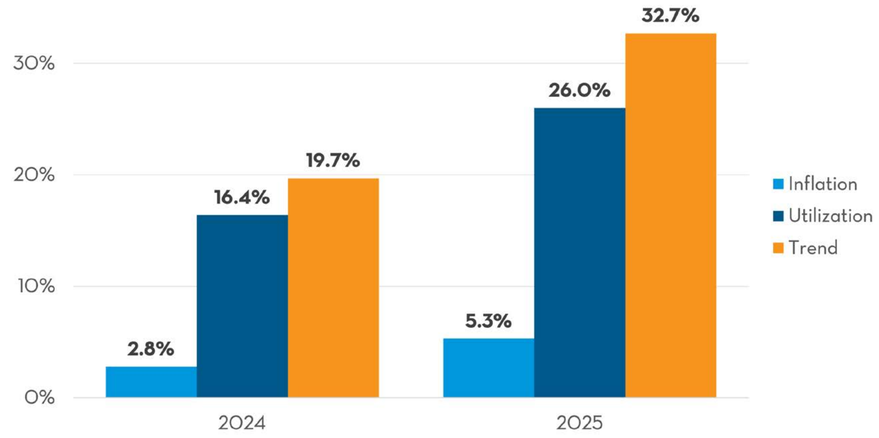
Utilization up

The share of total eligible spend increased from 2.3% to 3.0%, driven mainly by a significant rise in utilization. Utilization grew from 16.4% to 26% in 2025 as more women sought treatment for perimenopause- and menopause-related symptoms. However, because the cost of these medications is relatively low, overall spend remains modest despite higher use.

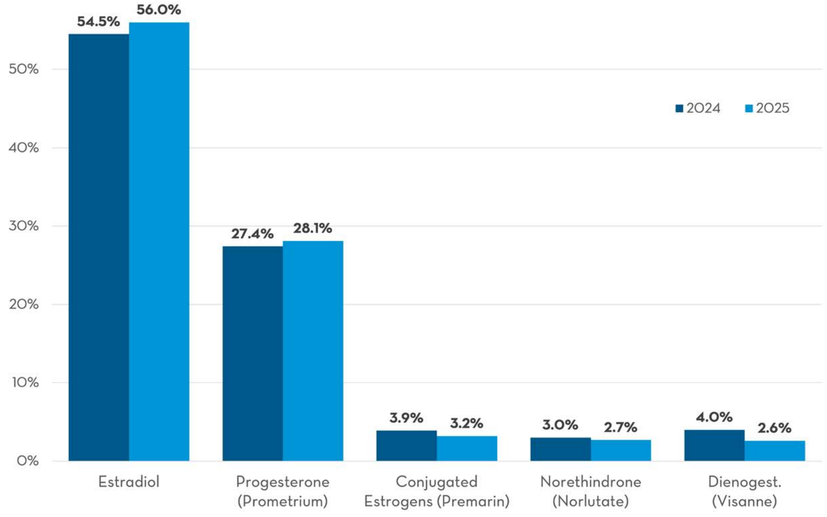
Estradiol is the leading trend driver in 2025, contributing 19.8% of growth and representing 56% of total spend in this category, followed by progesterone at 28.1%. To date, the new drug Veozah has not entered the top five.

HORMONE THERAPY – TREND (FEMALE ONLY)

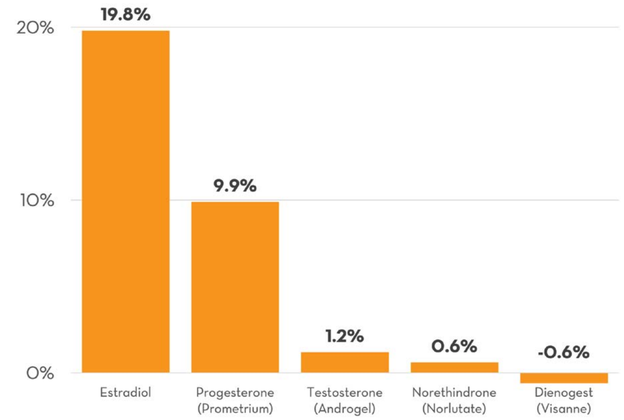




TOP 5 PRODUCTS BY % OF TOTAL ELIGIBLE



TOP 2025 TREND DRIVERS



Menopause

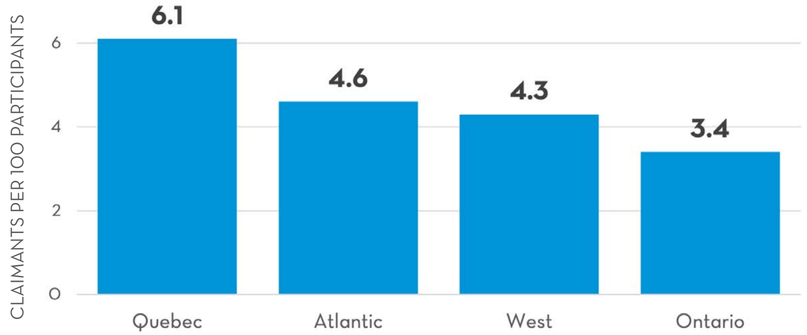
Regional variation

Regional analysis of hormone therapy utilization among women aged 40 to 60 shows meaningful variation across Canada. Quebec has the highest incidence, with 6.1 claimants per 100, exceeding all other regions. Utilization is more moderate in the Atlantic provinces and Western Canada, at 4.6 and 4.3 claimants per 100, respectively, while Ontario records the lowest incidence at 3.4. These differences highlight significant regional variation in access to and use of hormone therapy.

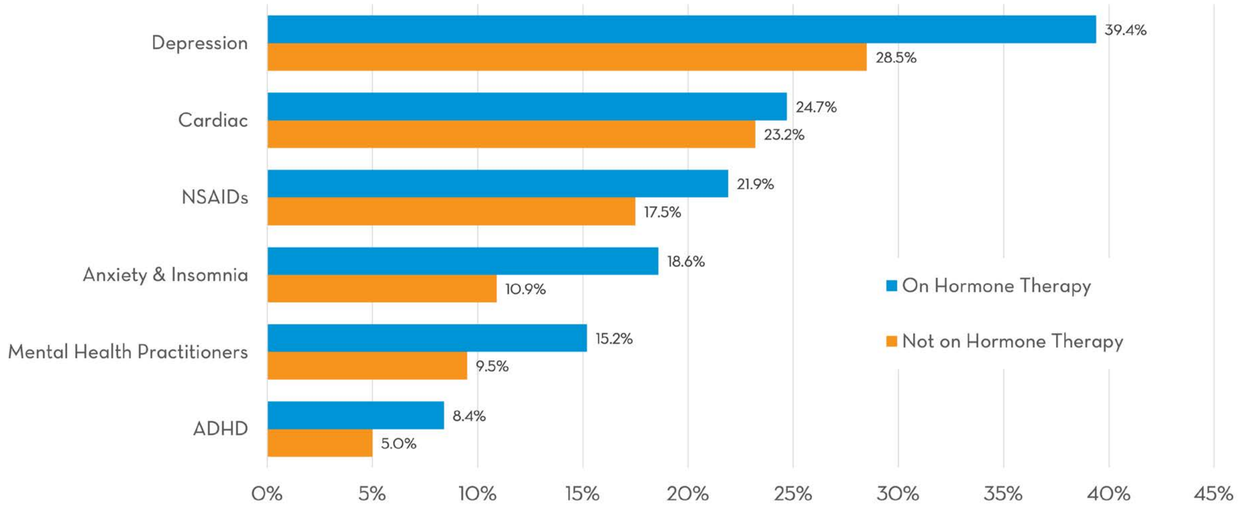
Broader Health Care Utilization

Women using hormone therapy show higher utilization across several drug classes — including treatments for depression, anxiety, insomnia, cardiac conditions, NSAIDs, and ADHD — as well as greater use of mental health services. While this does not imply causation, the pattern may reflect that women initiating hormone therapy are experiencing more significant symptoms or health impacts, often alongside other conditions requiring treatment, and may be more actively engaged in managing their health. This highlights the multifaceted nature of care during perimenopause and menopause.

CLAIMANTS PER 100 PARTICIPANTS – FEMALES AGE 40-60 ONLY



CLAIMS BEYOND HORMONE THERAPY



Menopause

Plan pressure

From a cost perspective, this spread of utilization shifts menopause-related spending across multiple therapeutic categories rather than concentrating it within hormone therapy. This creates a diffuse but cumulative pressure on overall drug trend.

Importantly, the pattern points to menopause as an emerging life-stage driver of utilization growth, with potential implications for future trend as awareness, diagnosis, and proactive treatment continue to increase. While hormone therapy itself represents a modest share of total spend each year, the associated downstream medication and healthcare benefit use suggests a broader and more sustained impact on plan costs.

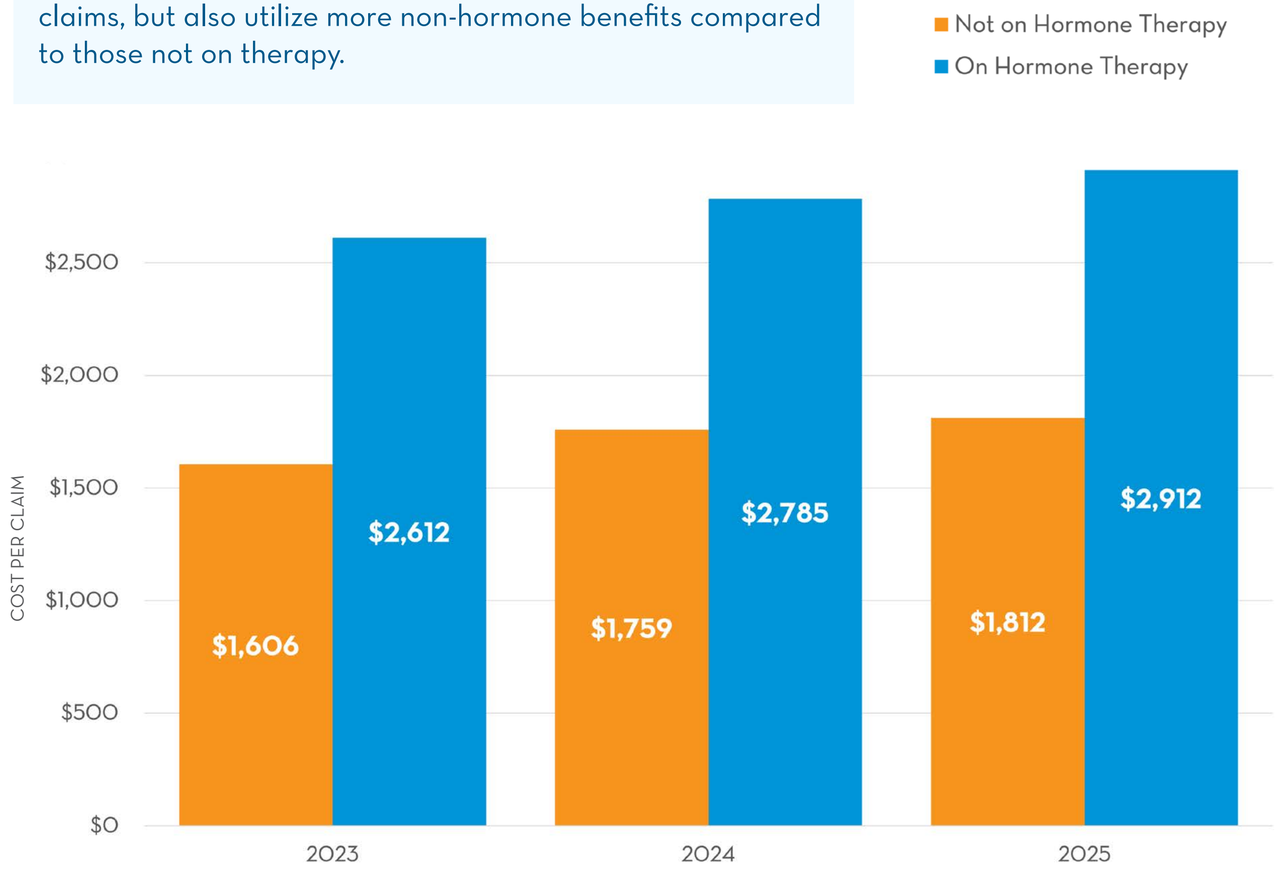
SOLUTIONS SPOTLIGHT

Menopause Assessment & Coaching

As menopause-related hormone therapy emerges as a top trend driver, sanoMidLife provides personalized, evidence-based support for women navigating perimenopause and menopause. Members receive a complimentary health check, AI-powered symptom guidance, a consultation with a menopause specialist, and access to peer groups and expert coaching. This industry-first service helps members feel informed and supported through every stage of midlife.

SPEND COMPARISON: FEMALES ON HORMONE THERAPY VS. NON-USERS (AGES 40–60)

Women on hormone therapy not only incur higher total claims, but also utilize more non-hormone benefits compared to those not on therapy.



Mental Health

As care shifts toward counselling and services, employers must ensure benefits reflect how members are increasingly seeking support.

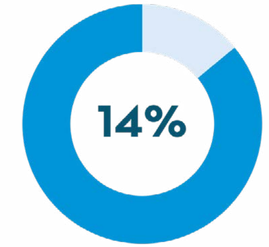
Mental Health

Leading disability category

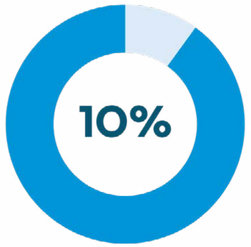
Mental health remains the #1 disability category across both short-term and long-term disability claims on the Medavie Blue Cross block of business. This pattern holds across nearly all age groups, except for members aged 60+, where musculoskeletal conditions rank first, and mental health follows closely behind.

Industry data from Benefits Canada continues to show that anxiety, depression, and burnout are among the leading causes of disability, absenteeism, and presenteeism. Psychological claims are often longer and more costly than physical ones, reinforcing the need for holistic, workplace-focused mental health strategies.

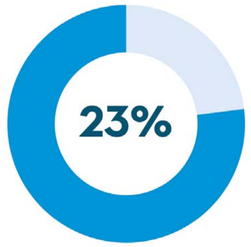
Combined claims for mental health practitioners and medications now represent 14% of all member claims, 23.2% of claimants, and 10% of total health spend.



of health claims



of total health spend



of claimants

Mental Health

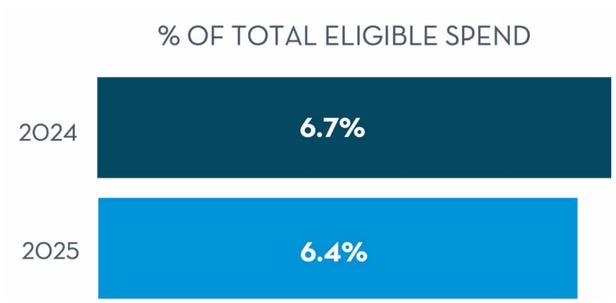
Trend dips

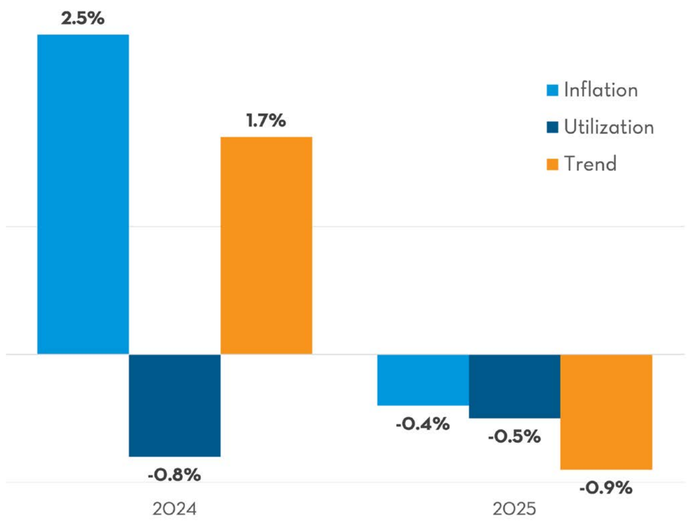
Medications used to treat depression, anxiety, and psychosis represented a smaller share of overall drug spend in 2025, accounting for 6.4% compared to 6.7% in 2024. Both utilization and inflation decreased, resulting in a slight decline in the trend. The number of claimants per 100 members remained unchanged from the previous year. The small decrease in inflation was driven by the continued genericization of newer mental health medications. Members stabilized on their therapies are also more likely to claim a three-month supply per prescription.

Counselling demand rises

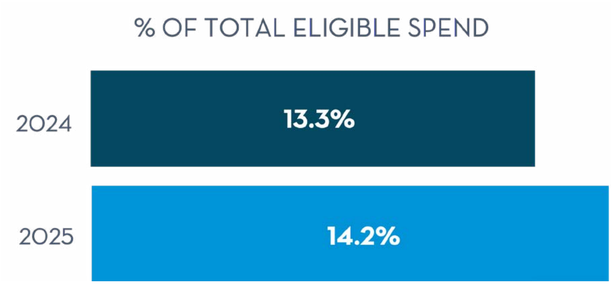
Overall, demand for mental health practitioner services continues to rise. More members are accessing counselling and therapy, and many plans have increased their maximums to meet this need. This sustained growth highlights the critical role of mental health care today and the importance of flexible plan design to ensure members can access the support they need.

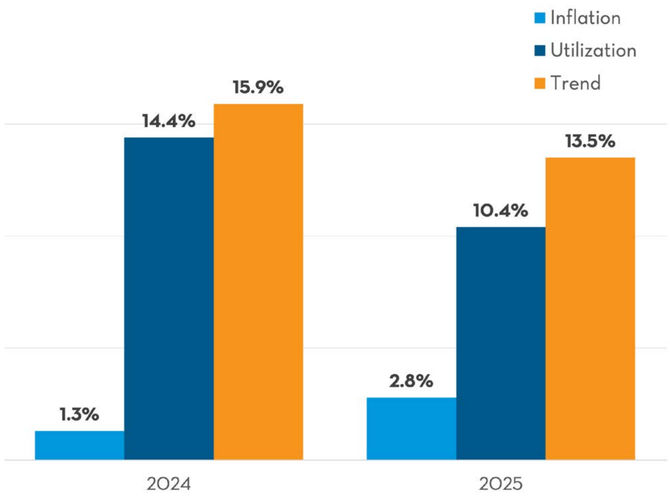
MENTAL HEALTH DRUGS – TREND OVERVIEW





MENTAL HEALTH PRACTITIONERS – TREND OVERVIEW





Mental Health

Cost patterns shift

Cost patterns also continue to shift. For the second year in a row, drug costs remain relatively flat, even dipping slightly, while counselling services grew by 13.5% in 2025.

Although many members continue to use mental health medications, the cost per claimant for counselling is significantly higher because members typically attend multiple sessions. As a result, a growing share of mental health spend is shifting toward practitioner services — a trend we expect to continue.

SOLUTIONS SPOTLIGHT

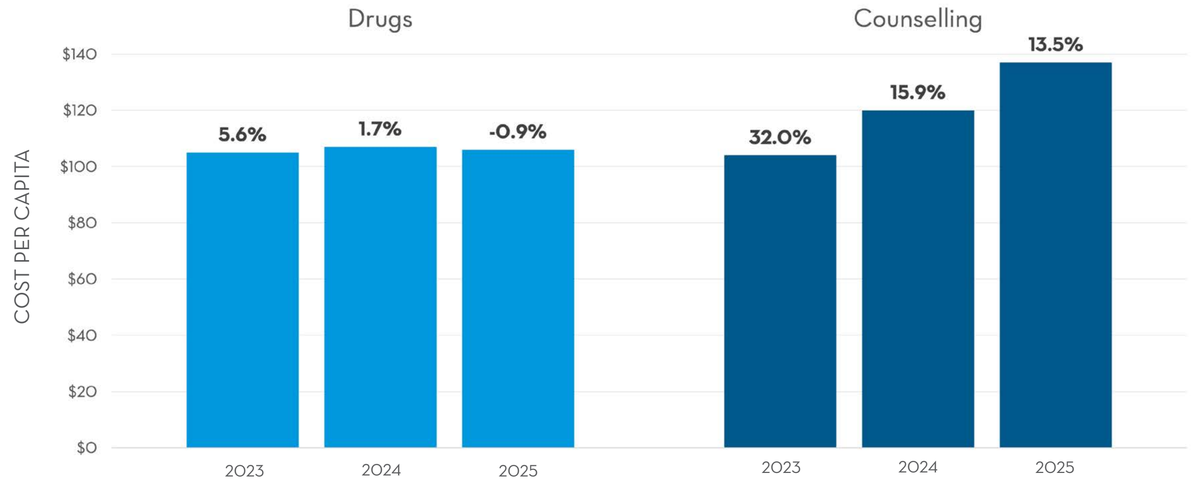
Live online therapy

Members can choose their therapist and connect through secure video or phone sessions for personalized, one-on-one support. This service helps address rising mental health needs by offering convenient access to therapy for stress, anxiety, depression, relationship challenges, and more.

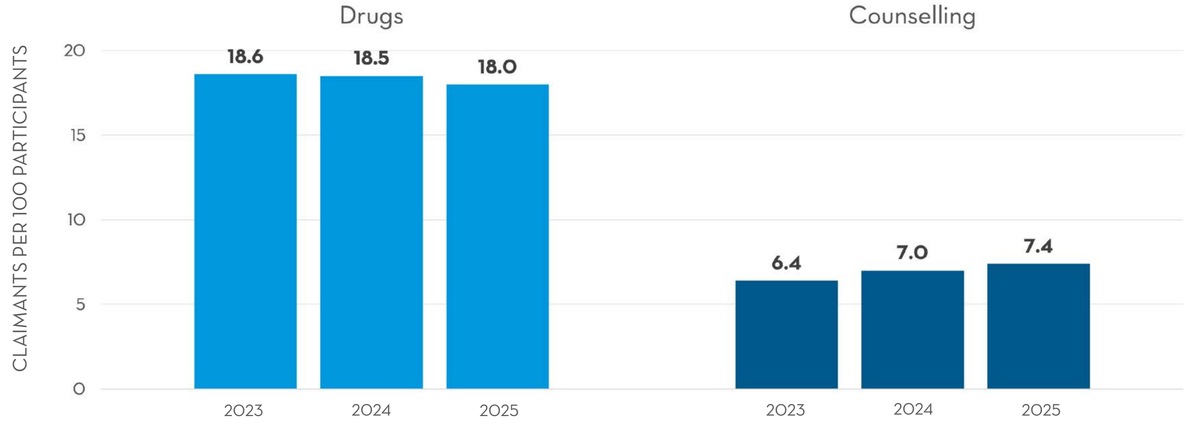
Guided internet-based Cognitive Behavioural Therapy (iCBT)

As mental health counselling spend continues to outpace drug spend, guided iCBT offers a flexible, clinically proven alternative. Members follow a structured program at their own pace while receiving ongoing support from a licensed therapist through private, in-app messaging. It expands access to mental health care and supports members who prefer non-pharmacological treatment options.

DRUGS VS. COUNSELLING – COST TREND



DRUGS VS COUNSELLING – CLAIMANTS TREND



Mental Health

Multimodal care

Another important development we are monitoring is the rising number of members using both mental health medications and counselling. In 2025, nearly 13% of mental health claimants used a combination of medication and therapy, up from 12.4% in 2024. This steady growth reflects a shift toward more comprehensive, multimodal care.

Usage by gender

Mental health practitioners now rank as the #4 benefit for females and #5 for males, underscoring consistent member engagement with counselling and therapy. Mental health medications also remain prominent, ranking #6 for females and #7 for males.

Growth in practitioner usage among males is being driven largely by younger Millennial and Gen Z members, who appear more open to seeking support and incorporating counselling into their care.

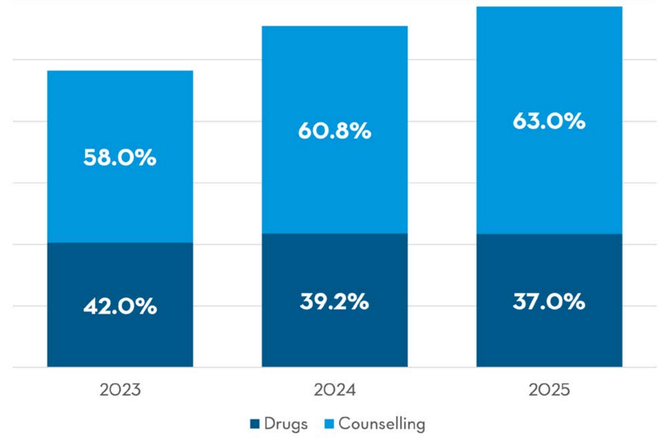
Usage by age

Across every age band, females are significantly more likely than males to claim both mental health medications and practitioner services.

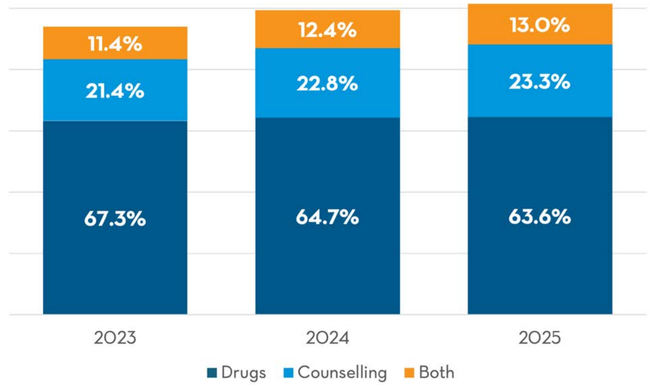
Practitioner utilization peaks among members aged 30–39, while mental health drug use peaks later — especially among females aged 40–69, a period when many women are also navigating menopause-related changes.

MENTAL HEALTH BENEFIT USAGE

$ ELIGIBLE BY TYPE



% OF CLAIMANTS BY TYPE



MENTAL HEALTH BENEFIT USAGE BY GENDER

PRACTITIONERS

DRUGS

Navigating Emerging Trends

Medication Advisory Panel

Trends in New Drug Submissions

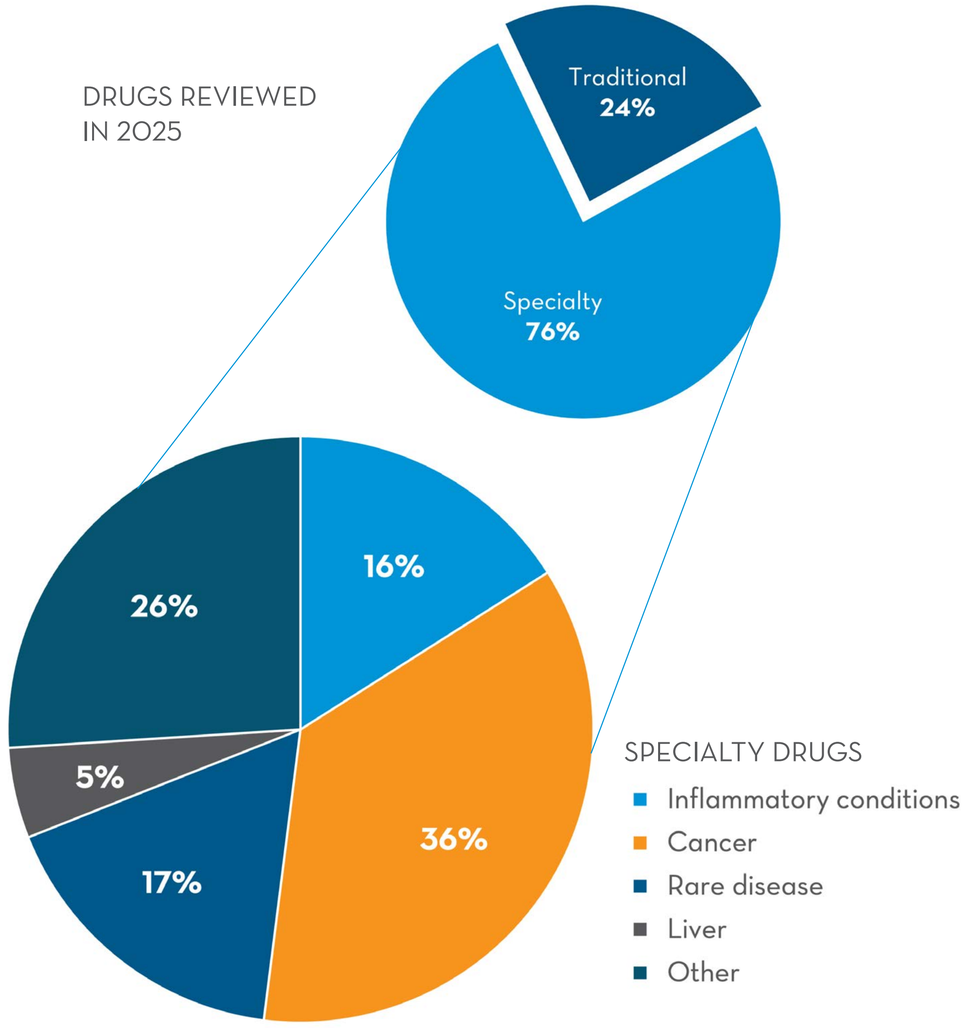
In 2025, our Medication Advisory Panel reviewed over 110 submission packages from drug manufacturers for reimbursement listing decisions. Of these, 47 were new branded drugs, and 11 were new biosimilars, while the majority (55 submissions) involved new Health Canada–approved indications or new formulations for drugs already on the market.

Specialty drugs accounted for 76% of all reviews. These therapies typically require prior authorization and often exceed $10,000 per year or per treatment, underscoring their significant impact on plan sustainability.

Cancer: Cancer treatments continued to dominate new submissions; however, most were not entirely new therapies but rather new combination regimens involving existing drugs. Several of these regimens targeted cancers that predominantly affect women, including breast and ovarian cancers.

Inflammatory Conditions: In the inflammatory conditions category, no new branded drugs were submitted. Instead, manufacturers sought approval for new indications for existing therapies—such as Tremfya, now approved for Crohn's disease and ulcerative colitis in addition to psoriasis. The launch of four new Stelara biosimilars and two Actemra biosimilars is expected to help reduce costs in this high-spend category.

Skin conditions: There was also a notable increase in submissions for skin conditions such as eczema, atopic dermatitis, and psoriasis. These new topical treatments target precise inflammatory pathways and offer high effectiveness with minimal systemic absorption. Encouragingly, they may help delay or prevent progression to more costly injectable biologics for these conditions.



Drug Pipeline

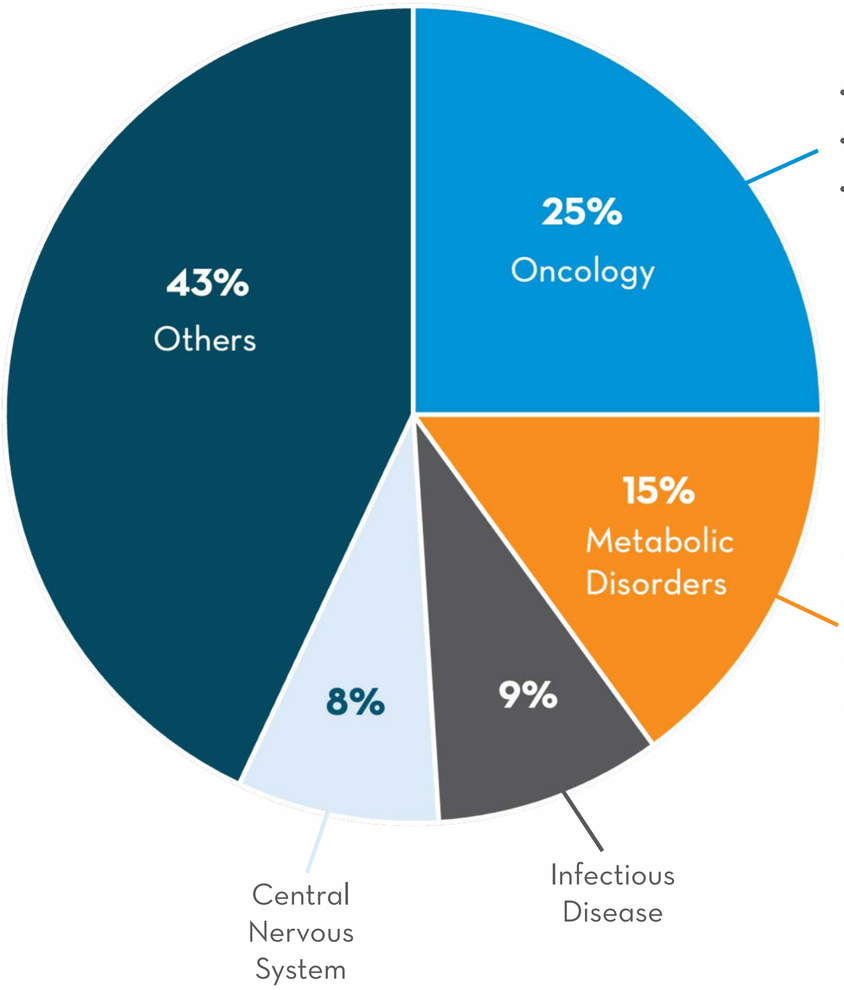
Emerging high-impact therapies

A strong set of emerging therapies is poised to redefine treatment standards and improve member outcomes in 2026.

Oncology is the biggest contributor, accounting for 25% of all new products in development. This includes target therapies for late-stage cancers such as lung and breast.

Metabolic disorders follows at 15% of all products in development, including new oral versions of PCSK9 inhibitors, which currently exist only as injectable biologics. Also on its way is a first-in-class targeted therapy to lower lipoprotein(a), addressing a major genetic risk factor with no approved treatments today.

PCSK9 inhibitors reduce LDL (“bad”) cholesterol by blocking the PCSK9 protein, helping the liver remove more cholesterol from the bloodstream.



- Late-stage cancer
- Subcutaneous injections
- Potential shift to private clinics

- PCSK9 inhibitors: oral versions
- Therapy to lower lipoprotein(a)
- Injectable GLP-1s: new indications
- Wegovy & orforglipron: oral versions

Drug Pipeline

Strong GLP-1 uptake

GLP-1 therapies remain the most closely watched category in 2026. Injectable GLP-1s have generated significant public and clinical interest in metabolic and weight management treatments, creating strong anticipation for oral alternatives expected to enter the market.

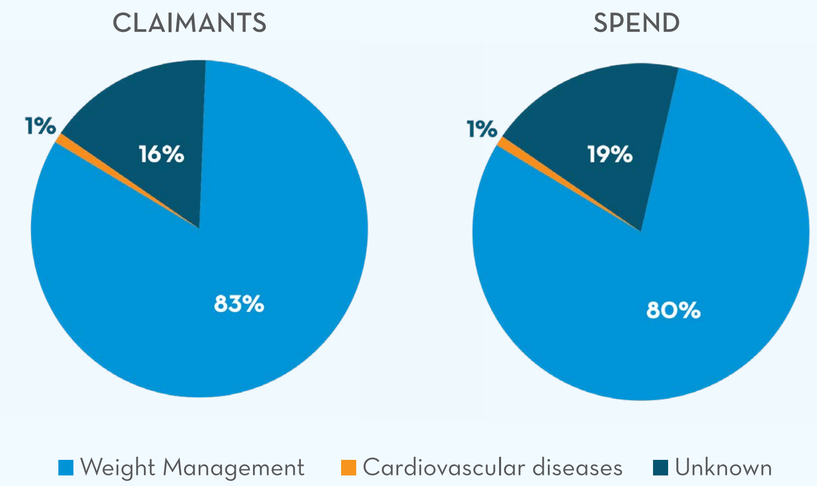
Early U.S. data shows the scale of demand: oral Wegovy saw approximately 38,000 prescriptions in its first two weeks of its launch at the end of 2025, compared with 1,600 for injectable Wegovy and 7,300 for Zepbound during their respective launches in the same period. As Canada prepares for the arrival of oral Wegovy, another therapy to watch is orforglipron, a once-daily, easy-to-administer oral GLP-1 with no food or timing requirements. Orforglipron received FDA approval in April 2026 under the brand name Foundayo, and its U.S. uptake will be closely monitored.

Drug Pipeline

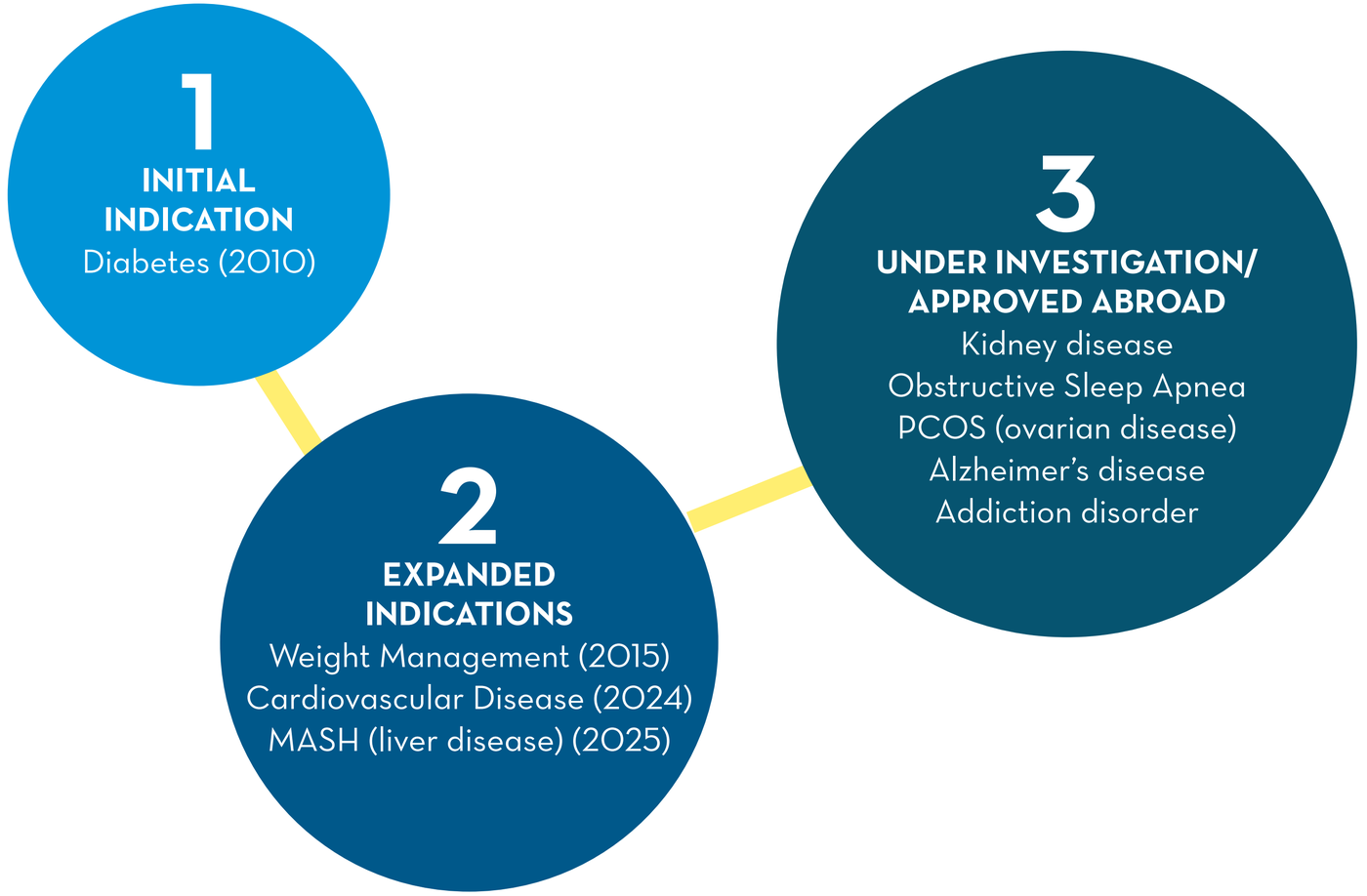
Beyond traditional categories

GLP-1s are also expanding far beyond diabetes and weight management. Injectable GLP-1s are now showing supportive data for indications in inflammatory conditions, neurology, and addiction-related disorders. Wegovy received approval from Health Canada for cardiovascular risk reduction in 2024 and, more recently, in 2025, for metabolic dysfunction-associated steatohepatitis (MASH). Uptake for cardiovascular risk reduction remains low — representing only 1% of known claimants and spend — but as new indications emerge, GLP-1-related spending will continue to rise outside traditional diabetes and weight management categories.

WEGOVY USE BY INDICATION



GLP-1 DRUGS: PATH TO EXPANDED INDICATIONS



Drug Pipeline

Cost relief

With expanding indications and new formulations expected to increase GLP-1 spending, the launch of generic versions of Ozempic in 2026 may offer meaningful cost relief for plan sponsors.

To date, nine companies have applied to launch their version of generic semaglutide. As of May 2026, two have received approval and have hit the market. Novo Nordisk has also obtained Health Canada approval to market Plosbrio, a relabelled biologic version of Ozempic, to compete with approved generics. The company may elect to launch Plosbrio after assessing the impact of true generics on Ozempic's sales performance. The impact may be even more significant as generics have entered the market at 35% of the brand price, despite pCPA's tiered pricing framework.

Core cost-management strategy

These anticipated savings highlight the importance of Mandatory Generic Substitution as a core cost management strategy. When clinically appropriate, generics allow plan sponsors to significantly reduce drug spend while maintaining access to effective therapies for chronic conditions. This approach supports broader affordability, improves member access, and enhances overall return on investment for plan sponsors.

DRUG CLASSIFICATIONS

Biologics

Complex medicines made from living organisms. Higher cost due to complexity of development and manufacturing.

Example: Ozempic and Wegovy

Biosimilars

Highly similar versions of biologic with no clinically meaningful differences in safety or effectiveness. Introduced after reference biologic loses exclusivity.

True Generics

Chemically identical copies of brand-name drugs with the same active ingredient, strength, and therapeutic effect.
Lowest-cost option once patents expire.

Example: semaglutide generics

Ultra Generics

Generics manufactured by the same company and in the same facilities as the original brand name medication.

Industry Landscape

Heightened volatility

The drug landscape is entering a period of heightened volatility as policy decisions in both Canada and the United States begin to influence pricing, availability, and long-term plan sustainability.

US impact

The U.S. Most Favored Nation (MFN) drug-pricing clause aims to cap American drug prices at the lowest level paid by peer countries, including Canada. This stands in contrast to Canada's 2022 Patented Medicines Pricing Review Board (PMPRB) reform, which removed the U.S. from its comparator basket to help lower allowable prices for new patented medicines.

Cross-border pressure

The MFN approach could create cross-border pressure that pushes Canadian prices upward, and manufacturers have warned they may delay or limit launches in markets with lower price ceilings. As of January 1, the PMPRB now compares Canadian prices to the highest, rather than the median, international price — another shift that may increase list prices for new drugs.

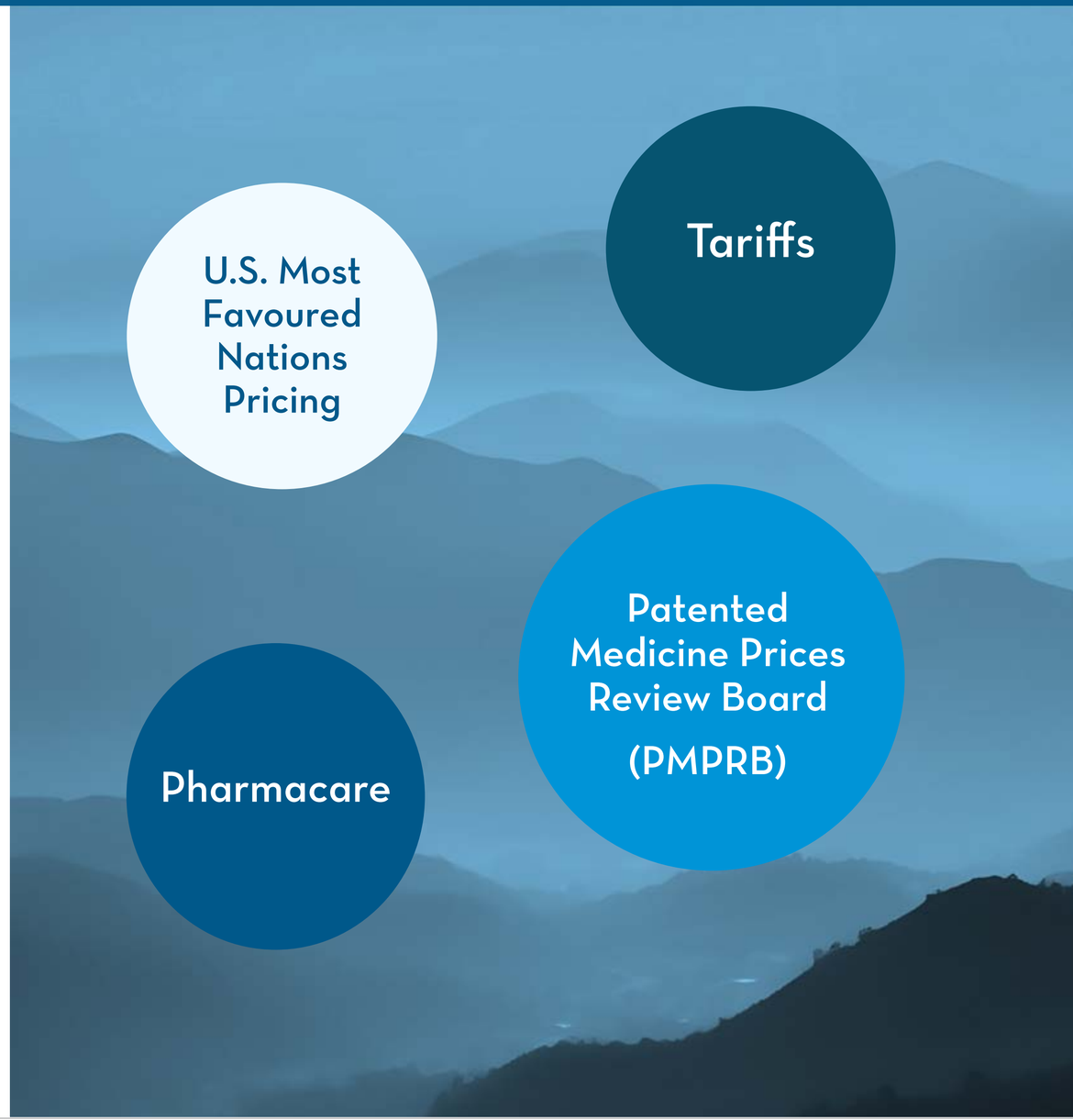
The U.S. has also repeatedly signalled the possibility of imposing tariffs on pharmaceutical products — potentially as high as 200%. Such measures could disrupt supply chains, raise production costs, and increase the risk of shortages, with downstream effects on Canadian pricing, particularly given Canada's reliance on a limited number of suppliers.

National Pharmacare uptake

In Canada, the Pharmacare Act introduced universal, first-dollar coverage for diabetes medications and contraception. However, only four jurisdictions have signed agreements to date: Yukon, Prince Edward Island, British Columbia, and Manitoba.

Coverage excludes Ozempic

Diabetes coverage means private plans will no longer see the full list of medications members are taking. Yet, these pharmacare programs do not cover Ozempic, one of the most used — and most costly — diabetes treatments.



Industry Landscape

Provincial policy expectations on private payers

Provincial policy changes are also reshaping the benefits environment. Ontario has introduced legislation to regulate preferred pharmacy networks under an "Any Willing Provider" model, allowing any pharmacy that matches a network's financial terms to dispense to members. The effective date is still pending, and the finer details are still to be fully understood. In Alberta, proposed changes would make government programs the payer of last resort, requiring private plans—including retiree plans—to become the first payer. The province also plans to require employers to maintain benefits for active employees aged 65 and older.

Quebec negotiations

In Quebec, plan sponsors could have benefited from new legislation that would have given the Minister of Health the right to limit pharmacy fees. Although this amendment was recalled after a few days, they have committed, along with the Association Québécoise des Pharmaciens propriétaires (AQPP), to enter into a negotiation, together with private insurers, to address concerns over specialty drug pharmacy fees by the end of 2026.

Ever-evolving environment

Together, these developments signal a benefits environment that is becoming more regulated, more complex, and more sensitive to policy shifts on both sides of the border. The implications for drug pricing, supply stability, and the sustainability of employer-sponsored plans will continue to evolve in the years ahead.

Insights, Impact and Value

Key Takeaways

What the data shows and how to respond

Specialty drugs continue to rise

Specialty medications remain a major driver of drug trend, with steady growth as more high-cost therapies enter the market, particularly for skin-related conditions.

What this means for plan sponsors: Specialty spend will continue to influence overall plan sustainability and requires close monitoring.

What plan sponsors can do: Strengthen specialty management strategies, including managed formularies, prior authorization, and plan design options.

Diabetes utilization increased slightly

Diabetes medications saw a modest rise in utilization, but cost relief is expected as new generics enter the market this year.

What this means for plan sponsors: Diabetes remains a high-impact category, but upcoming generics present an opportunity to reduce spend.

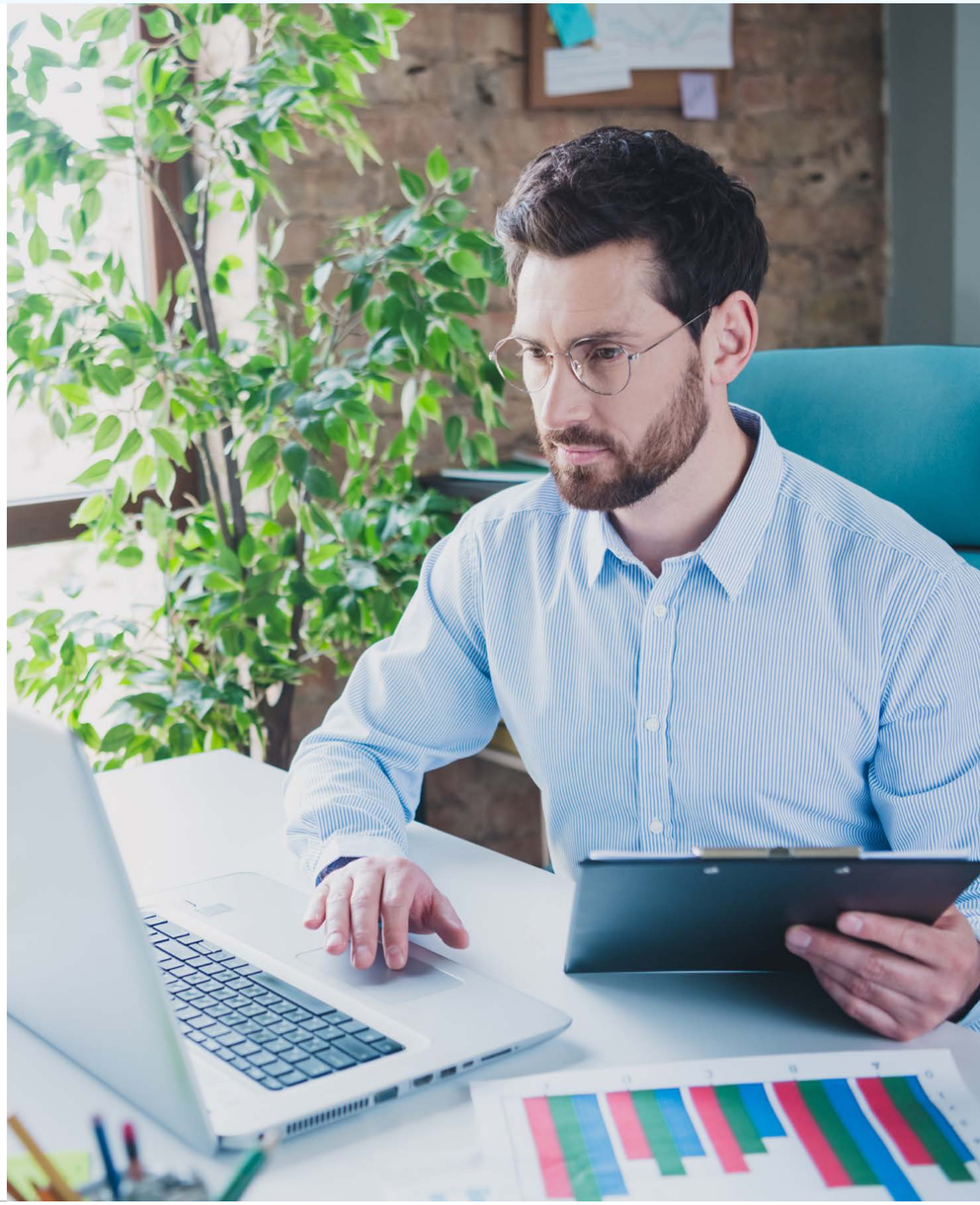
What plan sponsors can do: Ensure Mandatory Generic Substitution is enabled so plans automatically benefit from lower-cost alternatives.

Weight management remains one of the fastest-growing areas

Demand for weight management therapies continues to surge but updated prior authorization criteria have helped stabilize spending and ensure appropriate use.

What this means for plan sponsors: Without strong criteria, this category can grow rapidly and unpredictably. Utilization is the key target for managing toward a sustainable benefit category — something that a category dollar maximum does not address.

What plan sponsors can do: Adopt evidence-based prior authorization criteria aligned with clinical guidelines to balance access, outcomes, and cost control.



Key Takeaways

ADHD medication use continues to climb

ADHD utilization continues its year-over-year growth, with females now representing more than half of all claimants.

What this means for plan sponsors: ADHD is increasingly an adult and female-driven category, shifting historical patterns of use.

What plan sponsors can do: Review plan design to ensure appropriate coverage while monitoring evolving diagnostic and prescribing trends. Ensure Mandatory Generic Substitution is added to the plan to take advantage of the arrival of new generics for highly utilized drugs.

Mental health support is shifting toward counselling

Spending on counselling and practitioner-based services continues to outpace drug spend, showing strong member engagement with therapy and non-pharmacological supports.

What this means for plan sponsors: Members are seeking broader mental health support beyond medication.

What plan sponsors can do: Evaluate mental health benefits to ensure adequate access to counselling, psychology, and other practitioner services.

Menopause-related hormone therapy is now a top trend driver

Hormone therapy has emerged as a top-five contributor to drug trend, with utilization rising across all regions — particularly in Quebec.

What this means for plan sponsors: Menopause is becoming a significant life-stage driver of drug use and plan costs.

What plan sponsors can do: Consider whether women's health supports — including hormone therapy, mental health, and health coaching benefits — are appropriately integrated into plan design.

SOLUTIONS SPOTLIGHT

Connected Care: Health care made easy

This year's claims data shows more people living with chronic conditions and ongoing pressure from changing drug costs. It also points to a growing need for easier access to coordinated care.

Connected Care brings prevention, early support, and chronic condition management into one digital platform, helping members access trusted care wherever they are.

Members can access a comprehensive suite of virtual care services, including:

- Health coaching for diabetes, blood pressure, and obesity
- Live online therapy and internet-based Cognitive Behavioural Therapy
- ADHD assessment and treatment
- Gut Health test kit, personalized report and dietitian consultations
- Menopause assessment and coaching
- Wellness tools and preferred-price services

By making care easier to reach, Connected Care helps members stay engaged while supporting plan sustainability through earlier support and better outcomes.

Value Proposition

Our unique advantages

As Canada's only fully integrated insurer and Pharmacy Benefit Manager (PBM), Medavie Blue Cross has full oversight of all benefit lines without relying on third-party partners. This allows for faster implementation of drug solutions, greater transparency, and expert-driven insights that support evidence-based decision-making.

Our advantages include:

Leading claims technology: We leverage in-house digital and adjudication technologies to deliver innovative member support tools and a responsive, flexible point-of-sale claims system.

Competitive pricing: Our Product Listing Agreements (PLAs) and Pharmaceutical Partnership Strategy help secure competitive pricing while giving clients broad flexibility in plan design without limiting choice.

Commitment to health equity: We embed health equity into our drug plan management approach, offering gender affirmation benefits, family-building coverage, comprehensive women's health support, and weight and chronic disease management.

Expert oversight: Our formularies are guided by our independent Medication Advisory Panel — an industry first when established in 1994. The panel evaluates new drugs from a plan sponsor's perspective, assessing clinical and cost-effectiveness, safety, affordability, and patient and caregivers' perspectives.

Independent, agile, and responsive: Unlike the Canadian Drug Agency (CDA), our Medication Advisory Panel takes a more flexible and truly evaluates drugs from the perspective of private plan sponsors. The focus is on rigorous evaluations that balance cost optimization with what plan sponsors value, such as plan member health, employee productivity, reducing absenteeism or disability.

Integrated and effective: Our pharmacy benefits integrate seamlessly with overall benefit plans, supporting enhanced mental health coverage and a wide range of complementary services.

Appendix

Report Metrics and Methodology

The following terms define how data is measured and reported in this analysis. All figures are based on Medavie Blue Cross private business drug claims data.

Claimants per 100: an indicator of how many plan members, out of every 100, are actively using a specific drug or therapeutic category. It is calculated by dividing the number of unique members with at least one claim by the total number of covered members and multiplying the result by 100.

Cost per capita: the primary measure used to assess drug plan cost on a per-certificate basis. Calculated by dividing total eligible drug spend by the number of covered certificates during the reporting period.

Growth: the change in the overall use of a drug or therapeutic category over a defined period, driven by factors such as changes in prescribing patterns, longer therapy durations, and shifts in treatment guidelines.

Incidence: a drug claims-based measure of how often a condition is recorded among covered members during a specified period.

Inflation: the change in average cost per claim over time, reflecting the impact of manufacturer price increases and shifts toward higher-cost therapies within a therapeutic category. It is measured as the percent change in total eligible drug spend divided by the number of claims.

Spend: the gross cost of all eligible drug claims submitted. This figure represents the total amount before member copayments, coordination with provincial and territorial plans of last resort or PLAs are applied.

Trend: the primary measure of overall drug plan cost movement, expressed as the percentage change in cost per capita year over year.

Utilization: a measure of how frequently a drug or therapeutic category is used, reflected by the number of claimants and the total number of claims submitted during a specified period. It is measured as the percent change of number of claims divided by the number of covered certificates.

Glossary

Drug Types and Classifications

Biologic drug: a medication produced from living organisms or their components, such as proteins, cells, or tissues, using biotechnology processes, unlike non-biologic (conventional) drugs, which are chemically synthesized.

GLP-1 drugs: a class of medications that act on GLP-1 receptors to improve blood sugar control and reduce appetite, supporting weight loss.

Hormone therapy: hormones or hormone-modulating agents, used as a drug to replace, supplement, block, or regulate naturally occurring hormones in the body.

Specialty drug or therapy: high-cost drugs that generally cost over $10,000 per year, used to treat serious, complex conditions, requiring special handling, storage, or administration, and typically prescribed by a specialist. Specialty drugs typically require prior authorization.

Therapeutic class or category: a classification system for grouping drugs based on the conditions they are used to treat. Examples include anti-inflammatory agents, oncology therapies, and diabetes treatments.

Traditional drug: low-cost drugs costing less than $10,000 annually that treat chronic and acute diseases, including diabetes, heart disease, and depression.

Drug Plan and Coverage Policy

Interchangeability: the ability to substitute a generic drug for its brand name equivalent without separate prescriber approval, as determined by provincial regulatory authorities based on demonstrated therapeutic and chemical equivalence.

Mandatory generic substitution: Medavie Blue Cross's program that ensures prescriptions are automatically reimbursed up to the cost of the lowest- priced interchangeable product.

Clinical and Diagnostic Terms

BMI (Body Mass Index): a widely used screening measure that assesses weight relative to height and is commonly used to assess, diagnose, and monitor obesity.

CBT (Cognitive Behavioural Therapy): a type of talk therapy that teaches individuals practical skills to identify and change negative thought patterns and behaviours, supporting healthier emotional and behavioural responses.

DSM-5 (Diagnostic and Statistical Manual of Mental Disorders, 5th Edition): a standardized reference that provides diagnostic criteria and classifications for mental health conditions.

Inflammatory conditions: conditions in which the body's immune system mistakenly attacks healthy tissues, causing chronic symptoms such as pain, swelling, redness, and stiffness. Over time, these conditions can lead to progressive damage to joints, organs, and other tissues.

References

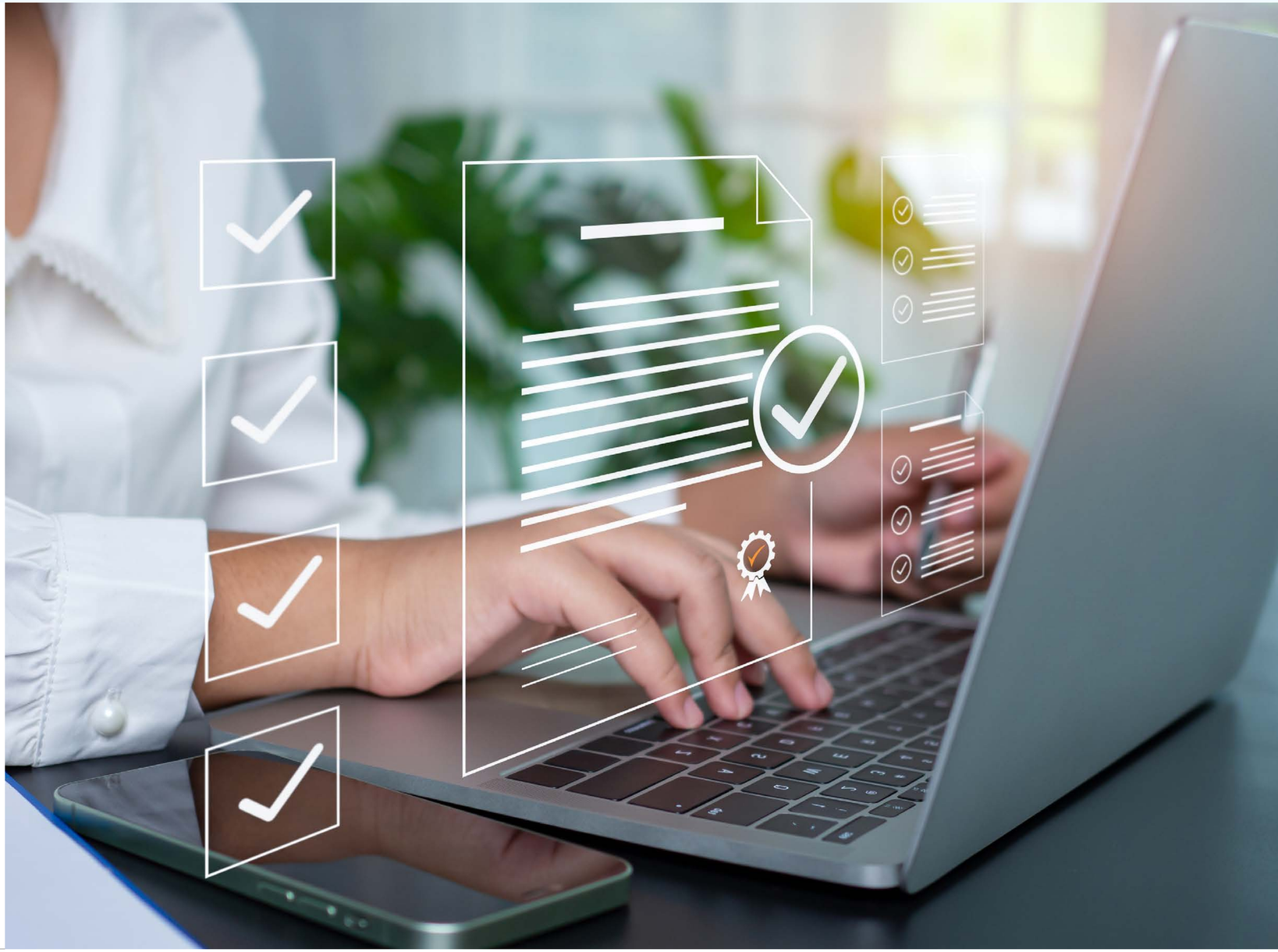
MS:
Prevalence and incidence of MS in Canada and around the world | MS Canada

Diabetes:
Diabetes in Canada - Diabetes Canada

Mental Health:
Canadian workers' mental health declining in 2025 due to burnout, financial stress: report | Benefits Canada.com

Drug Pipeline: Strong GLP-1 uptake
Novo's Wegovy pill launch wows with strong early uptake: analysts

Landscape: Fact Sheet: President Donald J. Trump Bolsters National Security and Strengthens U.S. Supply Chains by Imposing Tariffs on Patented Pharmaceutical Products – The White House



2026 Drug Trends Report

medaviebc.ca