



## Summary of legislative changes affecting group benefit plans

10-03

Each year, governments make changes that affect coverage under both public and private benefit plans. This GroupLine outlines the changes that Great-West believes will be of the greatest interest to plan sponsors. This is not intended to be a complete listing of all changes made in 2009, but rather a summary that highlights key developments. Plan sponsors may have learned of some of these changes though previous GroupLines, as noted.

### Federal

#### EI maximum increased

(GroupLine 09-24)

For 2010, the federal government announced an increase in the employment insurance (EI) maximum insurable earnings amount to \$43,200 and a corresponding increase in the EI weekly maximum benefit to \$457. Short-term disability plans that have a maximum set at the EI maximum, rather than a specific amount, automatically increased Jan. 1, 2010.

Plan sponsors who participate in the EI premium reduction program may need to consider amending their plans to continue to remain eligible for the program.

#### Natural health products

(GroupLine 09-18 and plan member piece)

Health Canada has re-classified many over-the-counter (OTC) products as natural health products. Since Jan. 1, 2010, manufacturers of OTC products have been required to comply with Health Canada's natural health product regulations and apply for an eight-digit natural product number (NPN) or drug identification number-homeopathic medicine (DIN-HM) from Health

Canada. DINs for any affected OTCs have been discontinued and have not been eligible for coverage under Great-West plans since Dec. 31, 2009.

This change is of minimal impact to Great-West plans and is reflected in a plan's experience at renewal.

#### Harmonized sales tax – B.C. and Ontario

In their 2009 budgets, both British Columbia and Ontario entered agreements with the federal government to harmonize their provincial sales tax with the five per cent goods and services tax (GST), effective July 1, 2010.

The introduction of the harmonized sales tax (HST) will not affect the current treatment of insured employee benefit plans. Some uncertainties remain about the impact of the HST on administrative services only plans, where there isn't any insured element, as well as on other types of uninsured employee benefit plans.

Great-West is monitoring these developments and will provide further communication, as necessary.

### British Columbia

#### Changes to provincial Pharmacare program

(GroupLine 09-06)

An agreement between the provincial government and the B.C. Pharmacy Association was created with the intention of generating savings to the public drug program through:

- A pricing policy (effective Jan. 1, 2009, to Dec. 31, 2009) on new multi-source generic drugs that limited reimbursement to pharmacies to 50 per cent of the brand-name price.

- A maximum-day-supply dispensing fee limit (effective Feb. 1, 2009) that set maximum dispensing fees paid to pharmacies by Pharmacare on a daily and weekly basis, per patient.

These changes applied only to the Pharmacare program. A price change for private payers (either members of private plans or public plans) was not expected.

In the short term, cost changes to private plans were not anticipated. There is the potential for private plan costs to increase over the medium to long term if pharmacies want to recover the discounts imposed by the new regulations.

## Alberta

### Chiropractic coverage

(GroupLines 09-08 and 09-16)

The government of Alberta eliminated chiropractic coverage for its residents, effective July 1, 2009. Previously, the province had provided up to \$200 annually, per person, for these services.

Group benefit plans with chiropractic coverage provide reimbursement of chiropractic costs only when these costs are not covered by provincial healthcare plans. This change in Alberta resulted in an increase to chiropractic benefits payable under group plans with Alberta plan members.

The actual effect on rates varies based on plan design and percentage of Alberta plan members covered under a plan. Plan sponsors can choose to retain current chiropractic coverage with increased rates on renewal or reduce the rate impact by limiting the amount of chiropractic coverage.

### Legislative changes to drug coverage

(GroupLine 09-15 and 09-22)

Alberta announced changes to its drug plan in July and again in October 2009. The first phase of changes applied to residents aged 65 and older, and made registration in the provincial plan optional. In addition, the co-payment and premium (if any) became based on annual income. The effective date of these changes is July 1, 2010.

It's expected that this change to the Seniors' Drug Plan will increase the amount of benefits payable under group plans. The associated rate implications will be incorporated into future renewals. The actual effect on rates will vary based on plan design and percentage of Alberta plan members aged 65 and older covered by a plan.

Phase 2 of the Alberta Pharmaceutical Strategy introduced regulated reductions in new generic drug prices for both the public and private sectors. Reductions to existing generic drug prices will come into effect in April 2010. The province will also negotiate a reduced cost for brand-name drugs, expand the role of pharmacists and introduce a new payment model for pharmacy services under this phase of the strategy.

## Manitoba

### Pharmacare deductibles and amendment to accumulation

In April, the Manitoba government made changes to deductible rates by adjusting income brackets, making deductible increases more gradual. Since the percentage changes were moderate, this change is of negligible impact to plan sponsors.

Effective Oct. 17, 2009, Manitoba legislation was amended to reflect how the Pharmacare system accumulates a person's deductible. According to the amended wording, the entire amount of prescription drug expenses incurred by a Manitoba resident who has registered for Pharmacare will accumulate towards that person's Pharmacare deductible, regardless of whether any portion of the expenses is reimbursed or paid by private insurance. This corrected the inconsistency between how pharmacy claims accumulated towards a person's deductible and what previous legislation permitted.

There is no pricing change as a result of this amendment.

## Ontario

### Bill 102 and drug reform

(GroupLine 08-02)

Three years after Bill 102's implementation, the Ontario government has acknowledged both successes and areas for improvement. In July 2009, the government held a forum and announced plans for a substantial review of the Ontario drug system. This forum included 300 stakeholders, including representatives of the Canadian Life and Health Insurance Association (CLHIA), employers, insurance carriers and plan advisors.

The future of drug reform in the province is less clear after the appointment of a new health minister. However, Great-West remains engaged with the CLHIA and other industry members. The industry's main objective is price equity for all stakeholders to ensure sustainability of both public and private plans.

## Quebec

### **Insurance regulation changes and private healthcare**

(GroupLine 09-20)

Quebec made changes to its insurance regulations, which took effect Sept. 10, 2009. The changes included a new requirement to increase the group life conversion maximum to \$400,000 from the previous \$200,000, along with new availability of life conversion for children. There was no immediate pricing impact as a result of the life conversion maximum change. However, it will lead to an increase in claims costs, which may have a pricing impact in the future.

Meanwhile, Bill 34 established licensing conditions for specialized medical centres (SMCs), effective Sept. 30, 2009. Included was an expansion of the number of specialized medical treatments, from 3 to 56, that can be performed in an SMC. However, the bill did not increase the number of services that a private insurer can provide coverage for; this remains at three eligible services. For this reason, it is expected that the impact of Bill 34 will be minimal.

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