

**Date:** August 03, 2010

**N°.** 2010-07

**To:** Group Producers

**Subject:** Legislative Updates

Following is a summary/update of recent legislative changes by province and the impact to group benefit plans:

Province	Legislation – What’s changing?	Impact on group benefit plans
<p><b>Ontario</b></p>	<p><b>Drug System Reform - Update</b></p> <p>Lower generic drug pricing and the elimination of professional allowances will substantially reduce Pharmacy revenues. (For more information, refer to <a href="#">Group Producer Bulletin 2010-06</a>)</p>	<p>To offset lost revenue, some pharmacies have announced increased dispensing fees and mark-up for generic drugs.</p> <p>To minimize any impact, Plan Sponsors should consider cost management measures, such as, dispensing fee caps, co-pays and generic drugs.</p>
<p><b>British Columbia</b></p>	<p><b>BC PharmaCare</b> - On July 9, 2010, the BC government announced improvements to the provincial drug system to benefit all British Columbians. For BC Pharmacare eligible drugs:</p> <ul style="list-style-type: none"> <li>• The price of generic drugs will be reduced from <b>65%</b> for existing generics and 50% for new generics -- to <b>35%</b> of the brand name drug cost over the period beginning July 28, 2010 and ending April 2012.</li> <li>• Both brand name and generic drugs dispensing fees and ingredient cost mark-ups will be increasing. Dispensing fees will increase from \$8.60 to \$9.10 on July 28, 2010 and will go to a maximum of \$10.50 by April 2012. Ingredient cost mark ups will remain at 7% on July 28, 2010 and will go to a maximum of 8% by April 2012.</li> <li>• The B.C. government has committed to reinvest \$35 million into new clinical pharmacy services.</li> </ul> <p>For more information, visit the government of British Columbia Web site at <a href="http://www.gov.bc.ca">http://www.gov.bc.ca</a>.</p>	<p>We will communicate further, if necessary, once we complete our analysis on the total impact this legislation may have on plans.</p>

<p><b>Alberta</b></p>	<p><b>Alberta Pharmaceutical Strategy - Update</b></p> <p><b>Generic drug price reductions fewer than anticipated</b> –the Alberta government acknowledged that not all drugs on their formulary have decreased as a result of recent legislation reducing generic drug pricing from 75% to 56% of brand. They further acknowledged that the regulations allowed for more generics than expected to be considered exceptions, and therefore not subject to the 56 per cent limit.</p> <p>(For more information, refer to <a href="#">Group Bulletin 2010-06</a>)</p>	<p>Plan Sponsors may not see the anticipated savings resulting from these reductions immediately – and the degree of savings (if any), will be contingent upon plan design.</p>
<p><b>Quebec</b></p>	<p><b>Reduction in the Price of Generic Drugs</b></p> <p>Québec will benefit from the Ontario generic drug price reductions. Under their current agreement with generic drug manufacturers, Québec will get the best price available in Canada.</p>	<p>We will communicate further, if necessary, once we complete our analysis on the total impact this legislation may have on plans.</p>
<p><b>Changes to Québec Basic Drug Plan</b></p> <p>Effective July 1, 2010, the out-of-pocket maximum and co-insurance amount for the Québec basic drug plan (RAMQ) changed as follows:</p> <ul style="list-style-type: none"> <li>• Maximum annual allowable out-of-pocket expense will increase from \$954.00 to \$963.00</li> <li>• Maximum co-insurance will remain at 32%</li> <li>• Annual RAMQ premium for Quebec residents will increase from \$585 to \$600</li> </ul>	<p>Drug claims from Québec Plan Members will now be subject to the new out-of-pocket maximum of \$963.00 and the new reimbursement level of 68%</p> <p>All private plans must provide coverage equivalent to or better than coverage provided by RAMQ</p>	
<p><b>Funding In Vitro Fertilization Treatments (IVF)</b></p> <p>Effective August 5, 2010, Quebec plan will fund IVF:</p> <ul style="list-style-type: none"> <li>• Couples will be eligible for three to six cycles of IVF treatment</li> <li>• Costs will range from \$7,000 to \$15,000, including drug costs</li> </ul>	<p>Private drug plans who previously excluded IVF drugs may see an increase in their drug plan costs.</p> <p>We will communicate further, if necessary, once we complete our analysis on the total impact this legislation may have on plans.</p>	
<p><b>Québec Budget Changes 2010</b></p> <p>The total premium tax rate in Québec will increase to 2.55% from 2.35% for the 2010 to 2014 taxation years.</p> <p>(For more information, see <a href="#">Group Bulletin 2010-08</a>)</p>	<p>We have revised the <a href="#">Cost Plus Benefit Calculation Form</a> to reflect the increase. Please destroy any previous versions you may have. The revised form is also available on the Web site.</p>	

<b>Newfoundland &amp; Labrador</b>	<b>New Authority for Pharmacists</b>	Plan members will benefit from this service.
<b>Important notes</b>	This Bulletin is based on our understanding of the relevant law as of the date of publication. We will communicate again, if necessary, once additional details become available.	
<b>Contact us</b>	For further information regarding the recent legislative changes, please contact your local Group Representative.	
Pharmacists now have the authority to refill, extend or adjust prescriptions. Pharmacists must notify the original prescriber when extending or making changes to a prescription.		
	The attached bulletin to Plan Administrators (2010-14) will be distributed on August 19, 2010. All bulletins are accessible on our Plan Administrator and Producer web sites.	