



special communiqué

April 29, 2010

A periodic publication to inform key stakeholders about topics of special interest.

Tax change in Quebec

The Province of Quebec's recently released budget included a 0.2 per cent increase to the compensatory premium tax, effective March 31, 2010.

The tax, which is commonly included with the two per cent insurance premium rates, will be increased to .55 per cent from .35 per cent, effective immediately. This applies to insurance for all residents of Quebec.

Sponsors of Medavie Blue Cross plans should be aware of the following:

- Retention and ASO benefit plans will maintain their current pricing until next renewal. However, the new tax rate will apply beginning April 1, 2010 on the next appropriate financial statement.
- Fully insured benefit plans will also maintain their current pricing until next renewal. At the renewal date, the new tax will be applied for the upcoming period and, retroactively upon renewal, based on the number of months of extra tax accumulated.
- If coverage is cancelled before the retroactive payment is applied, plan sponsors would be required to refund the amount of the missing taxes to Medavie Blue Cross.

If you have any questions about how this affects your plan please, contact your Medavie Blue Cross representative.