

Information Update

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Legislative Update

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National

Lipitor® off patent

On July 19, 2010, the Canadian product patent for Lipitor lapsed allowing generic drug companies to produce a generic version of the cholesterol lowering drug.

Alberta, British Columbia, Nova Scotia, Ontario, Québec and Prince Edward Island have added the generic version of Lipitor to their drug formularies and other provinces are expected to do the same.

The impact

The availability of a generic version of Lipitor is expected to save the Canadian healthcare system close to 7 billion. Extended health care plans should see savings over time.

New rules for the application of the Goods and Services Tax (GST), Harmonized Sales Tax (HST) and Québec Sales Tax (QST)

Although insurance premiums are exempt from GST/HST, the tax is payable on the service fees charged on Administrative Services Only (ASO) business.

On May 1, 2010, "place of supply" rules came into effect and changed the way GST, HST and QST are applied to ASO service fees. The new rules use the consumer's business address to determine the applicable tax rate.

The impact

The Co-operators will use the policyholder's mailing address to determine the place of supply for the application of the GST, HST, or QST. The change will only affect groups who have plan members in more than one province.

QST is applied in two separate ways for clients in Québec:

- 9% QST is applied to insurance premiums
- 7.5% QST is applied to ASO service fees and GST

In terms of QST, the place of supply rules affect only the 7.5% that is applicable to ASO service fees and GST.

British Columbia

Pharmacy services agreement

The British Columbia Ministry of Health Services, the British Columbia Pharmacy Association (BCPhA) and the Canadian Association of Chain Drug Stores (CACSS) have negotiated a Pharmacy Services Agreement which applies to both private and public drug plans.

Price reductions began on July 28, 2010, and will be phased in over the next two years:

	Current	Oct 15, 2010	Jul 4, 2011	Apr 2, 2012
Generic list price relative to branded list price				
• Existing generic drugs	-	50%	40%	35%
• New generic drugs	-	42%	40%	35%
Max. dispensing fee reimbursed by PharmaCare	\$9.10	\$9.60	\$10.00	\$10.50
Drug mark up allowed by PharmaCare	7%	8%	-	-

The impact

Reduced generic drug pricing will allow British Columbia plan members to access more affordable medications and should reduce extended health care costs.

Newfoundland and Labrador

Expanded responsibility for pharmacists

The Newfoundland and Labrador Pharmacy Board has revised pharmacy regulations broadening the abilities and responsibilities of pharmacists. Pharmacists in this province can now:

- Provide emergency supplies of medication
- Extend expired medications for limited periods of time
- Make minor changes to prescriptions in order to avoid delays in dispensing them to patients

When exercising their expanded responsibilities, pharmacists must notify the health care provider who provided the original prescription.

Québec

Régie de l'assurance maladie du Québec (RAMQ) drug plan changes

The following changes to the Régie de l'assurance maladie du Québec (RAMQ) drug plan took effect July 1, 2010:

- Annual out of pocket maximum for RAMQ formulary drugs has increase from \$954 to \$963
- Monthly deductible has increased from \$14.95 to \$16.00
- Yearly premium has increased from \$585 to \$600

Private plans must continue to provide reimbursement of at least 68% for RAMQ formulary drugs and cover smoking cessation products to a maximum of \$650.

The impact

Québec legislation requires that private insurers provide prescription drug coverage that is equal to or greater than that offered by the provincial Public Prescription Drug Insurance Program. The Co-operators has updated its systems to reflect the changes.

Generic drug pricing policy

Québec legislation prohibits drug prices paid by the provincial drug plan from exceeding the lowest price paid by other provincial drug plans. As a result, the Québec government has announced that its generic drug prices will be cut to match those of Ontario's new generic drug pricing policy.

Generic drug prices will be reduced to 25% of the cost for the equivalent brand name drug. The effective date of the change and the impact of the price reduction are not known at this time.

New procreation program

On August 5, 2010, the government of Québec began covering the costs associated with assisted procreation.

The government will pay for all non-drug related expenses associated with the new Procreation Program. Because drugs used in conjunction with fertility treatments have been added to the RAMQ drug formulary, private insurers will now be responsible for the cost of these drugs for insured plan members.

The impact

The provisions of the group benefits plan, including coinsurance and plan maximums, will be applied until The Co-operators receives confirmation of the plan member's approval into the Procreation Program. At that time the plan member's benefit will be calculated as the greater of the RAMQ minimum payment requirements or the benefit payable through the group plan.

There will be no immediate impact to the extended health care rates for clients in Québec.

The Co-operators anticipates little impact to plans that provided coverage for fertility drugs prior to the introduction of the Procreation Program. Renewal rates for groups that did not previously offer coverage for fertility drugs will be adjusted based on claims experience.

Visit www.msss.gouv.qc.ca/en/sujets/santepub/assisted-procreation.php for more information about Québec's Procreation Program.