



## Impacts of Bill 28 on Group Insurance Plans in Quebec

In Quebec, the adoption of Bill 28, aimed at returning to a balanced budget, had a direct impact on the reimbursement of prescription drugs for generic substitution plans and on pharmacy services coverage. This communiqué highlights how these changes affect iA Financial Group’s (Industrial Alliance Insurance and Financial Services Inc.) group insurance plans.

### GENERIC SUBSTITUTION

Effective October 1, 2015, for plans with a generic substitution clause, brand name drug reimbursements no longer have to meet the 66% minimum (based on the public plan parameters) of the submitted amount. Consequently, brand name drug reimbursements for Quebec plan members will now be based on the price of the lowest-cost equivalent generic drug, with no minimum threshold. For iA Financial Group’s plans with a generic substitution clause, these changes will take effect on January 8, 2016, following our system updates.

Furthermore, only deductible and coinsurance amounts paid by the plan member will be considered when calculating the maximum contribution (beyond which the full cost of the drugs is reimbursed by the plan). Plan members will have to cover the difference between the submitted amount for a brand name drug and the eligible amount for the lowest-cost generic equivalent. Once the maximum contribution is reached, full reimbursement will also be based on the lowest-cost generic equivalent.

#### FOR ADMINISTRATORS OF GENERIC SUBSTITUTION PLANS:

A message for plan members on this topic, complete with basic examples, is attached. We encourage you to forward it to your employees to let them know how their future claims will be impacted.

If you want to introduce a mandatory generic substitution clause in your contract, please contact your benefits advisor.

### NEW PROFESSIONAL SERVICES OFFERED BY PHARMACISTS

Since June 20, 2015, Quebec pharmacists are allowed, under certain circumstances, to offer new professional services to patients. A fee agreement for these services was reached between the Quebec government and the Quebec Association of Pharmacy Owners (AQPP), as shown in the following table.

New services rendered by pharmacists	Fee
Renew a physician’s prescription	\$12.50
Prescribe a medication when no diagnosis is required	\$16.00
Prescribe a medication for a minor condition (where the diagnosis and treatment are known)	\$16.00
Adjust a physician’s prescription	Variable

According to Bill 28, these services have to be covered both by the public plan and private plans. Applicable fees for private plans were confirmed by an amendment to Bill 28 (adopted in Bill 20 on November 10, 2015), which states that fees for private plans, except for those claimed for filling or renewing a prescription, may not exceed the pricing established in the agreement for the public plan. This amendment clears up the confusion that prevented private plans from reimbursing pharmaceutical fees since they went into effect on June 20, 2015.

We will be able to properly adjudicate claim requests for pharmaceutical services (at the same coinsurance level as for prescription drugs) as soon as we obtain the final approval on pricing by the AQPP and update our systems.

Quebec plan members may have already paid for some of these pharmaceutical services since June 20, 2015. In order to be reimbursed, a claim request with the pharmacy receipt will have to be submitted for those services. Once our systems are ready, it will be possible for plan members with a pay direct or deferred drug card, to electronically submit future claim requests for pharmaceutical services to iA Financial Group at the pharmacy.

The changes explained in this communiqué may impact supplemental health benefit pricing. Any adjustments, if required, will be applied at the next renewal for affected groups.

If you have any questions or concerns regarding this communiqué, please contact your benefits advisor or your Industrial Alliance group account executive.

This communiqué and past publications are also available on our website [ia.ca](http://ia.ca).

November 20, 2015

iA Financial Group is a business name and trademark of **Industrial Alliance Insurance and Financial Services Inc.**

*To plan members of a group insurance plan with generic substitution residing in Quebec*

## Impact of Bill 28 on reimbursement of name brand drugs

The adoption of Bill 28 in Quebec last spring, aimed at returning to a balanced budget and amending the *Act respecting prescription drug insurance*, had a direct impact on the reimbursement of prescription drug costs under group insurance plans that include a generic substitution clause.

Prior to this amendment, private insurance companies such as iA Financial Group (Industrial Alliance Insurance and Financial Services Inc.) were required to apply a minimum reimbursement of 66% (based on the rules of the public plan) for brand name drugs, even if a generic equivalent existed.

Effective **January 8, 2016**, brand name drugs will be reimbursed **without a minimum threshold** and according to the lowest-cost equivalent generic version.

Therefore, if you choose to purchase a brand name drug for which a generic equivalent exists, you will now have to pay a greater portion of the cost. Additionally, only the deductible and coinsurance amounts you have paid will be considered when calculating the maximum contribution (beyond which the full cost of the drug is reimbursed by the plan). You will be responsible for covering the difference between the submitted amount for a brand name drug and the eligible amount for the lowest-cost generic equivalent. Once the maximum contribution is reached, full reimbursement will also be based on the lowest-cost generic equivalent.

### Rest assured!

When the exclusivity patent of a brand name drug has expired, it becomes possible to produce copies called generic drugs which can be sold, in most cases, at a much lower price. **Generic drugs are as effective as their brand name counterparts and pass the same control testing as all other prescription drugs before they can be approved by Health Canada.** Besides the cost, the only difference between generic and brand name drugs are the non-medicinal ingredients, shape and colour. Ask your pharmacist or your doctor about generic drugs!

We also invite you to use our online drug tool, **WebRx**, which is available on iA Mobile, our free app for iPhone and Android devices, and on My Client Space, to run a claim simulation. This state-of-the-art tool will show you whether the prescription drug is covered by your plan and whether a generic version exists. It will also show you the potential savings of buying the generic version. WebRx also locates pharmacies in your area that sell your prescription drug. Take advantage of it!

The following table shows a simplified example of these changes by illustrating the reimbursement of a brand name drug under the current rules compared to the reimbursement of a brand name drug starting January 8, 2016 and compared to a generic drug.

Example of prescription drug reimbursement:

- Cost of brand name drug in pharmacy (**submitted amount**): **\$100.00**
  - **Amount eligible** for reimbursement based on the price of the lowest-cost equivalent generic version: **\$50.00\***

*\*The cost of the least expensive generic version is determined according to our parameters and may differ slightly from the real cost of the same drug purchased at the pharmacy.*

- Cost of the equivalent generic drug at the pharmacy (submitted amount): **\$47.00**
- Coinsurance: **80%**

Currently – If a <b>brand name drug</b> is purchased	Starting January 8, 2016 – If a <b>brand name drug</b> is purchased	At all times – If a <b>generic drug</b> is purchased
<p>iA FINANCIAL GROUP PAYS:</p> <ul style="list-style-type: none"> <li>• <b>\$66.00</b></li> </ul> <p>Minimum reimbursement based on public plan rules: 66% of the submitted amount. \$100.00 X 66% = \$66.00</p>	<p>iA FINANCIAL GROUP PAYS:</p> <ul style="list-style-type: none"> <li>• <b>\$40.00</b></li> </ul> <p>Because there is no minimum reimbursement, the amount reimbursed is calculated only on the eligible portion of the price of the drug. \$50.00 X 80% = \$40.00</p>	<p>iA FINANCIAL GROUP PAYS:</p> <ul style="list-style-type: none"> <li>• <b>\$37.60</b></li> </ul> <p>Given that the full cost of the generic drug is submitted for reimbursement, the amount reimbursed is 80% of the cost of the generic as purchased at the pharmacy. \$47.00 x 80% = \$37.60</p>
<p>EXCESS AMOUNT TO PAY:</p> <ul style="list-style-type: none"> <li>• <b>\$0.00</b></li> </ul> <p>No excess amount to be paid.</p>	<p>EXCESS AMOUNT TO PAY:</p> <ul style="list-style-type: none"> <li>• <b>\$50.00</b></li> </ul> <p>You must pay the difference between the submitted amount and the eligible amount based on the price of the lowest-cost generic drug. \$100.00 - \$50.00 = \$50.00</p>	<p>EXCESS AMOUNT TO PAY:</p> <ul style="list-style-type: none"> <li>• <b>\$0.00</b></li> </ul> <p>No excess amount to be paid.</p>
<p><b>YOU PAY:</b></p> <ul style="list-style-type: none"> <li>• <b>\$34.00</b></li> </ul> <p>You pay the difference between the submitted amount and the amount reimbursed by iA Financial Group, which is 34% of the submitted amount. \$100.00 X 34% = \$34.00</p> <p><i>This amount of \$34.00 is used in the calculation of your maximum contribution.</i></p>	<p><b>YOU PAY:</b></p> <ul style="list-style-type: none"> <li>• <b>\$60.00</b></li> </ul> <p>In addition to the excess amount to pay (\$50.00), you pay your portion of the coinsurance on the eligible amount (\$50.00 X 20% = \$10.00), for a total of \$60.00.</p> <p><i>Only the amount of \$10.00 is used in the calculation of your maximum contribution.</i></p>	<p><b>YOU PAY:</b></p> <ul style="list-style-type: none"> <li>• <b>\$9.40</b></li> </ul> <p>You pay your portion of the coinsurance on the submitted amount, which equals 20% of the cost of the generic drug as purchased at the pharmacy. \$47.00 X 20% = \$9.40</p> <p><i>This amount of \$9.40 is used in the calculation of your maximum contribution.</i></p>

If you have any questions, please contact iA Financial Group Customer Service at 1-877-422-6487, Monday to Friday, 7:30 am to 8:00 pm (EST).

**Administration Department**

iA Financial Group