Summary of federal and provincial changes affecting group benefit plans

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 2012, but rather a summary that highlights key developments. Plan sponsors may have learned some of these changes through previous GroupLines, as noted.

Federal

Federal government changes EI maximum
(GroupLine 12-34)

For 2013, the federal government announced an increase in the employment insurance (EI) maximum insurable earnings amounts to $47,400 and a corresponding increase in the EI weekly maximum benefit to $501.

Short-term disability plans that have a plan maximum set to equal the EI maximum rather than a specific amount, automatically increased Jan. 1, 2013. Plan sponsors who participate in the EI premium reduction program and do not have a plan maximum set to automatically increase to equal the EI maximum may want to consider amending their plans to continue to remain eligible.

Nova Scotia

Nova Scotia drug reform
(GroupLines 12-05 and 12-18)

Nova Scotia lowered prices of generics to 40 per cent of the cost of brand name drugs on February 1, 2012. The final phase of the drug reform took effect on July 1, 2012 when the price of generics was reduced to 35 per cent of the cost of brand name.

Ontario

Ontario drug reform
(GroupLine 12-08)

The final phase of Ontario’s drug reform saw the price of generics reduce to 25 per cent of the cost of brand name. Professional allowances (fees paid by generic drug manufacturers to pharmacies) also dropped to 25 per cent. These changes took effect on April 1, 2012.
Saskatchewan
Saskatchewan drug reform
(GroupLine 12-08)

In Saskatchewan, the final phase of drug reform took effect on April 1, 2012. Generics listed on the Saskatchewan formulary (new and existing) decreased to 35 per cent of the cost of brand name.

British Columbia
British Columbia drug reform
(GroupLine 12-08)

The price of generic drugs listed on the BC PharmaCare formulary decreased to 35 per cent of the brand name on April 2, 2012, for public and private payers.

Quebec
Quebec drug reform
(GroupLine 12-08)

Generic drugs listed on the RAMQ formulary dropped to 25 per cent of the cost of brand name. Professional allowances decreased to 15 per cent. These changes took effect on April 1, 2012.

RAMQ amends drug coverage
(GroupLine 12-23)

In Quebec, residents are required to have drug coverage provided by either Regie de l’assurance-maladie du Quebec (RAMQ) or a private insurance plan. All private plans must provide coverage that is equivalent to or better than coverage provided by RAMQ.

RAMQ reviewed and adjusted the Basic Prescription Drug Insurance Plan effective July 1, 2012.

- The minimum coverage of RAMQ formulary drugs that a plan sponsor must offer remained unchanged at 68 per cent.
- The annual out-of-pocket maximum for RAMQ formulary drugs has increased to $992 from $963.
- The monthly deductible increased to $16.25 from $16.00
- The annual premium that Quebec residents must pay for RAMQ coverage increased to $579 from $563.
- Coverage of smoking cessation products for the 2012 calendar year increased to $665 from $650 effective January 1, 2012.

Newfoundland
Newfoundland drug reform
(GroupLines 12-11 and 12-31)

Newfoundland introduced Bill 12, An Act to Amend the Pharmaceutical Services Act, to change its generic pricing. The first phase of the drug reform took effect on April 1, 2012, which reduced the price of generics to 45 per cent of brand name drugs.

The second phase of the three year drug pricing policy took effect on October 1, 2012, lowering the price of generics to 40 per cent of brand name.
New Brunswick

New Brunswick drug reform
(GrupoLine 12-11)

New Brunswick introduced new generic drug pricing for generic drugs on the provincial formulary, but applicable to both public and private plans. Effective June 1, 2012 generics were reduced to 40 per cent of brand name.

New announcement

The price of generics was lowered again on December 1, 2012 to 35 per cent of brand name.

Alberta

Alberta drug reform
(GrupoLine 12-24)

Effective July 1, 2012, Alberta further reduced the price of generics to 35 per cent of the cost of brand name.

Prince Edward Island

PEI drug reform

Prince Edward Island introduced Bill 43, the Drug Product Interchangeability and Pricing Act in May, which allows the government to reduce the price of generic drugs. On July 2, 2012 the price of generics reduced to 35 per cent of the cost of brand name drugs.

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