

Impact of Quebec's Bill 28 on prescription drug plans

On April 21th, 2015, the Quebec government sanctioned Bill 28, which is meant *mainly to implement certain provisions of the Budget Speech from June 4th, 2014 and return to a balanced budget in 2015-2016*. This bill includes a host of budget measures and numerous changes to different laws. Several of the measures announced impact directly or indirectly group insurance plans. The table below presents a summary of expected impacts on the plans.

Change to the legislative framework	Impact on group insurance plans
<p><u>Minimum reimbursement required by law:</u></p> <p>Effective October 1st, 2015, private plans will be able to reimburse drug expenses based on the price of the least expensive equivalent drug available on the market, in accordance with the provisions of the group insurance contract, if applicable. This means that private plans will now be able to apply the same cost-control measures already in place elsewhere in Canada, without having to adhere to the 67.5% minimum reimbursement for amounts submitted by the pharmacist.</p>	<p>If your group insurance plan includes a <u>mandatory generic substitution clause, a reduction in the reimbursed amounts</u> is expected, which should lead to cost savings as of October 1st, 2015.</p>
<p><u>The reimbursement of new pharmacy services:</u></p> <p>Effective June 20th, 2015, the Régie de l'assurance maladie du Québec will regulate which services pharmacists can charge for.</p> <p>Pharmacists in Quebec will in fact be authorized to carry out the following:</p> <ol style="list-style-type: none"> 1. Renew a physician's prescription; 2. Prescribe a medication when no diagnosis is required; 3. Prescribe laboratory analyses in a community pharmacy; 4. Adjust a physician's prescription: <ol style="list-style-type: none"> a. Modify the form, dosage or quantity of a prescribed medication; b. Modify the dose of a prescribed medication to achieve therapeutic targets; c. Modify the dose of a prescribed medication to ensure the safety of the patient. 5. Substitute the prescribed medication with another medication from the same therapeutic subclass, in case of a complete supply shortage in Quebec; 6. Prescribe medication for a minor condition (where the diagnosis and treatment are known); 7. Administer a medication in order to demonstrate proper usage. 	<p>Private plans for Quebec residents will be required to reimburse remunerated services related to drugs that appear on the RAMQ form, based on the parameters for coverage and minimum reimbursement to be defined by the Quebec government or the Ministère de la Santé et des Services sociaux du Québec (as is currently the case for drugs that appear on the RAMQ form). An <u>increase</u> of the claims is therefore expected.</p> <p>However, private plans can refuse to reimburse remunerated services related to drugs that do not appear on the RAMQ form.</p>

Pharmacists will be remunerated for only some of these newly recognized pharmacy services. The recognized services that could be remunerated have not yet been identified.

The Act respecting prescription drug insurance provides for the reimbursement of recognized services under the Public Plan. However, reimbursement will be limited to services related to drugs that appear on the RAMQ form. The amount of such reimbursements and the coverage parameters applicable to these services are not yet known.

Furthermore, unremunerated services that are rendered by pharmacists cannot be billed to patients, whether those patients are covered by the Public Plan or a private plan.

Pricing agreements with drug manufacturers:

As of April 20th, 2015 the government put in place a structure for negotiating confidential agreements with pharmaceutical companies to obtain discounts on the cost of drugs covered by these agreements.

As the legislation is currently worded, **it appears that the negotiated confidential cost savings will not apply to private plans.**

More details on how this measure will be implemented and how it will impact private plans will follow.

Comment

In addition to the reduction in the fees paid to pharmacists under the Public Plan, certain services cannot be billed to patients under the Public Plan or private plans. This will likely result in a decrease in earnings for pharmacists which could lead to an increase in the fees they bill participants in private plans.

Furthermore, the Bill proposes no measures to address the issues related to detailed billing in pharmacies or related to the differences in drug prices of private plans and the Public Plan. However, some provisions of the Bill indicate a will to allow for better drug cost control for private plans. Toward that end, the Minister will present a report on private plan drug costs no later than October 1st, 2017.

Overall, these changes represent good news that will allow plan sponsors to exercise better cost-control on drug claims in Quebec. Several insurers already confirm that they will integrate these new measures into their operations. However, some information is still unknown, including the publication of the regulations, before determining the full impact these changes will have on group insurance plans.

We will keep you updated as soon as more information becomes available. Meanwhile, if you have questions or comments regarding this newsletter, do not hesitate to contact us.