

ASO plans must be insured, Alberta says



The province of Alberta says that plan sponsors who offer health and dental benefits on an administrative services only (ASO) or self-insured basis may be required to independently insure these benefits or face fines of up to \$200,000.

Under revisions to its Insurance Act, the Alberta government has indicated that all employer health and long-term disability plans are considered "insurance" and, therefore, must be insured by third party insurance carriers.

For Alberta plan sponsors with ASO arrangements, that means either finding

insurance providers, who may be reluctant to insure benefits they did not originally underwrite, or setting up independent employee/employer associations to manage their benefit plans.

Either option could prove to be costly or administratively complex.

After hearing concerns from benefits administrators, the Alberta government has deferred imposing fines for now and is reviewing these concerns in more detail.

More information will be provided as it becomes available.

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Changes to British Columbia health plan

The province of British Columbia has introduced a number of changes to its provincial health care plan.

Effective January 1, 2002, only BC residents who qualify for Medical Service Plan (MSP) premium assistance will be covered for physiotherapy, chiropractic, naturopathy, massage therapy or podiatry services. These services were available to all MSP members prior to the new year. Coverage has also been limited to a combined 10 visits per year to a maximum of \$23 per visit. No other residents qualify for these services under the BC plan.

As well, the \$150 limit has been removed for surgical podiatry. This service is still open to all MSP members.

The annual deductible for that province's Pharmacare program also increased January 1 to \$1,000 per family per year from \$800 for those under age 65. As well, the per-prescription deductible for residents over age 65 has moved to \$25 per prescription to a maximum of \$275 per year, from the previous level of \$7.60 per prescription with an annual maximum of \$200.

These changes follow the November 2001 de-listing of routine eye examinations as a covered service for residents between the ages of 18 and 64.

BC plan sponsors may face increased plan activity -- and premium increases -- as members/employees use their benefit plans to offset the impact of these cuts to the provincial health care program.

Drug costs are increasing, but which drugs are being prescribed?

With drug costs increasing steadily, it is natural to question which drugs are being prescribed most and which illnesses are they treating.

According to information provided by BCE Emergis, formerly Assure Health, drugs to treat gastrointestinal disease, cholesterol disorders, depression, cardiovascular disease, inflammatory pain, respiratory problems and multiple sclerosis dominate the list of the top 70 prescription drugs dispensed to Canadians through that organization's drug card programs in the first six months of 2001.

In terms of amounts paid, these disorders accounted for over 73 per cent of the amount paid out by that organization in drug card reimbursements for drugs in the top 70 category.

The following is a list of the top 70 prescription drugs by brand name paid by BCE Emergis from January 1 to June 30, 2001, along with the amount by percentage per illness, the average cost per prescription for the drug in question and the average amount paid per claimant during that six month period. On an individual prescription basis, the cost of these medications range from a low of

\$22.46 for Tri-cyclen®, an oral contraceptive, to over \$1,700 for Rebif®, a treatment for multiple sclerosis.

According to BCE Emergis, the average cost per claimant over the six-month period under review usually amounted to several hundred dollars. Some claimants faced charges that easily exceed the \$4,000 range.

Although this information reflects the BCE Emergis experience, the number of claims, dollar amounts involved and national scope of the data likely mirror Canadian trends.

Top 70 drugs by disease - January 1, 2001 to June 30, 2001

Name	Ave cost per Rx	Ave per claimant	% paid amt by disease
DIANE-35 2MG/35MCG TAB ORL	\$41.86	\$106.96	Acne total 0.96%
LEVAQUIN 500MG TABLET	\$56.20	\$64.92	Antibiotics total 0.66%
NEUPOGEN 300MCG/ML VIAL	\$1,430.73	\$4,496.58	Cancer total (hematopoietic agents) 0.64%
TRI-CYCLEN 21 TABLET	\$25.64	\$60.13	
TRIPHASIL 21 TABLET	\$24.10	\$66.08	
TRI-CYCLEN 28 TABLET	\$22.46	\$58.07	Contraception total 2.54%
PAXIL 20MG TABLET	\$86.38	\$219.81	
CELEXA 20MG TABLET	\$63.95	\$157.13	
EFFEXOR XR 75MG SR CAPSULE	\$89.22	\$231.55	
WELLBUTRIN 150MG SR TABLET	\$54.80	\$125.82	
ZOLOFT 50MG CAPSULE	\$100.18	\$236.20	
EFFEXOR XR 150MG SR CAPSULE	\$78.24	\$242.18	
APO-FLUOXETINE 20MG CAPSULE	\$72.66	\$177.03	
PAXIL 30MG TABLET	\$81.20	\$218.41	Depression total 12.96%
AVANDIA 4MG TABLET	\$171.10	\$446.46	
ADVANTAGE COMFORT STRIPS (ODB)	\$91.30	\$183.62	Diabetes total 1.97%
CELEBREX 200MG CAPSULE	\$67.10	\$132.86	
VIOXX 25MG TABLET	\$46.26	\$80.54	
VIOXX 12.5MG TABLET	\$57.53	\$98.60	
CELEBREX 100MG CAPSULE	\$43.65	\$80.32	Inflammatory pain (NSAIDs) total 9.88%
LIPITOR 10MG TABLET	\$105.88	\$248.07	
LIPITOR 20MG TABLET	\$133.49	\$311.96	
ZOCOR 20MG TABLET	\$142.88	\$344.81	
LIPITOR 40MG TABLET	\$153.03	\$378.82	
ZOCOR 10MG TABLET	\$117.34	\$291.42	
PRAVACHOL 20MG TABLET	\$107.88	\$213.17	
BAYCOL 0.4MG TABLET	\$97.42	\$209.60	
LIN-PRAVASTATIN 20MG TABLET	\$81.37	\$148.78	Cholesterol disorders total 13.99%
VALTREX 500MG TABLET	\$93.93	\$159.29	Viral infections total 0.69%
BIAXIN BID 250MG TABLET	\$34.06	\$37.68	
ZITHROMAX 250MG TABLET	\$33.82	\$37.11	
BIAXIN BID 500MG TABLET	\$65.09	\$70.79	Bacterial infections (erythromycins) total 4.45%
CIPRO 500MG TABLET	\$54.86	\$65.54	Bacterial infections (quinolones) total 1.38%
PROMETRIUM 100MG CAPSULE	\$35.66	\$80.71	Menopause total 0.89%
IMITREX 100MG TABLET	\$147.61	\$433.91	

Top 70 drugs continued on page 3

Saskatchewan changes pension benefit rules

The province of Saskatchewan has introduced legislation to allow the conversion of pension funds in locked-in retirement accounts (LIRAs) to registered retirement income funds (RRIFs).

The proposal suggests that RRIFs be recognized as a pension choice. As a result, LIRA owners will be able to convert their funds to a RRIF in a way similar to registered retirement savings plans (RRSPs).

Under the Saskatchewan plan, withdrawal limits on LIRAs, life income funds (LIFs)

and locked-in retirement income funds (LRIFs) will be removed, allowing retirees to determine their pension income from these funds themselves rather than relying on fixed monthly income schedules or having their income vary based on investment returns.

Money in existing LIFs and LRIFs will become eligible for conversion to RRIFs as soon as the legislation becomes law.

Funds in registered pension plans will continue to be locked-in until retirement.

PPN update

The Wal-Mart pharmacy located at 3651 Strandherd Drive in Ottawa has joined the Coughlin & Associates Ltd. Preferred Provider Network. It can be reached at 823-8717.

PPN member changes name

March Drug Mart, located at 700 March Road, has changed its name to March Guardian Drug Mart. Their phone number remains 599-5990. Their fax number is 599-9740.

Name	Ave cost per Rx	Ave per claimant	% Paid amt by disease	
ZOMIG 2.5MG TABLET	\$127.87	\$338.76	Migraine total 3.11%	
XENICAL 120MG CAPSULE	\$153.20	\$359.75	Obesity total 1.17%	
FOSAMAX 10MG TABLET	\$107.79	\$266.13	Osteoporosis total 2.07%	
EVISTA 60MG TABLET	\$96.40	\$240.15		
EXTEMPORANEOUS MIXTURES	\$30.74	\$46.46	Extemporaneous mixtures total 0.96%	
NORVASC 5MG TABLET	\$81.41	\$203.18	Cardiovascular diseases total 10.17%	
NORVASC 10MG TABLET	\$118.75	\$303.22		
ALTACE 10MG CAPSULE	\$70.11	\$165.32		
ALTACE 5MG CAPSULE	\$51.04	\$110.65		
VASOTEC 10MG TABLET	\$91.63	\$232.83		
VASOTEC 5MG TABLET	\$73.34	\$181.43		
PLAVIX 75MG TABLET	\$119.50	\$301.66		
ADALAT XL 30MG TABLET	\$60.98	\$156.16		
ALTACE 2.5MG CAPSULE	\$49.21	\$101.78		
COZAAR 50MG TABLET	\$75.29	\$200.59		
ADALAT XL 60MG TABLET	\$90.42	\$247.44		
ACCUTANE 40MG CAPSULE	\$144.33	\$363.48		Miscellaneous dermatological problems total 1.38%
LOSEC 20MG SR TABLET	\$105.41	\$269.56		Gastrointestinal disease total 15.05%
PANTOLOC 40MG TABLET	\$83.82	\$205.24		
PREVACID 30MG CAPSULE	\$86.52	\$203.27		
APO-RANITIDINE 150MG TABLET	\$31.13	\$59.60		
ASACOL 400MG TABLET EC	\$142.83	\$390.88		
FLONASE 0.05% NASAL SPRAY	\$28.08	\$41.74	Eyes, ears, nose and throat diseases (NSAIDs) total 2.57%	
NASONEX AQ. NASAL SPRAY 50MCG	\$25.94	\$34.88		
FLOVENT 125MCG INHALER	\$43.50	\$63.12	Respiratory diseases (asthma) total 7.13%	
FLOVENT 250MCG INHALER	\$90.22	\$148.26		
SINGULAIR 10MG TABLET	\$105.41	\$240.98		
PULMICORT 200MCG TURBUHALER	\$70.56	\$97.68		
ADVAIR 250UG INHALATION DISKUS	\$107.70	\$195.85		
BETASERON 0.3MG VIAL	\$1,644.54	\$7,815.23	Multiple Sclerosis total 4.53%	
COPAXONE 20MG VIAL	\$1,273.34	\$5,444.12		
REBIF 44MCG (12MIU) PFS	\$1,738.60	\$8,660.34	Smoking cessation total 0.84%	
REBIF 22MCG (6MIU) PFS	\$1,399.81	\$6,877.60		
AVONEX 33MCG/VIAL INJ	\$1,597.09	\$6,585.52		
ZYBAN 150MG SR TABLET	\$57.56	\$83.55		

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How do provincial drug plans compare?

Canadians are rightfully proud of their national health care program.

However, despite its almost universal acceptance, the program may not be as "national" as we think. Take drug care as an example. While coverage is generally available to all senior citizens aged 65 and over, the degree of coverage, deductibles, premiums and reporting terms of the plan can vary considerably by province.

And for people under 65, such as those on social assistance or other special programs, coverage is even more varied.

The enclosed chart reviews the provincial drug programs by province, as reported on provincial government websites and other reference points. One word of caution: These plans are under almost constant review by the provinces. Their terms and conditions are subject to change.

See chart on inside insert >

Supreme Court rules: Pay criminals' beneficiaries

The Supreme Court of Canada has ruled that beneficiaries of life insurance policies cannot be denied life insurance benefits when an insured dies while committing a crime.

In its March 8 judgement, the court allowed two widows whose husbands are alleged to have died while committing crimes, to receive the proceeds from individual life insurance policies. In its ruling, the court stressed that "Public policy does not apply to bar a claim by an innocent beneficiary named in a life insurance policy merely because the insured dies while committing a crime."

The court went on to state that if insurance companies want to ensure that policies are invalid when an insured dies while committing a crime, insurance contracts "should contain a clause specifically

providing that the insurer was not required to pay the indemnity if the insured died in the commission of an indictable offense."

The Supreme Court ruling has potential to place all group insurance benefits under review. While most group insurance policies contain criminal offense exclusion clauses, the question of degree of criminality may now be open to either stricter enforcement or legal challenge.

While the two cases in question involved payment of life insurance proceeds following the deaths of insureds, the ruling could open *all* insurance policies to question, even when injury or death results from the commission of less serious crimes. For example, would an innocent beneficiary qualify to receive life insurance benefits when the insured was proved to have been speeding or had

a blood alcohol content at or slightly above the legal limit?

Other insurance coverages may also be open to question. For example, would an innocent dependant qualify for his/her long-term disability, health, dental or medical coverage if he/she is injured in an accident which occurred while the insured commits a minor offense?

Insurers could argue that while prior to March 8 the answer would have been "Yes", their need to add and strictly enforce criminal activity exclusion clauses requires them to conduct more thorough investigations of insurance claims for criminal activity, resulting in more claims delays and denials.

More information on this development and its potential implications for plan sponsors will be provided as it becomes available.

At least we're healthy

Canadian life spans and infant mortality rates continue to average among the best in the industrialized world, according to the Organization for Economic Co-operation and Development (OECD). While we trail Japan, France, Switzerland, Spain and Sweden, Canadians still live longer lives and/or have a lower infant mortality rate than countries such as Italy, Germany, the US, the UK, the Netherlands and New Zealand.

State of population health in OECD countries

Country	Life expectancy at birth in 1996		Infant mortality per 1000 live births
	Women	Men	Number
Japan	83.6	77.0	3.7
France	82.0	74.1	4.8
Switzerland	81.4	75.7	4.7
Spain	81.6	74.4	5.0
Sweden	81.5	76.5	4.0
Canada	81.4	75.7	5.5
Italy	81.3	74.9	5.8
Netherlands	80.4	74.7	5.7
Germany	79.9	73.6	4.8
New Zealand	79.8	74.3	7.0
United States	79.4	72.7	7.8
United Kingdom	79.3	74.4	6.1

Source: OECD Labour Force Statistics, 1998

Comparison of provincial drug programs

British Columbia

PHARMACARE
MINISTRY OF HEALTH

BENEFIT YEAR COVERAGE
(under age 65)
(age 65 and over)
DEDUCTIBLE
Annual/Semi-annual/Quarterly
REIMBURSEMENT
(under age 65)
(age 65 and over)
YEAR MAXIMUM

Calendar year.
Residents of the province who are not receiving benefits under other Pharmacare programs in the province.
Residents of the province who are age 65 or older.
\$1,000 (family).
Annual.
70% of eligible expenses, if family has spent over \$2,000 in eligible drug cost then 100% reimbursement.
100% of eligible expenses once residents have paid up to \$25 for each prescription to a max. of \$275 per year.
None.

Alberta

PRESCRIPTION DRUG PROGRAMS
ALBERTA HEALTH & WELLNESS

BENEFIT YEAR COVERAGE
(under age 65)
(age 65 and over)
DEDUCTIBLE
Annual/Semi-annual/Quarterly
REIMBURSEMENT
(under age 65)
(age 65 and over)
YEAR MAXIMUM

July 1 to June 30.
Residents of the province who are not eligible to receive prescription drug benefits from an employer or other private plan.
Residents of the province who are age 65 or older.
None.
None.
70% of eligible expenses (up to a maximum of \$25 for each drug prescribed) and the pharmacy will remit an invoice for the remaining cost to the government program.
70% of eligible expenses (up to a maximum of \$25 for each drug prescribed) and the pharmacy will remit an invoice for the remaining cost to the government program.
\$25,000 per subscriber.

Saskatchewan

THE SASKATCHEWAN DRUG PLAN
SASKATCHEWAN HEALTH

BENEFIT YEAR COVERAGE
DEDUCTIBLE
Annual/Semi-annual/Quarterly
REIMBURSEMENT
(under age 65)
(age 65 and over)
YEAR MAXIMUM

Calendar year.
Residents of the province who are not eligible to receive prescription drug benefits from another federal or provincial government or non-government agency.
\$850 (family).
Semi-annual.
65% of eligible expenses.
65% of eligible expenses.
None.

Manitoba

PHARMACARE
MANITOBA HEALTH

BENEFIT YEAR COVERAGE
DEDUCTIBLE
Annual/Semi-annual/Quarterly
REIMBURSEMENT
(under age 65)
(age 65 and over)
YEAR MAXIMUM

April 1 to March 31.
Residents of the province who are not eligible to receive prescription drug benefits from federal or another provincial government.
3% of adjusted annual family income, or 2% if adjusted annual family income is less than \$15,000 (family income is reduced by \$3,000 for spouse and each dependant child).
Annual.
100% of eligible expenses.
100% of eligible expenses.
None.

Ontario

TRILLIUM DRUG PROGRAM (TDP) under 65
ONTARIO DRUG BENEFIT (ODB) age 65 and over
MINISTRY OF HEALTH AND LONG TERM CARE

BENEFIT YEAR COVERAGE
DEDUCTIBLE
Annual/Semi-annual/Quarterly
REIMBURSEMENT
(under age 65)
(age 65 and over)
YEAR MAXIMUM

August 1 to July 31.
Residents of the province who have valid Ontario Health Insurance (OHIP).
TDP: approx. 4% of household net income (formula) deductible is paid on a quarterly basis. Once quarterly deductible met, up to \$2 per prescription is paid until next quarter begins. **ODB:** Seniors (single) who have an income in excess of \$16,018 or seniors (couples) who have a combined income in excess of \$24,175 pay an annual deductible of \$100/per senior and thereafter will pay up to \$6.11 towards dispensing fee for each prescription filled. Seniors (single) who have an income below \$16,018 or seniors (couples) who have a combined income below \$24,175 pay up to \$2 per prescription filled.
TDP: Quarterly **ODB:** Annual
100% of eligible expenses. If resident has coverage through a private plan, any prescription cost not covered by private plan can be submitted to TDP for coverage.
100% of eligible expenses.
None.

Quebec

PHARMACARE
MINISTÈRE DE LA SANTÉ
ET DES SERVICES
SOCIAUX

**BENEFIT YEAR
COVERAGE**

Calendar year.

DEDUCTIBLE

All residents are entitled to prescription drug coverage on the Quebec Formulary. Those covered by a group plan pay 25% co-insurance to a maximum \$750. Residents who are age 65 or older pay annual premium of up to \$175 depending on family income. Seniors pay a \$25 quarterly deductible and 25% co-insurance to a quarterly out-of-pocket maximum of \$50, if they are receiving the full GIS, otherwise the maximum varies by income.

**Annual/Semi-annual/Quarterly
REIMBURSEMENT**

Quarterly.

(under age 65)

See above.

(age 65 and over)

100% of eligible expenses.

YEAR MAXIMUM

None.

New Brunswick

PRESCRIPTION DRUG
PROGRAM
MINISTRY OF HEALTH AND
COMMUNITY SERVICES

**BENEFIT YEAR
COVERAGE**

April 1 to March 31.

(under age 65)

Residents of the province who are not eligible to receive prescription drug benefits from an employer or other private or government plan.

(age 65 and over)

Residents of the province who are age 65 or older.

DEDUCTIBLE

\$250 per family. Seniors pay \$9.05 deductible per prescription. Social assistance recipients pay \$4 per prescription.

**Annual/Semi-annual/Quarterly
REIMBURSEMENT**

Annual.

(under age 65)

100% of eligible expenses.

(age 65 and over)

100% of eligible expenses.

YEAR MAXIMUM

None.

Prince Edward Island

DRUG COST ASSISTANCE
PROGRAM
MINISTRY OF HEALTH AND
SOCIAL SERVICES

**BENEFIT YEAR
COVERAGE**

April 1 to March 31.

(under age 65)

Residents of the province who are not eligible to receive prescription drug benefits from an employer or other private or government plan.

(age 65 and over)

The plan covers specified prescription and non-prescription drugs to residents age 65 and older. Programs also available for diabetics; children under 18 in care of the province; families with net income under \$20,000; those on social assistance; and those with relapsing-remitting multiple sclerosis.

DEDUCTIBLE

Seniors: \$8 per prescription plus pharmacy fee. **Children-in-care of province:** None. **Diabetics:** Insulin: \$5 per 10 mL; \$10 per box of 3 mL cartridges. No cost for oral medication or urine testing materials. **Families under \$20K:** \$13 per prescription. **Social assistance recipients:** None. **MS patients:** Fees geared to income.

**Annual/Semi-annual/Quarterly
REIMBURSEMENT**

Annual (ongoing).

(under age 65)

See above.

(age 65 and over)

100% of eligible expenses.

YEAR MAXIMUM

None.

Nova Scotia

PHARMACARE
MINISTRY OF HEALTH

**BENEFIT YEAR
COVERAGE**

April 1 to March 31.

DEDUCTIBLE

Residents of the province who are not eligible to receive prescription drug benefits from an employer or other private or government plan.

(under age 65)

\$5 per prescription.

(age 65 and over)

Each senior pays 33% of the charge to Pharmacare for the prescription drug directly to participating pharmacy to a maximum of \$350 per year.

**Annual/Semi-annual/Quarterly
REIMBURSEMENT**

Annual.

(under age 65)

See above.

(age 65 and over)

100% of eligible expenses.

YEAR MAXIMUM

None.

Newfoundland

SOCIAL SERVICES DRUG
PROGRAM under 65
SENIOR CITIZEN DRUG
SUBSIDY PLAN
age 65 and over
MINISTRY OF HEALTH AND
COMMUNITY SERVICES

**BENEFIT YEAR
COVERAGE**

April 1 to March 31.

(age 65 and over)

Residents of the province who are not eligible to receive prescription drug benefits from an employer or other private or government plan. Assistance is available to those whose costs exceed income criteria.

DEDUCTIBLE

The plan pays all ingredient costs; dispensing fee is paid by the individual.

**Annual/Semi-annual/Quarterly
REIMBURSEMENT**

No deductible.

YEAR MAXIMUM

None.

100% of eligible expenses.

None.