

Bill 28 Update: RAMQ recalculation for generic substitution

This communication applies to all plan sponsors with plan members in the Province of Québec and who comply with RAMQ regulations.

*** At time of publication ***

Sun Life Assurance Company of Canada (“Sun Life”) presents the following communication to help you understand the impact of Bill 28 (*An Act mainly to implement certain provisions of the Budget Speech of 4 June 2014 and return to a balanced budget in 2015-2016*).

Among other things, under Bill 28, the Québec Government has made changes to the way insurers may calculate reimbursement levels for drugs under the RAMQ drug list.

Current situation

Currently, in the province of Québec, when a plan member purchases a drug listed under the RAMQ drug list, Sun Life is required to reimburse a minimum of 66% of the submitted price of the purchased drug, up to the RAMQ annual out of pocket (OOP) limit, followed by 100% reimbursement.

New situation

Effective October 1st, 2015, the new legislation allows private payors to mimic what the RAMQ has set in place for the publicly covered population, which is to 1) limit the reimbursement using the lowest priced equivalent drug (often a generic alternative), and 2) exclude amounts in excess of the generic alternative price when calculating the RAMQ annual OOP.

Accordingly, Sun Life will be updating (date to be confirmed) the calculation of the minimum reimbursement for RAMQ drugs and the calculation of the RAMQ annual OOP for plans with Pay Direct/Deferred Drugs (PDD).

With the new calculation, when a plan member purchases a drug listed under the RAMQ drug list, Sun Life will now reimburse a minimum of 66% of the generic price, up to the RAMQ annual OOP limit. Amounts in excess of the generic price will NOT be included in the RAMQ annual

OOP limit. Once the RAMQ annual OOP limit is reached, Sun Life will reimburse a minimum of 100% of the generic price.

General impact to Plan members in Quebec, whose plan includes PDD and is RAMQ compliant: There will be no impact to a member who asks for the generic alternative of the drug. However, members who continue to purchase a brand name drug (when a generic alternative exists) could experience a lower level of reimbursement. In addition, it may take them longer to reach their RAMQ annual OOP limit, as amounts in excess of the generic alternative price will be excluded from the RAMQ annual OOP calculation. Members who are more likely to notice the effect of the change to the RAMQ minimum calculation are those who have reached the RAMQ annual OOP maximum.

What you need to know:

- **If your contract includes PDD, it will be amended.** Notification of the amendment will be issued to you. We will inform you of the effective date when the information becomes available.
- **If your contract does not include PDD, it will not be amended.** If you have a non-PDD plan and want to benefit from the new legislation, you should speak to your Account Executive about the benefits of changing to PDD. Non-PDD plans will continue with RAMQ minimum using the brand price submitted, and not the generic alternative.
- **Sun Life is not changing the private plan design.** For plans with PDD, we are only changing the minimum calculation for drugs listed on the RAMQ drug list to the new minimum amount allowed by law. **The private plan design calculation will continue to be used** – your members will receive the higher of the private plan calculation and the RAMQ minimum calculation.
- **We expect the new RAMQ minimum calculation to be a cost containment feature for plan sponsors with PDD and members in Québec.** Over time, we expect that there will be savings for plan sponsors (although not anticipated to be significant), as more generic alternatives become available.
- **Claimant exceptions.** To assess the medical necessity of a higher priced drug, Sun Life will require the covered person and the attending doctor to complete and submit an exception form. If a claimant exception is made under the private plan to cover a higher priced drug, the approval will be extended to the RAMQ minimum calculation of a drug covered under the RAMQ drug list.

Questions?

Contact your Sun Life Financial group benefits representative.