

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 brand name drug is purchased	Starting January 8, 2016 – If a brand name drug is purchased	At all times – If a generic drug is purchased
<p>iA FINANCIAL GROUP PAYS:</p> <ul style="list-style-type: none"> • \$66.00 <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"> • \$40.00 <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"> • \$37.60 <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"> • \$0.00 <p>No excess amount to be paid.</p>	<p>EXCESS AMOUNT TO PAY:</p> <ul style="list-style-type: none"> • \$50.00 <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"> • \$0.00 <p>No excess amount to be paid.</p>
<p>YOU PAY:</p> <ul style="list-style-type: none"> • \$34.00 <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>YOU PAY:</p> <ul style="list-style-type: none"> • \$60.00 <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>YOU PAY:</p> <ul style="list-style-type: none"> • \$9.40 <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