

Quebec Drug
Insurance Pooling
Corporation



Société de compensation
en assurance médicaments
du Québec

QUEBEC DRUG INSURANCE

Terms and Conditions for 2005

Developed by the following working group:

Suzanne Caron	La Survivance
René Hamel	SSQ FINANCIAL GROUP
Ron Hoskins	Manulife Financial
Pierre Forget	Standard Life
Claude Di Stasio	CLHIA

Presented to the Board of administrators of the *Société de compensation en assurance médicaments du Québec* on October 22, 2004.

The pooling factors are reviewed annually and modified if necessary to reflect market trends. The pooling parameters applicable in 2004 have been presented to the Health and Social Services Minister in the fall of 2003. This document presents a review of those parameters.

Terms and conditions 2005

The Board of administrators recommends that for the year 2005, the pooling thresholds for groups of less than 250 certificates be adjusted upward and that the pooling factors be adjusted accordingly. The number of bands and the compensation formula based on cumulating layers (integrated compensation formula) remain unchanged. Also, the compensation formula recognises the new individual out of pocket maximum increased from \$839 to \$857 as of July 2004.

The Board of administrators considers that given the variability of the results of experience and the uncertainty regarding claim increase rates, it is more prudent to establish pooling parameters for year 2005 only.

YEAR 2005

Group size (number of certificates)	Threshold per certificate	Annual factor	
		<i>Without</i> dependants	<i>With</i> dependants
Under 10	\$ 2,000	\$ 127	\$ 351
10 – 24	\$ 2,900	\$ 85	\$ 236
25 – 49	\$ 6,900	\$ 35	\$ 97
50 – 124	\$ 13,800	\$ 15	\$ 41
125-249 *	\$ 23,000	\$ 4	\$ 12
250 and over **	\$ 50,000	No charge	No charge

* Insured groups only – Drugs covered under the private plan

** Insured groups only – Drugs covered under the provincial basic regime

1. For groups of fewer than 125 certificates the pooling continues to apply to insured and non-insured groups. The eligible drugs remain those covered under the private plan.
2. For groups of 125 to 249 certificates, the pooling applies to insured groups only. As for groups of fewer than 125 certificates, the eligible drugs are those covered under the private plan.
3. The pooling thresholds and factors are modified based on a projected volume of claims obtained using the ratio of 2003 to 2002 claims volume per band. This hypothesis takes into account the current environment.

4. For insured groups of 250 certificates or more, the pooling in excess of \$50,000 remains and only the drugs covered under the basic regime (RGAM) are admissible. There is no explicit charge applicable.
5. The compensation formula is 80% up to \$4,285 and 100% thereafter based on \$857 maximum out of pocket as of July 2004.
6. The compensation formula is based on layers. Under this formula no single band has to face adverse claims alone. Large claims are spread amongst the entire population pooled based on a cumulative approach adding a slice per band or threshold crossed.

[APPENDIX I - Retrospective](#)

[APPENDIX II - Quantitative Results](#)