



QUEBEC DRUG INSURANCE

Terms and Conditions for 2006

Excerpts from the 2005 consultation document on pooling mechanism

Developed by the following working group:

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

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In compliance with Section 43 of the *Loi sur l'assurance-médicaments du Québec*, the pooling parameters applicable in 2005 have been reviewed by the Corporation and adjusted to reflect market trends. This document presents the results of this annual review.

Terms and conditions 2006

The Board of administrators recommends that for the year 2006, the pooling thresholds be adjusted upwards by 10% rounded to the nearest \$500 for groups of less than 50 certificates and to the nearest \$1,000 for groups of 50 to 249 certificates. The pooling factors are adjusted accordingly. The threshold of \$50,000 remains unchanged for insured groups of 250 certificates or more.

The number of bands and the compensation formula based on cumulating layers (integrated compensation formula) remain unchanged. Also, the compensation formula recognises the individual out of pocket maximum of \$857 established as of July 2004 and maintained in 2005.

As in previous years, 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 2006 only.

YEAR 2006

Group size (number of certificates)	Threshold per certificate	Annual factor	
		<i>Without</i> dependants	<i>With</i> dependants
Under 10	\$ 2,000	\$ 130	\$ 358
10 – 24	\$ 3,000	\$ 88	\$ 244
25 – 49	\$ 7,500	\$ 38	\$ 104
50 – 124	\$ 15,000	\$ 16	\$ 44
125-249 *	\$ 25,000	\$ 7	\$ 18
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 are 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 2004 to 2003 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 the out of pocket maximum of \$857.
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 pooled population based on a cumulative approach adding a slice per band or threshold crossed.

[APPENDIX I - Retrospective](#)

[APPENDIX II - Quantitative Results](#)