

Quebec Drug
Insurance Pooling
Corporation



Société de compensation
en assurance médicaments
du Québec

PRESCRIPTION DRUG INSURANCE IN QUEBEC

Terms and Conditions for 2007

***Excerpts from the 2006 consultation
document on pooling mechanism***

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The terms and conditions of pooling are reviewed annually and adjusted as necessary to reflect the market.

Terms and Conditions 2007

The Corporation's Board of Directors recommends an increase in the pooling thresholds for all levels of fewer than 250 certificates and, as a result, that the annual factors be adjusted accordingly. The number of strata and the so-called "pyramidal" formula for compensation by levels have been retained. Moreover, the compensation formula has been adjusted to take into account the maximum annual disbursement laid out in the Prescription Drug Act, which rose to \$881 in July 2006.

Because of the great variability in results and the uncertainty regarding the rate of increase in the cost of medications and claims, this establishment of new parameters is for the year 2007 only.

2007

Size of group, determined by the number of certificates	Threshold per certificate	Annual factor <i>No</i> dependants	Annual factor <i>With</i> dependants
Fewer than 10	\$2,100	\$130 ⁽¹⁾	\$358 ⁽¹⁾
Between 10 and 24	\$3,300	\$95	\$261
Between 25 and 49	\$8,500	\$45	\$125
Between 50 and 124	\$17,000	\$21	\$58
Between 125 and 249 *	\$28,000	\$8	\$23
250 and over **	\$50,000	No charge	No charge

* Insured groups only – Private plan coverage

** Insured groups only – Basic Prescription Drug Insurance Plan (RGAM)

(1) The factors remain at the 2006 level despite an increase in the threshold.

1. For groups with fewer than 125 certificates, pooling continues to apply for insured and uninsured plans. The eligible medications are those covered by the private plan.
2. For groups from 125 to 249 certificates, pooling applies to insured plans only. As for groups of fewer than 125 certificates, the eligible medications are those covered by the private plan.
3. The pooling parameters have been modified in function of a projection of the volume of future claims using a 2005/2004 growth ratio by levels as an hypothesis for inflation in drug costs. The growth ratio retained for each level is subject to a minimum of 10% and a maximum of 300%. This hypothesis takes into account the variations currently observed in the market.

4. Thus, the pooling thresholds have been changed in accordance with a reasonable increase. Therefore, the two first levels have been increased by 5% and 10%. The following levels have been increased by adding \$1,000, \$2,000 and \$3,000.
5. Pooling above \$50,000 remains in effect for insured plans of 250 certificates and over. Only the cost of drugs that are covered by the basic plan continues to be eligible. No explicit charge applies.
6. The compensation formula of 80% on the first \$4,405 and 100% on the remainder is based on the maximum annual disbursement of \$881.
7. The current compensation formula is a so-called "pyramidal" formula for compensation by levels, which makes it possible to avoid the difficulties a given stratum would have in absorbing an exceptional volume of large claims by sharing them among the entire pooled population based on a cumulative approach level by level.

[APPENDIX I - Retrospective](#)

[APPENDIX II - Quantitative Results](#)