

Quebec Drug  
Insurance Pooling  
Corporation



Société de compensation  
en assurance médicaments  
du Québec

## **PRESCRIPTION DRUG INSURANCE IN QUEBEC**

### ***Terms and Conditions for 2008***

***Excerpts from the 2007 consultation  
document on pooling mechanism***

Drawn up by the following task force:

Suzanne Caron  
Marcel Bilodeau  
Jean-Jacques Paradis  
Marc-André Simard

Standard Life  
La Capitale Financial Group  
Desjardins Financial Security  
Great West Life

Claude Di Stasio

Executive Director

Presented to the Board of the Quebec Drug Insurance Pooling Corporation on  
October 22, 2007

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

### Terms and Conditions 2008

For 2008, the Corporation's Board of Directors recommends an increase in the pooling thresholds for all levels and, as a result, that the annual factors be adjusted accordingly.

### 2008

Size of group, determined by the number of certificates	Threshold per certificate	Annual factor <i>No</i> dependants	Annual factor <i>With</i> dependants
<b>Fewer than 10</b>	\$2,400	\$154	\$425
<b>Between 10 and 24</b>	\$3,800	\$111	\$308
<b>Between 25 and 49</b>	\$9,800	\$51	\$142
<b>Between 50 and 124</b>	\$19,000	\$21	\$58
<b>Between 125 and 249 *</b>	\$32,000	\$8	\$23
<b>250 and over **</b>	\$60,000	No charge	No charge

\* Insured groups only – Private plan coverage

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

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 2006/2005 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 200%. 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 rate of about 15% with the exception of the more than 250 certificates level where the increase is 20%.
5. For insured plans of 250 certificates and over, the pooling threshold is now \$60,000. As in the past, only the cost of drugs that are covered by the basic plan continues to be eligible. No explicit charge applies.
6. The terms and conditions of pooling allow for a loss ratio of 90%.

7. The compensation formula of 80% of the first \$4,520 and 100% of the remainder is based on a maximum annual disbursement of \$904.
8. The compensation formula so-called "pyramidal" is maintained 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.
9. The thresholds for groups have been established so that rate increases for a group with poor experience following a very large claim will remain below 20% before inflation in drug costs.

By increasing the pooling parameters for 2007, we are able to limit increases before inflation in the cost of medications as follows:

Size	Threshold	Incidence of claims exceeding the threshold	Rate increase
Fewer than 10	2,400	8.1%	-3%
Between 10 and 24	3,800	3.4%	9%
Between 25 and 49	9,800	0.6%	14%
Between 50 and 124	19,000	0.3%	11%
Between 125 and 249	32,000	0.1%	9%

[APPENDIX I - Retrospective](#)

[APPENDIX II - Quantitative Results](#)