Quebec Drug Insurance Pooling Corporation
Société de compensation en assurance médicaments du Québec

May 31, 2010

IMPORTANT NOTICE

To all insurers and employee benefit plan administrators that are providing coverage for the reimbursement of drug and pharmaceutical expenses in Quebec

The Quebec Drug Insurance Corporation (Corporation) wishes to inform you of changes in the rules for pooling that affect the pooling processes for 2010 and 2011. If you are not the person responsible for this file in your organization, we would appreciate your forwarding this information to the designated person.

A. Change effective with the 2010 pooling process in the method for establishing the size of a terminated group

B. Change effective with the 2011 pooling process in the scope of pooling for non-insured plans

C. Eligible Expenses

D. Terms and conditions for 2011

In 2009, based on comments received in that fall's consultation with the industry, the Corporation established a two-step plan to extend coverage to non-insured employee benefit plans. First, as announced at the conclusion of last consultation, in order to allow pool participants to consider these changes in a timely manner at the time of renewing insured and non-insured group plans providing reimbursement for drug costs, they are informed in the spring of 2010 of the conditions for application of the terms and conditions of pooling beginning in January 1st, 2011 with regard to ASO plans, and of any other significant change. A second communication to take place in the fall of 2010, after the annual consultation, will concern the 2011 parameters for plans of fewer than 250 certificates.

A. Change effective with the 2010 pooling process in the method for establishing the size of a terminated group

The Corporation had announced in its consultation document in the fall of 2009 that the method used to establish the inforce of a group in order to determine its size and the corresponding pooling parameters would be changed to a method based on the average of the number of Canadian certificates at the beginning and end of the period in question and that this would begin with the 2009 pooling process.

However, due to administrative difficulties, this new way of calculating group size will only apply **to terminated groups** and to ensure uniform application, will only be used starting with the 2010 process.

As a result, please note that the following information will have to be submitted to the Pooling Manager for the 2010 process when launched in early 2011 for all groups **terminating during the year**:

- The number of Canadian certificates at the beginning of the year and at the date of termination.
- The number of Quebec certificates, separated according to whether they are individual or family certificates, at the beginning of the year and at the date of termination.

For groups terminating during the year, the average will be obtained using the number of certificates inforce for December 31 of the preceding year and the number of certificates inforce at the time of termination. If a terminated group came into effect during the year, this information will be required for the effective date of the plan.

For those issued over the course of the year and that are still in force on December 31 (including those issued on January 1st), the actual method is maintained e.g. the inforce will be established as the number of certificates on December 31 of the covered period.

B. Change effective with the 2011 pooling process in the scope of pooling for non-insured plans

Beginning on January 1st, 2011, pooling will be expanded to include non-insured plans of ASO type employee benefit plans only and, the strata will be modified to include plans of up to 1,499 certificates.

For insured and non-insured groups of 1,500 and over, it's the free market. Indeed, the pooling no longer applies to insured and non-insured plans starting with that size.

C. Eligible Expenses

Starting with the 2011 pooling process e.g. for new claims adjudicated on or after January 1st, 2011, participants to the pooling process are expected to have on file the medical information justifying that the claim complies with the Quebec Basic Plan criteria (Québec RGAM-exception drugs) for admissible drug expenses. Additional information on that subject will be provided this fall.

D. Terms and conditions for 2011

1. Groups with fewer than 250 certificates

For plans with fewer than 250 certificates, insured and non-insured groups, the parameters will be communicated at the conclusion of the consultation taking place at the end of August 2010. For these plans, coverage remains that of a private plan drug formulary.

2. Groups of 250 to 1,499 certificates

For groups of 250 to 1,499 certificates, only medications on the Régie's formulary will be pooled (Basic Plan formulary only).

For all eligible plans, the method of declaring claims to the Pooling Manager remains unchanged.

Size of group (no. of certificates)	Threshold per certificate	Annual factor ***Without*** dependants	Annual factor ***With*** dependants
Fewer than 25	*		
Between 25 and 49	*		
Between 50 and 124	*		
Between 125 and 249	*		
From 250 to 499	$60,000	$ 4.00	$ 11.00
From 500 to 999	$80,000	$ 2.00	$ 5.50
From 1,000 to 1,499	$100,000	$ 0.75	$ 2.25
1,500 and over	Free market	Free market	Free market

* Parameters will be communicated in the fall of 2010

3. Groups of 1,500 certificates and over

For groups insured and non-insured of 1,500 certificates and over, claims are no longer pooled.

We thank you for your prompt consideration of this information.

Claude Di Stasio
Executive Director and Secretary