

BAP 15...? The 15-year rule...? What does that have to do with my drug plan?

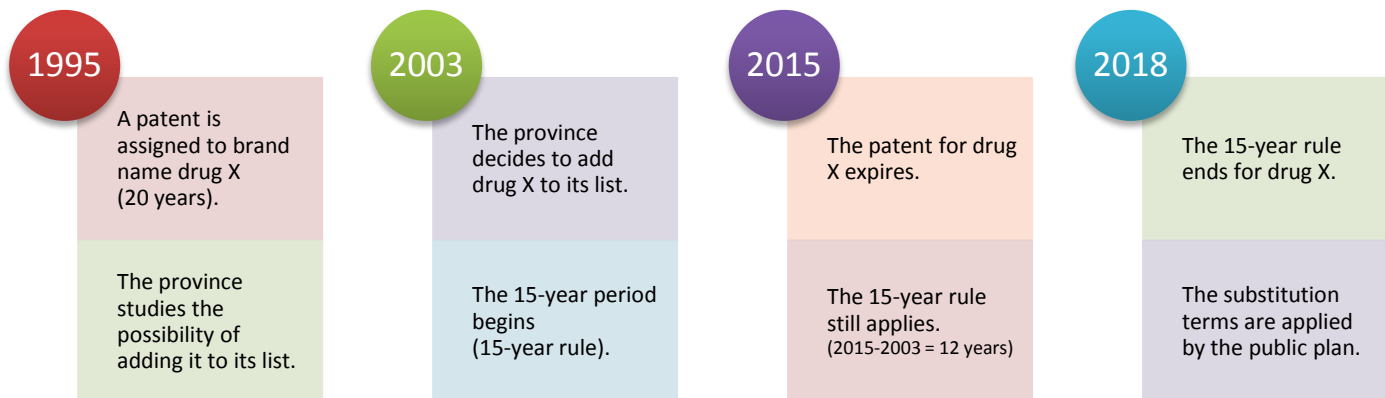
Hello.

Lately, many of you have been asking about the reimbursement terms of brand name or generic drug plans based on Quebec's 15-year rule.

You may have heard of BAP15 used in reference to Quebec's 15-year rule. BAP15 stands for **Best Available Price** for **15** years, which applies solely to Québec's Public Prescription Drug Insurance Plan.

This rule is designed to allow for the reimbursement of a brand name drug for a period of 15 years after it first being listed on the **public plan's List of Medications**, even if the patent for the brand name drug has expired and a less expensive generic version of the drug is available on the market.

That's why, for the public plan, there's an additional period of a few years after the patent has expired during which a brand name drug is reimbursed at the rate of 68% stipulated by the **Régie de l'assurance maladie du Québec**, even if it could be substituted with a generic version. An example?



When the 15-year rule was adopted (1994), Quebec's insurers decided to apply a similar rule to their group plans. As a result, brand name drugs could still be reimbursed according to the reimbursement percentage of the group plan, from the time the patent expired to the end of the applicable period based on the 15-year rule. However, changes in the market and the increase in drug insurance costs have prompted all parties involved to try and find control measures that would generate savings for policyholders.

Consequently, on October 1st, 2011, Standard Life –through its claims manager, TELUS Health Solutions– has modified its reimbursement procedures for drugs subject to the 15-year rule. This modification only affects generic substitution drug insurance plans with the Assure card, for the province of Quebec only. No policyholder with a generic substitution insurance drug plan can be exempt from this modification.

What are the impacts of this change?

Generic substitution now takes place as soon as an equivalent generic drug becomes available after the brand name drug patent has expired. Currently, approximately 50 drugs meet this criterion and just over 20% of our group plans in Quebec could benefit from this change.

Let's see how reimbursement for groups in Quebec with a generic substitution drug insurance plan with the Assure card is now carried out, since October 1, 2011:

Québec Plans – Reimbursements as at October 1, 2011 based on type of TELUS drug plan			
Purchase	Without generic substitution	With generic substitution	
		Regular substitution	Mandatory substitution
Brand name drug	According to the group plan	<ul style="list-style-type: none"> • Doctor writes "do not substitute" on the prescription: Reimbursement percentage of group plan applied to the cost of the brand name drug. • Doctor doesn't write "do not substitute" on the prescription: Reimbursement percentage of group plan applied to the cost of the equivalent generic drug; must not be less than 68% of the cost of the brand name drug. 	Reimbursement percentage of group plan applied to the cost of the equivalent generic drug; must not be less than 68% of the cost of the brand name drug.
Generic drug	According to the group plan	According to the group plan	According to the group plan

The reimbursement percentage of the group plan cannot be inferior to that of the public plan –currently 68%– for drugs listed on the public plan's list of medications. All eligible drugs are reimbursed at 100% once the maximum annual contribution limit is reached; currently: \$963.

Who will benefit from this change?

Since the group plan will start a few years earlier to reimburse some brand name drugs at a reduced rate, it will generate savings for policyholders applying generic substitution. On the other hand, plan members who are prescribed a brand name drug and who refuse the generic substitution will have to pay a higher portion of their claims.

Several factors must be taken into consideration in order to identify savings each group plan could benefit from: the number of plan members in Quebec, their prescription drug purchasing habits, their type of drug plan and the frequency of brand name drug prescriptions throughout the given period.

Naturally, buying the least expensive equivalent drug, when possible, must be encouraged. An example?

Example – Generic drug savings				
		Brand name drug	Generic drug	Member's savings
Total cost at purchase		\$70	\$30	
Portion paid by plan member	Coinsurance (20%)	(\$14)	(\$6)	\$8
Reimbursement by insurer		\$56	\$24	(14-6=8)

In this example, a member who opted for the generic version of the drug saved 57% of what they would have had to pay for the brand name drug.

Do not hesitate to contact your Manager, Business Development, at Standard Life for additional information on this matter.

Talk soon.

This document is intended for general information only and represents the general views of The Standard Life Assurance Company of Canada. It should not be construed as specific legal advice. While reasonable steps have been taken to ensure that this information was accurate as of the date hereof, The Standard Life Assurance Company of Canada makes no representation or warranty as to the accuracy of this information and assumes no responsibility for reliance upon it.