



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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Prescription Drugs

Government Co-ordination and Special Authority Drugs

Prescription Drug Costs

Prescription drugs are again the top benefit news story these past few weeks, as both the Alberta and Ontario governments recently announced changes that will reduce the cost of generic drugs. The reasons are clear: prescription drug costs continue to skyrocket, and governments must curb health care costs.

Prescription drugs are the second most costly portion of the Canadian health care system—behind hospital, but more costly than physicians. Of all prescription drugs purchased in Canada, over 50% are paid for by Extended Health Care (EHC) plans or by patients without coverage.

To manage their finances, governments are creating new policies that shift costs to the private sector and therefore directly affect EHC plans. In response, insurers are becoming more diligent in ensuring their claimants use any existing government program before accessing their EHC plan.

Extended Health Care Plans

Most EHC plans in Canada include prescription drug coverage, which represents, on average, 60% to 70% of all EHC claims. Because this is the largest category of EHC claims, it is where insurers are focusing in an attempt to control this ever-increasing cost. There are two specific ways insurers do this:

- ensuring government programs pay their portion where available, and
- ensuring patients purchase the right medication for their condition (through a special approval process)

Co-ordinating with Provincial Drug Benefits

Group benefit contracts are structured so that claimants access government programs, when

available, **before** submitting to their EHC plan. Government drug programs differ by province but all provinces do provide some level of coverage. A good example is the provincial pharmacare programs in BC, Saskatchewan and Manitoba. Families **must** register and once the pharmacare deductible is reached, pharmacare pays their portion and EHC plans pay the difference.

All provinces have also implemented disease-state programs, which provide patients with specific disease coverage for some drugs. Examples of some disease-state programs include cancer, MS, and organ transplants.

These types of programs often require the patient's physician to submit a special request to the government program. If approved, the difference, if any, can be reimbursed by the EHC plan. **This process both reduces the claims costs for EHC plans and increases the total reimbursement to patients. Ask your doctor what is available and how you can access these programs.**

Drugs that Require Special Approval

Most EHC plans cover all legal prescription drugs with some exceptions like cosmetic drugs, lifestyle drugs, and experimental drugs. All plans also require patients to qualify—which simply means, in most cases, that the drug was prescribed and you can show proof of purchase (official drug receipts). **However, there are an increasing number of eligible drugs that now require special approval.** These drugs, often more costly, require a letter from the physician to justify their use.

Unfortunately, both government programs and special approval drugs differ by province and insurer. That means that patients must educate themselves. When you have been prescribed a drug, ask your doctor if a special program is available. If the drug is costly, call to ensure coverage is available.