

# COMMUNIQUÉ

## HEALTH A PRIORITY IN ALBERTA BUDGET 2013

The Alberta government announced several health care related initiatives in its Budget 2013, with the most unexpected being the proposed introduction of a new PharmaCare program for 01 January 2014.

While the government indicated that details on the PharmaCare program still have to be developed, it did state that it will be an income-based program that is sensitive to those in greatest need and those who have the ability to pay. It is expected that the Alberta program will be similar to the British Columbia Fair PharmaCare Plan.

The government expects that an income-based universal plan will generate annual savings of \$180 million starting in 2014-15. However, does this really mean a cost shift to Albertans, including private plan sponsors? Even though there might be higher costs for some segments of the population, it is hoped that a PharmaCare plan would protect private plans from the emerging high cost of biologic drugs such as those used to treat rare diseases.

The new Alberta PharmaCare program is expected to replace several existing programs and will apply to all Albertans, including the 20% that the government says do not currently have any drug coverage. One of the implications is that it will replace the current drug program for seniors in Alberta. This could result in higher costs for plan sponsors that provide retiree health benefits as well as higher accounting liabilities for such plans.

As part of Budget 2013, the government announced that it is lowering the price that Albertans will pay for generic drugs to 18% of the brand-name equivalent, down from 35%. This is a continuation of its strategy to reduce the cost of generic drugs and it will be a benefit to plan sponsors. Alberta Health subsequently announced that effective 15 April 2013 it is reinstating the \$1 per prescription pharmacy allowance for one year.

The government also indicated its commitment to shifting from a dispensing fee approach to a professional services model where customers can receive even more services from their pharmacist.

Another drug related initiative is the introduction of a new Insulin Pump Therapy program starting this spring for Albertans with Type 1 diabetes. However, it remains to be seen whether private plan sponsors will be able to position their plans as second payers to the new government program.

In addition to prescription drug coverage, Budget 2013 mentions funding for ambulance and other health services, although details on this are not known.

## Other Budget Announcements

The government also announced changes to Seniors Benefit eligibility and income exemptions. The Seniors Benefit program provides support in addition to the federal benefits received under Old Age Security, Guaranteed Income Supplement, Federal Allowance and the GST credit. It is based on income and provides monthly benefits to eligible seniors. It is proposed that income exemptions for workers' compensation benefits, alimony payments and Canada Pension Plan disability payments will be eliminated, and that seniors residing in Canada for less than 10 years will no longer be eligible for the program, consistent with the federal government's eligibility criteria for Old Age Security.

The government also announced that it is embarking on a review of Alberta's public sector pension plans to ensure the sustainability of these plans. Four major public sector plans are being reviewed - the Local Authorities Pension Plan, the Public Service Pension Plan, the Management Employees Pension Plan, and the Special Forces Pension Plan. This review is intended to ensure that these plans remain part of a competitive compensation package for the public service, while protecting taxpayers' interests.

The budget was short on details and we will continue to provide additional insights as new information becomes available.

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