

# COMMUNIQUÉ

12 December 2014

## FIRST READING OF BILL 4: REPEALING PHASE TWO OF NEW BRUNSWICK'S PRESCRIPTION AND CATASTROPHIC DRUG INSURANCE ACT

On December 9, 2014, Bill 4, *An Act to Amend the Prescription and Catastrophic Drug Insurance Act*, was given first reading<sup>1</sup>. The proposed legislation removes the requirement for all uninsured New Brunswickers to join the New Brunswick Drug Plan, which was otherwise to take effect April 1, 2015. The government has announced that pending a review of the program, the New Brunswick Drug Plan will continue as a voluntary program. Of key concern to private plan sponsors, Bill 4 repeals the mandatory compliance requirements for private drug plans, which were also to take effect April 1, 2015.

### Background

On March 26, 2014, the *Prescription and Catastrophic Drug Insurance Act*, introduced by Premier David Alward's conservative government, was given Royal Assent ([see Mercer's Communique dated April 24, 2014](#)). The legislation laid the framework for creation of a comprehensive premium-based public drug program for uninsured New Brunswickers in two phases: a voluntary program commencing May 1, 2014, and a mandatory program to take effect April 1, 2015. The legislation also established mandatory requirements for private plans to take effect on April 1, 2015.

The province's newly elected Liberal government has announced a review of the New Brunswick Drug Plan. The Department of Health will conduct stakeholder consultations in 2015 with respect to alternative public drug plan options, as well as explore potential collaboration with the other Atlantic provinces.

"Our government is committed to reviewing the New Brunswick Drug Plan to ensure that its costs are reasonable for individuals, its coverage is sufficient and employers are not subject to a required contribution," said Health Minister Victor Boudreau. "Our government will also provide additional premium relief to lower-income individuals to ensure costs, for those that choose to join the New Brunswick Drug Plan, are fair and reasonable."

<sup>1</sup> For full text, see: <http://www.gnb.ca/legis/bil/FILE/58/1/Bill-4-e.htm>

## New Brunswick Drug Plan

Under the proposed legislation, the New Brunswick Drug Plan will continue to operate as a voluntary program, with participation open to all Medicare-eligible uninsured residents.<sup>2</sup> The introduction of co-payment limits and new premium rates are proposed to take effect April 2015 as follows:

|                            |   |                                 |                                    |  |
|----------------------------|---|---------------------------------|------------------------------------|--|
| <b>Plan Design</b>         | The program will provide 70% reimbursement of eligible drug expenses, subject to a per prescription out-of-pocket co-payment maximum (see below).               |                                 |                                    |  |
| <b>Drug Formulary</b>      | The program formulary is posted on the website: <a href="http://www.gnb.ca/drugplan">www.gnb.ca/drugplan</a> . Some drugs are subject to special authorization. |                                 |                                    |  |
| <b>Plan Member Premium</b> | <i>Varies based on Gross Income as follows:</i>   |                                 | <i>Rates (April, 2015):</i>        | <i>Maximum Co-Payment Per Prescription</i> |
|                            | Individual Income (single coverage)   | Family Income (family coverage) | Per adult*                         |  |
|                            | \$17,884 or less  | \$26,826 or less                | \$17 per month (\$200 per year)    | \$5  |
|                            | Between \$17,885 and \$22,346   | Between \$26,827 and \$33,519   | \$33 per month (\$400 per year)    | \$10                                       |
|                            | Between \$22,347 and \$26,360   | Between \$33,520 and \$49,389   | \$67 per month (\$800 per year)    | \$15                                       |
|                            | Between \$26,361 and \$50,000   | Between \$49,390 and \$75,000   | \$117 per month (\$1,400 per year) | \$20                                       |
|                            | Between \$50,001 and \$75,000   | Between \$75,001 and \$100,000  | \$133 per month (\$1,600 per year) | \$25                                       |
|                            | \$75,001 and above  | \$100,001 and above             | \$167 per month (\$2,000 per year) | \$30                                       |

\*No premium is payable for dependent children under age 19

Further information can be found on the New Brunswick Department of Health website at: [www.gnb.ca/drugplan](http://www.gnb.ca/drugplan)

## Impact on Private Plans

The original enabling legislation for the creation of the New Brunswick Drug Plan also established minimum requirements for private plans ([see Mercer's Communique dated April 24, 2014](#)), which were to take effect April 1, 2015. Bill 4, if enacted, would see the repeal of these minimum requirements in their entirety. As such, plans covering New Brunswick residents will not be required to amend their programs, and insurers will not be required to produce certificates of compliance for New Brunswick plan members.

Bill 4 also removes the mandatory participation requirement for individuals with eligibility to join a private drug plan. As such, plans permitting optional participation would still be permissible.

Mercer will continue to monitor legislative developments, as well as the Department of Health plans with respect to conducting stakeholder consultations in 2015.

<sup>2</sup> The plan will also be available to individuals who are covered by a prescription drug plan, and meet one of the following criteria:

- they must have reached an annual or lifetime drug coverage maximum; or
- they need a specific drug that is on the New Brunswick Drug Plan formulary, but is not on their prescription drug plan.

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