

COMMUNIQUÉ

1 April 2015

SASKATCHEWAN TO RESTRICT SENIORS' DRUG PLAN ELIGIBILITY

On 18 March 2015, the province of Saskatchewan tabled its budget for the 2015/2016 fiscal year. This budget introduces a notable change to the provincial Seniors' Drug Plan that will be relevant to employers providing prescription drug coverage to seniors resident in Saskatchewan. This Communiqué provides an overview of this change.

Income Threshold for Seniors' Coverage Reduced

Effective 1 July 2015, the income threshold above which individuals are not eligible to participate in the Seniors' Drug Plan will be lowered to \$65,515 from its current level of \$80,255. These thresholds apply to individual and not family income amounts. This change aligns the threshold with the provincial age income tax credit rather than the federal age tax credit limit with which it is currently aligned.

The reduction in the income threshold is expected to remove 6,000 seniors in Saskatchewan from the Seniors' Drug Plan and result in a savings to the province of \$3 million in the 2015/2016 fiscal year.

Comment

Eligible individuals in Saskatchewan who are 65 years or older pay a maximum of \$20 per prescription under the Seniors' Drug Plan for drugs listed on the Saskatchewan Formulary and those approved under Exception Drug Status. Employers with active employees over age 64 and those that provide their retirees in Saskatchewan with prescription drug coverage typically coordinate with the Seniors' Drug Plan. As a result of this change employers may see increases in the reimbursement levels for drug costs made by their plans in the second half of this year which were not budgeted. In addition to increases in the cash cost to provide these benefits, increases in the actuarial obligations for these post-retirement benefits, and the annual expenses to be recorded for providing these benefits to current and future retirees, may increase for Saskatchewan-based employees and retirees. The impact could be amplified for employers that provide pension benefits, as retirement incomes may be more likely to exceed the threshold for participation in the Seniors' Drug Plan.

This change to the Seniors' Drug Plan arises out of the ongoing efforts of the province to make health care spending more sustainable by limiting drug coverage to seniors with lower incomes. With the ongoing challenge to balance budgets faced by the province the threshold is not likely to increase in future years beyond the indexing required to keep pace with the provincial age tax credit amount.

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