

# Bill 102 & 130 and the Impact on the Private Sector

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# Ontario's Bill 102: Elements of Reform



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# Bill 102: Elements of Reform

## 5 Key Elements

- 1. Access to drugs**
- 2. Promoting appropriate use of drugs**
- 3. Rewarding innovation**
- 4. Strengthening governance**
- 5. Value for money**



# Ontario's Bill 102: Impact on Drug Plans



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# Impact to Private Drug Plans

**Two key areas of legislation:**

- 1. Access to drugs**
- 2. Value for Money**

**Positive and Negative Impact**





# Impact on Private Drug Plans: Bill 102 - Access to Drugs

ODB Program	Benefit to the private sector
<b>Conditional Listing, Exceptional Access &amp; Rapid Review</b>	<b><u>Negative:</u> ODB type plans will see cost increases</b>  <b><u>Positive:</u> Retiree plans will see costs decrease as ODB picks up more</b>
<b>Off Formulary Interchangeability (OFI) &amp; same/similar substitution of drugs: Effective April 1, 2007</b>	<b><u>Positive:</u> more interchangeable drugs will reduce plan costs by 3 – 5% (Mercer Health &amp; Benefits Analysis)</b>
<b>ODB plan as second in line payer for working seniors (65+) with private insurance</b>	<b>This initiative is currently on hold</b>





# Impact on Private Drug Plans: Bill 102 - Value for money

ODB Program	Benefit to the Private Sector
<p><b><u>PRICING:</u></b> Partnership agreements &amp; competitive agreements for brand drugs</p> <p>Multisource Generic pricing rule @ 50% of brand equivalent</p>	<p><b><u>Unknown:</u></b> Brand price...up to PMPRB limits (Patented Medicines Price &amp; Review Board)</p> <p><b>Generic:</b> no private legislative limit</p>
<p><b><u>MARK-UP:</u></b> by listed drug cost reduced to 8% from 10% effective April 1, 2007</p>	<p><b><u>No Benefit:</u></b> Mark-up in the private sector has been unregulated for years now.</p>
<p><b><u>DISPENSING FEE:</u></b> increase to \$7 from \$6.54 for ODB recipients</p>	<p><b><u>Minimal to No Benefit:</u></b> There are very few plans that cap at the provincially-set fee</p>



# Conclusions and Recommendations



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# Conclusions & Recommendations

- **No direct cost benefit**
  - may see an indirect increase in costs
- **Drug Plan Management**
  - mandatory generics
  - Limit on dispensing fee



# Impact of Bill 130 in Québec





# Key Elements of Bill 130

- **Financial risk-sharing & compensatory agreements between the Department & manufacturers.**
- **Free access to drugs for elderly receiving the maximum GIS.**
- **Measures to optimize drug use.**
- **Measures to improve management of the basic prescription drug insurance plan (RGAM).**





# Impacts on Group Insurance Industry

- **Obligation to offer insurance contracts that cover at a minimum what is covered under the public plan.**
- **Insurers and Group Benefit Administrators must provide RAMQ with certain documentation (e.g., list of contracts).**
- **Employers must deduct group premiums at the source.**
- **Penalties to ensure laws are respected (\$1,000 to \$10,000).**





# Principle Goals of Bill 130

- **Tighten up the definition of a «Group» with respect to Group Insurance Benefits.**
- **Form a solid legal base for the Quebec Drug Policy.**
- **Ensure fair distribution between public and private sectors**





# Conclusions & Recommendations

- **It's early for conclusions**
- **ESI Canada's role:**
  - **Observe the trends**
  - **Advise our clients**
  - **Propose management measures**
  - **Support our clients in their implementation**



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