

# Committee on the Pertinence and Feasibility of a Universal Public Drug Insurance program in Québec



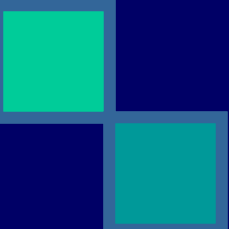

**May 22, 2002**

**Jacques L'Espérance**  
**J. L'Espérance – Actuarial consulting**



# Agenda

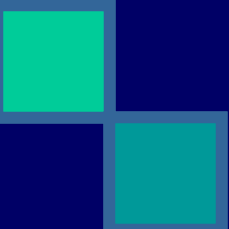

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- Committee
  - Facts
  - Comparisons
  - Recommendations
  - Questions
- 



# Committee

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- Background
    - Bill 33, article 86
    - Evaluation report and possible solutions
    - Parliamentary Commission – February / March 2000
    - Decision by Health minister
    - Creation of the committee – April 2001
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# Committee (cont.)

## ■ Members

- Claude Montmarquette – Prof. Econ., UdeM
- Claude-Denys Fluet – Prof. Econ., UdeM
- Renaud Lachance – Prof.-taxation, UdeM
- Lise Lamothe – Prof. Pharm., UdeM
- Vincent Lemieux – Prof. Political sc., U. Laval
- Jacques L'Espérance – Actuary
- Robert Perreault – Physician, RR MTL-Centre
- Guy Simard – Actuary, RAMQ
- Yvan Gaudet – Writer

→ Each expert was member on its own, not representing any specific group




# Committee (cont.)

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- Mandate

- Inform the Government on the pertinence, the feasibility and the consequences of transforming the current arrangement into a universal public drug insurance plan. The bottom line is to clarify if a public universal plan would be a better social and economic arrangement, for drug insurance purposes, than the current mixed structure.
  - Maintain the principle of a user fee varying with people's revenue as the majority of groups presenting at the parliamentary commission favoured a fair contribution of participants.
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# Committee (cont.)

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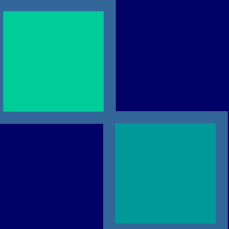

- Process

- Some ten meetings
  - Back to the essential « raison d'être » of the plan
  - Stats from RAMQ, public documents, reports, papers, etc.
  - No presentation from « pressure » groups
  - Report –as planned- early December
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# Agenda

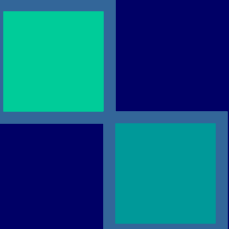

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# Some Facts

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- Basic principles of Québec Drug Insurance Law:
    - Participation to private plan related to employment or profession is mandatory, if not RAMQ
    - 65+ have the choice between private plan (if any) and RAMQ
    - Employment Assistance Recipients covered by RAMQ
- 




# Some Facts

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- Basic Parameters:

- RAMQ formulary ( also applicable to private plans)
  - Deductible: \$8.33/month
  - Maximum coinsurance: 25% (also applicable to private plans)
  - Maximum out-of-pocket: \$750/year (also appl. to private plans)
    - \$62.49/month
    - \$16.66/month for GIS and EA Recipients
  - Annual premium: \$0 to \$385 based on revenues
- 



# Some Facts

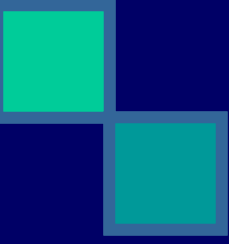

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- Before Bill 33, 1.1 millions Quebecois did not have any coverage
  - Québec expenses in 2001 (est.)
    - Drugs : 3.7 billions \$
    - Physicians : 2.6 billions \$
  - Insured by category in 2000-01
    - 65+ : 861,300
    - Employment Assistance Recipients (EAR): 623,000
    - Enrolees: 1,709,500
- 



## Some facts (cont.)

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- Deductible \$100/yr → \$8.33/month in 1998
  - Premium
    - July 2000: \$175 → \$350
    - January 2001: \$350 → \$385
    - + 120 %
- 

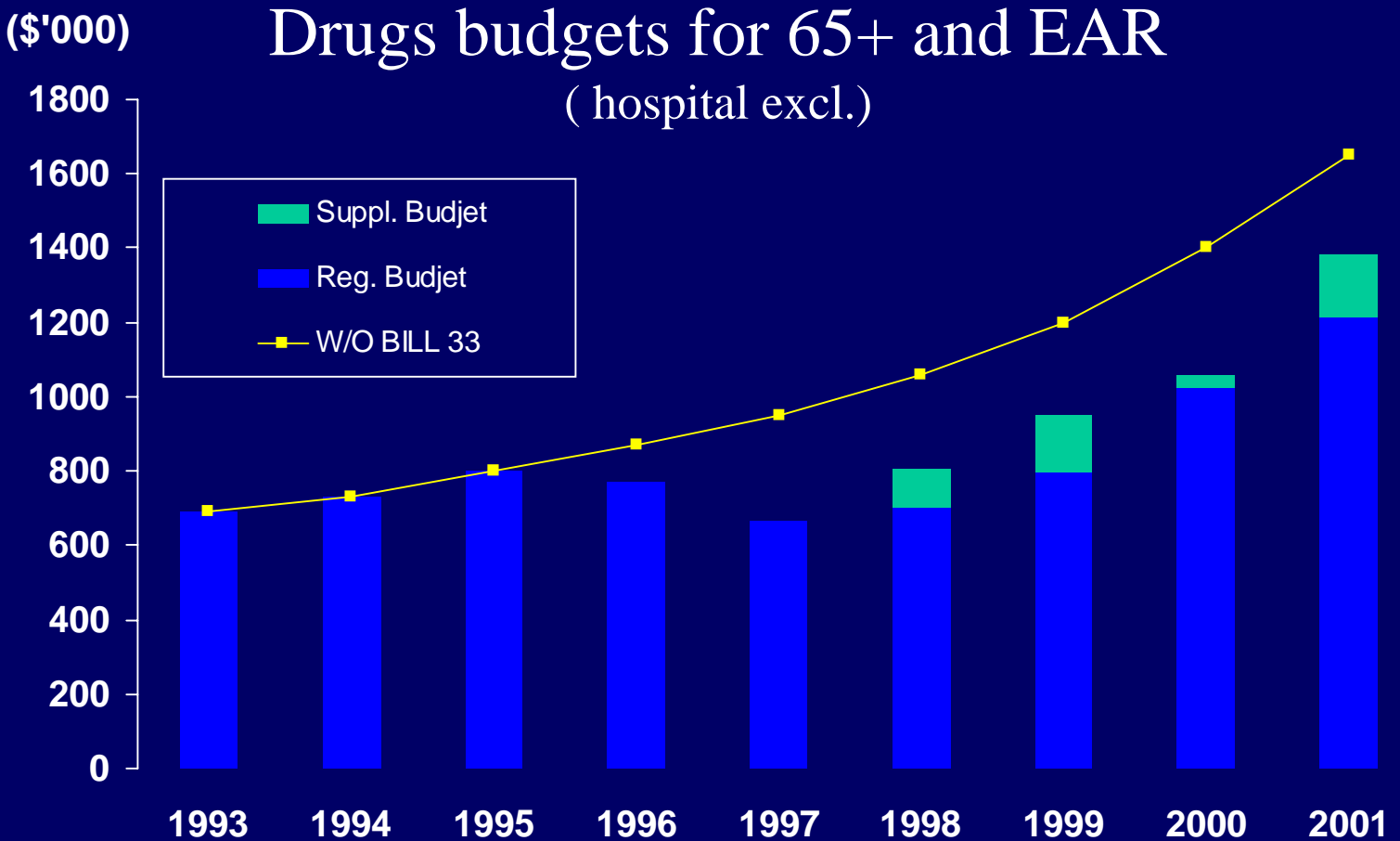
## Some facts (cont.)

- Deductible \$100/year → \$8.33/month in 1998
- Premium
  - July 2000: \$175 → \$350
  - January 2001: \$350 → \$385
  - + 120 %
- Average paid premium
  - 1997 : \$149
  - 2001 : \$247
  - + 66 %

## Some facts (cont.)

| <i>Parameters</i>       | 1997    | 2000    | Average annual change |
|-------------------------|---------|---------|-----------------------|
| Number of participants  | 2.05 M  | 2.19 M  | 2.2 %                 |
| Scripts per participant | 22.1    | 28.2    | 8.5 %                 |
| Cost per script         | \$24.70 | \$28.62 | 5.0 %                 |

# Some facts (cont.)



## Some facts (cont.)

- Annual reports for GDIP (enrolees):

|                   | 1997-98<br>(15 months) | 1998-99 | 1999- 00 | 2000-01 |
|-------------------|------------------------|---------|----------|---------|
| Premiums          | 222.0                  | 253.1   | 246.3    | 384.7   |
| Claims            | 235.3                  | 253.9   | 302.5    | 374.9   |
| Surplus/(deficit) | (13.3)                 | (.8)    | (56.3)   | 9.8     |
| Cumulative S/(D)  | (13.3)                 | (14.1)  | (70.3)   | (60.5)  |

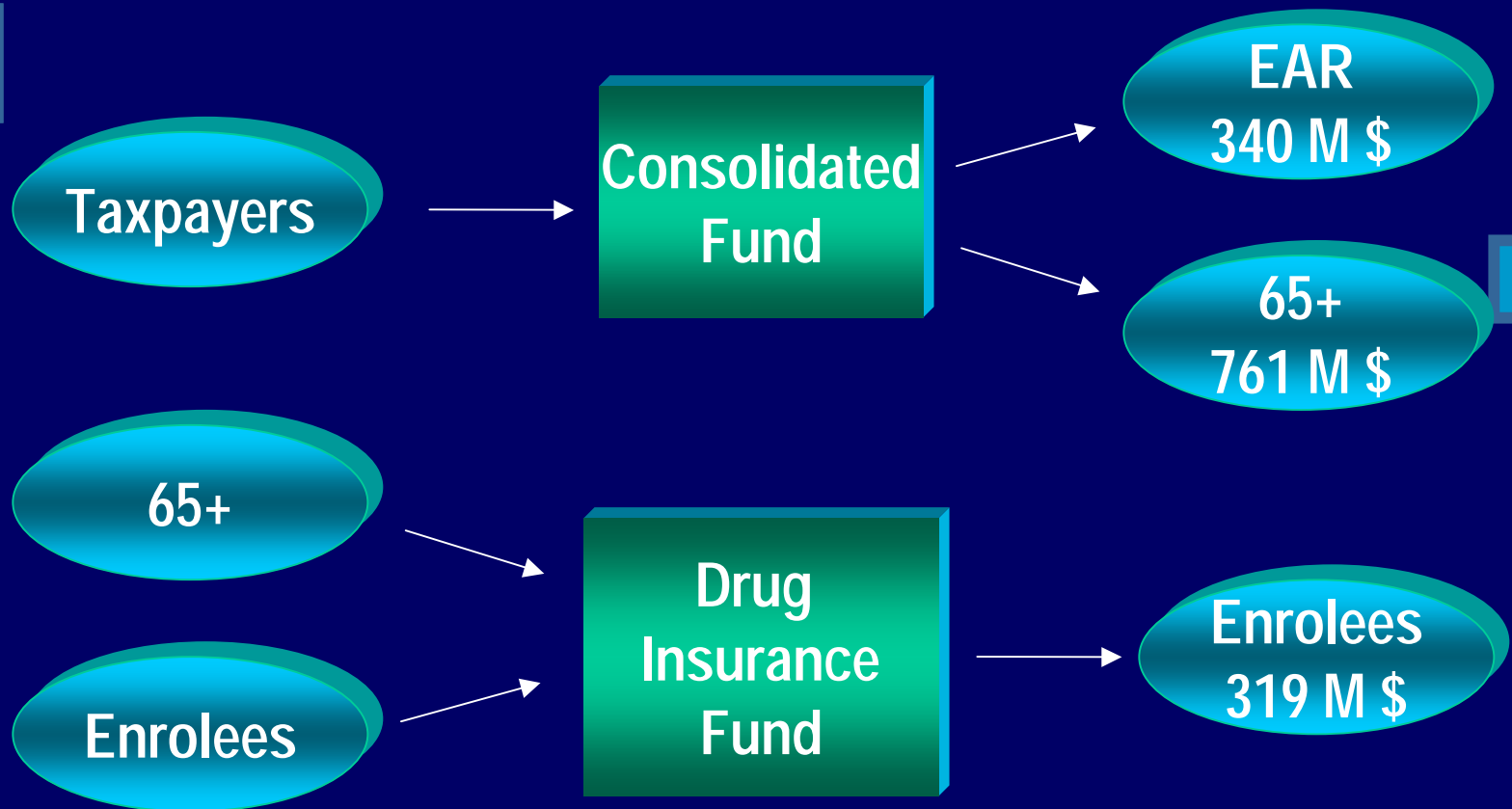
# Some facts (cont.)

## ■ Annual reports for GDIP :

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| Cumulative S/(D)  | (13.3)                 | (14.1)  | (70.3)   | (60.5)  |
| Adj. annual S/(D) | 15.2                   | (14.2)  | (60.2)   |         |
| Adj. Cum. S/(D)   | 15.2                   | 1.0     | (59.2)   |         |

# Some facts (cont.)

## ■ Financial Structure (2000-01 figures)

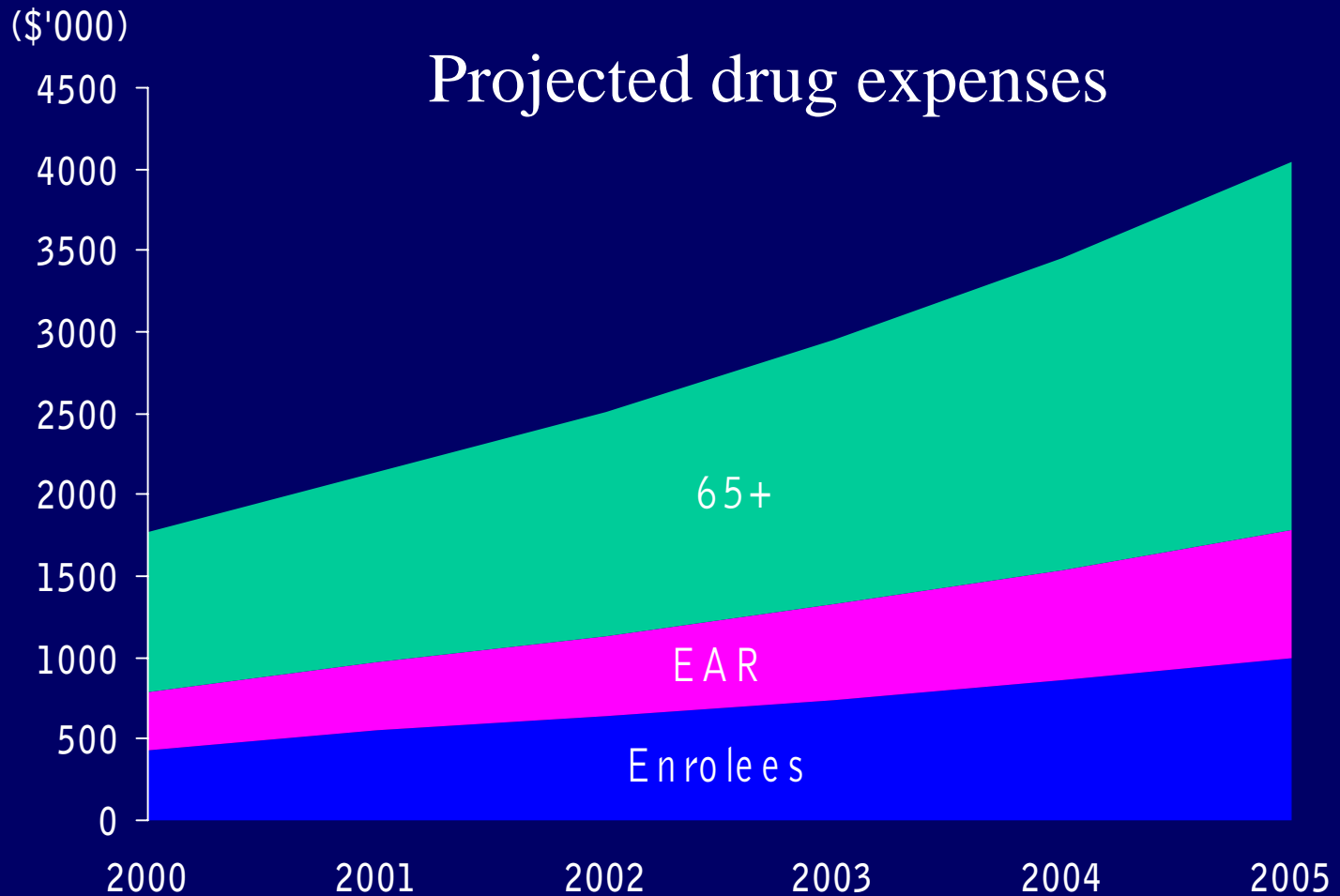


## Some facts (cont.)

- Four costly types of drugs : + 87.8 % vs. + 58.3 %

|                     | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>00 / 97</b> |
|---------------------|-------------|-------------|-------------|-------------|----------------|
| <i>Types</i>        |             |             |             |             |                |
| Antihyperlipidemics | 105.7       | 131.0       | 158.4       | 189.6       | 79.3 %         |
| Anti-hypertensives  | 111.9       | 135.2       | 161.7       | 193.5       | 73.0 %         |
| Anti-Inflammatory   | 60.0        | 61.3        | 71.4        | 119.0       | 98.3 %         |
| Anti-depressants    | 69.6        | 93.7        | 123.0       | 150.0       | 115.4 %        |
| Sub-total           | 347.2       | 421.2       | 514.5       | 652.1       | 87.8 %         |
| % of total          | 31 %        | 33 %        | 34 %        | 37 %        |                |

# Some facts (cont.)





# Agenda

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- Committee
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  - **Comparisons**
  - Recommendations
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# Comparisons

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- Canadian Provinces

- Three provinces already had universal program before Québec
    - British-Columbia
    - Saskatchewan
    - Manitoba
  - No premium
  - High user fees
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# Comparisons (cont.)

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- Other countries

- Essentially all OCDE countries have «universal» drug coverage
  - Never totally «free»
  - Control Measures
    - Formulary
    - Drug Industry
    - Physicians
    - Pharmacists
    - Consumers
- 

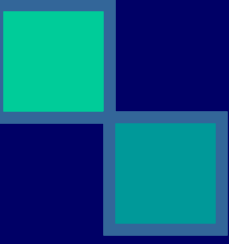

## Comparisons (cont.)

- Drug usage in Québec is at the average (1997)
  - vs. Canada (\$334 vs. \$341)
  - vs. 11 western countries (US\$287 vs. US\$283)
- Similar annual increase : 16-18 %
- Formularies more or less similar
- Private-public Structure → unique



# Agenda

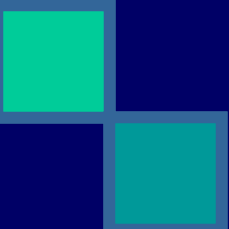

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# Recommendations

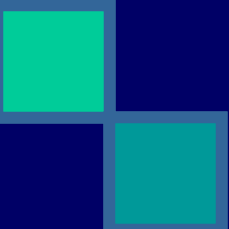

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- Committee « thinking process »
    - General characteristics of insurance
      - Anti-selection
      - Moral hazard
    - Preoccupations
      - Financial capacity of Society
      - Equity and economic efficiency
      - Transparency
      - Linkage: drugs  $\Leftrightarrow$  Health System
      - Insurance vs. Welfare
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# Recommendations (cont.)

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- Three aspects
    - Organisation :
      - recommendations 1 and 2
    - Financial :
      - recommendations 3, 4 and 5
    - Best Utilisation :
      - recommendations 6 and 7
- 




# Recommendations (cont.)

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## 1. Maintain mixed private-public structure

- Employers contributions to private plans
  - Insurance plan, not a welfare program
  - Private sector makes parties more responsible
  - More opportunities for innovation
  - Financial support for low income people
  - « *Universal public plan is feasible but not desirable* »
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# Recommendations (cont.)

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## 2. Maintain the compulsory insurance

- Anti-selection
  - Global Healthcare system
  - Solidarity
- 




## Recommendations (cont.)

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### 3. Keep the coinsurance but forego the deductible

- User fees are necessary
  - Deductible is complex to administer and to explain
  - Many insured pay the deductible only once every 2 months
  - Deductible is not indexed
  - Increase the coinsurance to approximately 35-40 % and maintain the monthly maximums
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# Recommendations (cont.)

## ■ Examples

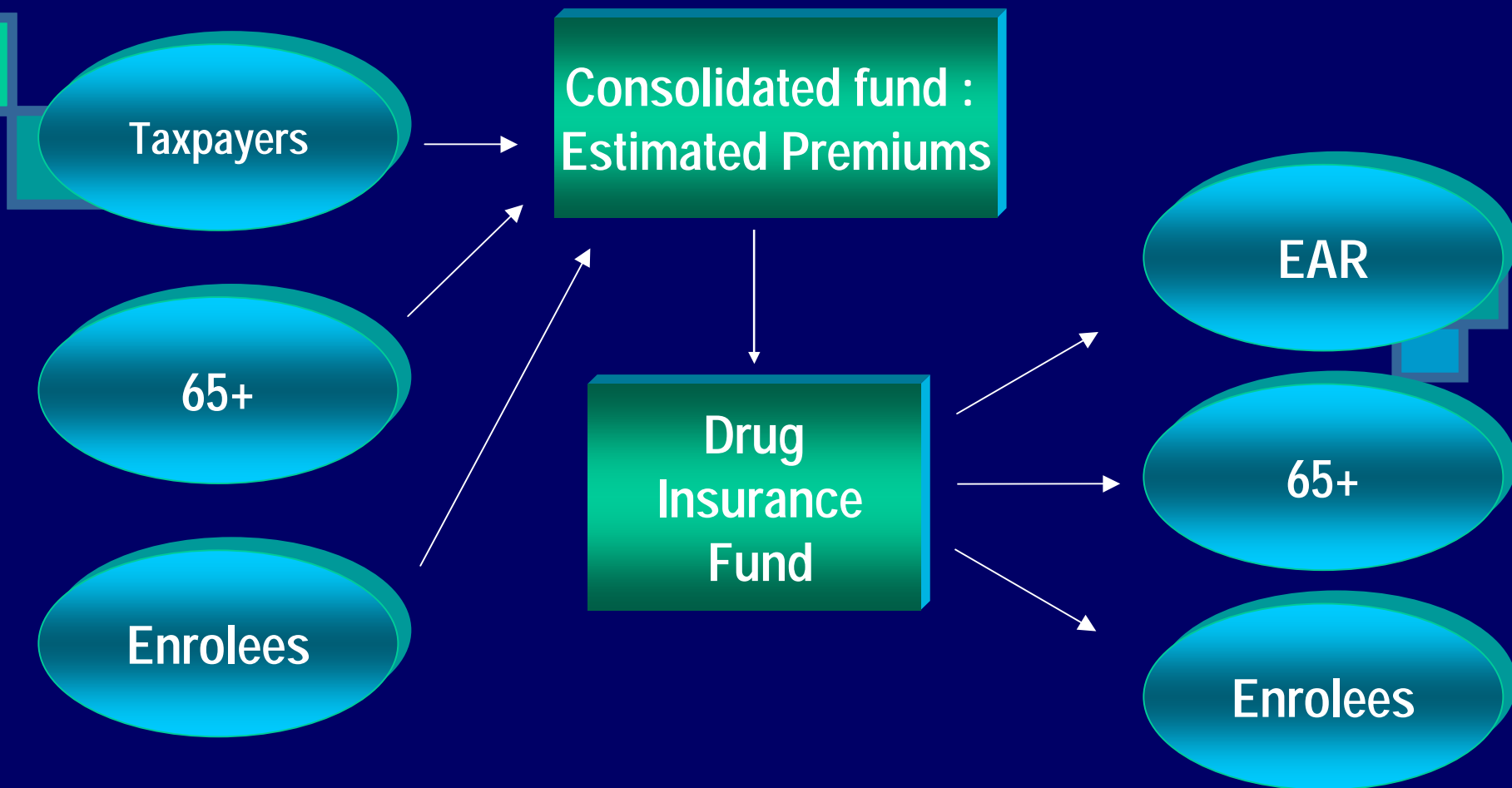
| <u>\$50/month</u> | <u>\$225/month</u> |
|-------------------|--------------------|
| 8.33              | 8.33               |
| <u>10.41</u>      | <u>54.16</u>       |
| 18.74 → 37.5 %    | 62.49 → 27.8 %     |

# Recommendations (cont.)

## 4. More transparent financial structure of the public plan

- *INSURANCE* program for all
- Distinct premium identified for each category; example for 2000-2001 :
  - 65+: \$926
  - EAR: \$779
  - Enrolees: \$273
- *WELFARE* decided by the government

# Recommendations (cont.)



# Recommendations (cont.)

## 5. Improve equity in financing

- Ease the data exchange Revenue → RAMQ
  - Revenue collects premiums (with one year delay)
  - RAMQ pays claims
- Private sector should issue certificates




# Recommendations (cont.)

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## 6. Best Utilisation of Drugs

- Review criteria to list drugs
  - Evaluate the reimbursement scheme (BAP 15) vs. impact on Drug Industry
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# Recommendations (cont.)

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## 7. Better monitoring of Utilisation

- Create a Fund financed by the Drug Industry
  - Consensus Conferences → classification 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> line → varying reimbursement
  - Program to monitor Drug Utilisation ( Clair commission: disease management)
- 




# Recommendations (cont.)

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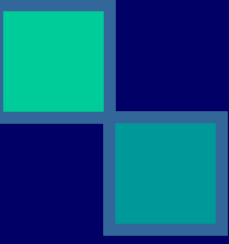

## *Other considerations*

- Tax assistance in the private sector
  - No premium for children
  - Mutualisation between private and public sector
  - Funding
  - Partnership with other provinces
  - Drug Industry in Québec
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# Agenda

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- 

A decorative graphic on a dark blue background. It features a horizontal line with several squares of varying colors (blue, green, cyan) placed at different points along it. A thick, horizontal green bar is positioned below the line. In the bottom left and right corners, there are small clusters of squares in blue and green. The text "Questions ? and Answers ?" is centered in a light blue, sans-serif font.

Questions ?  
and  
Answers ?

# Recommendations (cont.)

- Current structure vs. **proposed structure**

| <i>Categories</i> | \$ gross *     | D & C        | \$ net         | Prem.        | Cons. F.       | S (D)           |
|-------------------|----------------|--------------|----------------|--------------|----------------|-----------------|
| EAR               | 356.0          | 15.6         | 340.4          |              | 340.4          | \$0             |
| 65+               | 986.0          | 225.2        | 760.8          |              | 760.8          | \$0             |
| DIF (enrol.)      | 460.1          | 110.9        | 349.2          | 343,4        | -              | (\$5.8 )        |
| <b>Total</b>      | <b>1 802.1</b> | <b>351.7</b> | <b>1 460.4</b> | <b>343.4</b> | <b>1 102.2</b> | <b>(\$5.8 )</b> |

\* Including 30 \$ for administration

# Recommendations (cont.)

## ■ Current structure vs. Proposed structure

| <i>Category</i> | <u>\$ gross *</u> | <u>D &amp; C</u> | <u>\$ net</u>  | <u>Prem.</u> | <u>Cons.F.</u> | <u>S (D)</u>    |
|-----------------|-------------------|------------------|----------------|--------------|----------------|-----------------|
| EAR             | 356.0             | 15.6             | 340.4          |              | 340.4          | \$0             |
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| <b>EAR</b>      | <b>356.0</b>      | <b>15.6</b>      | <b>340.4</b>   | <b>-</b>     | <b>340.4</b>   | <b>\$0</b>      |
| <b>65+</b>      | <b>986.0</b>      | <b>225.2</b>     | <b>760.8</b>   | <b>152.8</b> | <b>608.0</b>   | <b>\$0</b>      |
| <b>Enrolees</b> | <b>460.1</b>      | <b>110.9</b>     | <b>349.2</b>   | <b>190.6</b> | <b>158.6</b>   | <b>\$0</b>      |
| <b>Total</b>    | <b>1 802.1</b>    | <b>351.7</b>     | <b>1 460.4</b> | <b>343.4</b> | <b>1 107.0</b> | <b>\$0</b>      |

\* Including 30 \$for administration