



INSIGHTS

MARCH 2013
ISSUED QUARTERLY

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Mandatory Generic Drug Plans & Patient Choice Cards

Last year, one of the most commonly claimed brand-name drugs, CRESTOR, which is prescribed to lower cholesterol levels, came off patent. Currently a 20 mg, 3 month supply is priced around \$196. The generic ROSUVASTATIN is now available and priced significantly lower at \$47 for the same dosage and supply.

This is just one example of significant price differentials that we can expect to see as more brand-name drug patents are set to expire in the coming years, and their generic equivalents enter the marketplace.

Employers are asking how they can ensure their group benefit plan covers only up to the generic equivalent. Also, with the growing popularity of patient choice cards that allow patients to access the drug that works best for them without incurring additional out-of-pocket expenses, stakeholders need to understand that there is a change to the drug plan paradigm.

Let's look at the following example.

For years, John Smith has taken the prescription CRESTOR. Since the less expensive generic ROSUVASTATIN became available in 2012, he began taking it. But recently he experienced an adverse reaction, so rather than switch to another cholesterol-lowering medication, his physician recommended he switch back to the original brand, CRESTOR.

Since John's drug plan is "mandatory generic", the physician gave him a card from the drug manufacturer to offset the higher cost. By presenting the card to his pharmacy when filling his script for CRESTOR, Smith's employer-sponsored drug plan paid only the generic cost and the drug manufacturer picked up the rest.

Such a scenario is what is supposed to happen with pharmaceutical manufacturer-issued patient reimbursement cards, also known as patient choice or coupon cards. But with private insurance prescription drug coverage varying significantly depending upon the insurer's plan design, eligibility and costs to plan members, the cost to plan sponsors will also vary.

Here are some other examples of varying scenarios that could arise, depending on how the drug plan is designed.

Let's assume that a patient requires a prescription and the brand name drug costs \$100.

Mandatory generic: Based on the current ratio be-

tween brand and generic prices in many provinces, the generic drug costs 25% or, in this case, \$25. So when using the card to get the brand, the drug plan pays \$25 and the manufacturer pays the remaining \$75. Without a coupon card, the patient would have to pay the \$75 if he or she wanted the brand name drug. This scenario is cost-neutral to the drug plan.

Voluntary generic: This is where the patient reimbursement cards could potentially be more expensive for drug plans. The brand drug costs \$100. Typically, when the patient presents a prescription, the pharmacist substitutes the lowest-cost alternative, most likely a generic. But if the physician has written "no substitution" on the script accompanying the card, the pharmacist overrides the generic substitution and provides the brand drug. In this case, the drug plan is on the hook for the full \$100, minus any co-pays or deductibles the plan member pays.

Co-ordination of benefits: Scenario A: When a patient covered by a mandatory generic drug plan presents the script and the reimbursement card for a brand drug worth \$100, the first payor covers \$25 of the cost. If there is a secondary payor such as a spousal plan, the remaining \$75 is then charged to that plan. If the spousal plan is also mandatory

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Employers are asking how they can ensure their group benefit plan covers only up to the generic equivalent.

New Regulations for Acupuncture

Ontario Government is reviewing Policies and Regulations

In Ontario, the practice of acupuncture currently falls under the Traditional Chinese Medicine Act, 2006. These practitioners are currently not regulated in Ontario and there are no restrictions on who may practice Acupuncture.

The situation will soon change. The government is currently in the process of establishing a College whose mandate will be to oversee the implementation of policies and regulations relating to the profession. The public will be protected. They can check the published register of members on the website of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario (CTCMPAO) to find practitioners who are qualified to provide the services. The transitional Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of

Ontario is laying the foundation to register (license) qualified practitioners. By April 2013*, the CTCMPAO will be formally established by the state of Ontario. Anyone wishing to legally practice TCM and use the titles "Traditional Chinese Medicine Practitioner" (TCMP) or "Acupuncturist" (Ac) must be a registered member of the College by then. These registered TCMP and Ac are accountable to the CTCMPAO. They have to practice to required standards and continue to improve on their knowledge, skills and judgment.

Other regulated Health Care Professionals, such as naturopaths, physicians, physiotherapists, chiropractors, osteopaths, dentists or massage therapists can perform acupuncture treatments when they fulfill educational requirements set up by their own regulatory colleges. After April 1, they can continue to perform acupuncture, but the

services will only be billable and eligible for reimbursement by RWAM as services performed under the scope of practice of their main profession. If they are also a member of the CTCMPAO the services can be considered to be provided by an "acupuncturist".

The CTCMPAO is the statutory regulatory body authorized by the Ontario government under the Regulated Health Professions Act, 1991 and the Traditional Chinese Medicine Act, 2006 to register qualified practitioners and to govern their practice. It has a mandate to protect the public's right to safe and ethical care. To do so, the CTCMPAO establishes, among other things, practice standards and guidelines that set out the CTCMPAO's expectations of members. It establishes a Quality Assurance Program to ensure members continue to improve their competence and care to patients.

It investigates complaints on incompetence and professional misconduct of members and conducts discipline hearings.

For more information please contact: Transitional Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario

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*NOTE: Every indication is that proclamation will occur by April of 2013. However, the proclamation date is decided by the government and it is subject to change.

Additional information on a specific timeframe and any new parameters surrounding Acupuncture claims will be provided to all RWAM clients once RWAM receives confirmation of the official timeframe for completion of member registration with the College.



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generic, then it will pay for another \$25 and the remaining \$50 goes to the manufacturer.

Scenario B: If the secondary payor's plan is voluntary generic, or open, this plan will cover the remaining \$75. In both scenarios, the drug plans acting as secondary payors could face unexpected costs as more patients opt for brand drugs instead of less expensive generics.

Costs to plan sponsors do not need to increase as a result of drug manufacturer reimbursement cards as long as plan sponsors implement a mandatory generic drug definition in their group benefit plans. Plan members need to be aware that this type of plan design helps protect the future viability and sustainability of their own benefit package and that it provides more value for the employer/employee health care dollar.

Until next time...

Source: Benefits Canada, December 2012

Tax Matters Did You Know...

Personal Tax Updated 101(1)

Medical Expenses

You may claim medical expenses for yourself, your spouse or common-law partner, and your or your spouse's or common-law partner's children who are not at 18 before the end of the taxation year. Medical expenses may also be claimed for certain other dependents.

Medical Expenses - Travel

In a September 5, 2012 Technical Interpretation, CRA reviewed a situation where a husband and wife drove their infant child to a hospital in another city where the infant had surgery. Including the pre-admission at the hospital, the child was at the hospital for a number of days. Following the surgical procedure, the parents stayed with the child in the city for an additional number of days for a post-surgery follow-up before returning directly home.

CRA notes that an individual may claim an amount paid for reasonable travel expenses (for example accommodation, meals and parking) incurred in respect of the patient and, where the patient was certified by a medical practitioner to be incapable of travelling without the assistance of an attendant, in respect of one individual who accompanied the patient, in certain circumstances.

CRA notes that the above requirements may be met even if medical services are available nearer to the individual's locality if it is reasonable for the individual to have travelled to the place where the medical services were obtained.