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Highlights

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The Hewitt Research Advisory is a regular Hewitt newsletter designed to provide a detailed overview of specific legislative and regulatory developments in Canada relating to human resources.

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New Quebec Administrative Rule January 1, 2007 for Employees Opting out of Required Prescription Drug Coverage

Quebec Bill 130, *An Act to Amend the Act Respecting Prescription Drug Insurance and Other Legislative Provisions*, implements various changes to the provision of pharmaceutical services in the province. The legislation received Royal Assent on December 13, 2005, with various effective dates. One of its objectives is improving the management of Quebec's basic prescription drug insurance plan with one important administrative change coming into effect on January 1, 2007.

Employer Provided Drug Coverage and "Opting Out" – New Requirement

Under the legislation, employers who offer prescription drug coverage must provide employees with benefits equal to the basic plan coverage available under the Public Prescription Drug Insurance Plan administered by the Regie de l'assurance maladie du Quebec ("RAMQ"). The purpose of the legislation is to help ensure that all Quebec residents have some form of prescription drug insurance coverage. Employees may elect to "opt out" of such private employer coverage if they have alternate coverage elsewhere.

However, Bill 130, in an attempt to further the goal of universal coverage, places new administrative obligations on Quebec employers and employees. Effective January 1, 2007, employers must enroll employees in their private drug plans unless the employee is able to establish that he or she has alternative coverage. Previously, such proof of coverage elsewhere was not needed. This new requirement places a new responsibility on employees who must now provide satisfactory evidence of alternative coverage if they wish to refuse their employer's drug plan coverage.

An employee must submit proof of his or her status as a beneficiary of alternate coverage at least equivalent to the basic plan coverage under the Prescription Drug Insurance Plan. RAMQ has provided some guidance on its website to assist plan

sponsors and administrators in determining what type of proof is acceptable. According to RAMQ, employers can accept the following:

- A photocopy of a group insurance card;
- A form completed by the spouse's employer or an official letter from this employer on the company or organization's letterhead; or
- A letter or a certificate from another employer, association or professional order of which he/she is a member.

Unless an employer receives the appropriate proof, the employee must be enrolled for prescription drug coverage, effective January 1, 2007. Bill 130 imposes significant penalties to employers for failure to comply with this requirement.

***Hewitt Comment:** Plan sponsors may wish to consider working with their administrators to communicate with employees who have currently opted out of prescription drug coverage. These employees will need to be made aware that they need to provide their employers with proof of alternative coverage or they will be required to participate in their employer's plan. For clients who use Hewitt Associates for their plan administration, your administration team will be in touch with you to discuss meeting these new requirements.*

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