

ADVISORY LETTER

AL 06 - 03

April 15, 2003

TO: ALL FIR MEMBER COMPANIES

Gentlemen and Mesdames:

Re: Fair PharmaCare and Extended Health Benefits

Employees who are covered by the Extended Health Benefits Plan under the Coast Master Agreement are also covered by the Provincial Pharmacare Program, which has recently been revised. Currently, Pharmacare pays for 70% of certain prescription drugs after a \$1,000 annual deductible has been reached. (This is done automatically through the province-wide Pharmacare system so many employees may not be aware of this.) However, effective May 1, 2003, the revised Fair PharmaCare Program will introduce income-testing so that the annual deductible will reflect a percentage of the employee's net family income instead of the previous \$1,000.

WHAT ARE THE CHANGES?

The following table extracted from the PharmaCare Web site shows the income brackets and the corresponding new PharmaCare deductible amounts announced by the Government:

Fair PharmaCare Program			
Net Annual Family Income	Family Deductible	Portion PharmaCare Pays (once deductible reached)	Family Maximum (after which 100% of costs are covered)
Less than \$15,000	None – Government assists with drug costs immediately	70% of prescription drug costs	Equal to 2% of net income
Between \$15,000 and \$30,000	Equal to 2% of net income	70% of prescription drug costs	Equal to 3% of net income
Over \$30,000	Equal to 3% of net income	70% of prescription drug costs	Equal to 4% of net income

The deductible for those employees with net family income above \$30,000 will be 3% of the net annual family income. Therefore, if the net annual family income (line 236 on the income tax return) is \$50,000 per year, that family's deductible will increase from \$1,000 to \$1,500. If the net annual family income is \$70,000 per year, the deductible would go to \$2,000.

REGISTRATION IS NOW REQUIRED!

Individual employees, covered by our Extended Health Benefits Plan, will be required to register with PharmaCare to ensure that the correct deductible level is used for each individual. Our contract with Pacific Blue Cross requires Plan members to register for, and take advantage of, all applicable government programs that provide health care cost reimbursement in order to be eligible for claims reimbursement from our EHB Plan. *It is a condition of coverage that Plan members take all reasonable steps to register with PharmaCare.*

In order to communicate this need for registration to your employees, we have attached a sample notice letter, which should be posted on operation notice boards.

WHAT IF AN EMPLOYEE DOES NOT REGISTER?

The wording of our contract with Pacific Blue Cross, referred to above, would allow denial of any EHB coverage to an employee who does not register. Pacific Blue Cross's strategy, however, will be to warn members in writing of the need to register once a member's PharmaCare drug purchases reach \$1,000 and to refuse to reimburse drug costs once the member's PharmaCare eligible drug costs exceed \$1,750 in a calendar year, until confirmation of registration is received.

Please call if you need further assistance with this matter.

Yours very truly,



Thomas J. Getzie
Vice President, Education and
Benefits Administration

TJG:cm
Att.

Register for the New Fair PharmaCare Program Now!

What is Fair PharmaCare?

As recently announced, the provincial government has changed the way PharmaCare benefits will be administered. The program, now called Fair PharmaCare, uses family income-based deductibles to determine payment and maximums.

Beginning May 1st, 2003, individuals or their group Extended Health Care (EHC) Benefit Plan will pay for drug costs (to extent of plan coverage) up to these new deductible levels.

Why should you register?

To ensure you receive the maximum possible financial assistance under Fair PharmaCare, the program requires registration by all BC residents.

Your extended health benefits plan stipulates that Plan members must register for, and take advantage of, all applicable government programs that provide health care cost reimbursement in order to be eligible for claims reimbursement.

Registering with Fair PharmaCare will ensure that the maximum financial assistance is available to you and your family, and this will help to ensure affordable health care for everyone.

How do you register?

By phoning the Fair Pharmacare Registration Desk at **1-800-387-4977** or online by clicking on the "Register for Fair PharmaCare" box at www.gov.bc.ca/healthservices.

Registration is required only once; re-enrolment is automatic each year.

You will need the following information for each member of your family:

- Personal health number
- Date of birth

For you (and spouse, if applicable), you will also need:

- Social insurance numbers
- Net income from Line 236 of 2001 Income Tax Return (or from 2001 Income Tax Notice of Assessment)

It's easy, and it's important for you and your family!