

BULLETIN

Members urged to register by government deadline

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by DAN KEETON



Changes to the province's Pharmacare plan are certain to drive up drug costs for middle income earners. And that situation could worsen for those who have not registered with the plan by May 1.

They could face skyrocketing pharmaceutical bills because the plan will impose an automatic \$10,000 deductible per family member on those who fail to register, warns Alison Hietanen, HSA's labour relations officer specializing in benefits.

REGISTER BY MAY 1!

Delay could be costly...

Why should I register?

If you don't, the new Pharmacare plan will automatically impose a \$10,000 deductible on each family member.

How do I register?

□ [by internet](#)

□ by phone: Call toll-free in BC 1-800-387-4977.

□ by mail: Registration forms are available by printing the [PharmaCare registration form from the government's web site](#) (PDF file - [Adobe Acrobat](#) required). The web site warns that processing your registration by mail will take between six to eight weeks.

What do I need to register?

Before you call or sit down at the computer, make sure you have the following on hand:

- BC CareCard numbers for all family members
- A copy of the 2001 income tax return or Notice of Assessment for the registrant and spouse, for net income verification
- Social insurance numbers for the registrant and spouse
- Birth dates of all family members.

What if I'm late registering?

Individuals and families can still register after the May 1 deadline. However, any costs in excess of the new deductible limit incurred between May 1, 2003 and the date of registration will not be covered by Pharmacare.

“There are many families who never exceed the deductible under the current plan, so they think it won’t be necessary to register for the new plan,” Hietanen said. But unexpected emergency situations and drug costs associated with some of the new strains of infectious diseases could hit families who have failed to register with huge costs, she added.

The new Pharmacare plan which takes effect May 1 improves the situation for some low-income earners by cutting the deductible – the amount an individual pays for drugs before Pharmacare benefits kick in – to zero. But those earning at least \$35,000 are to be slapped with an increased deductible, from the current \$800 to \$1,050.

The figure is based on three per cent of family income for those earning more than \$30,000 in net income.

Therefore, those earning a net income of \$40,000 will see their deductible increase from \$800 to \$1,200. The deductible for a minimum \$45,000 income goes to \$1,350, while a \$50,000 minimum income results in a \$1,500 deductible. For \$55,000, it’s \$1,650; for \$60,000, \$1,800.

In all of the above-noted cases, if the families have not registered with the plan by the deadline, the deductible is automatically set at a crushing \$10,000 per family member.

After that deductible amount is reached, Pharmacare pays 70 per cent of prescription drug costs. When that amount reaches four per cent of family income, the plan pays 100 per cent of the prescription drug costs.

The catch is that families must register with the plan or face the automatic imposition of a \$10,000 deductible for each family member, Hietanen warns.

“Families might think nothing will change for them under the new plan. And since some will object to submitting income information [based on line 236 of the federal income tax return], they might not be planning to register. But there could be serious repercussions.” These include:

- Big pharmaceutical bills due to a catastrophic injury or unexpected serious illness which would hit unregistered families hard because of the automatic \$10,000-per-member deductible
- Spiralling costs for a family’s extended health care (EHC) plan. If, for example, the EHC pays 80 per cent of pharmaceutical costs, the plan would have to reimburse an unregistered family \$8,000 per person before Pharmacare benefits kick in. This will invariably result in higher premiums for all families under the EHC plan
- Increased pharmaceutical costs to pay for new drugs designed to fight recent strains of bacteria known as “superbugs.” The BC government notes that a new drug for rheumatoid arthritis will likely cost \$19,000 in the first year of treatment.

Hietanen strongly urges all HSA members to register by the May 1 deadline. Registration – by internet, telephone or mail – requires several pieces of information and documentation, including:

- BC CareCard numbers for all family members
- A copy of the 2001 income tax return or Notice of Assessment for the registrant and spouse, for net income verification
- Social insurance numbers for the registrant and spouse
- Birth dates of all family members.

“Make sure that you have all the requested information at hand,” Hietanen advises. “And read the consent form carefully.” Those who register by telephone or internet will be mailed a consent form to sign and return. For those who register by mail, the consent form is included in the registration form.

The new plan also means changes for senior citizens. It defines as a senior anyone who is over 64 years of age as of May 1, 2003 – those born in 1939 or earlier. Those with a net income of less than \$33,000 face no deductible. For those in the \$33,000-\$50,000 bracket, a deductible equal to one per cent of net income is imposed. For above \$50,000 net income earners, the deductible is based on two per cent of income. All income brackets are paid 75 per cent of their drug costs by Pharmacare when the deductible limit is passed.

Those figures make the Pharmacare changes look "progressive," in the sense that they seem to account for ability to pay, similar to income tax. But in fact the new plan, by which the government hopes to counter rising drug cost, shifts more of the cost burden onto many Pharmacare users, says the [Canadian Centre for Policy Alternatives](#).

A study by Sylvia Fuller of the Centre's BC office acknowledges that low-income families benefit more from the new plan. "The recognition that those with fewer financial resources should pay less than those with more is a welcome recognition...of progressivity in paying for social programs," Fuller said.

But progressivity is undermined in several ways, she notes. The new plan does not account for the difference in family size. An individual earning \$30,000 yearly is much better off than a family of five subsisting on that level of income. And a day's difference in birth dates means one senior will pay hundreds of dollars more per year than another.

The new plan also continues the inequity whereby one pays for prescriptions "not based solely on ability to pay...but rather *how sick one is*," Fuller added.

Middle income earners are definitely disadvantaged by the changes. "By \$35,000 of family income, one must pay an additional \$250 per year before receiving any financial help from Pharmacare," she writes. And since the new plan pays only 70 per cent of drug costs instead of the current 100 per cent, "many low-income seniors who do not face a deductible under the new plan *are still worse off* because they must now pay 30 per cent of the cost of drugs before they reach their maximum and receive full coverage," Fuller said.

She suggests that while these changes might reduce the government's bottom line, in reality the costs of medicines are simply being transferred to the consumer "and that constitutes a "false economy."

Registration will substantially increase the plan's administrative costs. And forcing people to spend more personal income on pharmaceuticals means some will do without, thereby increasing visits to hospital emergency rooms.

A much better solution would be "a universal Pharmacare program, funded through the tax system, that fully covers medically necessary pharmaceuticals the same way as other medically necessary treatments are covered," Fuller said. 

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