

Fighting Poverty

The New Brunswick Drug Plan

Introduction

Currently, a majority of New Brunswick citizens (80%) are covered by either a public or a private drug insurance plan. However, more than 70,000 families do not have a prescription drug insurance plan; this represents approximately 150,000 persons, or one-fifth of the province's total population¹. What is more, according to a recent poll, prescription drug coverage is directly correlated to income:

- 57% of New Brunswickers earning less than \$40,000 per year have drug coverage.
- 90% of New Brunswickers earning between \$40,000 and \$79,999 per year have drug coverage.
- 92% of New Brunswickers earning between \$80,000 and \$99,999 per year have drug coverage.
- 96% of New Brunswickers earning more than \$100,000 per year have drug coverage².

In an unfortunate cycle of vulnerability, those people most likely be uninsured (low income citizens) are also most likely to have health conditions such as high blood pressure, heart disease, diabetes and asthma³. Illness can often drive individuals or families into poverty, especially in the case of low-income workers.

The New Brunswick Drug Plan at a Glance

With the goal of helping New Brunswick citizens “avoid catastrophic drug costs” and “afford the drugs they need based on their availability to pay”⁴, the New Brunswick Drug Plan was announced in December, 2013. The Drug Plan will be administered by Medavie Blue Cross, and will be carried out in two phases: Phase 1 beginning May 1st, 2014 and Phase 2 beginning April 1st, 2015.

During the first phase, adherence to the New Brunswick Drug Plan will be voluntary. All citizens with a valid Medicare card, even those with a private plan, will be able to enroll if they so choose. In Phase 2, it will become mandatory for all New Brunswickers to have prescription drug insurance. Uninsured New Brunswickers will be required to adhere to the plan, and persons with access to a private group plan will not be eligible for the New Brunswick Drug Plan, as they will be obligated to adhere to the private plan to which they have access. Once Phase 2 begins, private group plans will be required to meet minimal coverage standards, meaning that all insurance plans will need to be “at least as good as the New Brunswick Drug Plan”⁵.

Coverage

In Phase 1, starting in May 2014, all New Brunswick citizens will be able to voluntarily enroll in the Drug Plan, even those with private plans who prefer the coverage offered by the province's plan. In Phase 2, the Drug Plan will necessarily cover all citizens that don't have access to a private group plan. The plan does not discriminate according to age, gender or pre-existing medical conditions.

The New Brunswick Drug Plan will cover more than 5,000 drug products – including some high cost ones – that are listed in the New Brunswick Prescription Drug Program formulary. The Drug Plan will not cover medical devices such as oxygen tanks and ostomy supplies⁶.

Premiums and co-pays

For Phase 1 of the New Brunswick Drug Plan, between May 2014 and March 31, 2015, monthly premiums will vary from \$67 to \$167 according to gross income levels. Premiums for Phase 1 are listed in Table 1 below. These premiums do not apply for children below the age of 18, but a parent must be enrolled. Plan members will pay 30% co-pay at the pharmacy, up to a cap of \$30 for each prescription.

Table 1: Premiums for the New Brunswick Drug Plan, Phase 1.

Gross Income Levels			
Individual	Single with children / Couple with or without children	Annual Premium (per adult)	Monthly Premium (per adult)
\$26,360 or less	\$49,389 or less	\$ 800	\$ 67
\$26,361 to \$50,000	\$49,390 to \$75,000	\$1,400	\$117
\$50,001 to \$75,000	\$75,001 to \$100,000	\$1,600	\$133
Over \$75,000	Over \$100,000	\$2,000	\$167

Source: Government of New Brunswick. (2013). "Backgrounder". <<http://www2.gnb.ca/content/dam/gnb/Departments/h-s/pdf/en/Publications/Premiums-e.pdf>>.

Once Phase 2 kicks in, drug coverage will be mandatory and premiums will, in theory, be lower than the ones established for Phase 1 because of higher participation. Subsidies will also be available for low-income citizens; 100% for those with income below \$15,571 and limited subsidies for those earning between \$15,571 and \$26,360. There will be a limit of \$2,000 per year per person on premiums and deductibles.

Cost sharing

In December 2012, the New Brunswick Economic and Social Inclusion Corporation's Advisory Committee on Health Benefits submitted a report to government containing four options for conceiving the drug plan. The report anticipated that employers not offering prescription insurance to their workers would contribute to the funding of the Drug Plan, in such a way that government would pay nearly 22 % of the costs, employers would take on about 15 % and non-insured New Brunswickers would pay nearly 63 % of the costs of the plan. However, some "key business stakeholder groups" have indicated to government "that given the current challenging economic times they are not able to contribute to this initiative at this time". As such, the plan's cost will be shouldered entirely by individuals, families and government⁷.

Government is saying that the business sector will eventually participate in the funding of the Plan: "the Implementation Advisory Committee (...) will undertake a consultation process with business to determine how business can contribute to the plan in the future"⁸. However, this vague commitment is worrisome. Business contribution into the plan would not only help fund it, it would also serve as a counter-incentive for employers who are already offering a private plan from dissolving their plan once the New Brunswick Drug Plan becomes effective. This was, in fact, highlighted by the Advisory Committee on Health Benefits in their 2012 report⁹.

Phase 1 of the Plan is projected to cost the government \$27 million (54 %) and plan members \$23 million (46 %). Phase 2 costs are projected at \$120 to \$150 million, but details on the cost sharing are not yet determined since the number of individuals who will enroll in the plan can't easily be estimated¹⁰.

Who will benefit from this plan?

The plan is designed to benefit uninsured New Brunswickers. Whether self-employed, unemployed, retired or employed without private prescription benefits, uninsured New Brunswickers will be guaranteed insurance coverage – regardless of age, gender and pre-existing medical conditions. What is more, during Phase 1, New Brunswickers who already have private drug coverage may also enroll for the province's plan, for example if they have reached their annual or lifetime cap, if they need a drug that is not covered by their private plan, or if their plan provides limited benefits. In Phase 2, private plans will have to at least match the coverage and benefits of the provincial plan, and New Brunswickers with access to private group insurance plans will not be eligible to enroll.

Government says the plan will also benefit individuals who are on social assistance but find a job because they could afford their prescription drugs, and workers who wish to retire but can't afford to lose the insurance plan their employer provides¹¹.

The Drug Plan and Low-income citizens

Access to prescription drugs should be an integral part of our public health care system. Instead, it is treated as a separate domain, subject to the logics of the market and out of reach for many low-income citizens. In fact, in 2012, 8% of Canadians who received prescriptions from a physician “did not fill, renew or maintain the medications due to associated drug costs”¹². A public prescription drug plan is absolutely necessary to help counter this, but for New Brunswickers earning less than \$26,360 yearly, an \$800 annual premium for an adult and co-payment of 30% (maximum \$30) per prescription is a steep bill. The same situation applies for an adult earning \$35,000, for whom the annual premium will be \$1,400 plus co-payments. For a couple, it will be double this amount. A lot of people will find it very difficult to add a \$67 or \$117 monthly bill to recurring ones like rent, electricity, heating and groceries.

Serious concerns

Since employers not offering medical benefits will not take part in the funding of this plan as was recommended, the risk of employers dropping their private plan is a real concern. This question is addressed on the Government of New Brunswick’s “Questions and Answers” Web page, which answers frequently asked questions about the plan. The question, “Will employers drop their private insurance plans”?, raises the following response: “While it is up to individual businesses to decide to offer prescription drug benefits or not, the new legislation stipulates that an employer cannot cancel its drug insurance without also cancelling its other health benefits such as dental and vision coverage”¹³. Not only is this legislation an ineffective incentive for employers to keep their private medical plans, it puts workers at risk of losing their right to access dental and vision care. It seems that the government does not have a list of employers who have or don’t have a drug plan at their workplace, so it does not have any way of monitoring if and how many employers will shed their drug plan that was benefiting workers. This is extremely alarming.

New Brunswick Common Front for Social Justice inc.

www.frontb.ca

Note: This information comes from the department of Health web site and telephone conversations with government officials but is not in any way the official version of the information on the issue.

¹ Government of New Brunswick. (2012). "Report of the Advisory Committee on Health Benefits: An Insurance Plan for Prescription Drugs for Uninsured New Brunswickers".

<<http://www2.gnb.ca/content/dam/gnb/Departments/esic/pdf/InsurancePlanPrescriptionDrugsUninsured.pdf>>.

² Government of New Brunswick. (2013). "Backgrounder". <<http://www2.gnb.ca/content/dam/gnb/Departments/h-s/pdf/en/Publications/Premiums-e.pdf>>.

³ Canadian Centre for Policy Alternatives. (2011). "The Cost of Poverty in New Brunswick".

<<http://www.policyalternatives.ca/sites/default/files/uploads/publications/Nova%20Scotia%20Office/2011/09/Cost%20of%20Poverty%20in%20NB.pdf>>.

⁴ Government of New Brunswick. (2013). "The New Brunswick Drug Plan".

<<http://www2.gnb.ca/content/gnb/en/corporate/promo/NBDrugPlan.html>>.

⁵ Government of New Brunswick. (2013). "Questions & Answers".

<<http://www2.gnb.ca/content/gnb/en/corporate/promo/NBDrugPlan/faq.html#6>>

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ <http://www2.gnb.ca/content/dam/gnb/Departments/esic/pdf/InsurancePlanPrescriptionDrugsUninsured.pdf> : p. 40

¹⁰ CBC News. (2013). "Drug Plan for Uninsured NBers Unveiled". <<http://www.cbc.ca/news/canada/new-brunswick/drug-plan-for-uninsured-new-brunswickers-unveiled-1.2458304>>.

¹¹ Government of New Brunswick. (2013). "Questions & Answers".

<<http://www2.gnb.ca/content/gnb/en/corporate/promo/NBDrugPlan/faq.html#6>>

¹² <https://pi.library.yorku.ca/ojs/index.php/yujhs/article/viewFile/37158/33745>

¹³ Ibid.