

Health System Values

Caring

We will treat all people with compassion, respect and fairness.

Excellence

We will work together in an environment of trust as team members and partners in care, and be dedicated to continuous improvement based on sound evidence.

Stewardship

We will make decisions responsibly, act with integrity and be accountable.

<http://www.gov.pe.ca/health/dg.inc.php3>

The Prince Edward Island Government, of whichever political stripe, has long proclaimed its commitment to quality health care for Islanders. The Prince Edward Island Retired Teachers' Association acknowledges that such a commitment accounts for a very large percentage of annual Government expenditures, and that while there are large gaps in our system, improvements have been made in many areas.

Along with a commitment to health care, Government has frequently iterated a commitment to seniors, who represent a large and growing segment of our population. Of necessity, caring for seniors includes responding to their health care needs.

The PEI Pharmacare Program includes a Seniors' Drug Cost Assistance Program. Since 1988 this program has provided much needed subsidization of drug costs for Island seniors over age 65.

How is it, then, that we have arrived at a situation where retired teachers over age 65 now pay more out-of-pocket for prescription drugs than they paid as active teachers, and more than they paid as retired teachers before they turned 65?

A series of events has led us to this point—and the Retired Teachers' Association, on behalf of its 1000+ members, appeals to Government for redress. We ask Government to

1. repeal recent amendments to the Drug Cost Assistance Act which target seniors over age 65 who have private insurance, making them largely responsible for covering the costs of the recently introduced Catastrophic Drug Plan, which is available to all Islanders; or
2. in consultation with those affected, make accommodation for seniors over age 65 who are members of very small group insurance plans.

Background

Since 1972 teachers in PEI have had a Group Health Insurance Plan which, along with other benefits, covers most costs for prescription drugs. Employers cost-share the premiums (50%) for active teachers and the member pays a maximum co-pay of \$10.00 per prescription. The plan was built by teachers and is governed by Trustees. Johnson Inc. pays the claims, with all payments coming from the Fund; the Trustees set rates (Medavie Blue Cross makes recommendations with regard to rates, but the Trustees have the final say and provide a financial guarantee to MBC) and define benefits, with drug coverage determined by the Medavie Blue Cross formulary. The plan is

efficiently run, with administration costs totalling approximately 8%. The pool is very small, with currently just under 1300 active members.

Retired teachers were brought into this insurance plan in the mid-1970s. When a teacher retires, he or she may continue as a member of the teachers' plan, but bears the full cost of the premium, which at one time was the same as for active teachers, but is now experience-related and established separately. The co-pay for a prescription is the same as for active teachers, at 20% to a maximum of \$10.00. A total of 934 retired teachers belong to this plan—254 of whom are under age 65. The premium for a single retired member in 2014 was \$1530, or \$3130 for a couple (rounded down).

The provincial Drug Cost Assistance Act was enacted in 1988. One of the programs under this Act is the Seniors Drug Cost Assistance Plan (DCAP), which was designed to pay most of the cost for covered drugs (as per the PEI Drug Formulary) for Islanders over age 65, leaving the senior to pay the administration/dispensing costs and a small portion of the drug cost. While private insurance coverage differs from plan to plan, some plans pick up all or most of the administration costs, and the senior pays little or nothing for prescriptions for drugs on the formulary. Until July 1, 2014 this was the case for retired teachers over 65.

Changes to the Drug Cost Assistance Act: July 1, 2014

In early November, 2013, Minister Currie tabled amendments to the Drug Cost Assistance Act which would make the province the payer of last resort for drugs. Government contended that the changes would have little or no impact on any Island senior, but that Government savings would go a long way toward paying for the much needed Catastrophic Drug Plan. The belief appeared to be that because insurance pools are so large, members from PEI would amount to “a drop in the bucket” and insurance premiums would not likely be much affected.

Prior to the preparation of Regulations which would govern how the new Act would be applied, and perhaps partly in response to input from members of this group, a decision was made to distinguish between those with private insurance and those without. The belief was that those who were already paying a significant premium for private insurance (many of whom had paid into plans all their working lives and had earned benefits) should not have the same out-of-pocket costs as those with no coverage. This appeared to be reasonable and fair.

Amendments to the Act were passed in the Legislature at the end of the Fall, 2013 sitting, with virtually no informed discussion and no media coverage. Regulations were prepared in the months that followed; the new law was promulgated on June 28, 2014, and became effective on July 1, 2014. There was no time or opportunity for anyone to discuss changes or provide input. Those without private insurance would be responsible for a \$15.94 co-pay. For those with private insurance, their plans would bear most of the drug cost, members would pay \$3.19, and DCAP would pay what was left (sometimes, depending on the cost of the drug, the dispensing pharmacy, etc.). Based on this, 65 year old members of the teachers' plan would see their out-of-pocket cost per prescription go from \$0 (in most cases) to \$3.19. Their total increase in drug costs would depend upon how many prescriptions they had, and whether the drug could be dispensed in 30 or 90 day supplies. While the increase to out-of-pocket costs initially appeared to be little, it was immediately apparent that there would be a tremendous cost to the teachers' plan.

Changes to the PEITF Group Insurance Program: Dec. 1, 2014

As of December 1, 2014, the PEI Teachers Group Insurance Trustees have delisted all drugs that are listed on the provincial formulary. This drastic action was taken to avert a projected premium increase of 25- 40 %, an increase which would be made necessary because of the sudden large drain on our very small plan. This means that those

over 65 who already pay a \$1530 premium for single coverage will now pay \$15.94 instead of \$3.19 for covered drugs, many of which must be dispensed every month (because of restrictions placed on days supply). Already Trustees have heard individual estimates of projected additional annual costs (over and above the premium) ranging from \$300-\$1000 for a single member. And that's without factoring in additional costs that may be associated with brand name drugs and Special Authorization drugs that are not approved by Health PEI. In the latter case, we already know of one instance in which a member could face an annual increased cost of \$2766. for one prescription—if the price stays the same.

Anticipated Impact of Changes

Contrary to public perception, there are many retired teachers who do not have rich pensions (the average pension for retired teachers over age 65 in PEI is \$26,009) and whose means are limited. Many of these members will for the first time in their lives find themselves faced with drug costs that they cannot afford, and will struggle with how to meet these costs. We see a number of potential very serious negative implications.

- Less disposable income for a segment of our population will have a negative impact on our provincial economy, although admittedly this may be one of the lesser issues.
- As members of the group plan that they paid into all or most of their working lives, retired teachers over 65 will now pay more for required drugs than they paid when they were working full time. They will pay more than they paid as retirees under age 65, before they became eligible for the provincial Drug Cost Assistance Program, which was designed to offset their costs.
- As a direct result, we have already heard retired members with significant drug needs speak of dreading turning age 65 because their drug coverage will be less comprehensive and more costly.
- Some members are already contemplating getting out of their group plan, avoiding the cost of the premium and relying solely on Government for coverage. By doing so, they run the risk of at some time requiring a drug that is covered by the teachers' plan but not covered by DCAP.
- As members of an already very small group drop out, the group gets smaller and the whole plan becomes less affordable for the individual and less sustainable for the group.
- Some of our members are experiencing a good deal of stress because, in spite of communication from our Trustees, they don't understand why their costs have suddenly increased. This lack of understanding derives in part from the absence of public discussion prior to amendments to the Act, the absence of publicity when the amendments were passed, and the dearth of information when the new law came into effect July 1. One brochure was available in pharmacies: this brochure was titled *Public Drug Cost Improvements* and assured readers that while “most Islanders won't see any changes...there may be individual cases where a person's out-of-pocket expenses are slightly higher or slightly lower.” Now some pharmacies are informing members that their plan has failed them—it's not Government's fault, or the pharmacy's fault. The member may not understand that the action taken by the Trustees was taken in an attempt to keep the rate at a level that would be affordable for all members.
- Perhaps most seriously, there is a very real risk that members who cannot afford, or fear that they cannot afford, significantly higher drug costs will take risks with their own health care—delaying or avoiding visits to the doctor, refusing preferred drugs because they fear additional costs (SA drugs, or brand name drugs), or deliberately making a drug last longer by taking less than the prescribed amount—endangering their health and ultimately costing our system more than DCAP would have cost (a recent presentation to the RTA by an Island pharmacist reminded us that a very high percentage of seniors' hospital stays are attributable to drug-

related issues—wrong drug, not enough or too much drug, for example).

We see an inherent unfairness in all of this. In essence, a specific group has been targeted—those who are over 65 and paying for private insurance. As far as we know, for those without insurance, nothing much has changed. We have no way of knowing how members of large insurance pools have been impacted. We do know that at least two other small groups have already taken or are contemplating the same action as our Trustees, presumably for the same reasons. So a very small group is impacted most—those over 65 who are members of very small group plans.

We regret the fact that the process was not open and transparent, and that there was no consultation which might have led to a more satisfactory outcome. We do not believe that decisions were made responsibly by an informed Legislature, in an environment of trust, or that we have been treated as team members or partners of Government in care. A small private plan which worked well for its members for over 40 years has essentially been destroyed.

We do not suggest that this government has intentionally set out to make life difficult or to bring about financial hardship for a small segment of its senior population. We do believe, however, that Government has overestimated the savings to be had as a result of the amended legislation (even at \$4m, we're talking about a tiny fraction of the budget, approximately .25%), and underestimated the potential for substantial negative financial, physical, and psychological impact on a group who have paid their way. We believe there has to be a better way, and that if stakeholders sit down together in a spirit of good will, that better way can be found. We would welcome an opportunity to seek out a more satisfactory resolution.