

# ≤ *Benefits Bulletin* ≥

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## ***In This Issue:***

***Drugs Off Patent***

***Quebec Government to Fund In Vitro Fertilization***

***Quick Glossary of Drug Products***

***Employee Life and Health Trust***

***Don't Forget To Update Your Insured Earnings!***

***Did You Know . . . . .***

***Don't Forget . . . . .***

***Baynes & White Holiday Office Hours***

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## ***Drugs Off Patent***

The early 2000's drug trend was tracking at double-digit rates fuelled by blockbuster drugs for common conditions. Many of these drugs are now losing patent protection which has lowered the drug trend in recent years.

From the beginning of 2009 until 2013, a total of 183 brand name drugs will be eligible to have a generic counterpart. One of these is Pfizer's cholesterol drug Lipitor, which came off patent in July 2010, and is the top-selling drug in the world with sales of about \$13 billion. The most active year will be 2012 when 60 drugs are expected to go off patent.

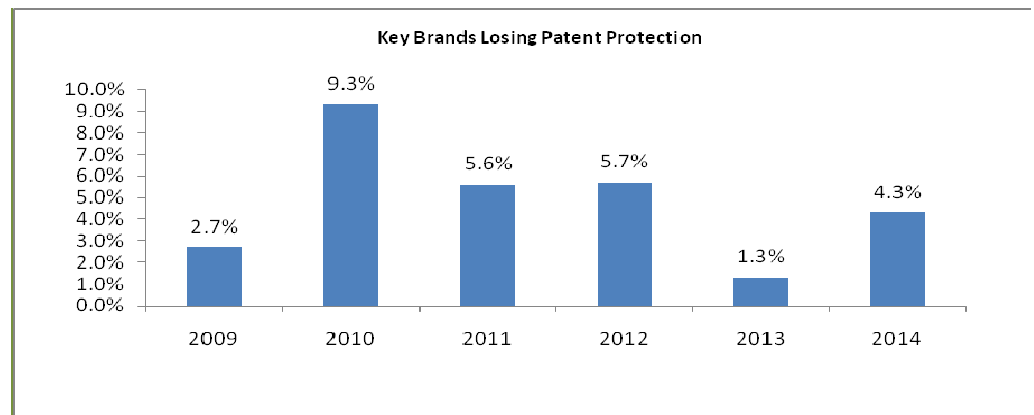
On average in Canada during 2009, 47% of prescriptions were filled as a generic substitution. Generic drug use is expected to increase in the next 4-5 years due to the number of drugs that will lose patent protection.

A review of the 2009 list of the top 10 drugs by cost provided by ESI Canada indicates that the following 6 top drugs will lose their patent protection by 2014.

- 2009 - Norvasc - High Blood Pressure (7th)
- 2010 - Lipitor - High Cholesterol (1st)
- 2010 - Advair - Asthma (8th)
- 2010 - Altace-High Blood Pressure (10th)
- 2012 - Crestor-High Cholesterol (2nd)
- 2014 - Nexium-Ulcer (4th)

The chart below outlines some of the drugs that will be coming off patent in the next few years. Also included is the total percentage paid in 2009 based on ESI Canada's volumes:

- 2009 – Norvasc, Prevacid, Exelon
- 2010 – Lipitor, Advair, Actonel, Proscar, Concerta, Glumetza, Atace-HCT, Trusopt, Spiriva, Accupril, Yasmin
- 2011 – Flovent, Singulair, Diovan, Avapro, Cozaar, Arthrotec, Micardis
- 2012 – Crestor, Plavix, Symbicort, OxyContin, Atacand, Hyzaar, Maxalt
- 2013 – Gleevec, Avandia, Lyrica
- 2014 – Nexium, Celebrex, Ezetrol, Cipralex



Source: CBS Interactive Business Network Health Publications-online and ESI Canada

### ***Quebec Government to Fund In Vitro Fertilization***

Effective August 5, 2010, the Quebec government will be the first provincial government to fund in vitro fertilization (IVF). This is available to all women of child-bearing age residing in Quebec. All expenses for medical procedures and medications related to ovarian stimulation, artificial insemination and IVF will be covered for a maximum of three stimulated cycles or six natural cycles.

For employers who have employees in Quebec, their group insurance plans must include these products for their member and their dependents. The projected drug cost increase to Quebec employers who currently do not cover fertility medications, will be approximately 0.5% to 1.5%.

For employers with only a portion of employees in Quebec, the cost will be proportionally less. Insurance carriers will make the changes internally and it will not be necessary to revise your contract.

*Source: Blue Cross Communiqué & Desjardins Info Note*

### ***Quick Glossary of Drug Products***

***Brand name drugs*** are drugs that are researched, invented, developed, patented, manufactured and distributed by a pharmaceutical drug manufacturer. In Canada, the patent protection is 20 years.

***Generic drugs*** are exactly the same as the brand name drug; however, are allowed to be produced and marketed after the brand name drug's patent has expired. They contain the same medicinal ingredients as the original brand name drug, they are generally cheaper in price, sold without an indicated brand name and are not protected by a trademark.

***Over-the-Counter (OTC) drugs*** are medicines that may be sold directly to a consumer without a prescription from a health care professional, as compared to prescription drugs, which may only be sold to consumers possessing a valid prescription.

***Single source drugs*** are defined as drugs containing unique chemicals, strengths, dosage formats and methods of administration that are currently only available from one manufacturer. Single source drugs have no interchangeable generic or brand name equivalent.

***Multisource drugs*** are those which are manufactured or distributed by more than one company. Some multi-source drugs don't have generic equivalents, only competitive "me-too" brand drugs (a drug that offers little or no additional benefits over an approved drug).

***Biologic drugs*** (also known as specialty drugs) are drugs derived through the metabolic activity of living organisms - human, plant, animal, or microorganism and used for the treatment, prevention or cure of disease in humans.

Manufacturing biologics presents difficulties not encountered in the manufacturing of traditional drug products as they are often large and structurally complex. A copy of a biologic can potentially be similar to the innovator, but it won't be equivalent and therefore the copy is called a "***bio-similar***" drug.

*Source: ESI Canada*

### ***Employee Life and Health Trust***

Earlier this year, the Federal Department of Finance announced a draft tax proposal to create a new tax vehicle for non-pension benefits, the employee life and health trust (ELHT). This new trust appears to be designed to replace the health and welfare trust (HWT), which is currently used to fund the same benefits as the ELHT. The proposed legislation would apply to trusts established after 2009 and fulfills the government's 2009 auto sector restructuring commitment requiring GM and Chrysler Canada to eliminate post-retirement benefits liabilities. An ELHT is defined as a trust established by one or more employers to provide designated employee benefits, being any combination of group sickness and accident benefits, private health services plan benefits or group term life insurance benefits, for employees or former employees.

#### ***To qualify as an ELHT in a taxation year, the trust must meet the following conditions throughout the year:***

- Its only object is to provide designated employee benefits and to pay out any remaining surplus on windup;
- It must be a Canadian resident trust;
- Beneficiaries must be employees or former employees of an employer, their dependents or another ELHT;
- Benefits for key individuals must generally be the same as other employees under the trust;
- Employers may not have any rights to distributions from the trust: and
- Employer representatives may not constitute a majority of the trustees of the trust.

While the government intends to introduce legislation in respect of these proposals at an early opportunity, there has been no information released that addresses how the transition would be effected.

Further details about the ELHT will be provided when available.

***Don't Forget To Update Your Insured Earnings!***

It is always important to be aware of the definition of earnings under the LTD and Life (earnings related) benefits. Employers should make sure they look in their contract or booklet in order to familiarize themselves with the definition and to update their insurance company accordingly on an annual basis. Neglecting to do an annual update of earnings on your benefit plan can be a critical oversight if an employee is in a position of having to claim LTD or Life benefits. When working out the LTD benefit for a claim, the insurance company will use the amount that has been reported to them and on which the employee is insured. If this amount is not updated you run the risk of either under-insuring or over-insuring employees, and at time of claim it will be difficult to get this corrected.

***Did you know . . . . . sanofi-aventis (a global pharmaceutical company), conducts an annual health care survey of primary holders of group health benefits. This year the results included the opinions of 1,508 individuals, out of a random sample drawn from the 240,000 + members of the Ipsos-Reid Canadian i-Say Panel. For an electronic version of The sanofi-aventis Healthcare Survey visit [www.santofi-aventis.ca](http://www.santofi-aventis.ca).***

***Don't forget . . . . . to notify your insurance company if you have any dependents on your plan that are over age dependants (i.e., over age 19 or 22) going to school full-time.***

***From Everyone at Baynes & White  
We Wish You All A Happy Holiday Season***

Our Holiday Hours are as follows:

***Monday, December 20, 2010 - 9am – 5pm  
Tuesday, December 21, 2010 - 9am – 5pm  
Wednesday, December 22, 2010 9am – 5pm  
Thursday, December 23, 2010 - 9am - 5pm  
Friday, December 24, 2010 - 9am – 12noon  
Monday, December 27, 2010 - Closed  
Tuesday, December 28, 2010 - Closed  
Wednesday, December 29, 2010 - 9am – 5pm  
Thursday, December 30, 2010 - 9am – 5pm  
Friday, December 31, 2010 - 9am – 12noon  
Monday, January 3, 2011 – Closed***



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