



Timely information about pensions, group insurance and other sectors related to human resources

March 2017 – Volume 7, Issue 3

Do your employees over the age of 65 owe money to the Quebec prescription drug insurance plan?

... even when they're covered by your private group health care benefit?

Many people think that if they're in a group health care benefit, then they're not covered by the Quebec public drug plan. But this is not always the case!

What happens when employees turn 65?

When employees under the age of 65 have access to a private health care benefit, they must participate in that plan. When they turn 65, they are automatically registered in the Quebec public drug insurance plan.

However, your employees may cancel their coverage under the Quebec drug plan if your insurer's reimbursements to plan members are equal to or higher than those of the Quebec drug plan. Your plan will then be considered the "first payer." If the Quebec drug plan reimburses your employees for any portion of a claim, your plan becomes the "second payer." If this is the case and the employee buys prescription drugs at a pharmacy, the employee's claim is first automatically submitted to the government plan, then the balance is claimed from the insurer of the private health care benefit.

Second payer supplemental plan

Since a second payer health care benefit does not replace the basic plan, employees age 65 or older must participate

in the Quebec prescription drug insurance plan and pay the premium for that plan.

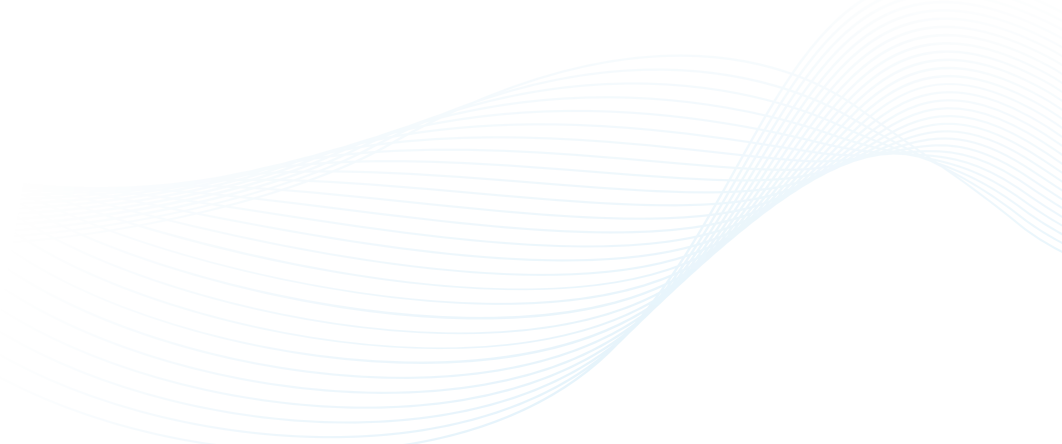
Avoid confusion!

To find out how much they owe for the premium for the Quebec prescription drug insurance plan, participants must complete Attachment K of their provincial income tax return. They must pay a premium for each month in which they were not covered by "basic" drug insurance, that is, by a first-payer health care benefit.

Participants do not always distinguish between a private, second payer, health care benefit and a basic plan. Because they pay a premium to a private insurer and receive benefits from that plan, some participants are not aware that they are registered in the Quebec public drug insurance plan. They then fail to pay the premium owed. This can have negative consequences in terms of unpaid premiums!

What happens is that when Revenu Québec conducts an audit, sometimes two or three years later, participants

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must then pay all the unpaid premiums for the years in which the private plan was the second payer.

This means that an individual whose tax returns are audited by Revenu Québec and who misinterpreted the instructions for three years would owe Revenu Québec about \$1,900. If the individual in question also pays the contribution for his or her spouse, the amount owed could be double.

An ounce of prevention...

It's a good idea to inform your employees age 65 or older about the nature of their group health care benefit. If your private health care benefit is a second-payer plan, it would be very useful to remind them that they must pay the premium for the Quebec drug insurance plan when they file their provincial income tax return. They will thank you for helping them avoid an unpleasant surprise!

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Head Office – 425 Maisonneuve Boulevard West, Suite 1120, Montreal, Quebec H3A 3G5

Québec Branch – 825 Lebourgneuf Boulevard, Suite 408, Québec, Québec G2J 0B9

To reach us – Phone: 514 288-1620 • Toll-free: 1 800 361-8502 • Fax: 514 288-3317

www.optimumactuaire.com