

To: Active members, inactive members, unions, employers
and associations
From: Public Service Pension Board of Trustees
July 15, 2021



The drug plan for retired members is changing January 1, 2022

We are making changes to the plan's retirement health coverage that will ensure its sustainability and improve coverage for most prescription drugs. Prescription drugs are currently reimbursed by the group benefits program at 70 per cent. The main changes include:

- Modifying the drug plan by creating a tiered formulary based on BC PharmaCare coverage. A formulary is a list of drugs that are covered by a plan. The new tiered formulary will group drugs into two different levels of reimbursement:
 - Tier 1: Drugs covered by BC PharmaCare; reimbursement will increase from 70 to 80 per cent.
 - Tier 2: Drugs not covered by BC PharmaCare; reimbursement will decrease from 70 to 60 per cent.
- For retired members, providing a 12-month grace period for those taking a tier 2 drug for a chronic condition. The grace period will be based on members' recent claims history (claims made in the six-month period before January 1, 2022). For these members, reimbursement remains at 70 per cent during this period. The new reimbursement for the tier 2 drug will take effect January 1, 2023.

For members who live outside of BC, there will be no changes to drug coverage.

Why are we changing to a tiered formulary?

BC PharmaCare helps BC residents pay for eligible prescription drugs, so by encouraging the use of drugs covered by BC PharmaCare, the group benefits program will remain sustainable. Members will have to satisfy an annual BC Pharmacare deductible based on their net family income. The BC PharmaCare deductible is paid by the plan's health care carrier, Green Shield Canada (GSC). After the BC PharmaCare deductible is paid by GSC, drug costs for members and their family will shift from GSC to BC PharmaCare, which will save members and the plan money.

We strive to ensure changes are fair for current and future generations, and it is a priority for us to make retirement group health benefits available to members. Unlike the lifetime pension, the health benefits are not guaranteed and depend on funding limits.

How did we decide on changes?

We conducted a full review to understand the opportunities for change. There were many aspects to our review, including analyzing claims data, comparing similar plans, and looking at administrative expenses and premiums.

We also asked members for feedback through an engagement survey that was open in fall 2020. We thank the 1,350 members (retired and active within five years of retirement) who participated. Their input will help inform how we manage health benefits in the future.

Learn more

For members who are working, extended health care and dental coverage is likely paid for in full or in part by the employer. However, when they retire that coverage ends. Members apply for this optional coverage when they apply for their pension.

We encourage plan members to learn more about retirement health coverage in general or about the changes that may affect them on the plan website. If members are still working, they can register for the *Approaching Retirement* webinar, also on the plan website. Members can also:

- Talk to their physician about switching to a BC PharmaCare formulary drug if they are currently taking a drug not covered by its formulary.
- Contact GSC's Customer Contact Centre beginning January 4, 2022, for specific questions relating to these changes. For other enquiries about health care coverage, members can reach a GSC representative at 1-888-711-1119, Monday to Friday, 5:30 a.m. to 5:30 p.m. PT.

Timeline of changes



**Public Service Pension Board
of Trustees
Pension Board Secretariat**
PO Box 9460
Victoria, BC V8W 9V8
PSPBT@pensionsbc.ca
Fax: 250 387-4199