

Inter-Company Extended Drug Policy Protection Plan (EP3) - Effective January 1, 2013

What is EP3?

The new Extended Drug Policy Protection Plan (EP3) is an internal drug pooling arrangement between all Canadian Insurers who provide private group drug insurance plans. This industry-wide agreement took effect January 1, 2013 and will apply to all fully insured drug plans in Canada.

The EP3 arrangement was created to address the growing need to spread the risk of very expensive specialty drugs across a wider pool for greater rate stabilization.

Going forward, claims for high-cost drugs will be pooled within a larger industry pool, rather than just within an individual carrier's pool. The EP3 initiative is aimed at safeguarding customers against high cost claims that could potentially be detrimental to their group plan.

Companies are constantly looking for cost containment strategies while at the same time keeping their benefit plans comprehensive and competitive. EP3 will help manage the impact of high cost drugs and health services by limiting exposure to the high cost claims that are incurred and spreading the risk within the industry-wide pool.

For resident of all provinces/ territories except Quebec: The pooling level is the lower of \$10,000 per individual or \$25,000 per certificate.

How will this affect your company?

EP3 requires all providers of group health plans to standardize their pool rates for all insured plans that have common risk characteristics; therefore, you may see an adjustment to your EHC pooling rates to bring them in line with the new standard rates. Aside from this, the EP3 pool will not impact your plan, coverage, plan reports or the claiming process. The pooled high-cost drug claims will not be considered by the insurers when setting premiums at the time of renewal.

You will be receiving further information regarding EP3 statements for your company with your 2013 renewal.

Please call our office at 604-688-5559 if you have any questions regarding the EP3 plan.