Reference Guide

Disclaimer: The information contained in this Reference Guide is only for providing general information and context about the legislative updates to the *Alberta Health Care Insurance Act* as it relates to government-sponsored drug and supplemental benefit programs. In providing this information, the Ministry of Primary and Preventative Health Services (PPHS) does not bind the Minister of PPHS or the Government of Alberta to the information in this Reference Guide. The information in this Reference Guide is subject to change and may be updated or withdrawn by the Ministry of PPHS without notice and at in its sole discretion.

Provisions of the *Alberta Health Care Insurance Act* (Bill 11, the *Health Statutes Amendment Act*, 2025, No. 2) establish that government-sponsored drug and supplemental benefit programs, specifically, Coverage for Seniors and Non-Group Coverage program, operate as the payor-of-last resort. When coordinating benefits between multiple forms of drug coverage, Alberta government-sponsored programs will pay only after all other available coverage (e.g., private, employer-sponsored, retiree benefit plans, federal programs, etc.) has been exhausted. In accordance with the legislation, Alberta Blue Cross administers plans on behalf of the Government of Alberta to reflect this payor order. Claims that are submitted in the incorrect payor order will be deemed ineligible.

To support compliance with this legislation, **pharmacists** are expected to:

- Ask the Albertan, at the point of sale, to request the Albertan to identify all the drug plans where the Albertan is enrolled as a member and has coverage for the drug that is the subject of the claim – including without limitation government sponsored programs, private insurance, or employer sponsored plans.
- Submit claims in the correct order in accordance with the legislation, ensuring these programs are billed last.

Overview of Changes to Drug and Supplemental Benefits

1. **What are the provisions in the new Part 3 of the *Alberta Health Care Insurance Act*?**
   - Part 3 of the *Alberta Health Care Insurance Act* introduced the following legislative changes as it relates to the operation and administration of drug and supplemental benefits provided to Albertans:
     - Establishing Alberta government sponsored drug and supplemental benefit plans as the payor-of-last resort; and,
     - Prohibiting employer sponsored plans from changing or terminating a plan member's benefits solely based on a plan member's age. In that regard an employer that establishes, maintains, or renews an employer-sponsored drug and supplemental benefits plan is prohibited from including any provision that lets the employer, solely based on a member's age, terminate the member's plan membership or terminate, reduce, or modify their drug and supplemental benefits.

2. **Why are these amendments needed?**
   - Government-sponsored drug and supplemental benefits plans exist to ensure all Albertans have sustainable access to affordable medications.
   - Legislating payor-of-last resort status reduces the subsidy of private insurers by public plans and enhances opportunities for private insurers to operate in the drug insurance space.
   - In addition, preventing employer-sponsored drug and supplemental benefits plans from terminating or otherwise modifying coverage for employees turning 65 will deter discriminatory practices.
   - These changes would help with creating financial sustainability of government-sponsored drug coverage.
   - Government-sponsored drug and supplemental benefits plans, as payor-of-last resort, will step in only when no other coverage is available, or after the private or employer-sponsored drug and supplemental benefits coverage has been exhausted, ensuring taxpayer dollars are used efficiently and responsibly.
   - This model enables government to act as a safety net, providing drug and supplemental benefits coverage for the most vulnerable when no other coverage is available.

3. **When do these changes come into effect?**
   - The changes come into effect on October 1, 2026.

4. **Did the government consult with insurers and employers about these proposed changes?**
   - Representatives of private insurance, employer groups, and federal government sponsored drug programs were consulted.

Payor of Last Resort

5. **What does payor-of-last resort mean?**
   - Where an Albertan has concurrent coverage for a drug product or other supplemental benefit under both Alberta sponsored drug and supplement benefit plan and a non-Alberta government sponsored drug and supplemental coverage plan (e.g., private, employer-sponsored, federal programs) the Alberta government sponsored drug plan will only pay a benefit where all the benefits have been exhausted by the other non-Alberta government sponsored drug plan.
   - If no other coverage is available, the last payor is the sole payor.

6. **What are the future state expectations of stakeholders to support payor of last resort legislation?**
   - To support Payor of Last Resort legislation, shared accountability will be established:
     - **Albertans**, when at the point of sale are expected to disclose to the pharmacist all the drug and supplemental benefit insurance plans of which the Albertan is enrolled as a member and has coverage thereunder.
     - **Pharmacists** are expected to ask Albertans, at the point of sale, and prior to submitting a claim to Alberta Blue Cross, to identify all drug and supplemental benefits coverage they possess (for example, government sponsored programs, private insurance, or employer sponsored plans) and to submit claims in the correct order in accordance with the legislation, ensuring that any Government of Alberta drug and supplemental benefits plans are billed last.
     - **Alberta Blue Cross** is expected to support ongoing audits and investigations related to ineligible claims.
   - The Government of Alberta is not currently prescribing any indicator, process or technology to ensure compliance with the above accountabilities.

7. **What steps should Albertans take prior to implementation of the changes to payor order?**
   - Albertans should familiarize themselves with all their enrollment and entitlement to benefits under the drug and supplemental benefits coverage under which they are enrolled, including both public and private plans.
   - At the point of dispensing, and upon request from the pharmacist, Albertans should inform their pharmacist of all applicable coverage to ensure claims are processed correctly.
   - Where required, Albertans should also ensure that any necessary special authorizations are in place for both their public and private drug coverage to avoid delays in access.

8. **How will the changes to payor order impact Albertans' drug costs?**
   - The impact on individual drug and supplemental benefits cost will vary on a case-by-case basis.
   - Albertans with only government drug and supplemental benefits coverage will see no change.

- For those with both public and private drug and supplemental benefits coverage, it is unlikely they will pay more than they do today, and most are expected to experience savings as coverage is applied in a more coordinated manner.

9. **How will the co-payment structure function in the future state when the government acts as the payor of last resort?**
   - As the payor of last resort, Alberta government-sponsored drug and supplemental benefits plan will cover the full portion of the individual's co-payment so long as this amount does not exceed what the plan would have covered as first payor.

10. **What drug and supplemental benefits are impacted by the proposed legislation?**
    - Any drug and supplementary benefits currently covered by the Coverage for Seniors or Non-Group plans are in scope and impacted by the proposed legislation.
      - **Non-Group:** https://www.alberta.ca/non-group-coverage
      - **Coverage for Seniors:** https://www.alberta.ca/coverage-for-seniors-program

11. **How do the payor order changes impact retiree plans?**
    - Retiree plans are an alternative payor. As an alternative payor, retiree plans must be first payor on relevant drug and supplemental benefit claims relative to the Coverage for Seniors and Non-Group Coverage programs offered by the Government of Alberta.

12. **How will Health Care Spending Accounts (HCSAs) be treated under the updated payor of last resort framework?**
    - Bill 11 does not impact HCSAs.
    - Where an Albertan has an HCSA they will not be required to submit claims to their HCSA and exhaust their benefits payable under their HCSA before they are eligible to receive benefits under an Alberta government-sponsored drug or supplemental benefit plans.

Prohibition on Age Discrimination

13. What does the prohibition on age discrimination entail?

- Employers cannot take away, reduce, or change an active employee's employer-sponsored drug and supplemental benefits coverage solely on the basis of that employee's age.
- Employers must provide the same drug and health benefits to active employees over 65 that they provide to under 65.
- For the purposes of the age discrimination provision, an active employee is an individual who is a member of an employer-sponsored drug and supplemental benefits plan because of a current, ongoing employment relationship with the employer. This does not include retirees or others receiving post-employment (retiree) benefits.

14. How does the prohibition on age discrimination impact Albertans?

- This change applies only to Albertans who are actively employed and receiving employer-sponsored drug and supplemental health benefits. It ensures Albertans of all ages have the same access and flexibility, allowing them to continue using their employer coverage where it best suits their needs and to make informed choices about the coverage that works best for them.

15. Does the prohibition on age discrimination impact retiree plans?

- This does not impact retiree plans. There is no requirement for employer sponsors to provide retiree drug and supplemental benefit plans, at any age, because of bill 11.
- As noted in question 11, retiree plans continue to be treated as an alternative payor for payor order purposes; however, the prohibition on age discrimination applies differently and does not require employers to establish, maintain, or reinstate retiree plans.
- Retirees will continue to have access to the Coverage for Seniors program, and if they are enrolled, their co-payment and liability remain unchanged. Specifically, retirees will pay 30% of the cost, up to a maximum of $35 per prescription.

16. What if employees over 65 opt out of employer sponsored drug or supplemental benefits coverage?

- Drug and health benefit plans offered by employers to their employees cannot be terminated, reduced, or modified for employees, solely because they turn 65. If the employer allows employees under 65 to opt out of benefits, or a portion of benefits (such as with a flex plan) then employees must also retain this same option when they reach the age of 65 or over.

17. What will happen if an employer doesn't comply with this law?

- Effective October 1, 2026, employers are prohibited from denying, cancelling or reducing coverage based on an employee's age.

- If an employer contravenes the legislation, the employer may be ordered to reinstate the employee's coverage and reimburse the employee for any claims paid from when their coverage was cancelled.

18. For employees who become newly eligible (or are required to be reinstated) due to the age-65 provisions, what are the expectations around plan enrollment?

- The legislation has been proclaimed and will come into force on October 1, 2026. Employees who are eligible to be reinstated to employer-sponsored coverage as a result of the prohibition on age discrimination provisions are expected to have coverage in place effective October 1, 2026, subject to plan design or rules such as waiting periods or benefit allocation periods.

19. What employer-sponsored benefits are impacted by the legislation?

- **Impacted Benefits:**
  - Drug benefits
  - Ambulance Services
  - Clinical Psychological Services
  - Home Nursing Care
  - Chiropractic services
- **Non-Impacted benefits**
  - Travel insurance
  - Life insurance
  - Other forms of employer-sponsored benefits not listed above.

20. Does the age discrimination provision apply to the spouses and dependents of members who are actively working?

- No, Bill 11 does not restrict employer sponsored plans from adjusting a member's spousal or dependent coverage due to either the age or the member or the age of the members spouse or other dependents.

21. For the age provision, could there be a premium increase or medical required?

- Premium changes are not impacted by the age-related provisions, provided any premium adjustments are applied consistently across the broader plan population and are not based solely on the plan member's age. Any premium increases or underwriting requirements would be determined by the plan sponsor and insurer in accordance with the terms of the benefit plan and applicable insurance practices.
- Medical underwriting requirements are not impacted by the age-related provisions, provided the requirement is applied consistently across the broader plan population and is not based solely on the plan member's age. Any such requirements would be determined by the plan sponsor and insurer in accordance with the terms of the benefit plan and applicable insurance practices.

22. Are manufacturer support programs considered to be an alternative payor?

- Manufacturer support programs vary widely in their design, structure, and terms. Whether any particular arrangement falls within a defined term under the legislation depends on its specific features.

- Broadly, manufacturer support programs are generally not the type of arrangement contemplated as an "alternative payor" under the payor-of-last-resort provisions. These programs are typically discretionary, product-specific forms of patient assistance offered by a manufacturer to help offset the cost of a particular therapy, rather than a structured drug and supplemental benefits plan under which an enrolled member holds a defined entitlement to benefits. On that basis, they would not typically be viewed as an alternative payor.

23. **Is the government planning on drafting regulations associated with the Payor of Last Resort or Age Discrimination amendments?**
    - The government has no current plans to develop regulations associated with these changes. Government will monitor legislation impacts and may consider additional regulations in the future.
    - At this time, the Reference Guide provides the additional clarity that is needed to support compliance. Impacted stakeholders should seek legal advice as needed, noting that the guide is for reference purposes only and should not replace independent legal advice.