

## 7 Understanding PharmaCare Plans

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## 7.2 Fair PharmaCare (Plan I)

### General Policy Description

BC's Fair PharmaCare plan provides B.C. families with coverage for eligible prescription drugs and designated medical supplies, based on their net income.

### Policy Details

#### Definitions

Income review process	The process by which registrants (families) may request that their appointed level of coverage be re-assessed. To be considered for an income review, the family must have experienced a decrease in family net income of at least 10%. The new income must be verified by acceptable documentation before PharmaCare will re-assess the level of coverage.
Beneficiary	A person who is enrolled in a PharmaCare plan.
Benefit year	A benefit year is a calendar year or “year.”
Co-payment / Co-pay	The shared payment of eligible prescription costs between PharmaCare and the family. PharmaCare shares the cost of each prescription after the family has met their annual deductible. For families that include someone born before 1940, PharmaCare co-pays 75%. For all other families, PharmaCare pays 70%.
Deductible	Each family pays 100% of their eligible costs each year until they reach their deductible, an amount determined by their family net income. After this amount is reached, PharmaCare assists with further costs for the remainder of the benefit year. Families with very low incomes are not required to meet a deductible.
Dependent child	A dependent child is, as defined by Medical Services Plan, a B.C. resident who is the legal ward or child of the registrant or spouse and meets all the following criteria: <ul style="list-style-type: none"><li>• is supported by the registrant or spouse,</li><li>• is neither married, nor cohabiting in a marriage-like relationship, and</li><li>• is either age 18 or younger, or is age 19 to 24 and attending school or university full time.</li></ul>
Family	For Fair PharmaCare purposes, a “family” includes the registrant, their spouse (if applicable), and any dependent children who are on the same Medical Services Plan (MSP) coverage as the registrant or spouse. For simplicity, the term “family” includes individuals without spouses or dependent children.

Family maximum	The maximum amount a family will pay on eligible drug costs during the benefit year, based on family net income. Once a family's contributions towards eligible costs reach this maximum, PharmaCare pays 100% of the family's further eligible costs for the remainder of the year.
Level of coverage	The deductible, co-payment, and family maximum assigned to a family. Each family's level of Fair PharmaCare coverage is calculated annually based on the family's net income as reported on the federal income tax return from two years previous.
Income/Net Income	A family's or registrant's level of coverage is based on family net income. Net income is the amount reported on Line 236 on the Federal Income Tax form for both registrant and spouse (if applicable) less any Universal Child Care Benefits reported on Line 117 and less any income from a Registered Disability Savings Plan reported on Line 125.
Income bands	Fair PharmaCare deductibles and annual family maximums are determined by comparing the family's net income to a pre-defined table of income ranges. The same deductible and annual family maximum amounts are applied to any family whose net income is in the same income band.
Interim Fair PharmaCare coverage	Coverage is initially based on the family net income the registrant declares during Fair PharmaCare registration. Any Fair PharmaCare coverage provided is subject to expiry if a signed consent is not received—or if the net income cannot be verified—within a specified time period. Any financial assistance provided is subject to recovery if the income declared at the time registration is lower than the income as verified by the Canada Revenue Agency.
Registrant	The person who actually registers the family for Fair PharmaCare.
Spouse	For PharmaCare purposes, a spouse is a person who is either married to or living and cohabitating in a marriage-like relationship with the registrant, and may be of the same gender as the registrant.
Tax year (or relevant tax year)	The income tax year used to calculate a family's deductible and family maximum. This is two years previous to the current benefit year. For example, Fair PharmaCare coverage for 2012 is based on income earned in 2010.

### ***Understanding Fair PharmaCare coverage***

- Fair PharmaCare coverage is family-based and has three elements: the deductible, the co-payment, and the family maximum.
- PharmaCare bases the coverage level for a family on their net income (verified by the Canada Revenue Agency) by consulting the income range tables listed below:
  - [Regular Fair PharmaCare Coverage](#)
  - [Fair PharmaCare Enhanced Coverage for those born in 1939 or earlier](#)

### ***Annual deductible***

- Families pay 100% of their eligible prescription drug costs until they reach their annual deductible, at which time PharmaCare begins assisting them with eligible costs.
- PharmaCare first determines into which income band a family's net income falls. All families within an income band are assigned the same deductible.
- The deductible may be zero for lower-income families.

### ***Co-payment***

- After a family meets their annual deductible, the cost of eligible prescription drugs is shared between PharmaCare and the family for the rest of the year. For families that include someone born before 1940, PharmaCare pays 75% (the family pays 25%); for all other families, PharmaCare pays 70% (the family pays 30%) until the family meets their family maximum.

### ***Family maximum***

- The family maximum is the most a family will pay towards eligible drug costs in a year. Costs the family incurs during the year before meeting their deductible, and all the co-payments they make after meeting their deductible, count toward their family maximum.
- A family's maximum is determined in the same manner as the annual deductible but the percentage used is higher.
- Once a family meets their family maximum, PharmaCare cover 100% of the family's eligible drug costs for the rest of the year.

### ***Annual renewal***

- At the beginning of each benefit year, PharmaCare re-calculates the coverage levels assigned to each family registered for Fair PharmaCare. Based on net family income from two years previous, families are assigned a new deductible and family maximum. Coverage levels change only if a family's net income places them in a different income range.

### ***Confirmation of coverage***

- Registrants can request a Confirmation of Coverage form detailing their coverage for the current year. Registrants can [request a Confirmation of Coverage online](#) or phone the Fair PharmaCare Registration Desk, the Income Review Unit, or the PharmaNet Help Desk. Registrants can also

request this information over the phone if they provide the correct identifying information to the Income Review Unit.

See [Release of income information](#).

### **Registration**

- All British Columbians with active Medical Services Plan coverage who are not covered under another primary PharmaCare plan (i.e., [Plan C](#) or [Plan F](#)) are encouraged to register for Fair PharmaCare.
- To receive a level of coverage based on their family net income, a family must register for Fair PharmaCare and provide written consent for PharmaCare to verify their net income with the Canada Revenue Agency (CRA).
- Families who do not register for Fair PharmaCare and who do not receive coverage under another PharmaCare plan are assigned the annual default deductible/family maximum of \$10,000 per family member (i.e., for each Personal Health Number).
- Families who register but do not consent to have their income verified by the CRA are assigned the annual default deductible/family maximum of \$10,000 per family.
- Individuals can register through [Fair PharmaCare online registration](#) or by contacting [Health Insurance BC](#).

### **Consent form**

- As part of the registration process, new Fair PharmaCare registrants (and their spouse, if applicable) must sign and submit a consent form authorizing PharmaCare to verify their income with the Canada Revenue Agency (CRA).

### **Temporary coverage**

- From the date a family registers in Fair PharmaCare to the date that PharmaCare receives CRA verification of a family's income, PharmaCare assigns temporary coverage for the family based on the income declared during their registration for Fair PharmaCare.
- If PharmaCare does not receive a signed consent form from the registrant (and spouse, if applicable) within 60 days of the family's initial registration, temporary Fair PharmaCare coverage may expire, and the family will be assigned the default annual deductible/family maximum of \$10,000 per family.
- After the signed consent form is returned and processed, PharmaCare assigns 30 days' additional temporary coverage during which time PharmaCare verifies the family's income information with the CRA.
- When CRA verifies the family's income information, PharmaCare establishes ongoing coverage based on the verified family net income(s) and mails the family a Confirmation of Coverage letter.
- If the family information provided during registration does not match CRA data (e.g., the Social Insurance Numbers or birth dates do not match or CRA finds no record of a tax return for the

applicable year), PharmaCare provides 60 days' additional coverage to allow the family time to correct the erroneous information or file a return.

- If, after this period, the registrant has not filed an income tax return for the requested year, Fair PharmaCare coverage is set to the default annual deductible/family maximum of \$10,000 per family; the family must file an income tax return for the applicable year and send a copy of their resulting CRA Notice of Assessment in order to have their coverage based on their actual family net income.

### Coverage start date

- Coverage begins immediately for those who register by phone or online. If a person registers using a paper registration form, coverage starts the day the registration is processed and approved by HIBC.
- The start date of Fair PharmaCare coverage depends on an individual's MSP coverage, the date the individual registered, and whether PharmaCare is able to verify income as described in the table below:

Individual is...	Coverage
<b>Not enrolled in MSP and not registered for Fair PharmaCare</b>	Eligible prescription and medical supply costs do not count towards the Fair PharmaCare deductible and family maximum, nor can those costs be reimbursed.
<b>Enrolled in MSP but not registered for Fair PharmaCare</b>	Eligible costs for the current benefit year (from the later of January 1 or the date the individual or family enrolled in MSP) count towards the Fair PharmaCare deductible and family maximum but cannot be reimbursed.
<b>Enrolled in MSP and registered for Fair PharmaCare</b>	Eligible costs for the current benefit year count towards the Fair PharmaCare deductible and family maximum (from the later of the date the individual enrolled in MSP or the date the individual registered for Fair PharmaCare). After the individual or family meets their deductible, PharmaCare contributes to their additional eligible costs for the rest of the year.

- Individuals will not be reimbursed for costs from:
  - previous benefit years, regardless of when they registered for Fair PharmaCare,
  - the current benefit year before the date they registered for the plan,
  - the current benefit year if PharmaCare is not able to verify their family net income before December 31, or
  - periods during which their MSP coverage was not active.

### Eligibility

#### Basic eligibility

- To be eligible for coverage under Fair PharmaCare, a person must have:
  - active Medical Services Plan (MSP) coverage



- a Social Insurance Number (SIN), assigned by the Government of Canada
- filed an income tax return for the relevant taxation year (that is, two years ago) or, if they were not resident in Canada and could not therefore file a tax return, provide sufficient documentation of their world income (see [New Canadian residents](#)).
- When a person enrolls in the MSP, they receive a CareCard or BC Services Card with a lifetime Personal Health Number (PHN) that gives them access to publicly funded health services in British Columbia.
- If a registrant or spouse does not meet the eligibility requirements, the eligible members of their family can still register.
- If a registrant or their spouse does not have a Personal Health Number (CareCard/BC Services Card number), they must [register by phone](#).

### *Specific eligibility issues*

#### *Individuals covered by other PharmaCare Plans*

- The **four primary plans** cover a wide range of benefits and may be combined with a specialty plan:
  - [Plan B](#) (Residential Care)
  - [Plan C](#) (Income Assistance)
  - [Plan F](#) (At Home Children)
  - [Fair PharmaCare](#)

*Note: Individuals covered by Plan C and F are encouraged to register for Fair PharmaCare in advance. In this way, if coverage through Plan C or Plan F ends, coverage through Fair PharmaCare will begin automatically.*

- The six **supplemental plans** cover specific items related to specific conditions and patient groups:
  - [Plan D](#) (Cystic Fibrosis)
  - [Plan G](#) (Psychiatric Medications)
  - [Plan P](#) (Palliative Care)
  - Plan M (Medication Management)
  - [Plan S](#) (Smoking Cessation)
  - Plan X (British Columbia Centre for Excellence in HIV/AIDS).
- For coverage of prescription medications and medical supplies not covered under Plan D, G or P, M, S or X, individuals must register for [Fair PharmaCare](#) or qualify for coverage under [Plan C](#).

#### *Spouse covered under a federal drug plan*

- Spouses eligible for drug coverage from a federal insurer (i.e., Non-Insured Health Benefits through Health Canada, Veterans Affairs Canada, or the Canadian Forces) are still considered a member of the Fair PharmaCare family. As such, their income is included in the calculation of family net income.
- Drug costs covered by a federal insurer do not count toward a family's annual deductible or family maximum.

### *B.C. residents studying out of province [July 4, 2013]*

- A person who is absent from British Columbia to attend a university, college, or other educational institution retains their PharmaCare coverage if they meet the following MSP Absence for Study requirements:
  - the university, college, or other educational institution is recognized by the Medical Service Commission
  - the person is in attendance at that educational institution on a full-time basis
  - at the time of leaving the province, the person meets MSP residency requirements
- A person who is studying out of province is no longer eligible within one month of the last day of the month in which the person ceased to be in full-time attendance at the university, college, or other educational institution.
- A spouse or child who accompanies a deemed resident is also deemed to be a resident if, at the time of leaving British Columbia, the spouse or child meets the MSP residency requirements.
- Although an individual studying out of province may retain their PharmaCare coverage, PharmaCare will only cover drugs prescribed and dispensed in British Columbia.

### *Foreign students*

- Foreign students are generally not eligible for PharmaCare coverage as they do not meet PharmaCare eligibility requirements. The only exception is students who are employed by their B.C. educational institution and have been assigned a Social Insurance Number and who, therefore, file income tax returns in Canada. These students are eligible for PharmaCare coverage.

### *Foreign diplomats*

- Non-Canadian diplomats employed with Canadian-based commissions or foreign consulates are eligible for PharmaCare coverage. To receive PharmaCare coverage, they must:
  - have active coverage under the BC Medical Services Plan, and
  - provide the following documents to PharmaCare:
    - a photocopy of their diplomat card, and
    - a signed and notarized affidavit, provided annually, attesting to the equivalency of the stated income.

### ***PharmaCare Coverage as a Family***

- For Fair PharmaCare registration purposes, a family includes
  - the registrant
  - the registrant's spouse, if any, and
  - any dependent children on the same [Medical Services Plan](#) (MSP) contract as either the registrant or the spouse.
- All members of the family must be declared when registering, including non-resident spouses and federally covered spouses (whose net income is included in the family's total net income).

### ***Former Spouses***

- In the case of divorce or legal separation, former spouses who no longer meet the Fair PharmaCare definition of a spouse must apply for separate Fair PharmaCare coverage.

### ***Member of only one family***

- Under Fair PharmaCare, each member of a defined family can be registered with, and included in, only one family.
- Although dependent children can be included on both parents' MSP contracts, they can be included in only one family's (one parent's) Fair PharmaCare registration at any given time.

### ***Children not on the MSP contract of either the registrant or spouse***

- A dependent child must be included in the registrant's or spouse's MSP contract to be included in a Fair PharmaCare family.

### ***Children added to an MSP contract***

- A child is registered with a family upon being added to the family's MSP contract. This ensures that the child's drug costs will count toward the family's deductible/family maximum.

### ***Joint custody of children***

- In shared custody arrangements, only one parent may include a dependent child in their Fair PharmaCare coverage.

### ***Dual MSP coverage***

- If a child is included on the MSP contract of both parents, either parent may include the child in their Fair PharmaCare registration. The parent can ask to have the child included in their Fair PharmaCare family by contacting the Fair PharmaCare Income Review Unit.
- PharmaCare will include the child in the Fair PharmaCare family of the parent who first requests that the child be added.
- If a parent disputes the inclusion of their child in their ex-spouse's Fair PharmaCare family, the Income Review Unit will require the disputing parent to provide:
  - a letter of agreement from the other parent to make the change, or
  - court documents indicating that they have greater than 50% custody, or
  - an affidavit attesting that they have greater than 50% custody.

### ***Single MSP coverage***

- If a child is included on the MSP contract of only one parent, the child is included in that parent's Fair PharmaCare family.
- If the other parent wishes to include the child in their Fair PharmaCare family, the parent(s) must first contact MSP to have the child added to the correct MSP contract before contacting the Fair PharmaCare Income Review Unit to request a change in their Fair PharmaCare family record.

## Family Changes

- Fair PharmaCare registrants and their spouses are advised to notify both MSP and PharmaCare of any changes to their family structure.

### *Aging-out of a dependent child*

- When a former dependent child no longer meets the Medical Services Plan criteria for a dependent child and is therefore no longer eligible for inclusion on their parents' MSP contract and Fair PharmaCare registration, it is the former dependent's responsibility to register for separate coverage.

*Unless they meet other aspects of the MSP criteria for a dependent, a dependent child loses eligibility for MSP under their parents' contract on their 19<sup>th</sup> birthday. They must apply for separate MSP coverage before their birthday.*

- A dependent child is included in the parents' Fair PharmaCare family until the end of the last calendar year in which he/she qualifies as a dependent child as defined by MSP.
- The dependent child's drug costs count toward the family's deductible/family maximum until the end of that year.
- The 'aged-out' dependent must register separately for Fair PharmaCare coverage before the end of the year in order to receive coverage based on their income.
- If they do not register for separate Fair PharmaCare coverage, they are assigned the maximum deductible/family maximum of \$10,000 starting January 1 of the year following the year in which they no longer qualified as a dependent child.
- A former dependent child who has not filed a tax return with the CRA is permitted to provide a signed affidavit as proof of income for the first year after they no longer qualify as a dependent child (e.g., child dependents who have reached age 19, or who have turned age 25 and are no longer attending full-time school or university). For subsequent years, they must file an income tax return.

### *Death of a family member*

- Under Fair PharmaCare, if a family member dies mid-year, the deceased family member's accumulated drug expenditures for the year count towards the family's deductible and family maximum and the deceased family member is automatically removed from the family's Fair PharmaCare registration at the end of the year.
- On request, a surviving spouse can request a 'best coverage assessment' through the Fair PharmaCare Administrative Review Unit. This assessment determines which of the following options is of greater benefit to the family:
  - removing the deceased person from the family's PharmaCare record immediately (thereby excluding the deceased spouse's income from the calculation for coverage and deducting their eligible expenses from the family's accumulation towards the deductible), or
  - maintaining the current family structure until the end of the year.
- If mid-year removal of a deceased individual from the Fair PharmaCare family record is beneficial to the family, the change in coverage becomes effective as of the date of death.

- If the deceased spouse was born before 1940 and the surviving spouse was not, the surviving spouse will retain the coverage offered to pre-1940 families for the rest of the year, then revert to regular Fair PharmaCare coverage.
- Special exceptions may permit PharmaCare coverage to continue for a surviving spouse if they previously filed their income taxes under their spouse's tax return.

>> See [Filing under a spouse's tax return](#).

## **Income**

### ***Tax year***

- The income tax year used to calculate a family's PharmaCare coverage is two years before the benefit year. For example, Fair PharmaCare coverage for 2012 would be based on income reported to the Canada Revenue Agency (CRA) for 2010.

### ***Net income***

- Under Fair PharmaCare, a beneficiary's level of coverage is based on family net income. This is the amount reported on Line 236 on the Federal Income Tax form.
- For Fair PharmaCare purposes, a family income includes the income of both the registrant and their spouse. If a spouse has not filed a tax return for the relevant year, PharmaCare may refer to Line 303 (Married Amount), line 5105 or the GST Credit Application on the beneficiary's income tax return in order to determine the spouse's income.
- Universal Child Care Benefits (UCCB), declared on Line 117 of the Federal Income Tax form, are not included as net income for the purpose of calculating Fair PharmaCare coverage.
- Income from a Registered Disability Savings Account, declared on Line 125 of the Federal Income Tax form, is not included as income for the purpose of registering for Fair PharmaCare.

### ***Alternate Proof of Income***

- Alternate proof of income may be accepted in specific situations as described below.

### ***New Canadian residents***

- A registrant who has recently met the Canadian residency requirement and therefore did not file a Canadian tax return for the relevant tax year may still register for PharmaCare coverage. In these cases, PharmaCare accepts other proof of income:
  - If the family filed a tax return for a more recent year, PharmaCare will accept a CRA Notice of Assessment for a more recent full (12-month) tax year along with a signed [Income Review Application](#) form.
  - If the family has not filed taxes for a full tax year, PharmaCare will accept a notarized affidavit.
- New residents who provide an affidavit as proof of income are eligible for an income review if their income changes after the affidavit is signed.

### *Spouse with federal drug coverage*

- The net income of a spouse with federal drug coverage (i.e., through Veterans Affairs Canada or the Canadian Forces) must be included in the family net income for the purposes of Fair PharmaCare; however, the federally covered spouse is not eligible for PharmaCare coverage for items covered by their federal plan.

### *Income of a non-resident spouse*

- The net income of a spouse who is a non-resident must be included in the family net income for the purposes of Fair PharmaCare.
- If the spouse lives in a Canadian province or territory other than British Columbia, PharmaCare will confirm the spouse's income through the CRA.
- If the spouse does not live in Canada, PharmaCare requires a notarized affidavit—which must reflect one full year of income—as documentation of foreign income.

### *Filing under a spouse's tax return*

- The CRA allows the spouse of a person who earned less than a determined amount (e.g., less than \$10,527 for the 2011 tax year) to claim the spousal amount on Line 303 ("Spouse or Common Law Partner Amount") of their spouse's tax return, rather than filing their own tax return.
- If the spouse who files taxes dies, PharmaCare coverage for the surviving spouse continues for the rest of the year.
- In the following year, coverage continues uninterrupted if PharmaCare is able to verify the surviving spouse's income with the CRA and providing that:
  - The family's registration status remains the same (i.e., the deceased spouse was not de-registered from Fair PharmaCare), and
  - the family's taxes are filed and processed for the relevant year (e.g., filed 2010 taxes for 2012 benefit year).
- If PharmaCare cannot verify the surviving spouse's income with the CRA (for example, if the deceased spouse was de-registered from Fair PharmaCare so that the deceased spouse's income would not be included when calculating the surviving spouse's level of Fair PharmaCare coverage), PharmaCare will contact the surviving spouse to ask them to either file a tax return or provide documented proof of income. Cases are handled in the same manner as Fair PharmaCare [Income Review](#).
- This policy also applies to any individual who has declared their income on Line 303 of their spouse's income tax return but who is noted in the CRA data as someone who "did not file" (as may happen in the case of divorce, separation, or an error in filing or processing a tax return).

### *Spouse in a residential care facility*

- The net income of both spouses is automatically included in a family's net income amount. However, if a family experiences financial difficulty because one spouse is moved to a licensed

residential care facility (where they are covered under PharmaCare Plan B), the family can request an income review.

- The request for an income review must be made before the end of the benefit year for which reassessment is needed.
- In this situation, as it is under Medical Services Plan policy, the spouses' MSP coverage must be separated into two individual contracts. This allows each spouse to be a separate family under Fair PharmaCare and for the level of coverage of the spouse living at home to be based on their net income only.
- If the couple does not meet the MSP criteria for separate contracts, but their combined net income is less than \$42,000 (or the care facility cost reduces net income to less than \$42,000), PharmaCare will consider removing the residential care spouse from the Fair PharmaCare family record if the situation constitutes financial hardship for the spouse not in residential care.

#### *CRA income re-assessment*

- The CRA can reassess an income return up to four years after sending the original Notice of Assessment. If a reassessment results in a lower net income that would place a person in a lower Fair PharmaCare income range (i.e., a higher level of coverage), it is the person's responsibility to inform PharmaCare of the change and ask for an [Income Review](#).

#### *Members of religious orders who take a vow of poverty*

- If a B.C. resident who has taken a vow of perpetual poverty as a member of a religious order earns an income, the CRA requires them to file a tax return. When registering for Fair PharmaCare, these individuals can deduct the income or pension earnings they have donated to their order from their net income as reported on their tax return.
- If a person has taken a vow of poverty, does not earn an income, and does not file income taxes, PharmaCare requires them to submit an affidavit attesting to this before it can provide Fair PharmaCare coverage. On the affidavit, the person must declare their entire income—including any amounts donated to the religious order.
- After the person registers, PharmaCare will ask them to submit a signed consent form allowing PharmaCare to verify their income with the CRA in future years. If the person should begin earning an income, this ensures uninterrupted coverage.

#### *Unverifiable income*

- If PharmaCare is unable to verify a registrant's family net income, PharmaCare cannot determine the appropriate level of Fair PharmaCare coverage for the family:
  - Families that do not register for Fair PharmaCare are assigned an annual default deductible of \$10,000 per family member (i.e., per Personal Health Number).
  - If a family has registered for Fair PharmaCare, but PharmaCare cannot verify their income with the CRA (for example, because they have not filed income taxes or have not returned a signed consent form), the family is assigned an annual default deductible of \$10,000 (i.e., family per registration number).

### *Unverifiable income (individuals age 75 and up)*

- Individuals who are 75 years or older on MSP Premium Assistance, and who were identified in 2003 (the first year of the Fair PharmaCare) as not having filed an income tax return, are permanently exempt from the requirement to show proof of income.
- For these beneficiaries, PharmaCare assigns
  - an annual deductible of \$0,
  - a co-pay amount of 30%, and
  - an annual family maximum of \$150.
- This policy applies only to those who were identified in 2003 as not having filed an income tax return. Those identified as not having filed in subsequent years (i.e., 2004 or later) are not exempted from the requirement to file, regardless of age.

### ***Increased coverage and payment options***

- Fair PharmaCare offers access to increased coverage through an Income Review if
  - a family's net income has decreased by 10% or more in the previous year, or
  - one spouse has begun living permanently in residential care and including that spouse's income in the calculation of their Fair PharmaCare coverage presents a hardship for the other spouse.
- PharmaCare also offers a [Monthly Deductible Payment Option \(MDPO\)](#) for those individuals or families who have a deductible and find it difficult to pay their prescription costs early in the year.

### ***Income Review***

- If a family experiences a decrease of 10% or more in family net income between the relevant tax year and a more recent tax year (including the current year), the family can ask for a review of their level of Fair PharmaCare coverage. This is called an "income review."
- Individuals can apply for an income review only for the current year and must submit their application before December 31. Individuals cannot apply for a review for a previous year.
- The decrease in family net income must be substantiated by acceptable documentation for the appropriate year (e.g., record of employment, copy of Employment Insurance or Canada Pension Plan payments, letter from employer, or proof of receipt of BC Income Assistance). Other proof of income may be accepted on an individual basis, upon approval by PharmaCare's Income Review Unit.
- New Canadian residents who originally confirmed their income via affidavit may also request an income review if they experience a decrease of 10% or more in family net income.
- If an income review determines that a family's net income dropped by 10% or more, and the change in income warrants a change in the level of coverage, PharmaCare lowers the family's annual deductible and family maximum accordingly and mails them a new Confirmation of Coverage.

>> *For information on the effective date a family's change in coverage resulting from an income review, refer to [Payment Reconciliation—Retroactive Reimbursement and PharmaCare Recovery](#).*



- As a result of a change in a family's level of coverage, a registrant may be eligible for reimbursement of expenses incurred earlier in the year that exceed the new family deductible and/or maximum. If the reimbursement owing is more than 2% of a family's net income, PharmaCare issues payment immediately if the registrant makes a written request. If the retroactive payment is less than 2% of family net income, or if the family does not make a written request for immediate payment, the payment is issued after the end of the year.
- Eligibility for an income review and any change in a family's level of coverage may be revoked if CRA does not later verify the net income on which the income review was based. If, after a change in a family's level of coverage, the CRA's subsequent income tax assessment does not support the claim of reduced income, PharmaCare will recover any overpayment to the registrant.

### ***Monthly Deductible Payment Option (MDPO)***

- The MDPO allows families to spread their Fair PharmaCare deductible over the course of the year. Once enrolled, families pay their Fair PharmaCare deductible in monthly installments and receive PharmaCare assistance with eligible prescription and medical supply costs right away.

### ***Eligibility***

- Families meeting the following criteria are eligible to enrol in MDPO:
  - are registered for Fair PharmaCare
  - do not have private health insurance with a drug benefit plan
  - have a deductible greater than \$0
  - have not voluntarily or involuntarily terminated an MDPO account and, following reconciliation, had an outstanding debt that has gone to collections
  - are current MDPO account holders who are not 90 days or more in arrears

### ***Enrolment***

- Families may enrol in MDPO for the current year at any time up to the **last business day of September** (after which PharmaCare can accept enrolments only for the following benefit year).
- Participation in MDPO expires at the end of the benefit year (i.e., December 31st).
- Families who want to continue participating in the MDPO must re-enrol for the following year.

### ***Enrolment Process***

- On request, PharmaCare provides an MDPO Enrolment Package to eligible Fair PharmaCare registrants.
- On receipt of completed MDPO enrolment form(s), PharmaCare
  - verifies that the registrant is eligible,
  - opens an MDPO account for the registrant, and
  - advises Revenue Services BC (RSBC) of the person's enrolment.
- RSBC mails out a Welcome Letter explaining the option.

### *Re-enrolment*

- Families enrolled in MDPO are notified (normally in November) that they will need to re-enrol before the end of the current benefit year if they wish their enrolment to begin January 1 of the following year.
- A separate MDPO account is opened for each benefit year.

### *Debit & Credit Balances*

- PharmaCare notifies registrants of any debit balances incurred—and the deadline for settling the balance—in January of the year following the year in which the debit was incurred.
- If an MDPO account holder has incurred a debit balance of \$10 dollars or more, and has re-enrolled for the following benefit year, they have until March 1 of the year after the debit was incurred to settle the debit.
- If a registrant still has a debit balance after March 1, the balance from the previous year is sent for collection and the current year's account is terminated and reconciled, with either an invoice or refund cheque issued.
- Families owing less than \$10 dollars will not be terminated from the MDPO.
- After the end of the calendar year, or upon cancellation of enrolment in the program, an enrollee's actual prescription costs and payments towards their deductible are reconciled. If the enrollee's actual prescription costs did not exceed their deductible, the difference between the payments towards the deductible and the actual prescription costs is refunded to the enrollee.

### *Reconciliation*

- No debit or credit balance from a previous year will be applied to the following year's deductible. Following account reconciliation, either a refund cheque or invoice will be issued.

### *Re-enrolment Process*

- Each November, PharmaCare mails an "MDPO Re-enrolment Package" to all active MDPO account holders, with the exception of account holders whose accounts are 90 days or more in arrears at time of mail-out.
- Upon receipt of completed MDPO re-enrolment form(s), PharmaCare:
  - i) verifies that the applicant's current MDPO account is not 90 days or more in arrears.
  - ii) If the account is 89 days or less in arrears, creates a new MDPO account; and
  - iii) communicates the enrolment to RSBC.
- RSBC mails out "Welcome Letter" to all individuals re-enrolled in MDPO

### *Arrears*

- For the purpose of the Fair PharmaCare MDPO, an 'account in arrears' is defined as an MDPO account that has an outstanding debt equivalent to the sum of at least three (3) monthly payments excluding NSF charges.

- All MDPO account holders who miss one (1) payment receive the following warning in their monthly statement:

ATTENTION: Your expected payment has not been received. Please pay the “Total Amount Due” shown on the Payment Remittance Advice below or you may be required to pay the full cost of any future prescriptions.

#### *Termination/Transmission of Actual Financial Obligation*

- If an MDPO account is 120 or more days in arrears, PharmaCare terminates the registrant’s MDPO enrolment and an actual financial obligation (AFO) is transmitted to RSBC.

#### *Collection*

- Accounts in arrears are subject to collection action by the Province.

#### *Tax Receipts*

- Tax receipts are mailed to all MDPO enrollees following the close of the benefit year. This allows individuals to claim the expense as a medical expense for tax purposes.

#### *Relationship to PharmaCare Retroactive Reimbursements*

- Each spring, PharmaCare issues cheques to families owed a Fair PharmaCare reimbursement. If a family has an outstanding debit under the MDPO, any refunds due to the family are held and applied to the outstanding MDPO debt, resulting in either a refund or the MDPO account being placed on the Collections Report.

#### ***Default Coverage/Coverage Termination/Reinstatement***

- Fair PharmaCare coverage will default to a deductible/family maximum of \$10,000 per family if:
  - A registrant or their spouse does not return a consent form authorizing PharmaCare to verify their income with the Canada Revenue Agency;
  - A registrant or spouse withdraws their consent authorizing PharmaCare to verify their income with the Canada Revenue Agency;
  - Family net income could not be verified for another reason (if, for example, a registrant or spouse has not filed an income tax return).
- Fair PharmaCare coverage may be terminated if:
  - The registrant leaves B.C. to live elsewhere; or
  - The registrant opts out of the B.C. Medical Services Plan.

#### ***Reinstating coverage***

- In certain circumstances, a family’s income-based Fair PharmaCare coverage may default to the \$10,000 deductible/family maximum or be terminated. If the registrant becomes eligible for coverage again, they can ask to have their coverage reinstated.
- Coverage can be reinstated only if the registrant, and if applicable, their spouse, takes the steps needed to meet the eligibility requirements (for instance, by filing a tax return, re-enrolling with the

B.C. Medical Services Plan or providing their consent for PharmaCare to verify their income with the Canada Revenue Agency).

- To reinstate coverage, individuals must [contact Health Insurance BC](#).

### ***Payment Reconciliation–Retroactive Reimbursement and PharmaCare Recovery***

#### ***Retroactivity***

- A family may be entitled to reimbursement for eligible expenses incurred in excess of their family deductible and/or family maximum if an income review, late registration, late filing of income taxes, or a change in family structure results in the family being assigned a new lower family deductible and family maximum during the course of the benefit year.
- Retroactive payments are calculated and issued automatically in the spring of the year following the benefit year. Individuals do not need to apply for reimbursement.
- To receive retroactive reimbursement for a given year, a family must have
  - registered before the end of the year (December 31),
  - had “permanent coverage” as of December 31 of the year, and
  - incurred eligible costs during the year in excess of their annual deductible and/or family maximum.
- Only eligible drug and medical supply costs incurred between the “Retro Eligibility Date” (inclusive) and the “Retro Calculation Period End Date” (inclusive) are eligible for reimbursement.

#### ***Definition of “Retro Eligibility Date”***

- The “Retro Eligibility Date” is
  - January 1, or
  - the date the family registered for Fair PharmaCare, or
  - the date of the most recent addition or removal of a spouse from the family Fair PharmaCare record, or
  - the date the family’s income-based Fair PharmaCare coverage was reinstated after cancellation.

#### ***Definition of “Retro Calculation Period End Date”***

- The “Retro Calculation Period End Date” varies depending on whether the reimbursement is the result of the regular annual retroactive reimbursement calculation or the result of a request from a registrant for earlier reimbursement.
  - If the reimbursement is the result of the regular annual retroactive reimbursement calculation, the Retro Calculation Period End Date will be **December 31**.
  - If the reimbursement is the result of request for an “Early” retroactive reimbursement, the Retro Calculation Period End Date is:
    - the date the retroactive reimbursement is calculated, or
    - December 31 of the previous year, if the retroactive reimbursement is calculated during the subsequent year.

- Eligible costs incurred between January 1 of the benefit year and the Retro Eligibility Date count towards the deductible and family maximum for families who register later in the year, provided the family incurred the costs while actively enrolled in the Medical Services Plan (MSP). These costs, however, are not eligible for reimbursement.

### *Income Review*

- Families that experience a decrease in family income of at least 10% between the relevant tax year and a more recent tax year (including the current benefit year) may request a review of their assigned deductible and family maximum. If the income review results in the assignment of a new, lower family deductible and maximum, families may be eligible for retroactive reimbursement of expenses incurred before the new deductible and maximum were assigned. The Retro Eligibility Date for these families depends on individual family circumstances:
  - The Retro Eligibility Date is January 1 for families that have:
    - Permanent eligibility status as of January 1 of the benefit year, or
    - Interim coverage as of January 1 of the benefit year and permanent coverage as of December 31 of the benefit year (see Late Filing of Income Taxes, below).
  - The Retro Eligibility Date is the date the family registered for Fair PharmaCare (see below) for families who registered with Fair PharmaCare after January 1.
  - The Retro Eligibility Date is the [Family Change Date](#) for families who experienced a change in income due to a change in family structure.
- If an individual becomes eligible for retroactive reimbursement as a result of an Income Review and the amount owed to the individual is greater than 2% of family net income, the payment will be issued immediately if the individual writes a letter to PharmaCare requesting immediate reimbursement.

### *Late Registration*

- Fair PharmaCare families who register partway through a benefit year are assigned interim coverage until their income can be verified by CRA. If CRA income verification results in PharmaCare assigning a family deductible and/or family maximum that is lower than the family's interim coverage level, the family may be eligible for retroactive reimbursement at the end of the year. The Retro Eligibility Date for late registrants is the date the family registered for Fair PharmaCare.

### *Late Filing of Income Taxes*

- For the first year in which family income cannot be verified during the [Annual renewal](#) process because a family has not filed income taxes for the relevant year, the family is assigned 60-day interim coverage, based on the previous year's income. Interim coverage begins January 1 and expires on February 28 if income is not verified by that date. When interim coverage expires, the family is assigned the default deductible of \$10,000.

>>> *For more information about annual recalculation of coverage, see the [Annual renewal](#) section.*

- In the second year in which family income cannot be verified during Annual Renewal (that is, the family has not filed taxes for two consecutive years), the family is assigned the default deductible of \$10,000 effective January 1. That is, no interim coverage is provided.

- If a family subsequently files taxes and PharmaCare is able to verify their family income, a new deductible and family maximum is assigned based on their actual family net income. The family may be eligible for reimbursement for purchases made between January 1 of the benefit year and the date their income was verified. The Retro Eligibility Date for registrants whose income verification was delayed due to late filing of their income taxes is January 1 of the benefit year.

### *Change in Family Structure*

- The addition or removal of a spouse from the registrant's Fair PharmaCare record may change the family's level of coverage. The Retro Eligibility Date for a change in family structure is the [Family Change Date](#) (see below). While all eligible costs from January 1 (or the registration date for late registrants) accumulate towards the deductible and family maximum, purchases made before the Family Change Date are not eligible for reimbursement.

### *Family Change Date*

- If a spouse is added or removed from the Fair PharmaCare family record, the Family Change Date is the date on which the change was reported to PharmaCare.
- If the spouse or registrant dies, the Family Change Date is the date of death.
- The Family Change Date supersedes both a new registration date and the renewal date (January 1) as the Retro Eligibility Date.
- The removal or addition of a dependent does not constitute a change in family structure for the purposes of determining the Retro Eligibility Date.

### *'Early' Retroactive Reimbursement*

- Families that experience a significant decrease in family income between the relevant tax year and a more recent tax year (including the current benefit year) may request a review of their assigned deductible and family maximum (an [Income Review](#)).
- If an Income Review results in a retroactive amount owing to beneficiaries of greater than 2% of family net income, the payment will be issued immediately, rather than at the end of the year. The client must initiate this process by sending a written request to PharmaCare. In order for PharmaCare to consider an early retroactive payment, the family income for the relevant tax year must have been verified by the CRA or through an Income Review or Affidavit.
- If a beneficiary is eligible for retroactive reimbursement (of any amount) because of an administrative error on the part of PharmaCare, the reimbursement will be sent immediately upon written request to PharmaCare.

### *Recovery*

- PharmaCare will seek recovery of any payments made to individuals in excess of the coverage to which the family is entitled based on their CRA-verified income.
- For the period of time between registration and income verification, interim coverage is based on the income the individual/family reported during registration.

- If end-of-year reconciliation reveals that a family received PharmaCare coverage greater than their CRA-verified income warrants, PharmaCare will seek to recover any over-payment from the individual or family.
- PharmaCare mails requests for repayment after the end of the benefit year.

## *Privacy*

### *Access to Canada Revenue Agency (CRA) income information*

- PharmaCare uses personal information, including Social Insurance Number and income information, only to determine each family's level of PharmaCare coverage. The terms of the Ministry of Health Memorandum of Agreement with the CRA allows PharmaCare to access net income from Line 236. In situations where a registrant's spouse has not filed an income tax return, PharmaCare may also access Line 303 (Married Amount), the GST Credit Application, Line 117 (Universal Child Care Benefits) and Line 125 (Income from a Registered Disability Savings Plan). These are the amounts used determine family net income.
- As required by CRA regulations and the *Freedom of Information and Protection of Privacy Act*, access to CRA data is restricted to those employees in the Income Review Unit who have a security level of Operator Level 3 or above. Registration desk employees are not able to access this information. These conditions are outlined in the consent form signed by registrants and spouses at the time of registration.

### *Release of income information*

- A Fair PharmaCare registrant may request information about their level of coverage from the Fair PharmaCare Income Review Unit. Income Review staff can provide this information via a letter sent to the registrant, or over the phone. To obtain coverage information by phone (e.g., annual family deductible), the registrant must provide the PHN, address, and postal code on their PharmaCare record. If in doubt, Income Review staff may also request additional information such as the registrant's date of birth, prescription history, program status, family member information, PharmaCare registration number, or address history.

## ***Withdrawing consent***

- Families can withdraw their consent for PharmaCare to verify their income information with the CRA. Doing so automatically revokes their registration.
- Any individual wishing to withdraw their consent must provide PharmaCare with written notice to this effect.
- Fair PharmaCare coverage continues to December 31 of the year in which consent was withdrawn at which time coverage reverts to the default deductible of \$10,000 per family for subsequent years.
- Families may restore Fair PharmaCare coverage by re-registering and providing the necessary signed consent.

## ***Tools and Resources***

- Please see the [Fair PharmaCare](#) section of the PharmaCare website.