



3rd Quarter 2005



Legislation

Quebec Parental Insurance Plan

On March 1, 2005, the federal and provincial governments concluded a final agreement regarding the implementation and funding of the Quebec Parental Insurance Plan (QPIP). This plan, which provides for the payment of benefits for maternity, paternity, adoption or parental leave, will come into force on January 1, 2006. The Canada-Quebec agreement replaces the measures currently provided under the federal Employment Insurance program (EI).

Who is eligible?

Parents of a child born or adopted on or after January 1, 2006 will be eligible provided they reside in Quebec at the beginning of the benefit period. As opposed to the federal Employment Insurance program, selfemployed individuals may have access to QPIP.

Who will pay the contributions?

Employers, employees and self-employed workers will have to contribute to QPIP. It will be shared in a proportion of 5/12 for employees and 7/12 for employers. Self-employed workers will be required to pay the full rate.

Employers will be required to deduct employee QPIP contributions from the salary and wages paid to any employee who reports for work at one of the employer's establishments located in Quebec, or whose salary or wages are paid through one of the employer's establishments located in Quebec.

What will the contributions rate be ?

Contributions rates are set by the Conseil de gestion de l'assurance parentale. A preliminary notice had been published on September 7. You should refer to QPIP Web site for the latest developments and exact contributions rate.

Revenu Québec is responsible for collecting contributions.

The Revenu Québec Web site mentions that the QPIP Source Deduction and Contribution Table will be published in mid-November.

It is important to note that the agreement mentions that EI contributors will be granted a contribution reduction equal to the EI rate for maternity, parental and adoption benefits. This reduction will apply as of January 1, 2006.

What are the plan parameters?

QPIP enhances the current measures of the Employment Insurance program. The table on page 2 compares the QPIP and the federal Employment Insurance program.



	Quebec Parental Insurance Plan	Federal Employment Insurance Program
Eligibility condition	Minimum earnings of \$2,000	600 hours of work required
Maximum insurable earnings	Will be equivalent to the amount set annually by the Commission de la santé et de la sécurité du travail. In 2005, it was \$56,000.	\$39,000
Waiting period	None	2 weeks
Length of benefits and rate		
Maternity benefits¹	15 weeks at 75% of average weekly earnings or 18 weeks at 70% of average weekly earnings	15 weeks at 55% of average insurable earnings
Paternity benefits¹	3 weeks at 75% of average weekly earnings or 5 weeks at 70% of average weekly earnings	Not available
Adoption benefits²	28 weeks at 75% of average weekly earnings or 37 weeks composed of - 12 weeks at 70% - 25 weeks at 55%	35 weeks at 55% of average insurable earnings
Parental benefits²	25 weeks at 75% of average weekly earnings or 32 weeks composed of - 7 weeks at 70% - 25 weeks at 55%	35 weeks at 55% of average insurable earnings

¹The maternity benefit is offered to mothers only and cannot be shared between both parents. The same rule applies to the paternity benefit, which is offered exclusively to new fathers.

² The full number of weeks of parental benefits may be taken by either of the parents or shared between them as per an agreement concluded by them. These weeks may also be taken concurrently by the parents.

It is important to note that the benefit chosen by the first parent to fill the claim will apply to the other parent. The choice is irrevocable.

What are the impacts of QPIP?

The parameters are more generous for families.

It is expected that employer contributions to the QPIP will be higher than the reduction regarding the maternity and parental benefits of the actual contributions to EI. However, it is important to note that the elimination of the waiting period and the increased level of benefits paid through QPIP will reduce the amounts paid by employers that offer supplements to maternity or parental benefits (including adoption).

Since the QPIP benefits are higher, the introduction of the program could increase the number of Québec employees who decide to take advantage of the maternity, paternity, parental or adoption leaves.

For more information or to read the final QPIP agreement document, you can access QPIP Web site, which is under the Ministère de l'Emploi et de la Solidarité Sociale responsibility at www.rqap.gouv.qc.ca

Drug review process in Canada

Molecular discoveries are increasing, new drugs are introduced on the market every day, new applications are approved, drugs are recalled, and new side effects are in the news. These issues increase the interest in the drug review and approval process in Canada and around the globe.

The Therapeutic Products Directorate (TPD) of Health Canada is responsible for the drug review process in Canada. TPD is the national authority that regulates, evaluates, and monitors the safety, efficacy and quality of therapeutic and diagnostic products available to Canadians. Drugs are authorized for sale once they have successfully gone through the TPD drug review process.

It is important to understand the definition of a drug before reviewing the approval process.

Drugs include prescription and non-prescription pharmaceuticals, biologically-derived products such as vaccines, serums, and blood derived products, tissues and organs, disinfectants, and radiopharmaceuticals. Natural health products, such as vitamin and mineral supplements and herbal products, for which therapeutic claims are made, are also regulated as drugs.

How are drugs developed and approved?

The development process of a new drug begins with scientists exploring molecules to find a compound that acts against the disease-causing biological targets they've identified.

• Preclinical research

Once a substance has been identified, isolated and purified, the preclinical stage begins. During this stage, the substance is administered to tissue cultures or to a variety of small animals to see whether or not there are significant changes. These tests allow researchers to ensure that the substance is stable and that the drug properties have been optimized before human testing begins.

If these preclinical tests indicate that a substance produces the desired result and is not toxic, the sponsor applies to the TPD for authorization to conduct a clinical trial.

• Clinical trial

Prior to the commencement of a clinical trial, the TPD reviews the information submitted in the clinical trial application. The request includes:

- the results from preclinical tests,
- the production methods,
- the dosage form,
- information regarding the investigators who will be conducting the study.

The purpose of a clinical trial is to research and gather information on a drug's dose, effectiveness, and safety in humans. Trials are undertaken in a controlled environment where the procedures for drug administration and the evaluation of the results are closely monitored.

If clinical trial studies prove that the drug has potential therapeutic value that outweighs the risks associated with its use (e.g. adverse effects, toxicity), the sponsor may choose to file a New Drug Submission with the TPD.

• A New Drug Submission with the TPD

The "New Drug Submission" with the TPD contains information and data about the drug's safety, effectiveness, and quality. It includes the results of



the preclinical and clinical studies, details regarding the production of the drug, packaging and labelling details, and information regarding therapeutic claims and side effects.

• The TPD review

The TPD performs a thorough review of the submitted information, sometimes using external consultants and advisory committees. The TPD also evaluates the safety, efficacy, and quality data to assess the potential benefits and risks of the drug. The TPD reviews the information that the sponsor proposes to provide to health care practitioners and consumers about the drug.

• The Notice of Compliance

If it is concluded that the benefits outweigh the risks, and that the risks can be mitigated, the drug is issued a Notice of Compliance (NOC), as well as a Drug Identification Number (DIN), which permits the sponsor to market the drug in Canada and indicates the drug's official approval in Canada.

• Once a drug has been approved, how is it monitored?

Regulatory controls continue once a new drug is on the market. The distributor of the drug must report any new information received concerning serious side effects including failure of the drug to produce the desired effect. The distributor must also notify the TPD about any studies that provide new safety information.

The TPD monitors adverse events, investigates complaints and problem reports, maintains post-approval surveillance, and manages recalls. The TPD also licenses most drug production sites and conducts regular inspections as a condition for licensing.

Health Canada has also put the Canadian Adverse Drug Reaction Monitoring Program into place. This program is designed to collect and evaluate adverse reactions to Canadian marketed health products. All information regarding the program can be found on the Health Canada Web site.

For additional information please consult the Health Canada Web site at the following address: www.hc-sc.gc.ca.

Legislation

ALBERTA – THE “THIRD WAY” FOR HEALTHCARE DELIVERY

On July 12, 2005, the Alberta government released a series of 12 initiatives to implement its promised “third way” for the delivery of healthcare in Alberta, which was announced by Premier Klein in January 2005.

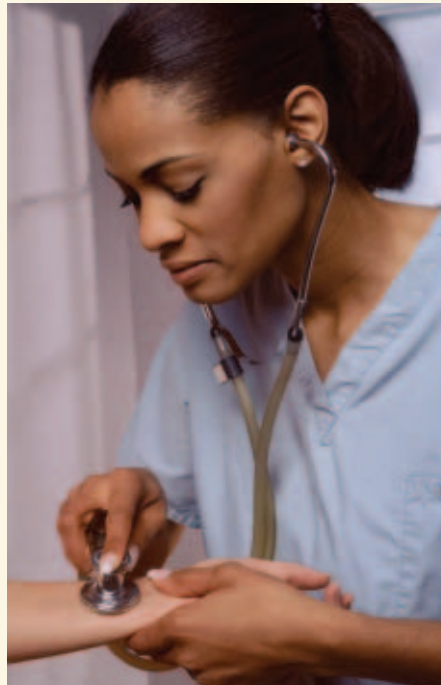
The objectives include:

- Putting an overall health policy in place
- Improving access to and efficiency in the healthcare delivery system
- Encouraging wellness and injury prevention activities
- Making children’s health a priority
- Improving access to mental health services and increasing the supply of healthcare providers
- Expanding primary health care and improving quality in long term care
- Controlling spiralling drug costs and increase drug coverage through a national program to share the cost of expensive drugs for rare diseases and the possible introduction of an income based universal drug program for residents

In addition, they have introduced changes that will allow Alberta residents more choices regarding their health. These changes may impact employer sponsored plans:

- Effective July 1 2005, the regulations were revised to allow for residents to use secondary insurance to help pay for podiatry and chiropractic services beyond the coverage that is provided by the Alberta Health Plan. This means that employer sponsored plans are able to provide coverage from the first visit for these services instead of waiting until the maximum under the Alberta Health Plan is reached.

Depending on the terms of the employer sponsored plan, this change could increase costs under employer sponsored plans if they allow coverage from the initial visit each year. Note that Industrial Alliance has sent a communiqué to it’s client that have employees in Alberta in July regarding this change.



- Effective September 1, 2005, the regulations were revised to remove the limitations on hospital room rates and allow the nine Regional Health Authorities (“RHAs”) in the province to set their own room rates. Previously, under the Hospitalization Benefits

Regulation, the province had set daily hospital rates at \$18 - \$24 for semi-private rooms and \$24 - \$40 for private rooms. This change is expected to increase the room rates charged by the hospitals with a variation in rates from one RHA to another.

This change is expected to increase costs under employer sponsored plans, which typically cover semi-private or private room hospital accommodation.

- Effective September 1, 2005, residents have the ability to pay for enhancements of various medical goods and services beyond what physicians determine are medically necessary. This means that a medically necessary procedure, such as a hip replacement, will be covered under the Alberta Health Plan, but residents will be given the choice to purchase non-medically necessary enhancements with respect to the procedure. The RHAs will be able to charge a reasonable fee for the enhancements over and above the basic procedure.

As most employer sponsored plans only cover medically necessary services a claim for a non-medically necessary service or procedure would not be eligible for coverage. However employer sponsored plans may find pressure from their members to extend coverage for these services or procedures.

For more information regarding the “third way” initiatives you can visit the Alberta Government web site at www.gov.ab.ca.

Please contact your benefits advisor or your Industrial Alliance Group Account Executive if you have any questions about these initiatives.

Your Input

We are always interested in hearing from you. If you have any comments or questions regarding any of the articles included in this bulletin, or if you would like a particular topic to be covered in a future issue, please contact your Group Account Executive.

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than 1.7 million Canadians and has over \$30.9 billion in assets under management and under administration, making it the 5th largest life and health insurance provider in Canada.