

# **Benefit Plan Handbooks**

**12**

INVESTOR PROGRAM

Quebec

# Retiree Drug Plans

When you retire from Nortel Networks, you will qualify for prescription drug coverage, based on your age.

**IF YOU ARE UNDER AGE 65**

Nortel Networks  
Quebec Retiree Drug Plan

**IF YOU ARE AGE 65 OR OVER**

Provincial RAMQ  
Drug Plan

OR

Nortel Networks  
RAMQ-Equivalent Drug Plan

## Quebec Retiree Drug Plan

If you retire before age 65, you and your eligible dependents will be covered under the Nortel Networks Quebec retiree drug plan. This is a group prescription drug plan that is available only until you reach age 65. Here are the highlights:

- The plan covers 100% of prescription drugs listed on the drug formulary published by the Régie de l'assurance-maladie du Québec (RAMQ).
- Coverage begins after you satisfy an annual deductible of \$750 for you and \$750 for your spouse or civil partner.
- Eligible dependent children's expenses are applied toward your deductible.

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## When You Reach Age 65

At age 65, your coverage under the Quebec retiree drug plan ceases and you become eligible for coverage under the provincial RAMQ drug plan. You may either remain in the provincial RAMQ drug plan or join the Nortel Networks RAMQ-equivalent drug plan.

- Prior to your 65th birthday, you will receive specific information about the required premiums for both plans, and the portion of the provincial RAMQ drug plan premium that Nortel Networks reimburses. At this time, you will be asked to select your preferred prescription drug plan.

It is important to note that if you select the provincial RAMQ drug plan, you may not switch to the Nortel Networks RAMQ-equivalent drug plan after that. However, you may switch from the Nortel Networks RAMQ-equivalent drug plan to the provincial RAMQ drug plan at any time.

### PROVINCIAL RAMQ DRUG PLAN

- Covers prescription drugs listed on RAMQ drug formulary
- Reimburses 75% of eligible expenses up to \$750 out-of-pocket a year and 100% of expenses in excess of \$750 out-of-pocket a year
- Subject to monthly deductible of \$8.33 (\$100 per year)
- Nortel Networks contributes toward premium for you and your spouse (taxable benefit to you)

OR

### NORTEL NETWORKS RAMQ-EQUIVALENT DRUG PLAN

- Covers prescription drugs listed on RAMQ drug formulary
- Reimburses 80% of eligible expenses up to \$750 out-of-pocket a year and 100% of expenses in excess of \$750 out-of-pocket a year
- Subject to annual \$25 single/\$50 family deductible
- You pay the full cost of the premium for you and your spouse

## Weighing Your Options

The Régie de l'assurance-maladie du Québec (RAMQ) introduced a universal drug plan for Quebec residents in January 1977 (known as Bill 33). Since the introduction of Bill 33, Quebec employers have been required to offer a RAMQ-equivalent drug plan for retirees age 65 or older. (Prior to that, employers typically only covered drugs not covered under the provincial drug plan). As a result, the required premiums for the RAMQ-equivalent drug plan are at the discretion of individual employers. The premiums for the Nortel Networks RAMQ-equivalent drug plan are based on actual claims experience under the plan and are currently about two times the premiums for the provincial RAMQ drug plan. It is important to note that premiums for both the provincial RAMQ drug plan and the Nortel Networks RAMQ-equivalent drug plan are subject to change at any time.

## Questions and Answers

1. Who are my eligible dependents for the Quebec retiree drug plan and the Nortel Networks RAMQ-equivalent drug plan?

Your eligible dependents are:

- Your legal spouse, civil partner or common-law partner of the opposite or same sex who is covered under a provincial health insurance plan, and
- Your dependent children who are:
  - under 21 years of age
  - under 26 years of age if in full-time attendance at an accredited school, college or university
  - physically or mentally handicapped, regardless of age (as long as the disability began before they turned age 21, or before age 26 if they were full-time students at the time).
- Your dependent children include:
  - natural children,
  - legally adopted children or children who have been placed with you for adoption
  - stepchildren
  - legal foster children
  - children for whom you are the legal guardian
  - children of your spouse

Children must be unmarried, financially dependent on you for support, and covered under a provincial health plan.

2. Will I receive a new prescription drug card after I retire?

No. You will continue to use the Assure drug card you received as an active employee under the Nortel Networks FLEX program. If you choose to participate in the provincial RAMQ drug plan when you reach age 65, you will also have to present your RAMQ card to the pharmacist when you fill a prescription.

3. What happens if I lose my Assure drug card?

You should notify Sun Life Financial immediately by calling 1-800-229-7089 and you will be issued a new drug card as soon as possible.

4. Why do I have to choose between the provincial RAMQ drug plan and Nortel Networks RAMQ-equivalent plan when I reach age 65?

Current provincial legislation requires that Quebec residents have prescription drug coverage provided either by the provincial RAMQ drug plan or a comparable employer-sponsored group insurance plan. Because of this legislation, all employers in Quebec who offer a benefit plan to their retirees, must provide them with the option of continuing in the employer-sponsored drug plan. This is why you will have a choice between the provincial RAMQ-drug plan and the Nortel Networks RAMQ-equivalent drug plan when you reach age 65.

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**5. What happens if my spouse turns 65 before I do?**

If your spouse reaches age 65 before you do, he/she will automatically be enrolled in the provincial RAMQ drug plan while you will continue to be covered under the Nortel Networks Quebec retiree drug plan until you reach age 65.

Once you reach age 65, both you and your spouse will have the option to maintain coverage under the provincial RAMQ drug plan or to enroll in the Nortel Networks RAMQ-equivalent drug plan.

**6. What happens if I turn 65 before my spouse does?**

Your spouse will be eligible for coverage under the drug plan you select. If you select the provincial RAMQ drug plan, you contact RAMQ to register your spouse for coverage.

**7. If I want to enroll in the provincial RAMQ drug plan at age 65, what do I need to do?**

All Quebec residents are automatically enrolled in the provincial RAMQ drug plan at age 65. However, prior to your 65th birthday, you will receive a form from Nortel Networks, on which you will select your preferred prescription drug plan – either the provincial RAMQ drug plan or the Nortel Networks RAMQ-equivalent drug plan. If you do not complete and return this form, you will automatically remain covered under the provincial RAMQ drug plan.

If you decide to remain in the provincial RAMQ drug plan, you must pay the required annual premium through your income tax return. Nortel Networks will reimburse a portion of the annual premium for you and your spouse.

**8. What are the required annual premiums if I select the provincial RAMQ drug plan when I reach age 65?**

Currently, individuals covered by the provincial RAMQ drug plan pay an annual premium of up to \$385 per adult, regardless of whether they purchase prescription drugs. So, if you have a spouse, you will pay \$385 for yourself and \$385 for your spouse. The amount of the premium depends on your income and is collected by the ministere du Revenu du Quebec when income tax returns are filed. Currently, Nortel Networks will reimburse \$175 for you and \$175 for your spouse if you decide to be covered by the provincial RAMQ drug plan. Changes in the RAMQ premiums will not result in a change to the Nortel Networks reimbursement amount.

**9. What is the required annual premium if I select the Nortel Networks RAMQ-equivalent plan when I reach age 65?**

If you select the Nortel Networks RAMQ-equivalent plan, you will be required to pay the entire premium. Currently, the premium is \$735 (plus taxes) for you alone or \$1,470 (plus taxes) for you and your spouse.