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# NATIONAL ASSEMBLY

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FIRST SESSION

FORTY-FIRST LEGISLATURE

Bill 197

**An Act to reduce medication  
procurement costs in Québec**

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**Introduction**

**Introduced by  
Mr. Amir Khadir  
Member for Mercier**

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## **EXPLANATORY NOTES**

*This bill establishes a government enterprise, a mandatary of the State whose mission is to reduce medication procurement costs for the people and the health institutions of Québec. The enterprise ensures the quality and safety of products in accordance with the recommendations of the clinical and pharmaco-economic medication assessment program put in place by the Institut national d'excellence en santé et en services sociaux.*

*The functions of the enterprise include providing a joint medication and vaccine procurement service, determining the reimbursement schedule for patented products and drawing up a list of medications whose cost is guaranteed by the basic plan established by the Act respecting prescription drug insurance.*

*The enterprise may build and operate facilities for producing generic medications and vaccines. It may also develop new pharmaceutical products in the interest of the public health network by investing up to five percent of its budget in research and development in order to ensure the vitality and independence of pharmaceutical research.*

*In addition, the bill contains amending and transitional provisions, in particular with regard to transfers of employees from the Ministère de la Santé et des Services sociaux and the Régie de l'assurance maladie du Québec to the enterprise.*

## **LEGISLATION AMENDED BY THIS BILL:**

- Financial Administration Act (chapter A-6.001);
- Public Protector Act (chapter P-32);
- Act respecting the process of negotiation of the collective agreements in the public and parapublic sectors (chapter R-8.2);
- Act respecting the Government and Public Employees Retirement Plan (chapter R-10);

- Act respecting the Pension Plan of Management Personnel (chapter R-12.1);
- Act respecting health services and social services (chapter S-4.2).



# Bill 197

## AN ACT TO REDUCE MEDICATION PROCUREMENT COSTS IN QUÉBEC

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

### CHAPTER I

#### ESTABLISHMENT

**1.** A government enterprise (in this Act referred to as “the enterprise”), whose mission is to reduce medication procurement costs for the people and health institutions of Québec, is established.

**2.** The enterprise is a mandatory of the State.

Its property forms part of the domain of the State, but the execution of its own obligations may be levied against its property.

It binds none but itself when it acts in its own name.

**3.** The enterprise’s name and head office are determined by the Government.

This information, and any modification to it, is published in the *Gazette officielle du Québec*.

### CHAPTER II

#### MISSION AND POWERS

**4.** In pursuing its mission, the enterprise must provide people with fair and reasonable access to the medication required by their state of health, while ensuring the quality and safety of products in accordance with the recommendations of the clinical and pharmaco-economic medication assessment program put in place by the Institut national d’excellence en santé et en services sociaux established by the Act respecting the Institut national d’excellence en santé et en services sociaux (chapter I-13.03).

**5.** The enterprise’s functions include

(1) providing a joint medication and vaccine procurement service through public tendering, bundling arrangements and volume agreements;

(2) determining the reimbursement schedule for patented products after establishing the amount reimbursable for each therapeutic class, based on the price of the medication offering the best cost–therapeutic benefit ratio, according to the assessment conducted by the Institut national d'excellence en santé et en services sociaux within the scope of its mission;

(3) drawing up a list of medications whose cost is guaranteed by the basic plan established by the Act respecting prescription drug insurance (chapter A-29.01), and exercising the functions assigned to the Minister by Divisions I, II and III of Chapter IV of that Act;

(4) building and operating facilities, under public control, for producing generic medications and vaccines; and

(5) investing up to five percent of its budget in research and development devoted to new pharmaceutical products in order to ensure the long-term vitality and independence of pharmaceutical research, in the sole interest of the public health network.

**6.** The Minister and the enterprise may enter into an agreement under which they undertake to carry out, on each other's behalf and subject to the terms of the agreement, specific operations related to the enterprise's mission or the Minister's functions.

The agreement provides for the remuneration of the enterprise or the Minister, if expedient.

The agreement also defines the duties, powers and responsibilities of the partners in the medication field, in particular the Régie de l'assurance maladie du Québec, the Institut national d'excellence en santé et en services sociaux, the Minister, the relevant branches and divisions within the Government, the institutions established under section 79 of the Act respecting health services and social services (chapter S-4.2) and section 64 of the Act respecting health services and social services for Cree Native persons (chapter S-5), and the enterprise.

The agreement must be approved by the Government.

**7.** The enterprise may enter into an agreement with any person for the carrying out of its mission, subject to the terms of the agreement.

The enterprise may, in particular, enter into agreements with volunteer and community groups and private enterprises to ensure their active participation at all levels of decision-making and of services planning, management and evaluation.

**8.** Subject to the applicable legislative provisions, the enterprise may enter into an agreement with a government other than that of Québec, with a

department of such a government, with an international organization or with a body of such a government or such an organization.

### **CHAPTER III**

#### **ORGANIZATION AND OPERATION**

**9.** The enterprise is administered by a board of directors consisting of 13 members, namely,

(1) a president and chief executive officer, who is a member of the board by virtue of office; and

(2) 12 other members, appointed by the Government as follows:

(a) four persons from the scientific and professional fields;

(b) four representatives of the social and community sectors, including at least one person representing users of the health network and one person from the consumer rights sector;

(c) one representative of the Régie de l'assurance maladie du Québec;

(d) one representative of the Institut national de santé publique du Québec established under the Act respecting Institut national de santé publique du Québec (chapter I-13.1.1);

(e) one representative of the Institut national d'excellence en santé et en services sociaux; and

(f) one representative of the Minister of Health and Social Services.

**10.** The Government appoints the president and chief executive officer for a term of up to five years and the other board members for a term of up to four years.

On the expiry of their term, board members remain in office until replaced or reappointed.

**11.** The chair and the vice-chair of the board of directors are appointed by the Government from among the board members.

**12.** The offices of chair of the board of directors and president and chief executive officer may not be held concurrently.

**13.** The president and chief executive officer is responsible for the administration and management of the enterprise in keeping with its regulations, by-laws and policies. The office of president and chief executive officer is a full-time position.

If the president and chief executive officer is absent or unable to act, the board of directors may designate a member of the enterprise's personnel to exercise the functions of that position.

**14.** The chair calls and presides over meetings of the board of directors, sees to the proper functioning of the board and exercises any other functions assigned by the board.

The vice-chair exercises the functions of the chair when the latter is absent or unable to act.

**15.** A vacancy on the board of directors, other than in the position of chair or president and chief executive officer, is filled by the Government for the unexpired portion of the term of the member to be replaced.

Non-attendance at the number of board meetings determined by the by-laws of the enterprise constitutes a vacancy in the cases and circumstances specified in the by-laws.

**16.** The remuneration, employee benefits and other conditions of employment of the president and chief executive officer are determined by the Government.

The other board members receive no remuneration except in the cases, on the conditions and to the extent determined by the Government. They are entitled, however, to the reimbursement of expenses incurred in the exercise of their functions in the cases, on the conditions and to the extent determined by the Government.

**17.** The quorum at meetings of the board of directors is the majority of its members.

Decisions of the board are made by a majority vote of the members present. In the case of a tie vote, the person presiding over the meeting has a casting vote.

**18.** The members of the board of directors may waive notice of a meeting. Attendance at a meeting of the board constitutes a waiver of notice, unless the members are present to contest the legality of the meeting.

**19.** If all agree, the board members may take part in a board meeting by means of equipment enabling all participants to communicate directly with one another.

**20.** Written resolutions, signed by all board members entitled to vote, have the same value as if they had been adopted during a meeting of the board of directors.

A copy of all such resolutions is kept with the minutes of the proceedings or other equivalent record book.



**21.** The minutes of the meetings of the board of directors, approved by the board and certified by the chair, the president and chief executive officer, the secretary or another person authorized by the enterprise, are authentic. The same applies to documents and copies emanating from the enterprise or forming part of its records, if they are so certified.

**22.** A deed, document or writing is binding on and may be attributed to the enterprise only if it is signed by the chair, the president and chief executive officer, the vice-chair, the secretary or a member of the enterprise's personnel but, in the latter case, only to the extent determined by by-law of the enterprise.

**23.** The enterprise may, by by-law and subject to specified conditions, allow a signature to be affixed by means of an automatic device, an electronic signature to be affixed, or a facsimile of a signature to be engraved, lithographed or printed on specified documents. However, the facsimile has the same force as the signature itself only if the document is countersigned by a person referred to in section 22.

**24.** The enterprise may determine, by by-law, the mode of operation of the board of directors. It may form an executive committee, a scientific committee and any other committee, determine its mode of operation and delegate powers of the board to it.

**25.** The enterprise adopts standards of ethics and professional conduct for its personnel. The standards must contain provisions that include, as a minimum, the requirements for public servants under the Public Service Act (chapter F-3.1.1). The standards are published by the enterprise in its activity report.

**26.** The members of the enterprise's personnel are appointed in accordance with the staffing plan established by by-law of the enterprise.

Subject to the provisions of a collective agreement, the standards and scales of remuneration, employee benefits and other conditions of employment of the members of the personnel are determined by by-law of the enterprise in accordance with the conditions defined by the Government.

**27.** The Minister may issue directives concerning the policies and general objectives to be pursued by the enterprise.

Directives are submitted to the Government for approval. Once approved, they are binding on the enterprise.

Directives are tabled in the National Assembly within 15 days of their approval by the Government or, if the Assembly is not sitting, within 15 days of resumption.

## **CHAPTER IV**

### **FINANCIAL PROVISIONS**

- 28.** The enterprise may not, without the Government's authorization,
- (1) contract a loan that causes the total of its current outstanding loans to exceed the amount determined by the Government;
  - (2) make a financial commitment in excess of the limits or contrary to the conditions determined by the Government;
  - (3) acquire or hold shares or an interest in a legal person or a partnership in excess of the limits or contrary to the conditions determined by the Government;
  - (4) dispose of shares or an interest in a legal person or a partnership in excess of the limits or contrary to the conditions determined by the Government;
  - (5) acquire or dispose of other assets in excess of the limits or contrary to the conditions determined by the Government; or
  - (6) accept a gift or legacy to which a charge or condition is attached.

- 29.** The Government may, on the conditions and in the manner it determines,
- (1) guarantee payment of the principal and interest on any loan contracted by the enterprise and guarantee its obligations; and
  - (2) authorize the Minister of Finance to advance to the enterprise any amount considered necessary to meet its obligations or pursue its mission.

**30.** The enterprise finances its activities out of the amounts it receives and the appropriations it is granted annually for that purpose by Parliament. Any surplus amount is retained by the enterprise unless the Government decides otherwise.

**31.** Each year, the enterprise submits its budget estimates for the following fiscal year to the Minister, in accordance with the form, content and schedule that the Minister determines.

The estimates are submitted to the Minister for approval.

## **CHAPTER V**

### **ACCOUNTS AND REPORTS**

**32.** The fiscal year of the enterprise ends on 31 March.

**33.** Not later than 31 July each year, the enterprise must file its financial statements and activity report for the preceding fiscal year with the Minister.

The financial statements and activity report must include all the information required by the Minister.

**34.** The Minister tables the enterprise’s financial statements and activity report in the National Assembly within 30 days of their receipt or, if the Assembly is not sitting, within 30 days of resumption.

**35.** The Auditor General audits the enterprise’s books and accounts each year and whenever so ordered by the Government.

The Auditor General’s report must be submitted with the enterprise’s financial statements and activity report.

**36.** The enterprise must provide the Chair of the Conseil du trésor with any information the Chair requires on the enterprise’s activities or those of its subsidiaries.

## **CHAPTER VI**

### **AMENDING PROVISIONS**

#### **FINANCIAL ADMINISTRATION ACT**

**37.** Schedule 3 to the Financial Administration Act (chapter A-6.001) is amended by inserting the following in alphabetical order:

“Government enterprise established by the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*)”.

#### **PUBLIC PROTECTOR ACT**

**38.** Section 15 of the Public Protector Act (chapter P-32) is amended by adding the following paragraph at the end:

“(10) the government enterprise established by the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*)”.

#### **ACT RESPECTING THE PROCESS OF NEGOTIATION OF THE COLLECTIVE AGREEMENTS IN THE PUBLIC AND PARAPUBLIC SECTORS**

**39.** Schedule C to the Act respecting the process of negotiation of the collective agreements in the public and parapublic sectors (chapter R-8.2) is amended by inserting the following in alphabetical order:

“—The government enterprise established by the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*)”.

#### ACT RESPECTING THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

**40.** Schedule I to the Act respecting the Government and Public Employees Retirement Plan (chapter R-10) is amended by inserting the following in paragraph 1 in alphabetical order:

“the government enterprise established by the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*)”.

#### ACT RESPECTING THE PENSION PLAN OF MANAGEMENT PERSONNEL

**41.** Schedule II to the Act respecting the Pension Plan of Management Personnel (chapter R-12.1) is amended by inserting the following in paragraph 1 in alphabetical order:

“the government enterprise established by the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*)”.

#### ACT RESPECTING HEALTH SERVICES AND SOCIAL SERVICES

**42.** Section 383 of the Act respecting health services and social services (chapter S-4.2) is repealed.

**43.** Section 431 of the Act is amended by inserting the following subparagraph after subparagraph 7 of the second paragraph:

“(7.1) administer the Act to reduce medication procurement costs in Québec (*insert the year and chapter number of this Act*);”.

### CHAPTER VII

#### TRANSITIONAL AND MISCELLANEOUS PROVISIONS

**44.** The documents of the Ministère de la Santé et des Services sociaux and the Régie de l'assurance maladie du Québec relating to medication and vaccine procurement become documents of the enterprise to the extent and on the conditions determined by the Government.

**45.** Subject to the conditions of employment applicable to them, the employees of the Ministère de la Santé et des Services sociaux or the Régie de l'assurance maladie du Québec assigned to medication and vaccine procurement in office on (*insert the date of coming into force of this section*) become employees of the enterprise, insofar as a decision of the Conseil du

trésor providing for their transfer is made before (*insert the date that is one year after the date of coming into force of this section*).

**46.** The employees of the enterprise who are represented by a certified association at the time of their transfer continue to be represented by that association, and the collective agreements in force at that time continue to apply.

**47.** Subject to the conditions of employment applicable to them, the employees referred to in section 45 hold the positions and perform the duties assigned to them by the enterprise.

**48.** An employee of the enterprise referred to in section 45 who, when appointed to the enterprise, was a public servant with permanent tenure may request a transfer to a position in the public service or take part in a competition for promotion to such a position, in accordance with the Public Service Act (chapter F-3.1.1).

**49.** Section 35 of the Public Service Act applies to an employee referred to in section 48 who takes part in a competition for promotion to a position in the public service.

**50.** An employee referred to in section 48 who applies for a transfer or takes part in a competition for promotion may ask the Chair of the Conseil du trésor for an assessment of the classification the employee would be assigned in the public service. The assessment must take into account the employee's classification on the last day of employment in the public service and the experience and training acquired in the course of employment with the enterprise.

If an employee is transferred under section 48, the deputy minister or chief executive officer of the body determines the employee's classification in accordance with the assessment provided for in the first paragraph.

If an employee is promoted under section 48, the classification assigned to the employee must take into account the criteria set out in the first paragraph.

**51.** In the event of a partial or total discontinuance of the activities of the enterprise or a shortage of work, an employee referred to in section 48 is entitled to be placed on reserve in the public service with the classification held on the last day of employment in the public service.

In that case, the Chair of the Conseil du trésor determines the employee's classification taking into account the criteria set out in the first paragraph of section 50.

**52.** A person who, in accordance with the applicable conditions of employment, refuses to be transferred to the enterprise is assigned to the enterprise until the Chair of the Conseil du trésor is able to place the person

in accordance with section 100 of the Public Service Act. The same applies to a person placed on reserve in accordance with section 51, who remains in the employ of the enterprise in the meantime.

**53.** Subject to remedies available under a collective agreement, an employee referred to in section 45 whose employment is terminated or who is dismissed may bring an appeal under section 33 of the Public Service Act.

**54.** Despite sections 10 and 16, the Government appoints the enterprise's first president and chief executive officer before 31 March 2016, for a term not exceeding three years.

The Government also appoints the board of directors under section 9 before 31 March 2016.

**55.** The Minister must enter into an agreement with the enterprise under section 6 before 31 March 2016.

**56.** Before 31 March 2016, the Minister must table in the National Assembly a proposal for pooling the resources allocated to the procurement of medications and vaccines.

In accordance with section 30, the Minister must also table in the National Assembly a budget for the fiscal year 2016-2017. The budget must include estimates for the resources referred to in the first paragraph.

**57.** The transfer of branches from one government department to another under this Act or of functions from one minister to another or the exercise of a minister's functions under the direction of another minister must have been ordered by the Government in accordance with section 9 of the Executive Power Act (chapter E-18) before 1 June 2016. For the purposes of this Act, the enterprise is considered to be a minister or a government department within the meaning of that section.

A minister or the enterprise has the same powers and performs the same duties, with respect to such branches or functions, as the minister under whose control or responsibility the branches or functions formerly fell or the minister under whose direction the functions are exercised, as the case may be.

An order under the fourth paragraph of section 6 has the effect of an order under section 9 of the Executive Power Act.

**58.** The Minister of Health and Social Services is responsible for the administration of this Act.

**59.** The provisions of this Act come into force on the date or dates set by the Government.



