

Independently owned pharmacies: Invitation to join Performance Based Remuneration and MedXpress DSP network 2018

Objective of the PBR network

This model, offered by Discovery Health Medical Scheme, will ensure an increase in revenue for pharmacists, lower out-of-pocket expenses for members, and ensure sustainability of Scheme funds.

The PBR model allows for a higher dispensing fee rate to be applied to claims for pre-approved Chronic Illness Benefit medicine that fall within a formulary and benchmark price. It also allows for a lower dispensing fee to be applied where medicine that falls outside the benchmark fee has been dispensed instead. Changes to the model are highlighted in red.

How to ensure continued participation

To be eligible for the new PBR Network, pharmacies need to participate as a non-exclusive designated service provider (DSP) in the Discovery Health pharmacy networks and have submitted a signed contract for either the corporate dispensing fee or community pharmacy dispensing fee. Sign the forms on page 4 and 5 and submit it to provider_administration@discovery.co.za before 1 December 2017. Where we have not received the newly signed forms, PBR participation will automatically be terminated on 31 December 2017.

Current network dispensing fee models for pharmacies

Independent pharmacies have a choice of two designated service provider networks with standard dispensing fees:

Independent community network rate	36% capped R59.40 (VAT incl.)
OR	
Corporate network rate <i>(Corporate and hospital pharmacies)</i>	30.78% capped R30.78 (VAT incl.)

PBR Model

When your pharmacy participates in the Performance Based Remuneration, the variable PBR dispensing fee starts to apply during the next calendar month as soon as your pharmacy's compliance equals or exceeds the compliance threshold for Chronic Illness Benefit claims.

- PBR variable dispensing fees for independent pharmacies**

Formulary and benchmark products	46% capped at R98 with a minimum of R7.15 (VAT incl.)
Non-benchmark products	30% capped at R45 (VAT incl.)

- PBR variable dispensing fees for corporate and hospital pharmacies**

Formulary and benchmark products	45% capped at R50 (VAT incl.)
Non-benchmark products	26% capped at R26 (VAT incl.)

PBR threshold

The threshold for corporate pharmacies has increased from 35% in 2014 to 41%, while the threshold for independent community pharmacies has remained at 45%. Both these thresholds will now increase to 49% from 1 October 2016 and to 51% from 1 of January 2018. This phased approach will allow sufficient time to increase your formulary compliance.

PBR Exclusions

- KeyCare and Delta network option plans
- Non-SEP items: Unregistered medicine, Schedule 0 medicines and surgical items
- Claims paid from other benefits than the Chronic Illness benefit such as HIV, oncology and acute.
- Courier pharmacies
- Non participating pharmacies without signed contracts for either PBR or non-exclusive DSP network participation.

MedXpress DSP network participation

When reaching either one of the following formulary compliance criteria over a six month term, your pharmacy will be loaded onto the MedXpress DSP network for the next MedXpress cycle:

- PBR threshold of 51% *where the pharmacy's performance measured as the percentage of the PBR formulary and benchmark items dispensed out of all chronic paid medicine claims during a calendar month, taking into consideration the PBR exclusion rules, or,*
- **PBR substitutable formulary threshold of 80%** *where the pharmacy's performance is measured as a percentage of PBR formulary and benchmark items, dispensed out of substitutable formulary medicine claims paid from chronic benefits over six months, taking into consideration the PBR exclusion rules, or*
- **Overall substitutable formulary compliance threshold of 82%** *where the pharmacy's performance is measured as a percentage of formulary items, dispensed out of all substitutable claims paid from chronic & HIV benefits over six months, taking into consideration all plans.*

The new criteria may make it easier for pharmacies to obtain MedXpress DSP network inclusion. The MedXpress cycle is communicated in the monthly formulary compliance report.

What happens if a pharmacy falls below the compliance threshold?

If a pharmacy fails to meet the PBR compliance threshold during any month, the PBR variable dispensing fee simply reverts back to the chosen standard DSP network dispensing fee for the next month until the pharmacy again reaches the PBR threshold. The pharmacy is therefore not at risk at any time to earn less than the chosen standard DSP network fee. The increased PBR dispensing fee will apply again for the next month when the pharmacy has reached the PBR threshold.

MedXpress DSP participation will continue for the full MedXpress cycle until none of the criteria for MedXpress participation has been reached. Thereafter the pharmacy's participation will be terminated and members informed about the change in the pharmacy's MedXpress DSP network status.

Information on the PBR contract

- PBR participation will be based on a willing provider network with a termination period of one calendar month. Please sign and return the agreements.

- If you do not wish to participate in this arrangement any more, kindly let us know by sending your termination request and your BHF number to provider_administration@discovery.co.za want to end your participation and give us one calendar month's notice.
- Pharmacies will continue receiving their current compliance rates monthly from Discovery Health. Please provide a dispensary email address on the attached forms for this purpose.
- Your pharmacy system vendor flags formulary items on your pharmacy screen so that formulary and benchmark items are easily identifiable at the time of dispensing. You need to request your pharmacy system vendor to activate the formulary flags.
- Discovery Health will prepare PBR payment reports on a three-monthly basis for pharmacies that have earned an additional dispensing fee within the three-monthly period. This is done by retrospectively reviewing claims for pre-approved formulary items paid from Chronic Illness Benefit within the PBR cycle months where the variable dispensing fee has applied. We determine the difference between the already paid dispensing fee and the variable PBR dispensing fee which we pay over on a three monthly basis as part of the normal statement.

Please note that no amendments to the current submission codes or rates are required. The current rates and codes remain unchanged, as the adjustments will be applied retrospectively.

Application to join the Performance Based Remuneration (PBR) pharmacy network for Independently owned pharmacies

Please complete and send the form by fax to 011 539 2784 or email to provider_administration@discovery.co.za **AND** a copy to your software vendor at: helpdesk@computassist.co.za **OR** price.medaid@ucsts.com **OR** helpdesk@propharm.co.za **OR** helpdesk@compharm.co.za **OR** kcaticsas@easyrx.co.za **OR** comcaps@telkomsa.net **OR** pharsoft@medbel.co.za **OR** jack@touchpoint.co.za **OR** info@djla.co.za

Owner name and surname	ID number				
PMA: Please tick appropriate block	ComputAssist <input type="checkbox"/>	UCS TS/Unisolv <input type="checkbox"/>	ProPharm <input type="checkbox"/>	ComPharm <input type="checkbox"/>	Scriptmaster <input type="checkbox"/>
	EasyRx <input type="checkbox"/>	Techknowledge <input type="checkbox"/>	Pharsoft <input type="checkbox"/>	Touchpoint <input type="checkbox"/>	
Pharmacy details					
Name of pharmacy			BHF billing practice number		
Physical address					
Building name and number					
Street name and number					
Suburb		Province	Code		
Contact details					
Dispensary email address for PBR reports and compliance information					

Provisions for participation in network *The pharmacy described above will hereinafter be referred to as "the pharmacy"*

The pharmacy has been invited by Discovery Health and declares herewith its intent to join the Performance Based Remuneration pharmacy network on the terms and conditions referred below. The pharmacy agrees:

- To act at all times in accordance with existing medicine and pharmacy legislation, standards and codes of conduct.
- That these terms and conditions must be read together with the attached non-exclusive independent community pharmacy Network DSP agreement that describes the existing standard dispensing fees and provisions. Participation in the standard network is a requirement for PBR.
- That no rate changes on the pharmacy's system are required since the variable PBR dispensing fees will be retrospectively applied to Chronic Illness Benefit (CIB) claims only and only if and when the pharmacy qualifies by reaching or exceeding the compliance threshold set out below.
- That this agreement currently only applies to Discovery Health Medical Scheme and in future will apply to any one of the current and/or future willing schemes administered by Discovery Health (Pty) Ltd at any given time during the term of the agreement.
- That the details set out in this form can be used by Discovery Health and its staff members for operational purposes.
- To join the PBR network as a DSP from the first day of the current month if the signed agreement is received before or on the 15th day of the month or to join from the first day of the next month if the signed agreement is received after the 15th day of the applicable month.
- That the pharmacy will take responsibility to inform the pharmacy's software vendor by emailing this signed agreement so that the benchmark price and benchmark products can be displayed on the screen in the pharmacy.
- That the pharmacy will be measured on a monthly basis on their individual formulary compliance performance which is measured as the percentage PBR formulary and benchmark items dispensed out of all chronic paid medicine claims during a calendar month, taking into consideration the PBR exclusion rules.
- That the participating pharmacy will continue to charge at their existing standard dispensing fee rate. However, once the pharmacy's individual compliance performance has reached or exceeded the compliance threshold for the previous calendar month, the pharmacy will qualify for the PBR variable dispensing fee to apply for the next month.
- That the compliance threshold that the independent community pharmacy needs to reach or exceed for Chronic Illness Benefit claims for the pharmacy to qualify and the applicable PBR variable dispensing fee to apply, is 49% from 1 October 2017 and 51% from 1 January 2018. Discovery reserves the right to review and increase the threshold twice a year after formulary updates again from 2019.
- That for a qualifying pharmacy that has reached or exceeded the compliance threshold, the retrospective PBR payment report is compiled on a three-monthly basis. The PBR payment report comprises of the Chronic Illness Benefit claim lines submitted by qualifying pharmacies during the report period (full calendar months only). Whereby the difference between the paid dispensing fee and PBR variable dispensing fee is calculated for formulary and benchmark items paid from CIB. The difference is to be settled every three months, within the next month from PBR payment cycle end.
 - Benchmark dispensing fee: 46% capped at R98 with a minimum of R7.15 (VAT inclusive)
 - Non -benchmark dispensing fee: 30% capped at R45 (VAT inclusive)
- That when the participating pharmacy falls back to below the required PBR compliance threshold for the calendar month, the pharmacy will no longer qualify for the PBR report and the applicable PBR variable dispensing fees will therefore not apply for the next month. The standard dispensing fee will then apply until the pharmacy qualifies again during any future calendar month where after the PBR variable dispensing fee will apply the following month.
- That claims for KeyCare and Delta network options, claims received from courier pharmacies or pharmacies not contracted to PBR or not contracted as a non-exclusive DSP and claims paid from all other benefits other than the Chronic Illness Benefit, including but not limited to acute benefits, HIV, Specialised Medicine and Technology Benefit, oncology benefits and Additional Disease List claims will be excluded from the PBR variable dispensing fees. The chosen standard dispensing fee of as per the non-exclusive independent pharmacy network DSP agreement will then apply.
- To the confidential nature of all information provided to the pharmacies relating to PBR or otherwise and which, even if not marked as confidential, by its nature or contents is identifiable as, or could reasonably be expected to be confidential and/or proprietary and which will only be used for the purposes of insight relating to the agreement. It shall not under any circumstances disclose, exchange or distribute the contents thereof to any third party other than employees of the pharmacy who "need to know" for the purposes of providing the service and who are under same the obligation as the pharmacy to exercise the same degree of care in protecting the confidential information.

Name	Signature	2 Y Y M M D D	Effective from the 1st day of calendar month Network Participation: 434 & 954 OR 662 & 954
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If the pharmacy or Discovery Health want to terminate this PBR agreement, each party is required to give each other one calendar month's written notice. Please send termination request and BHF number to: provider_administration@discovery.co.za. Once terminated, the chosen standard network dispensing fee applies to all CIB claims.

Discovery Health: Independent pharmacies

Appointment as non-exclusive independent community pharmacy network designated service provider (DSP)
Please complete and send the form by fax to 011 539 2784 or email at provider_administration@discovery.co.za

Pharmacy owner details																				
Owner name and surname			ID number																	
Pharmacy details	Pharmacy 1	Pharmacy 2	Pharmacy 3																	
Name of pharmacy																				
BHF billing pharmacy number																				
Physical address																				
Building name and number																				
Street name and number																				
Suburb																				
Province																				
Postal code																				
Postal address																				
PO Box																				
Suburb																				
City																				
Postal code																				
Contact details																				
Pharmacy telephone																				
Email: Payment bureau																				
<p>Provisions for participation: <i>(the pharmacies described above will jointly hereinafter be referred to as the "pharmacy")</i></p> <ul style="list-style-type: none"> This contract replaces any previous community pharmacy network agreement. The pharmacy agrees to act in accordance with all medicine and pharmacy legislative requirements related to the procurement and dispensing of scheduled medicine and will ensure that the pharmacy and responsible pharmacists are registered and remain registered with the South African Pharmacy Council. The pharmacy agrees to subsequent rate increases and other changes as applied, unless the agreement is terminated. The pharmacy agrees that it will not charge members of the medical schemes administered by Discovery Health (Pty) Ltd and their registered dependants, fees that are higher than the rates described below and agreed to by the pharmacy. The parties agree that if the pharmacy fails to comply with this agreement, the pharmacy will be suspended from all pharmacy networks. The pharmacy agrees that for those pharmacies participating in the Discovery Health Performance Based Remuneration dispensing fee model (PBR dispensing fee model), the tariffs are subject to change as negotiated per the PBR dispensing fee model for authorised Chronic Illness Benefit items for the PBR variable dispensing fee to apply. The pharmacy undertakes to give preference to generic items on the Discovery Health Chronic Illness Benefit formulary when dispensing chronic medicine. The pharmacy confirms that all the pharmacies described above are independently owned, and are stock-keeping pharmacies situated in close proximity to or within the community that is served, where the majority of members visit the pharmacy to discuss their medicine needs and receive their prescribed medicines. The pharmacy confirms that none of the above pharmacies are courier pharmacies or owned by corporate hospital groups. The pharmacy agrees to Discovery Health making the details set out in this form available on www.discovery.co.za and to Discovery Health call centre consultants who will communicate these details to members as and when requested. The pharmacy undertakes to obtain explicit approval from Discovery Health to use its brand or logo, which may be subject to further terms and conditions. The pharmacy accepts responsibility to arrange the chosen rates as below with their appropriate software vendor. The parties agree that the pharmacy is subject to audits and if the pharmacy is suspected of fraudulent behaviour, the member will be directly reimbursed instead of the pharmacy pending the outcome of the investigation. 																				
<p>Available preferred provider network rates for independently owned pharmacies for SEP items <i>Join by subscribing to three networks and applicable rates by ticking the block.</i></p> <table border="0"> <tr> <td>1. KeyCare plans & Bankmed PMB and Basic plans</td> <td>18.24% capped at R18.24 with a R7.00 floor price (VAT incl.)</td> <td rowspan="2">Office use: 435 990 434 & 992 662 700</td> </tr> <tr> <td>2. Delta plans:</td> <td>29.64% capped at R29.64 (VAT incl.) Acute medicines only</td> </tr> <tr> <td colspan="3">Rates for the balance of plans excluding KeyCare and Delta plans for SEP items <i>(Please tick one of the two options, either 3 or 4)</i></td> </tr> <tr> <td>3. Community pharmacy network rate of:</td> <td>36% capped at R59.40 (VAT incl.)</td> <td></td> </tr> <tr> <td>4. Corporate network rate of:</td> <td>30.78% capped at R30.78 (VAT incl.) and Insured Benefit</td> <td></td> </tr> <tr> <td>5. Courier pharmacy network rate of:</td> <td>29.64% capped R29.46 (VAT incl.)</td> <td></td> </tr> </table> <p>Non-SEP and surgical rates will remain at 36% capped at R59.40 (VAT incl.) for all plans.</p>			1. KeyCare plans & Bankmed PMB and Basic plans	18.24% capped at R18.24 with a R7.00 floor price (VAT incl.)	Office use: 435 990 434 & 992 662 700	2. Delta plans:	29.64% capped at R29.64 (VAT incl.) Acute medicines only	Rates for the balance of plans excluding KeyCare and Delta plans for SEP items <i>(Please tick one of the two options, either 3 or 4)</i>			3. Community pharmacy network rate of:	36% capped at R59.40 (VAT incl.)		4. Corporate network rate of:	30.78% capped at R30.78 (VAT incl.) and Insured Benefit		5. Courier pharmacy network rate of:	29.64% capped R29.46 (VAT incl.)		
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<p>Please tick: This pharmacy is a <input type="checkbox"/> Courier <input type="checkbox"/> Independently owned pharmacy within a hospital <input type="checkbox"/> Community pharmacy</p>																				
Effective date		Date signed																		
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		Your signature																		
<p>The pharmacy confirm that above information is correct. This pharmacy and all healthcare providers agree to take part in the Discovery Health preferred provider pharmacy network described in this application form. If the pharmacy or Discovery Health want to terminate or change this agreement, each party is required to give each other one calendar month's written notice. Please send termination/change request and the applicable BHF number(s) to: provider_administration@discovery.co.za</p>																				