

2019

DISCOVERY HEALTH
ALL ABOUT MEDXPRESS, HIV DSP AND PERFORMANCE
BASED REMUNERATION FOR PHARMACIES

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Glossary and definitions

For ease of reference, 2019 changes have been flagged in red.

Chronic Illness Benefit claim (CIB) (Chronic claims) means claims *paid* from the *chronic benefit payment pool* where the treatment (medication) has been pre-authorized according to the Prescribed Minimum Benefit (PMB) treatment algorithms for conditions on the Chronic Disease List (CDL) for all plans. It excludes claims paid from other benefit payment pools such as oncology although these conditions form part of chronic (ongoing) illnesses.

CIB Formulary Items means the list of preferred medicine items compiled by Discovery in accordance with the Council for Medical Schemes Prescribed Minimum Benefit (PMB) treatment algorithms for the Chronic Disease List (CDL). Scheme plans make use of different formularies:

- Comprehensive formulary serves Executive and Comprehensive plans,
- Core formulary serves Core, Priority and Saver plans,
- KeyCare chronic formulary that applies to KeyCare Plans only.

Generic equivalent means a medicine product which contains the exact same active ingredient, with the same strength and same formulation as the original brand product.

PBR Threshold is the compliance % required for the corresponding PBR network benefit to start.

PBR benchmark items means all generic equivalent items of the listed formulary items where the generic equivalent item's SEP unit price of the generic equivalent is lower or equal to the PBR benchmark unit price as published in latest PBR formulary and benchmark document, available on the Discovery website at www.discovery.co.za

PBR Chronic Illness Benefit claim (PBR CIB) means claims *paid* from the *chronic benefit payment pool* where the treatment (medication) has been pre-authorized according to the Prescribed Minimum Benefit (PMB) treatment algorithms for conditions on the Chronic Disease List (CDL) taking into consideration PBR exclusions. It excludes claims paid from other benefit payment pools such as oncology and HIV although these conditions form part of chronic (ongoing) illnesses.

Compliance measures for PBR

- **PBR compliance** means the pharmacy's performance measured as the percentage PBR formulary and benchmark items dispensed out of all chronic paid medicine claims for the report period taking into consideration the PBR exclusion rules
- **PBR substitutable formulary** compliance percentage means the pharmacy's performance measured as the percentage of PBR formulary and benchmark items, dispensed out of generically substitutable formulary medicine claims paid from chronic benefits over the report period, taking into consideration the PBR exclusion rules.

Compliance measures for MedXpress

- **2019: Chronic formulary compliance** percentage means the pharmacy's performance measured as the percentage of formulary items, dispensed out of all generically substitutable claims paid from chronic benefits over 6 months taking into consideration all plans.

- **ARV formulary compliance** percentage means the pharmacy's performance measured as a percentage of ARV formulary items that were dispensed out of all generically substitutable ARV claims paid from HIV benefits over the report period months, taking into consideration all Schemes and Plans types administered by Discovery health PTY (Ltd) that follow Discovery Health networks.
- **Oncology preferred product list compliance** percentage means the pharmacy's performance measured as the percentage of oncology support formulary items that were dispensed out of all generically substitutable claims paid from oncology benefits over the report period, taking into consideration all plan types
- **Overall substitutable formulary** compliance percentage means the pharmacy's performance measured as the percentage of formulary items, dispensed out of all generically substitutable claims paid from *chronic, oncology and HIV* benefit over the report period, taking into consideration all plans. *

Contact sheet for pharmacy related enquiries

By sending enquiries to the correct email addresses, you will receive swift resolution. We keep all past Communiques on the Discovery Health website at: www.discovery.co.za, with the link in below table.

Who to contact if you have enquiries

<p>Real-time medicine claims queries</p> <ul style="list-style-type: none"> • Claims transmission queries • SEP pricing queries of products 	<p>Discovery ProPBM call centre</p>	<p>0860 77 67 26 or ProPBM_QUERIES@discovery.co.za</p>
<p>Out-of-stock medicines</p> <ul style="list-style-type: none"> • Substitute with alternative formulary items (formulary document on the website) as these do not need re-authorization • Where necessary, obtain telephonic authorisation for a replacement item • Alternatively obtain authorisation by email • Confirm of out-of-stock items at: 	<p>Health partner call centre</p> <p>Add-A-Line call centre (re-authorisations)</p> <p>Email member list for re-authorization to:</p>	<p>0860 44 55 66</p> <p>0860 44 55 66 or CIBAPPFORMS@discovery.co.za</p> <p>CIBAPPFORMS@discovery.co.za</p>
<p>Remittance advices and payment runs</p> <ul style="list-style-type: none"> • Reconciliations • Remittances & bank payments • PBR and MedXpress participation • Exgratias where paper claim is requested 	<p>Health partner call centre</p>	<p>0860 44 55 66 or healthpartnerinfo@discovery.co.za</p> <p>ruleexceptions@discovery.co.za</p>
<p>Chronic medicine and authorisation</p> <ul style="list-style-type: none"> • Extended supply of medicine • Chronic Illness Benefit application forms or prescription updates (4 to 8 h SLA) • Add-A-line telephonic authorisations for emergencies 	<p>Health partner call centre</p> <p>Fax</p>	<p>CIBAPPFORMS@discovery.co.za</p> <p>011 539 7000</p> <p>0860 44 55 66</p>
<p>Oncology</p> <ul style="list-style-type: none"> • ICD-10 codes 	<p>Health partner call centre</p>	<p>0860 44 55 66 or CHRONICQUERIES@discovery.co.za</p>
<p>Pharmacy networks</p> <ul style="list-style-type: none"> • Joining network or altering of rates • PBR and MedXpress participation • PBR report: Top ranking items that affect compliance • Update contact details 	<p>Only Email</p>	<p>Provider_administration@discovery.co.za</p>
<p>Discovery Wellness Network</p> <ul style="list-style-type: none"> • Joining the Wellness or HIV network • Ongoing operational matters 	<p>Vitality call centre</p>	<p>011 529 8898</p> <p>Vitalitywellnessnetwork@discovery.co.za</p> <p>Vitalitypartneroperations@discovery.co.za</p>
<p>Discovery fraud hotline</p>	<p>Toll-free phone</p> <p>Toll-free fax</p> <p>Email</p>	<p>0800 004 500</p> <p>0800 007 788</p> <p>discovery@tip-offs.com</p>

<p>Discovery website www.discovery.co.za</p> <ul style="list-style-type: none"> • Lost password or login details • ProPBM website and other communication 	<p>Website support call centre</p> <p>Email</p>	<p>0860 100 696</p> <p>webinfo@discovery.co.za</p>
<p>Paper claim queries</p> <p>Reworks on claims</p>	<p>Email</p>	<p>claims@discovery.co.za</p> <p>claimsadjustments@discovery.co.za</p>
<p>Communications</p> <ul style="list-style-type: none"> • Network agreements • PBR information • General claims information 	<p>Website</p>	<p>www.discovery.co.za</p> <p>Click on <i>For Healthcare professionals</i> at the bottom of any page and scroll down to the middle of the next page to find the section '<i>Discovery ProPBM</i>'. Click on '<i>Communiques</i>'.</p>
<p>Formularies</p> <ul style="list-style-type: none"> • CIB formulary • KeyCare information 	<p>Website</p>	<p>www.discovery.co.za</p> <p>Click on <i>For Healthcare professionals</i> at the bottom of any page and scroll down to the middle of the next page to find the section '<i>Discovery ProPBM</i>'. Click on '<i>Find out more</i>' and go to <i>Overview</i></p>
<p>Registering a pharmacy</p> <ul style="list-style-type: none"> • Forms, ID, BHF form, bank information 	<p>Website</p>	<p>www.discovery.co.za</p> <p>Click on <i>For Healthcare professionals</i> at the bottom of any page and scroll down to the middle of the next page to find the section '<i>Discovery ProPBM</i>'. Click on '<i>Find out more</i>'</p>
<p>PrimaryCare enquiries</p>	<p>Call center</p>	<p>0860 444 779</p> <p>primarycare@discovery.co.za</p>

Overview – The medical scheme’s challenge

Rising healthcare costs place severe pressure on healthcare systems and governments globally. In South Africa, medical schemes rely on the surpluses generated by healthy scheme members to fund the cost of treatment for unhealthy scheme members. These cross-subsidies have to be managed and balanced carefully to ensure all medical scheme members enjoy cover when they need it most, while ensuring that medical scheme contributions remain affordable.

The current medical scheme regulatory environment is based on open enrolment and community rating, which means that medical schemes must accept all applicants regardless of age and health status. South Africa is unique in that medical scheme membership is voluntary, resulting in adverse selection where people join a medical scheme when they believe they will need it, or they join lower-cost options and ‘buy up’ to more comprehensive options when they get sick.

Medicine inflation together with demographic trends, such as an ageing insured population and a rapidly increasing chronic, cancer and lifestyle disease burden, drive increased demand for healthcare services. For Discovery Health, managing these cost drivers is vitally important to maintain the fragile balance between quality, access and affordability of healthcare and requires rigorous efforts and collaboration between all stakeholders.

As such, we continually develop assets and interventions to manage medicine cost and to keep it affordable for the medical scheme and its members, while considering the sustainability of the healthcare service industry. Performance Based Remuneration and MedXpress are two such initiatives.

1. What is Discovery MedXpress?

Discovery MedXpress was launched by Discovery Health (Pty) Ltd in 2011. Through this service, Discovery Health contracts with Discovery MedXpress partner pharmacies to facilitate the ordering and tracking of medicine for prescriptions received from members of selected medical schemes administered by Discovery Health.

Discovery MedXpress offers a free service with no additional administration, delivery or other hidden fees. It is a voluntarily service and it services a small niche portion of the medical scheme members as well as certain Plan members registered on the Chronic Illness Benefit of Discovery Health Medical Scheme.

MedXpress partner pharmacies ensure good pharmaceutical practice, and meet all professional and legal requirements. A high level of system integration and automation ensure a cost-effective and swift service.

- Contracted courier partners dispense and deliver the medicine countrywide.
- Through Discovery MedXpress Collect, patients can now pre-order medicines and collect their medicines at the chosen MedXpress partner pharmacy within three hours from when the prescription was submitted without waiting in queues.

Discovery MedXpress boasts a variety of electronic access which makes it easier and more convenient for members to use. While placing the order with Discovery MedXpress, additional attention is given by Discovery MedXpress consultants to increase generic substitution and the use of formulary items. Therefore Discovery MedXpress performs well with regards to the 'lowest co-payment in Rand', 'highest generic substitution rate' and 'best price' opted for.

The above ensures savings to the scheme and therefore Discovery Health Medical Scheme appoints Discovery MedXpress as the designated service provider for chronic medicines for Discovery Health Medical Scheme members belonging to specific Plans.

In terms of this arrangement, if Discovery Health Medical Scheme members with approved chronic medicine on these Plans obtain their medicine from a **non**-designated service provider, a 20% co-payment will apply. The levying of such a co-payment in these circumstances is set out in Regulation 8(2) issued in terms of the Medical Schemes Act.

We believe the service offered by Discovery MedXpress is in the best interest to members of selected schemes administered by Discovery Health and the Medical Scheme concerned from a financial, operational and patient convenience point of view.

2019: Discovery MedXpress and MedXpress network pharmacies are the DSP for Core and Delta Plans. Discovery MedXpress and MedXpress network pharmacies have now also been appointed as the DSP for the Priority and Saver Plans from 1 January 2019.

2. What is MedXpress network pharmacies

To afford retail and community pharmacies equal opportunities, we created MedXpress DSP network pharmacies. Pharmacy y get MedXpress status when reaching or exceeding MedXpress formulary compliance criteria.

This means that the pharmacy will not attract a 20% DSP co-payment on chronic medicines for plans that use MedXpress as the designated service provider. Pharmacies without a rate contract with Discovery Health cannot participate in MedXpress status.

Contracted Discovery Health DSP network pharmacies with a signed updated 2019 Standard DSP network agreement are legible to form part of MedXpress networks as long as they abide by charging the network rate and reach and maintain MedXpress formulary compliance criteria. The contracts of pharmacies that charge rates over and above Discovery Health network rates will be terminated and will no longer be allowed to participate in any Discovery Health initiative.

2019: MedXpress network pharmacies is the DSP for Core and Delta Plans. MedXpress network pharmacies has now also been appointed as the DSP for the Priority and Saver Plans from 1 January 2019.

This means that members can either order their medicines through MedXpress or directly from a qualifying MedXpress DSP Network pharmacy to obtain their approved chronic medicines without paying a 20% non-DSP co-payment.

To be eligible for inclusion in the MedXpress DSP Network, we require compliance with the Discovery Health Chronic Illness Benefit (CIB) formulary and oncology preferred product list.

Process and criteria for pharmacy inclusion in the MedXpress DSP Network

We will monitor and report monthly on your formulary compliance for inclusion in the MedXpress DSP Network.

Please note the 2019 changes for MedXpress formulary compliance criteria **in red**.

2018

- **Chronic Illness Benefit:** we require a minimum compliance to the chronic medicine formulary *over a rolling a six month period of:*

- Performance Based Remuneration (PBR) compliance of $\geq 51\%$,

OR

- PBR substitutable compliance of $\geq 80\%$

OR

- Overall substitutable formulary compliance* (including HIV and oncology claims) $\geq 82\%$

- **Oncology Benefit:** in addition to the above, we also require:

- Oncology preferred product list compliance of $\geq 95\%$

2019

- **Chronic Illness Benefit:** we require a minimum compliance to the chronic medicine formulary *over a rolling a six month period of:*

- Performance Based Remuneration* (PBR) compliance of $\geq 52\%$,

OR

- PBR substitutable compliance* of $\geq 80\%$

AND

- **Chronic substitutable formulary*** compliance of $\geq 82\%$ (*measuring HIV and oncology separately*).

- **Oncology Benefit:** in addition to the above, we also require:

- Oncology preferred product list compliance of $\geq 95\%$

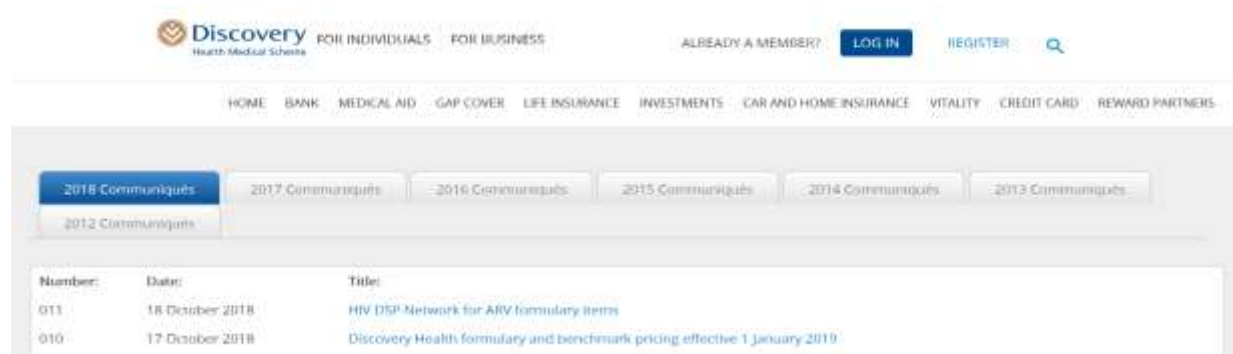
* Please refer to the various definitions of compliance measures as defined in 'Glossary and definitions' on page 3. These definitions are also included with in your monthly reports

We will support you in reaching and maintaining compliance

- We continue to report monthly on your formulary compliance and claims volumes. The report is sent to the email address that we have on system for your pharmacy. Please update your email address regularly by sending the request, BHF number and pharmacy name to provider_administration@discovery.co.za
- From 1 January 2019, we highlight the 2019 chronic and oncology preferred product list items on your pharmacy screens for easy identification. Please arrange with your software vendor if your systems do not currently have this functionality.

- We publish the latest updated Discovery Health formulary (inclusive of chronic, oncology and HIV items) on our website to assist you with stock management and ordering.

You can find the latest version of the list at www.discovery.co.za Please see below screen shot



Creating stability in MedXpress pharmacy network for members

- It is important to run a stable MedXpress DSP network so that our members have certainty about how to avoid network-related co-payment penalties. For this reason, we require minimum criteria of more than 15 chronic claims per month over a 6 month period for MedXpress DSP network participation. For MedXpress criteria, we take into consideration the previous 6 month's claims on a rolling basis.
- Where your oncology claims volume is below 30 claims per month (or 180 over 6 months), your Oncology preferred product list formulary compliance rate will not be taken into consideration and you will not be penalized by the small claims volume.

Benefits of being a MedXpress network pharmacy for 2019

As a participation MedXpress DSP network pharmacy, your pharmacy:

- Is exempt from a 20% co-payment on chronic medicine claims for Core, **Priority, Saver** and Delta Plans
- Appears on the Discovery Health website and Discovery cell phone application as participating in the MedXpress network. Members will be able to find your pharmacy, address and Discovery services offered by using the Medical and Provider Search (MaPS) tool.

The MedXpress review process


- Your pharmacy's performance to formulary compliance is reviewed every 4 months for participation in MedXpress networks. Newly qualifying pharmacies are included in the MedXpress network while pharmacies are terminated when they do not longer qualify. The MedXpress cycles are communicated in the reports.
 - **Inclusion:** Once you achieve MedXpress criteria, you are automatically enrolled in the MedXpress network for the next cycle of 4 months. You need to maintain formulary compliance levels to remain on the MedXpress network. You will receive notification of your inclusion in the MedXpress network.
 - **Termination:** If your pharmacy's compliance as measured over the previous rolling 6 month period, again fall below the required formulary compliance criteria during the MedXpress review, the pharmacy will be automatically removed from the MedXpress DSP network for the next cycle. You will receive notification of your termination from the MedXpress network which will be sent to your email address that we have on system. The pharmacy will then remain a non-DSP and attract a 20% non-DSP co-payment until the entry criteria are once again met during a future MedXpress review process.

Your customers will also be informed of the pharmacy's change in MedXpress DSP network status, with the following SMS and email.

Example of the SMS communication to members on MedXpress DSP network termination.

Discovery Health: According to our information you use XXX Pharmacy for medicine. This pharmacy is no longer a MedXpress network pharmacy. From 01/07/2019 you will pay a 20% co-payment for approved chronic medicines from them. Visit www.discovery.co.za or click on 'find a provider' in the Discovery app to find a MedXpress network pharmacy near you to avoid a co-payment. Contact us on 0860 99 88 77 for enquiries.

Example of the SMS communication to members on MedXpress DSP network termination.



The banner features a blue background with a circular pattern of white dots. In the center, the text reads "Discovery MedXpress" above "Your medicine AWAITS". In the top right corner, there is a white box containing the Discovery Health logo and the tagline "Good health can change the world".

Dear Mrs XXXXX

We noticed from our records that you have claimed medicine from XXX Pharmacy. This pharmacy has not met the MedXpress qualifying criteria in our quarterly review and no longer qualifies as a MedXpress network pharmacy (previously known as a MedXpress status pharmacy).


From 1 July 2017, if you choose to get chronic medicine from XXX Pharmacy, you will pay a 20% non-designated service provider co-payment.

To avoid paying the 20% non-designated service provider co-payment, you can get your chronic medicine directly from any qualifying MedXpress network pharmacy. Follow these steps to find your nearest participating pharmacy:

1. Log in to the [Discovery website](#)
2. Select "Find a healthcare professional"
3. Select "choose a category of provider" and "MedXpress status pharmacies"
4. Type in your area and select "Search".

You can also order your medicine through [Discovery MedXpress](#) and choose to get it delivered to your door, or order and collect it in-store at your nearest Clicks or Dis-Chem pharmacy.

Regards





Discovery Health logo in the top right corner of the poster.

Discovery MedXpress logo in the center.

Network Pharmacy

Ask your pharmacist about MedXpress services **available here**

Discovery MedXpress is brought to you by Discovery Health (Pty) Ltd, registration number 1997/013488/07, an authorised financial services provider and administrator of medical schemes.

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The above MedXpress branding is available on an annual basis to pharmacies that have reached the branding criteria. Pharmacies need to have maintained a stable formulary compliance performance over a 12 month period with compliance figures at 3% over the required criteria to be considered for branding. Unfortunately we cannot allow branding for pharmacies that are borderline cases and risk being terminated from the MedXpress network.

3. HIV ARV DSP

2019: From 1 January, any contracted qualifying will automatically be included in the HIV ARV DSP network when meeting or exceeding HIV ARV DSP formulary compliance criteria.

This means that the pharmacy will not attract a 20% DSP co-payment on ARV medicines for plans that use HIV ARV DSP network as the designated service provider. Pharmacies without a signed standard network rate contract with Discovery Health cannot participate in HIV ARV DSP network.

Criteria for inclusion in the HIV ARV DSP Network

Discovery Health DSP network pharmacies are eligible to form part of HIV ARV DSPs as long as they meet the criteria of **95% ARV formulary compliance**.** We measure this on a monthly basis as well as looking back over the previous six months

HIV ARV DSP is the DSP for the following Schemes and Plans from **1 January 2019**.

- Discovery Health KeyCare
- LA Health Medical Scheme KeyCare
- Quantum KeyCare
- TFG Medical Aid Scheme (KeyCare)
- Discovery Health Delta Plans
- All other Discovery Health Plans*
- M-Med
- Quantum
- Remedi Medical Aid Scheme
- Tsogo Sun Group Medical Scheme
- TFG Medical Aid Scheme Plus
- Lonmin Medical Scheme
- University of KwaZulu-Natal Medical Scheme

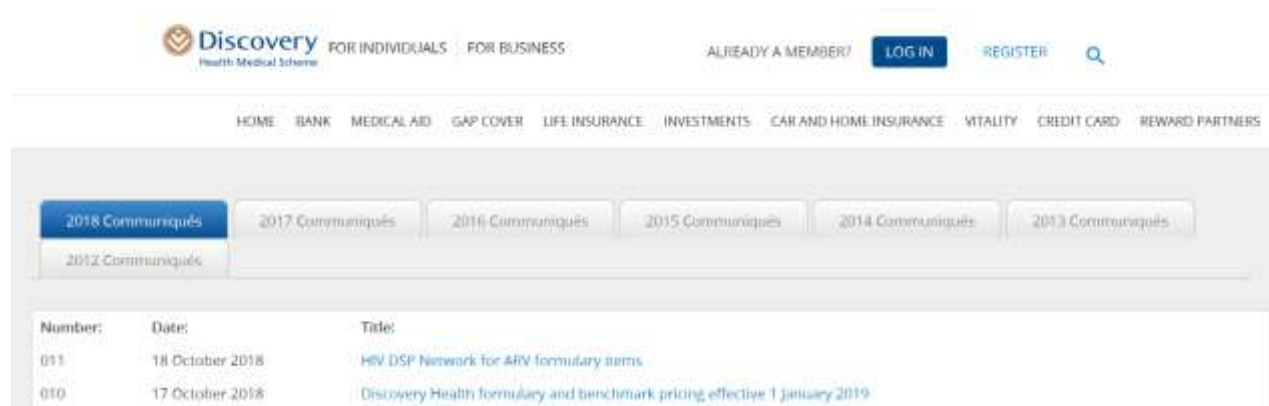
* Excluding DHMS KeyCare Start and Smart plans

**Please refer to 'Glossary and definitions' on page 3 for a better understanding of how we measure ARV formulary compliance. These definitions are also included with in your monthly reports

We will support you in reaching and maintaining compliance

- We continue to report monthly on your formulary compliance and claims volumes. The report is sent to the email address that we have on system for your pharmacy. Please update your email address regularly by sending the request, BHF number and pharmacy name to provider_administration@discovery.co.za
- We highlight ARV formulary items on your pharmacy screens for easy identification. Please arrange with your software vendor if your systems do not currently have this functionality.

- We list the most recent and updated Discovery Health formulary inclusive of the ARV items on our website to assist you with stock management and ordering.
You can find the latest version of the list at: www.discovery.co.za



- **Termination:** If your pharmacy's ARV formulary compliance as measured over the previous 6 month period, again fall below the required ARV formulary compliance criteria during the HIV ARV DSP review, the pharmacy is automatically removed from the HIV ARV DSP network for the next cycle. You will receive notification of your termination from the HIV ARV DSP network which is sent to you email address we have on system. Your pharmacy will remain a non-DSP and attract a 20% non-DSP co-payment until the entry criteria are once again met during a future HIV ARV DSP review process.
- Your customers will also be informed of the pharmacy's change in DSP network status, with the following SMS and email.

Example of the SMS communication to members on HIV ARV DSP network termination.

Discovery Health: According to our information you use XXX Pharmacy for medicine. This pharmacy is no longer a DSP network pharmacy. From 01/07/2019 you will pay a 20% co-payment for approved chronic medicines from them. Visit www.discovery.co.za or click on 'find a provider' in the Discovery app to find a DSP network pharmacy near you to avoid a co-payment. Contact us on 0860 99 88 77 for enquiries.

4. Performance Based Remuneration

PBR is a voluntarily financial programme designed to provide additional remuneration to pharmacists for adhering to the Scheme's chronic formulary.

In general, the PBR model aims to create additional funding to pharmacies through increased prescription price efficiency by using:

- Reduced remuneration for dispensed items when not on the chronic formulary,
- Increased remuneration when dispensed items are on the formulary.
- Inclusion of a broader set of products per medicine class to the model (all chronic pre-approved claims, including substitutable and non-substitutable items), allows for a more affordable cross-funding mechanism.

What is the objective of Performance Based Remuneration (PBR)?

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

How does PBR it work?

The PBR model allows for a variable dispensing fee to be retrospectively applied once the PBR threshold has been reached. This comprises:

- A higher dispensing fee to be applied to claim lines that qualify according to the formulary and benchmark pricing
- It also allows for a lower dispensing fee to be applied where claim lines do not adhere to the formulary.
- PBR compliance is measured and communicated to pharmacies on a monthly basis.
- The pharmacy is protected by a threshold which acts as a safety net and assures that the pharmacy can never be in a worse off position.

Which claims are excluded from PBR?

Claims listed below do not qualify for PBR and continue to be paid at the appropriate chosen standard network rates. These comprise:

- KeyCare and Delta plans
- Non-SEP items: Unregistered medicine, schedule 0 medicines and surgical consumable items.
- Claims paid from benefits other than pre-approved medicine paid from Chronic Illness Benefit such as HIV, oncology and acute benefits
- Claims submitted by pharmacies without a signed Discovery Health standard DSP network agreement and courier pharmacies

What are the Discovery Health standard DSP network fees?

Independent pharmacies have a choice to participate in any one of the following two Discovery Health standard DSP networks attracting the specified standard dispensing fees for all medicines (whether paid from chronic or acute benefit payment pools).

Community network	36.32% capped at R59.92 (15% VAT incl.)
OR	
Corporate network rate	31.05% capped R31.05 (15% VAT incl.)

To be eligible for the PBR Network, pharmacies need to participate as a contracted DH standard DSP network pharmacy in one of the above Discovery Health pharmacy networks. PBR does not apply to courier pharmacies while corporate hospital pharmacies need to contract on corporate rates to be eligible for PBR.

What is the PBR variable dispensing fees, for:....

Independent pharmacies

- 46.40% capped at R98.85 with a minimum of R7.15 (15% VAT incl. when adhering to the PBR formulary and benchmark unit price)
- A lower dispensing fee of 30.26% capped at R45.39 (15% VAT inclusive) when not adhering to the PBR formulary.

Corporate and corporately owned hospital pharmacies

- A higher dispensing fee of higher dispensing fee of 45.39% capped at R50.44 (15% VAT incl.) when adhering to the PBR formulary and benchmark unit price
- A lower dispensing fee of 26.23% capped at R26.23 (15% VAT incl.) when not adhering to the PBR formulary

What is the PBR threshold?

- The threshold is the point where the standard network dispensing fee is replaced by the variable PBR dispensing fee. Once a pharmacy is enrolled and reaches the threshold after any given month, the PBR variable dispensing fee will be applied from the next calendar month. Payment is calculated by the quarterly PBR line level payment report.
- Pharmacies need to keep their PBR compliance above the PBR threshold to continue to qualify for the PBR variable dispensing fee.
- In addition, your pharmacy will enrol on the HIV ARV DSP network once your pharmacy has qualified by maintaining the PBR threshold for at least a 6 month period.
- No amendments to Scheme submission codes or the standard Discovery Health network rates are required - the current rates and codes remain unchanged, as the adjustments will be applied to the a PBR line level payment report retrospectively.

2019 The threshold for both independent and corporate pharmacies is the same at 51%. The threshold may be adjusted from time to time on an ad hoc basis or depending on future SEP pricing and formulary item inclusion

Enrolling onto PBR network

- PBR participation is based on a willing provider network with a termination period of one calendar month. If not already participating, your pharmacy needs to submit to Discovery Health **two signed contracts** for both the following:
 - Discovery health Standard DSP network agreement
 - Performance Based Remuneration (PBR) agreement for Independently owned pharmacies
- To obtain contracts, kindly:
 - follow the link to the website: www.discovery.o.za (Please see below screenshot). The 2019 contract document will be updated on a regular basis through out the year.
 - or request a contract by sending an email to: HealthPartnerInfo@discovery.co.za
 - call and request a contract from Discovery Health Call centre by dialling: 0860 44 55 66

You will receive an e-mailed notification letter from provider_administration@discovery.co.za to confirm participation in the network(s).

HOME BANK MEDICAL AID GAP COVER LIFE INSURANCE INVESTMENTS CAR AND HOME INSURANCE VITALITY CREDIT CARD REWARD PARTNERS

2018 Communiqués 2017 Communiqués 2016 Communiqués 2015 Communiqués 2014 Communiqués 2013 Communiqués 2012 Communiqués

Number:	Date:	Title:
011	18 October 2018	HIV DSP Network for ARV formulary items
010	17 October 2018	Discovery Health formulary and benchmark pricing effective 1 January 2019
009	12 October 2018	Discovery Health formulary and benchmark pricing effective 17 October to 31 December 2018
008	25 September 2018	Discovery Health requires new DSP pharmacy contracts for 2019 All about MedXpress DSP and Performance Based Remuneration

We support you in reaching and maintaining compliance

- We continue to report monthly on your formulary compliance and claims volumes. The report is sent to the email address that we have on system for your pharmacy as can be seen. Please update your email address regularly by sending the request, BHF number and pharmacy name to: provider_administration@discovery.co.za
- We normally update the formulary twice a year, effective on 1 January and again mid-year. We highlight the formulary items on your pharmacy screens for easy identification. Please arrange with your software vendor if your systems do not currently have this functionality.
- We list the latest Discovery Health formulary items on our website to assist you with stock management and ordering. You can find the latest version of the list at: www.discovery.co.za

2018 Communiqués | 2017 Communiqués | 2016 Communiqués | 2015 Communiqués | 2014 Communiqués | 2013 Communiqués

2012 Communiqués

Number:	Date:	Title:
011	18 October 2018	HIV DSP Network for ARV formulary items
010	17 October 2018	Discovery Health formulary and benchmark pricing effective 1 January 2019

- Start by keeping Discovery Health formulary items in stock and choosing to dispense the highlighted PBR items on the pharmacy screens.

Example of the monthly formulary compliance report



Dear Pharmacist

Formulary compliance report

We would like to give you the current status regarding your pharmacy's progress with complying with Discovery formularies and applicable Designated Service Provider (DSP) networks.

Pharmacy	Pharmacy		
Practice number	0123456		
Report period	Oct-18		
Discovery Health Medical Scheme DSP network status	Contracted		
Network rate for single exit price (SEP) (VAT included)	36.32% capped R59.92		
Wellness clinic	Registered		
Kindly note that your 2019 agreement has been received and processed for DSP participation.			
Pharmacy's performance for Oct-18			
Chronic formulary	Compliance %	Chronic claims	Compliant claims
Overall substitutable chronic formulary compliance	84.60%	26	22
PBR contract for participation	Contracted and participates		
Performance Based Remuneration (PBR) compliance	73.10%	26	19
<ul style="list-style-type: none"> Required PBR threshold: 51% 			

- Please note* - It remains the best option to keep to dispensing formulary items. Choosing benchmark items will only increase your PBR formulary compliance and your additional dispensing fee. Dispensing, actual formulary items will increase both PBR compliance and additional PBR dispensing fee while also increasing MedXpress DSP compliance which will ensure more feet to your store.
- If you need more support to reach the compliance threshold, you can request a *Top ranking item report* from Provider_administration@discovery.co.za. This identifies the top ranking formulary items that improve your pharmacy's compliance as well as the top ranking substitutable non-formulary items that bring down your pharmacy's compliance. Report examples can be seen below.

Top ranking items increasing compliance of Pharmacy A (Comp and Core formularies)

Items increasing compliance									
BILLING_PRACTICE_NO	PRACTICE_NO_DESCR	PRODUCT_NAME	STRENGTH	NAPPI_6	BENEFIT	PAID	CLAIMED	HITS	RANKING
0123456	Pharmacy A	Epitec	200mg	704382	COMP	R 447.68	R 447.68	2	1
0123456	Pharmacy A	Epitec	100mg	704381	COMP	R 297.12	R 297.12	2	2
0123456	Pharmacy A	Epilzine cr	500mg	718276	COMP	R 282.73	R 282.73	1	3
0123456	Pharmacy A	Epilzine cr	300mg	718275	COMP	R 182.55	R 182.55	1	4
0123456	Pharmacy A	Fluanxol depot 1ml	20mg	726672	COMP	R 99.15	R 99.15	1	5
0123456	Pharmacy A	Epitec	50mg	704380	COMP	R 93.19	R 93.19	1	6
0123456	Pharmacy A	Foxair accuhaler 60 dose 50/250	NULL	715008	CORE	R 385.63	R 385.63	1	1
0123456	Pharmacy A	Epilim sugar free	200mg/5ml	780545	CORE	R 335.91	R 335.91	1	2
0123456	Pharmacy A	Xalacom 2.5ml	NULL	702983	CORE	R 254.89	R 254.89	1	3
0123456	Pharmacy A	Bilocor	5mg	704372	CORE	R 73.92	R 73.92	1	4
0123456	Pharmacy A	Cipalat retard	20mg	864153	CORE	R 43.29	R 43.29	1	5
0123456	Pharmacy A	Aspavor	10mg	708121	CORE	R 41.61	R 41.61	1	6
0123456	Pharmacy A	Asthavent ecohaler 200dose	100mcg	849332	CORE	R 37.58	R 37.58	1	7
0123456	Pharmacy A	Cipla-Indapamide	2,5mg	710313	CORE	R 23.04	R 23.04	1	8

Top ranking items decreasing compliance of Pharmacy A (Core formulary)

BILLING_PRACTICE_NO	PRACTICE_NO_DESCR	PRODUCT_NAME	STRENGTH	NAPPI_6	BENEFIT	PAID	CLAIMED	CLAIMS	RANKING
0123456	Pharmacy A	Cozaar comp 50mg/12.5mg	50mg,12,5mg	828181	CORE	R 600.00	R 892.30	5	1
0123456	Pharmacy A	Glucophage forte	850mg	729167	CORE	R 296.30	R 506.47	5	2
0123456	Pharmacy A	Puresis	40mg	758272	CORE	R 100.00	R 241.58	5	3
0123456	Pharmacy A	Pharmapress	20mg	868922	CORE	R 340.00	R 506.84	4	4
0123456	Pharmacy A	Hytenza co 100mg/25mg	NULL	717084	CORE	R 360.00	R 441.21	3	5
0123456	Pharmacy A	Warfarin	5mg	778362	CORE	R 255.00	R 319.01	3	6
0123456	Pharmacy A	Glucophage	1000mg	703909	CORE	R 195.00	R 330.00	3	7
0123456	Pharmacy A	Sandoz atenolol	100mg	787914	CORE	R 178.26	R 178.26	3	8
0123456	Pharmacy A	Eltroxin	0,1mg	722952	CORE	R 135.00	R 230.28	3	9
0123456	Pharmacy A	Eltroxin new formulation	100mcg	723171	CORE	R 135.00	R 172.71	3	10
0123456	Pharmacy A	Zyprexa velotab	10mg	707939	CORE	R 1,180.00	R 1,623.78	2	11
0123456	Pharmacy A	Foxair 25/125 120dose	NULL	715753	CORE	R 664.66	R 664.66	2	12
0123456	Pharmacy A	Foxair 25/50 120 dose	NULL	715752	CORE	R 524.96	R 524.96	2	13
0123456	Pharmacy A	Fortzaar 100mg/25mg	NULL	887096	CORE	R 240.00	R 380.04	2	14
0123456	Pharmacy A	Acti-prex	4mg	714869	CORE	R 170.00	R 356.80	2	15
0123456	Pharmacy A	Pharmapress	5mg	708109	CORE	R 135.06	R 150.20	2	16
0123456	Pharmacy A	Eltroxin new formulation	50mcg	723168	CORE	R 90.00	R 90.96	2	17
0123456	Pharmacy A	Ridaq	25mg	880949	CORE	R 30.00	R 83.64	2	18
0123456	Pharmacy A	Topamax	100mg	822531	CORE	R 1,228.41	R 1,228.41	1	19
0123456	Pharmacy A	Topamax	50mg	822523	CORE	R 752.85	R 752.85	1	20

Top ranking items decreasing compliance of Pharmacy A (Comp formulary)

Top ranking items that decrease compliance for comprehensive formulary									
BILLING_PRACTICE_NO	PRACTICE_NO_DESCR	PRODUCT_NAME	STRENGTH	NAPPI_6	BENEFIT	PAID	CLAIMED	CLAIMS	RANKING
0123456	Pharmacy A	Glucophage	1000mg	703909	COMP	R 305.00	R 440.00	5	1
0123456	Pharmacy A	Eltroxin	0,1mg	722952	COMP	R 180.00	R 230.28	4	2
0123456	Pharmacy A	Lantus solostar disposable pen 3ml	100u/1mL	709860	COMP	R 1,665.00	R 2,441.91	3	3
0123456	Pharmacy A	Diamicron mr	60mg	718245	COMP	R 400.00	R 870.21	3	4
0123456	Pharmacy A	Puresis	40mg	758272	COMP	R 104.42	R 161.06	3	5
0123456	Pharmacy A	Prexum plus 4mg/1.25mg	NULL	704929	COMP	R 250.00	R 427.78	2	6
0123456	Pharmacy A	Co-diovan 160mg/12.5mg	NULL	891894	COMP	R 240.00	R 552.52	2	7
0123456	Pharmacy A	Coversyl	4mg	785121	COMP	R 240.00	R 478.96	2	8
0123456	Pharmacy A	Fortzaar 100mg/25mg	NULL	887096	COMP	R 240.00	R 380.04	2	9
0123456	Pharmacy A	Slow-k	600mg	764396	COMP	R 163.55	R 175.65	2	10
0123456	Pharmacy A	Pharmapress	5mg	708109	COMP	R 100.12	R 100.12	2	11
0123456	Pharmacy A	Eltroxin new formulation	50mcg	723168	COMP	R 90.00	R 90.96	2	12
0123456	Pharmacy A	Epilim cr	500mg	818682	COMP	R 689.43	R 689.43	1	13
0123456	Pharmacy A	Azapress	50mg	706108	COMP	R 546.49	R 546.49	1	14
0123456	Pharmacy A	Protaphane flexpen 3ml	100u/1mL	700183	COMP	R 465.00	R 686.87	1	15
0123456	Pharmacy A	Lamictin	200mg	819034	COMP	R 441.50	R 441.50	1	16
0123456	Pharmacy A	Epilim cr	300mg	818674	COMP	R 413.50	R 413.50	1	17
0123456	Pharmacy A	Topalex	100mg	715981	COMP	R 410.00	R 672.75	1	18
0123456	Pharmacy A	Truvalin	300mg	716649	COMP	R 335.00	R 472.95	1	19
0123456	Pharmacy A	Epilim cr	200mg	818666	COMP	R 313.31	R 313.31	1	20

Do I need to amend my pharmacy's rates?

Please note that no amendments to Scheme submission codes or the standard Discovery Health network rates as per Discovery Health standard DSP network agreement are required for PBR. The current rates and codes remain unchanged, as the adjustments will be applied retrospectively per report.

- Once your pharmacy opts in for PBR, the variable PBR dispensing fee will automatically apply from the next month when your pharmacy reaches the PBR compliance threshold. Additional fees are calculated and paid retrospectively.
- The PBR threshold acts as a safety net to ensure that your pharmacy will never be financially worse off with the lower PBR variable dispensing fee. Thus, with Performance based Remuneration contract, you have a chance to earn more than what you are currently earning on the standard network fee, without any risk

How does payment of additional PBR dispensing fees work?

- Payment takes place quarterly and the cycle dates are displayed in your monthly report.
- We apply the additional PBR variable dispensing fees retrospectively to all the chronic claim lines in the *PBR line level payment report* that covers the 3 month report period starting one month after the pharmacy has qualified by reaching or exceeding the PBR threshold. The difference in the standard and newly applied PBR variable fee is calculated.
- If you want to verify the additional PBR dispensing fee paid on chronic claim lines, please email us at provider_administration@discovery.co.za and provide your pharmacy name and practice number to request the *PBR line level payment report*. The report contains all the CIB claim lines where the variable PBR dispensing fee have been re-applied as well as the settlement amount.

Example of the PBR line level payment report

Date	ACCOUNT	CLAIM	RE	Plan	NAPP_#	PRODUCT_NA	SERVICE_DATE	DRG_RATE	PAID	CLAIMED	QTY	DISP_FEE	NEW DISP_FEE	ADD DISP_FEE	RATE	SEP_UNIT	PROC_CO
201410	646070	3qXaM1	Core	70814001	Almadin 5mg	01/02/2018	00.00	88.4	88.4	88.4	30	23.4	29.9	6.5	46%_capped_R98	2.16667	CHRON
201410	646070	3qXaM1	Core	81002000	Sandoz indapa	01/02/2018	00.00	25.74	20	25.73	30	6.81	6.8148	0	36%_capped_R45	0.631	CHRON
201410	646071	3qXb5f	Core	70201001	Amlloc 5mg TA	01/02/2018	00.00	104.95	105	104.95	30	27.78	27.7812	0	36%_capped_R45	2.57233	CHRON
201410	646071	3qXb5f	Core	81002000	Sandoz indapa	01/02/2018	00.00	25.74	20	25.73	30	6.81	6.8148	0	36%_capped_R45	0.631	CHRON
201410	646116	3qadu6	Core	707974001	Cipla-pioglitaz	01/02/2018	00.00	114.05	114.1	114.05	30	30.19	38.5756	8.3856	46%_capped_R98	2.79533	CHRON
201410	646116	3qadu6	Core	718073001	Adco atorvast	01/02/2018	00.00	39.59	39.59	46.19	30	10.48	13.3906	2.9106	46%_capped_R98	0.97033	CHRON
201410	646118	3qaiDZ	Core	71425001	Co-prior 40/2	01/02/2018	00.00	208.91	110	208.91	30	55.2993	45	-10.299	36%_capped_R45	5.12036	CHRON
201410	646120	3qanXV	Core	709860001	Lantus solosta	01/02/2018	00.00	759.11	680	759.1	5	59.4	45	-14.4	36%_capped_R45	139.942	CHRON
201410	646133	3qd3M2	Saver	709540001	Atrovent HFA	01/02/2018	00.00	203.96	204	203.96	1	53.99	68.9862	14.9962	46%_capped_R98	149.97	CHRON
201410	646133	3qd3M2	Saver	701240006	Sandoz theop	01/02/2018	00.00	56.3	56.3	59.77	60	14.9	19.044	4.144	46%_capped_R98	0.69	CHRON
201410	646133	3qd3M2	Saver	81002000	Beclate 200dc	01/02/2018	00.00	262.52	262.5	262.53	1	59.4	93.4352	34.0352	46%_capped_R98	203.12	CHRON
201410	646134	3qd5eW	Core	703816001	Amlloc 5mg TA	01/02/2018	00.00	104.95	105	104.95	30	27.78	27.7812	0	36%_capped_R45	2.57233	CHRON
201410	646134	3qd5eW	Core	723360004	Glycomin 5mg	01/02/2018	00.00	19.2	19.18	19.18	60	5.08	7.15	2.07	46%_capped_R98	0.23533	CHRON
201410	646134	3qd5eW	Core	816225000	Sandoz metfo	01/02/2018	00.00	62.02	62.02	62.8	120	16.42	20.976	4.556	46%_capped_R98	0.38	CHRON
201410	646134	3qd5eW	Core	895016000	Pharmapress	01/02/2018	00.00	126.36	126.3	126.34	30	33.45	42.7386	9.2886	46%_capped_R98	3.097	CHRON
201410	646139	3qdgcL	Saver	718000001	Foxair accuha	01/02/2018	00.00	345.05	345.1	345.05	1	59.4	98	38.6	46%_capped_R98	285.65	CHRON

- The additional PBR amount due to you will be paid within the next month following the end of the previous payment cycle.
- Look out for your payments on your statement which will show as PBR additional fees – paid in a lump sum together with the rest of the moneys that may be due.

Statement Date: 25 July 2018

Practice number: 00000018

Page: 1 of 6

Claim Details									
Principal member	Patient	Member number	Your Ref	Our Ref	Treatment date	Proc code	Amount claimed	Scheme Rate	To you
PBR independent					13/07/2018		0.00	0.00	451.36
									451.36

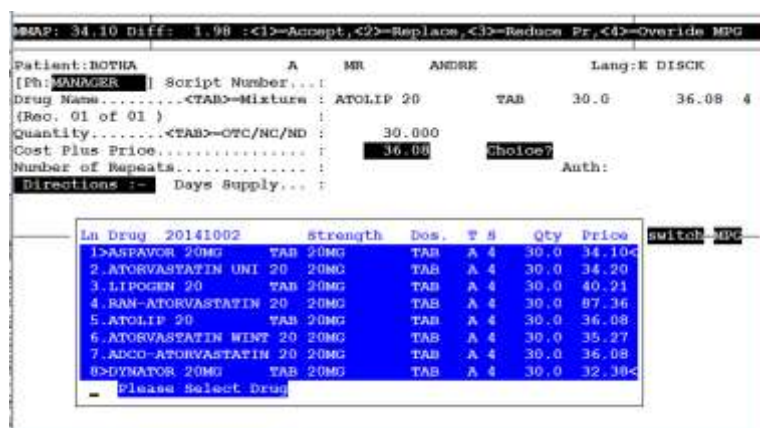
What happens if your pharmacy again falls below the PBR threshold?

- If your pharmacy subsequently falls below the PBR threshold, you will no longer qualify for the PBR variable dispensing fee, nor will you receive the *PBR line level payment report* for payment due. Your pharmacy will revert back to the standard network dispensing fee as per your signed Discovery Health standard DSP network agreement

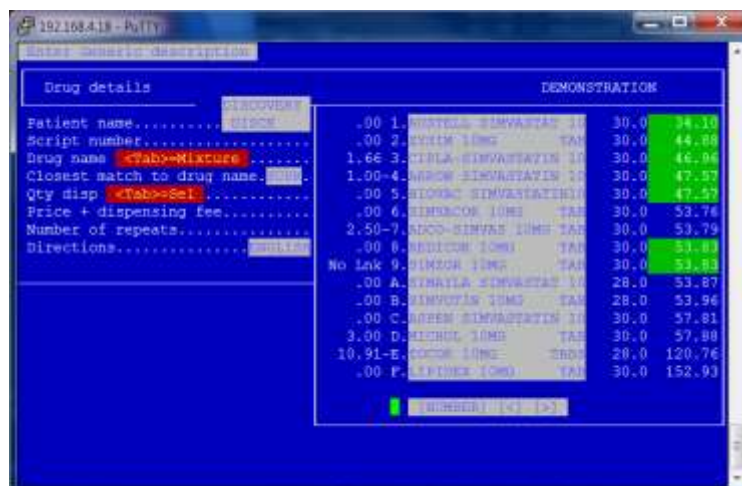
How do you identify the PBR formulary and benchmark items when dispensing?

Discovery Health has worked with the pharmacy system vendors to highlight the PBR formulary and benchmark items on pharmacy screens so that these items are easily identifiable at the time of dispensing. All you need to do is to, once enrolled, send a copy of the signed PBR contract to your vendor and ask him to highlight these items for you.

Examples of highlighted PBR items on pharmacy screens



Formulary items are identified by capital letters and benchmark items by brackets.



Formulary and benchmark items are identified by the green pricing

Technical questions: Take a closer look at Performance Based Remuneration

1. How does a change in chronic formulary influence PBR?

Discovery Health reviews the Chronic Disease List Medicine Formulary and Chronic Drug Amounts (CDAs) twice a year. We do this to make sure that the way we pay for medicine through the chronic benefit accurately reflects preferentially priced, accessible medicine as well as relevant new medicine in this dynamic market.

Any newly added formulary items will immediately improve the pharmacy's compliance figures from implementation date onward. However, this is not due to the pharmacy's performance, but to the change in formulary.

The opposite is also true - any formulary deletions may immediately lower the pharmacy's compliance figures. In order to moderate this impact, we monitor and measure the effect of the formulary change over the three months directly following the update. During this period, we run compliance reports against both the old and new formulary to quantify the portion of the pharmacy's increased or decreased compliance rate that is due to the change in formulary. Taking the effect into consideration, we may adjust the threshold.

2. How does Discovery Health currently pay from chronic benefits?

The Discovery Health formulary covers the medicine requirement for Prescribed Minimum Benefit (PMB) treatment algorithms for specific conditions on the Chronic Disease List (CDL), and is published on www.discovery.co.za.

For all our benefit plans (except KeyCare where the formulary is NAPPI specific), we pay non-formulary items (which include generic and therapeutic items that fall within the same drug class as treatment for the same condition) up to the monthly Chronic Drug Amount (CDA). Whenever the monthly CDA for the condition for the month is exceeded, your client needs to make a co-payment.

When you see '*Prescribed Minimum Benefits*' as in below screen, you will know that it has been paid from chronic benefits

When you see 479 '*Non-formulary item. Please substitute*', kindly note '*Prescribed Minimum Benefits*' as in below screen, which means that although this is not a formulary item for the patient's specific condition, the item has been paid from chronic benefits due to a special clinical appeal authorisation.

```

>Real-Time Reply (v2.3)<
>> Script:01442821 Date:2017/04/29 Authorisation #:5YB1T1
Switch Ref: 1962330113 DISCK2 Processed:2017/04/29:1228
>>>> Drug:CO-IRBEWIN 150 TAB Qty: 28.000 Nappi:712386001 ICD:376.8
381 Monthly amount exceeded. Member to pay.
479 Non-formulary item. Please substitute
Paid from Prescribed minimum benefit

Paid
>>ITEM RESPONSE VALUES<<
Gross: 261.80 Container: Application #:
Discount- Contract Fee:
Nett= 120.00 Prof-/Disp Fee: 59.40 Days Supply:28
Levy: Total Differ: <<Difference>>
Maop Ex+ Price:
Patient= 141.80 Prof Fee:
Approved> 120.00 261.80 <Drug Total >>>>>CO-PAYMENT: 141.80
Enter To Continue....
  
```

When an item has not been paid from chronic benefits, you will see 'Acute' on the screen.

```

>Real-Time Reply (v2.3)<
>> Script:80000089 Date:2009/07/15 Authorisation #:1eagT1
Switch Ref: 1888104450 DISCOVER Processed:2009/08/13:1138
>>>> Drug:ASPIRIN 300MG TAB Qty: 30.000 Nappi:704645001 ICD:014.8
ASPIRIN 300MG TAB
DO DRUG DRUG INTERACTION
Adco-ibuprofen tab 400 mg
ASPIRIN 300MG TAB
TO THERAPEUTIC DUPLICATIONS
Painblok

Paid Acute
>>ITEM RESPONSE VALUES<<
Gross: 2.57 Container: Application #:
Discount- Contract:
Nett= 2.57 Prof-/Disp Fee: 0.86
Levy: Total Differ: 4.68 <<Difference>>
Maop Ex+ Price: 4.86
Patient= Prof Fee: 0.62
Approved> 2.57 7.25 <Drug Total >>>>>CO-PAYMENT: 4.68
Enter To Continue....
  
```

3. What is the difference between a formulary item and a benchmark item?

Regardless of price increases, we continue to cover **formulary items** as published on the Discovery website in full when approved for an authorised chronic condition.

When the pharmacy has reached the compliance threshold, formulary items *always* attract the higher dispensing fee for PBR participating pharmacies regardless of price increases. Please note that the excel version of the Discovery Health PBR formulary with the benchmark pricing is published on the www.discovery.co.za under Communiqués.

PBR Benchmark items are not on the formulary, these are generic equivalents of formulary items that fall at or below the PBR benchmark unit price at any given time. SEP increases, however, may cause these items to fall outside the PBR benchmark unit price at which point the lower dispensing fee applies as soon as the price has been updated. Both PBR formulary and benchmark items will be highlighted on the pharmacy screen for easy identification while dispensing.

Please note - It remains the best option to keep to dispensing formulary items. Choosing benchmark items only increase your PBR formulary compliance and your additional dispensing fee. Dispensing, actual formulary items will increase both PBR compliance and additional PBR dispensing fee while also increasing MedXpress DSP compliance which will ensure more feet to your store.

4. What happens if the price of the formulary item has increased and the unit price is now higher than the PBR benchmark unit price?

The formulary list of items is published on www.discovery.co.za. Regardless of price increases, we cover formulary items in full when authorised. When the pharmacy reaches the compliance threshold, these authorised items attract the higher dispensing fee for PBR participating pharmacies even though the SEP unit price may be higher than the PBR benchmark unit price after the increase.

5. What about non-formulary items, like for example rosuvastatin for hypercholesterolemia?

We pay non-formulary items (which include generic and therapeutic items that fall within the same drug class as treatment for the same condition) up to the monthly Chronic Drug Amount (CDA). Whenever the monthly CDA is exceeded, your client needs to make a co-payment.

Dispensing non-formulary items may influence your compliance rate negatively where:

- The molecule is on the formulary (such as atorvastatin and simvastatin), but the SEP unit price of the particular generic product exceeds the PBR benchmark unit price
- The ingredient or molecule is not on the formulary (such as rosuvastatin).

For PBR, Discovery Health does not expect the pharmacy to achieve a 100% compliance rate. We understand that certain members and also certain healthcare professionals may choose non-formulary items that do not comply and may attract the lower dispensing fee. The PBR dispensing fee is paid in addition to the existing standard network dispensing fee, while the threshold acts as safety net to ensure that your pharmacy is never worse off as a result of your clients choices.

While prescriber preferences may from time to time compromise adherence to the medicine list, this is adequately compensated for in the PBR model by lower compliance thresholds. Please note that depending on the availability of *preferentially priced generics*, there may not always be a generic replacement item on the PBR medicine list.

6. What happens if I dispense a more expensive item that exceeds the PBR benchmark unit price, but sacrifice part of the dispensing fee to fall within the PBR benchmark unit price?

Dispensing a non-formulary item and charging less so that the unit price falls within the PBR benchmark unit price, will not affect your compliance positively as the compliance report is drawn NAPPI on our price file and the SEP value that we have.

7. Therapeutic replacements where there are no generic items available for substitution?

PBR is about cost-effective *generic substitution*. Once the pharmacy has reached the compliance threshold, the lower dispensing fee applies for non-formulary items. The higher dispensing fee applies only to formulary items that either are on the formulary list or falls below the PBR benchmark unit price.

However, whenever your client is not satisfied with a co-payment and the prescribed ingredient is not listed on the formulary (such as products like Crestor or Cardiac aspirin or Eltroxin), you may want to contact the doctor with the request to change the treatment. You also need to obtain a new prescription to keep within legislation.

You will receive the higher dispensing fee when you dispense a formulary item or one that falls below the PBR benchmark unit price.

It is important to note that it always has to be in the best interest of the patient and therefore it will always remain the decision of the pharmacist, patient, and treating healthcare professional whether to make a (therapeutic) substitution or not. Discovery Health will in no way interfere with this decision.

Discovery Health does not expect the pharmacy to achieve a 100% compliance rate. We understand that certain patients and healthcare professionals will choose not to fully comply. It is important to understand that:

- While prescriber preferences may compromise formulary compliance from time to time, this is adequately compensated for by lower compliance thresholds.
- Discovery Health continues to promote access to affordable medicine and therefore affordable pricing remains a key consideration in inclusion of the CIB formulary. Depending on the **availability of preferentially priced generics**, there may not always be a generic replacement item on the formulary.

8. What are the principles that Discovery Health consider for substitution and formulary inclusion?

- Affordable pricing remains a key consideration in medicine benefit design. Discovery Health continues to promote access to affordable medicine.
- Discovery Health chronic formulary benefits are compliant with the Council for Medical Scheme's treatment algorithms for CDL PMB's.
- Medicines registered with the Medicine Control Council (MCC) are treated as compliant with registration requirements of safety, efficacy and quality until deemed otherwise by the MCC

- Items not suitable for generic substitution will be strictly aligned with guidance from the MCC as applicable to all in South Africa.
- Clinical guidance from external independent clinical consultants will be considered in conjunction with prevailing regulations and legislation pertaining to medicines in SA

9. What if I offer generic replacement items, however, the patient or doctor does not agree to generic replacement?

You need to dispense the item on the prescription as per the patient or doctor’s decision and you will be paid the lower fee. You always have to adhere to legislation. While prescriber preferences may compromise formulary compliance from time to time, this is adequately compensated for by lower compliance thresholds. We do not expect 100% PBR compliance.

10. Why do certain items not attract a co-payment for the patient, yet it attracts the lower dispensing fee?

We pay up to the overarching monthly Chronic Drug Amount (CDA) for non-formulary medicines, for each medicine class, for a particular condition, each month. E.g. we cover a few atorvastatin and simvastatin products on the formulary and as long as the product(s) for hypercholesterolemia (even rosuvastatin) fall within the CDA, your client will have no co-payment. The patient needs to pay the balance when the monthly amount for hypercholesterolemia is exceeded.

The CDA has however no bearing on the PBR benchmark unit price (unit price), which determines whether or not the pharmacy will earn the:

- Lower dispensing fee (E.g. when a non-formulary item is dispensed (like rosuvastatin) or the SEP unit price of the dispensed atorvastatin item 20mg exceeds the PBR benchmark unit price of atorvastatin 20mg for the plan (E.g. R1.14c per unit for both Core formulary and Comprehensive formulary).
- Higher dispensing fee for an atorvastatin 20mg item on the formulary e.g. Adco atorvastatin 20mg, Aspavor 20mg, Atorvastatin Unicorn 20mg and Lestavor 20mg) OR for any other product where the SEP unit price of the dispensed atorvastatin item falls within the PBR benchmark unit price of R1.14c for both the particular plan.

Name	Strength	Formulation	Active Ingredient	Core formulary for Core, Saver and Priority Plans	Comprehensive formulary for Comprehensive & Executive Plans	Benchmark Core, Saver and Priority Plans (Unit SEP incl. VAT)	Benchmark Comprehensive & Executive Plans (Unit SEP incl. VAT)
Adco atorvastatin	20mg	TAB	ATORVASTATIN	Yes	Yes	1.14000	1.14000
Aspavor	20mg	TAB	ATORVASTATIN	Yes	Yes	1.14000	1.14000
Atorvastatin unicorn	20mg	TAB	ATORVASTATIN	Yes	Yes	1.14000	1.14000
Lestavor	20mg	TAB	ATORVASTATIN	Yes	Yes	1.14000	1.14000

11. What happens when formulary items are dispensed, however it has not been authorised for funding from the Chronic Illness Benefit?

PBR only applies to medicine where the treatment has been pre-authorized and payment has been made from the chronic benefit

Prescribed Minimum Benefit (PMB) regulations allow for the use of formularies for specific PMB conditions on the Chronic Disease List (CDL) according to the PMB algorithms. This means that treatment is approved for funding on the Chronic Illness Benefit according to:

- Medical Scheme plan type (The formulary for Core plans versus Executive plans differs.)

Name	Strength	Formulation	Active Ingredient	Core formulary for Core, Saver and Priority Plans	Comprehensive formulary for Comprehensive & Executive Plans
Amtas	10mg	TAB	AMLODIPINE	No	Yes
Austell-amlodipine	10mg	TAB	AMLODIPINE	Yes	Yes

- Condition as per CDL
- Formulary item
- Only when the medical scheme member qualifies according to certain clinical entry criteria.

Claims paid from other benefits such as, but not limited to, oncology, HIV, and acute benefits, fall outside PBR. These claims will continue to be paid according to the chosen network dispensing fees.

You also need to keep in mind that an item that forms part of a treatment guideline for a particular condition (such as bisoprolol for congestive heart failure), may not form part of the treatment guidelines of another condition (such as bisoprolol for hypertension) in which case it may not be authorised for a patient for hypertension.

- When an item has not been clinically authorised for a particular patient with a particular condition, the item is funded from the day-to-day benefits (Medical Savings Account) and the standard network dispensing fee is be paid, even if the item is on the formulary for that condition or for a different condition.
- When an item has been clinically pre-authorized for a particular patient with a particular condition, the item is funded from chronic and the claim qualifies for PBR dispensing fees even though it may have been authorised for a different condition. (E.g. bisoprolol authorised for some patients for hypertension on a clinical appeal authorisation where it is normally only authorised for congestive heart failure)

PBR only applies to claims of pre-approved chronic medicine paid from the Chronic Illness Benefit. You also need to keep in mind that there are various types of authorisations. Where we may have granted a patient a *'special authorisation'*, we pay from the Chronic Illness Benefit up to the monthly CDA and the patient will be liable for a co-payment when exceeding the CDA.

The higher dispensing fee applies to authorised chronic medicine claims, if the SEP unit price of the dispensed item is lower or equal to the PBR benchmark unit price for the particular active ingredient. For instance, bisoprolol is on the formulary for *cardiac failure* in which case, when authorised, the patient will have a *'chronic authorisation'*. Where bisoprolol has been authorised for *hypertension* as a *'special authorisation'*, it will pay from the Chronic Illness Benefit up to the CDA and the patient will be

liable for a co-payment when exceeding the CDA. The higher dispensing fee applies when the SEP unit price of the dispensed item falls within the bisoprolol PBR benchmark unit price. Please note in these 'special authorisation' cases, the system responds with reason code 479: 'Non-formulary item. Please substitute'. This happens because the authorisation has not, in this particular case, followed normal protocols.

Patients sometimes have been granted a 'special appeal authorisation' that is NAPPI code specific. Medical Scheme Members with a 'special appeal authorisation' will not automatically have access to a generic substitution unless Discovery Health changes the appeal to a standard authorisation. Pharmacies need to call the Add-A-Line at 0860 44 55 66 for the change in authorisation.

12. What happens if I do not receive PBR compliance or payment reports?

Ensure that your pharmacy participates in the PBR network and that Discovery Health is in possession of a signed PBR contract.

Call 0860 44 55 66 or send an email to provider_administration@discovery.co.za and ask to check your pharmacy's dispensing email address on the system. You will be responsible to ensure that the dispensing email address on our system remains updated. You can also ask the call centre to request your compliance figures.

13. How do I know I have been paid accordingly?

You will find your PBR payment in your statement. It will be flagged as 'PBR independent'. The PBR payment amount will be included and the total claims amount and will appear in your bank account as a single payment.

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Claim Details									
Principal member	Patient	Member number	Your Ref	Our Ref	Treatment date	Proc code	Amount claimed	Scheme Rate	To you
PBR independent					13/07/2018		0.00	0.00	451.36
									451.36

14. What happens when there are out of stock items?

When an item is out of stock:

- 13.1 Report out of stock items by sending a mail to: CIBAPPFORMS@discovery.co.za or call 0860 44 55 66. Alerting us will assist us to follow up with the company.
- 13.2 Please substitute with alternative PBR formulary or benchmark items as due to over-coding, most items do not need re-authorisation.
- 13.3 Where necessary, please obtain authorisation for alternative items:
 - by following the normal application process by sending an email to CIBAPPFORMS@discovery.co.za
 - Where urgent and the client is waiting at the dispensary, obtain telephonic authorisation for a replacement item by calling Add-a-Line at 0860 44 55 66

Kindly note: Depending on the availability of *preferentially priced generics*, there may not always be a new generic replacement item added to the formulary.

<p>Out-of-stock medicines</p> <ul style="list-style-type: none"> • <i>Substitute with alternative formulary items (formulary document on the website) as these do not need re-authorisation</i> • Where urgent, obtain telephonic authorisation for a replacement item • Alternatively obtain authorisation by email • Confirm of out-of-stock items at: 	<p>Health partner call centre</p> <p>Add-A-Line call centre (pre-authorisations)</p> <p>Email member list for re-authorisation to:</p> <p>Email enquiry to:</p>	<p>0860 44 55 66</p> <p>0860 44 55 66</p> <p>CIBAPPFORMS@discovery.co.za</p> <p>CIBAPPFORMS@discovery.co.za</p>
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