

UNDERSTANDING THE VALUE-BASED PHARMACY REIMBURSEMENT FRAMEWORK

WHAT IS THE VALUE-BASED PHARMACY (VBP) REIMBURSEMENT FRAMEWORK?

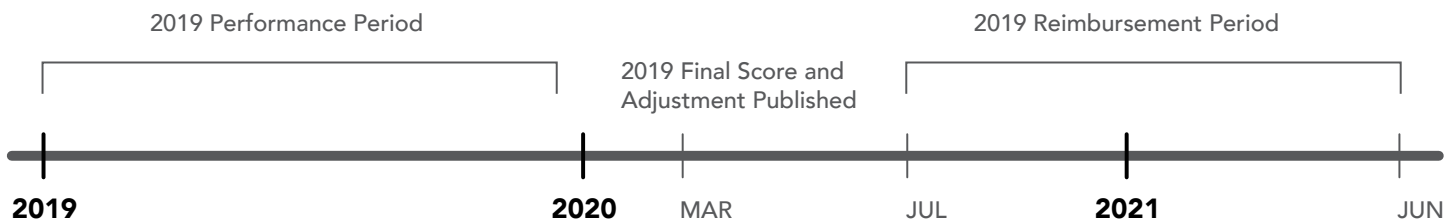
GSC's VBP reimbursement framework focuses on quality of care and value for spend by tying pharmacy performance to reimbursement. Higher-performing pharmacies are rewarded for providing high-quality, outcomes-oriented patient care. And in turn, lower-performing pharmacies are incentivized to examine their performance and identify opportunities for improvement.

How does pharmacy performance impact reimbursement?

Pharmacy performance is evaluated annually, and a year-end quality rating is published every March. The quality rating is available to pharmacies and plan members through our secure online services platforms. Pharmacies can access their quality rating by registering for a providerConnect account [here](#).

Pharmacies achieving a quality rating in any given calendar year, or Performance Period, will see their payments adjusted by a pre-specified percentage during the corresponding 12-month Reimbursement Period. For example, the quality rating achieved during the 2019 Performance Period will impact reimbursement during the corresponding 2019 Reimbursement Period (from July 2020 until June 2021).

VALUE-BASED PHARMACY TIMELINE



Adjustment percentages will be reset annually and communicated to pharmacies via a Pharmacy Update that will be sent every March before the next Reimbursement Period takes effect.

When will the VBP reimbursement framework go into effect?

The VBP reimbursement framework is based on a 12-month cycle that will reset annually starting on July 1, 2020.

How will a pharmacy know their payment has been adjusted under the VBP reimbursement framework?

All pharmacy statements will show a **Total Amount Claimed** and a calculated **Total Payment Amount**. Pharmacies that do not achieve a quality rating during any given Performance Period will continue to be paid according to the existing reimbursement framework in place – see [Pharmacy Claims Manual](#) for details. Statements for pharmacies that have achieved a quality rating and are subject to the VBP reimbursement

framework during a specific Reimbursement Period will show two additional lines indicating the **VBP Adjustment Amount** applied and the **Adjusted Payment Amount** issued. A footnote has been included to display the pharmacy's quality rating and the corresponding adjustment percentage.

Example of negative adjustment:

Statement Totals	
Total Amount Claimed	\$984.70
Total Payment Amount	\$749.50
VBP Adjustment Amount*	-\$7.50
Adjusted Payment Amount	\$742.00

*The VBP Adjustment applied to this payment is based on your Pharmacy Quality Rating of 2 achieved during the 2018 Performance Period. This rating has resulted in a (-) 1.0% adjustment of your Payment Amount for the VBP Reimbursement Period of 2019/07/01 to 2020/06/30.

Example of positive adjustment:

Statement Totals	
Total Amount Claimed	\$984.70
Total Payment Amount	\$749.50
VBP Adjustment Amount*	+\$14.99
Adjusted Payment Amount	\$764.49

*The VBP Adjustment applied to this payment is based on your Pharmacy Quality Rating of 4 achieved during the 2018 Performance Period. This rating has resulted in a (+) 2.0% adjustment of your Payment Amount for the VBP Reimbursement Period of 2019/07/01 to 2020/06/30.

Note that these examples are for illustration purposes only.

Where a negative adjustment is applied to a pharmacy payment, a safeguard has been built into the calculation to protect estimated drug acquisition costs and ensure the overall reimbursement per statement is never below that cost.

How often will the adjustment be applied?

VBP adjustments will be applied on every payment that falls during the Reimbursement Period in effect.

What is the Pharmacy Performance Pool?

The value-based reimbursement framework is **not a cost containment measure** but instead is designed to minimize variation in pharmacy practice and drive up quality of care across Canada. In keeping with this philosophy, we are setting up the "Pharmacy Performance Pool," to hold the amounts withheld from lower-performing pharmacies and fund the bonuses paid out to higher performers. The activity of the pool, including the amounts withheld and bonuses paid, will be reported to the pharmacy community annually to ensure complete transparency and accountability.