

Alberta Blue Cross Pharmaceutical Services Provider Agreement update #1

As announced in Pharmacy Benefact 725, February 28, 2018, Alberta Blue Cross will be answering your questions about the changes introduced in the new Alberta Blue Cross Pharmaceutical Services Provider Agreement effective May 17, 2018. This first update is intended to provide clarity on the Holdback policy. Future updates will encompass the Compensation Plan for Pharmacy Services and the Frequent Dispensing Policy.

Holdback policy (effective April 2019) questions and answers

Can the holdback go higher than 10 per cent? If so, how much higher could it go and what is the most it could change in a quarter?

The holdback per cent will be initially set at 10 per cent for dispensing fees, upcharges, pharmacy services and public health immunization claims. The holdback is applied to government sponsored drug programs only. **This will not be applied to drug costs.** As such, the projected budget is solely determined by the frequency at which pharmacy compensation claims are submitted and is independent of the budget to cover drug costs.

At the end of each quarter, when the actual spend is reconciled against the budgeted amount, if the holdback is insufficient to cover any overspend, then in the next quarter with a minimum of 10 business days notice, the percentage will be increased only by the amount necessary to cover the overspend and rebalance the budget.

The amount of increase in the holdback per cent is proportional to any overspend over and above the initial 10 per cent on the actual versus budgeted expenditures for dispensing fees, upcharges and pharmacy services claims.

With the impact of other measures in the agreement, there is significant room for growth for pharmacy compensation under the holdback policy for fiscal 2019/2020, which with responsible stewardship is not projected to require the holdback amount to be substantively increased.

Can the holdback go lower than 10 per cent? Could it become a negative number whereby pharmacies receive a 'bonus' if the spending is under budget?

The holdback will always be at least 10 per cent. However, this will be returned in its entirety to pharmacies should the actual spend be less than the amount budgeted. At the end of the fiscal year reconciliation, after all the holdback has been accounted for, a minimum of 50 per cent of any total under budget spending will be applied towards reinvestments into pharmacy services as committed to in the Memorandum of Understanding between RxA and Alberta Health.

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What other professions have a holdback? Is this the first time Alberta Health has done this?

In October 2016, the Alberta Medical Association ratified an amending agreement that included holdbacks for the 2016/2017 and 2017/2018 fiscal years.

As such, pharmacists are the second group of health care providers in the province to undertake a risk sharing agreement with Alberta Health and in this case, in order to meet pharmacy compensation budget requirements.

Why was the Holdback policy required? Could something else not have been done?

Without the Holdback policy, there would have been a need to impose further measures to provide an additional 10 per cent savings in Expenditures, which would have resulted in lower Dispensing Fees and Upcharges.

Additional information regarding the Holdback policy can be found on the Alberta Pharmacists' Association 'In the Room – issue number 20' posted on the RxA website at www.rxa.ca/members-area/in-the-room/in-the-news-e-newsletter/in-the-room-issue-no-20-april-3-2018.aspx

When you have questions:

For assistance with benefit or claim inquiries, please contact an Alberta Blue Cross Pharmacy Services Provider Relations contact centre representative at:

780-498-8370 (Edmonton and area) • **403-294-4041** (Calgary and area) • **1-800-361-9632** (toll free)

FAX 780-498-8406 (Edmonton and area) • **FAX 1-877-305-9911** (toll free)

Alberta Blue Cross offers online access to current Pharmacy Benefits and supplemental claiming information to assist with the submission of your direct bill drug claims. Visit ab.bluecross.ca/providers/pharmacy-home.php



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