

## WPC MEMBER SURVEY - Funding & Payment Structures

### RESPONSE - USA

#### INTRODUCTION

This survey is designed to provide WPC members with a better understanding of funding and formal payment structures for community pharmacy in each WPC country. This includes payments for dispensing, payments for pharmacy services, and other general or specific purpose payments that are specific to community pharmacy.

The survey does not seek to collect specific fee levels or payment amounts. The focus is on the structure and types of payments, and on what is paid for by each funding stream, and on the relative significance of each component. The focus is not on comparing funding levels or fee amounts.

In some countries the funding arrangements may vary significantly between states, regions or funders. This survey is not intended to capture every variation. As far as possible, please provide the most appropriate answer in a national context.

The results of this survey will not be made public. Findings will be distributed only to WPC members only, for your internal use.

Responses, and any questions relating to this survey, should be emailed to the WPC Chief Economist at [stephen.armstrong@worldpharmacycouncil.org](mailto:stephen.armstrong@worldpharmacycouncil.org). If possible, responses would be appreciated by 31 March 2021. Thank you.

#### DEFINITIONS

**To guide your completion of this questionnaire, please read the following definitions.**

##### *Fee-for service payments*

Fee-for-service payments have traditionally been the most common types of payments in the community pharmacy context (and also in most other healthcare settings) and are an amount paid per occasion of service.

##### *Capitation-style payments (including casemix or bundled payments)*

Capitation-style payments are those calculated based on the number of patients (and/or the types of patients, as in a casemix model) rather than on the number of occasions of service. Capitation-style payments may be bundled payments that cover more than one service type (this may also be the case with outcomes-based payments or lump-sum payments).

*Outcomes-based payments (including performance-based or value-based payments)*

In an outcomes-based model, payments (or payment levels) depend on defined measures of performance, benchmarks or targets. These may include direct or indirect measurements of patient outcomes, or metrics related to quality.

*Lump sum payments per pharmacy*

Lump sum payments are amounts per pharmacy paid at regular intervals (eg. monthly, quarterly or annually) to either all pharmacies or particular groups of eligible pharmacies. Lump sum payments differ from Capitation-style or Outcome-based payments in that the amounts are not related to the number of patients serviced or to any specific performance measure. Examples of lump sum payments include payments made to all registered pharmacies, or to all pharmacies that are registered for a particular program. The amount of lump sum payments may vary from pharmacy to pharmacy based on certain criteria (but will not vary directly in proportion to service volume, as that would make it a fee-for-service).

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## Section 1 - Dispensing

Fees and other payments for dispensing are those amounts that are additional to the cost price of the medicine, and represent a gross profit margin on the dispensing service.

Please note that this question is *not* referring to the pharmacy's purchase price of the medicine. It is referring only to amounts additional to the purchase price, that are intended to ensure the viability of the dispensing service.

**Question 1.1 - Through what process(es) are fees and/or other payments for dispensing determined? (please select all that apply):**

Select those that apply	Method for determining fee or payment level for <u>dispensing</u>
<input checked="" type="checkbox"/>	Regulation/legislation
<input type="checkbox"/>	Formal negotiation at a national, state or regional level
<input checked="" type="checkbox"/>	Analysis of the cost of dispensing
<input checked="" type="checkbox"/>	Commercial negotiation between individual pharmacies (or groups of pharmacies) and the payer
<input type="checkbox"/>	Consumer-focused competition
<input type="checkbox"/>	Other (please specify): ⇒

**Question 1.2 - What is/are the most common fee or payment structure(s) for dispensing in your country? (please select all that apply):**

Select all that apply	Fee or payment structure for <u>dispensing</u>
<input checked="" type="checkbox"/>	Flat fee(s) per item dispensed (this may include additional amounts for specific categories of drugs)
<input type="checkbox"/>	Differential fees depending on whether the dispensing is an original (first-time or acute) or repeat (refill)
<input type="checkbox"/>	Differential fees depending on the total number of items dispensed on one occasion
<input checked="" type="checkbox"/>	Differential fees depending on the total number of items dispensed annually by the pharmacy
<input type="checkbox"/>	Differential fee depending on the period of treatment dispensed (for example, higher fees for more than one month's quantity)
<input checked="" type="checkbox"/>	Specific fee or differential fee for generic substitution or dispensing a generic medicine
<input type="checkbox"/>	Mark-up or margin on the cost price of the medicine
<input type="checkbox"/>	Capitation-style payments (including casemix or bundled payments)
<input checked="" type="checkbox"/>	Outcomes-based payments (including performance-based or value-based payments)
<input type="checkbox"/>	Lump sum payments per pharmacy (not linked to prescription numbers, patient numbers or to outcomes, performance or value)
<input type="checkbox"/>	Unregulated or semi-regulated fees/charges/surcharges <u>paid by patients</u>
<input type="checkbox"/>	Other (please specify): ⇒

**Question 1.3**

In relation to dispensing, are different payment structures or levels applicable for specific types of pharmacy (only include those pharmacies supplying to the community, not hospital pharmacies), such as those listed below?

Distance-selling or internet/mail-order pharmacies	<input type="checkbox"/>	No	
	<input checked="" type="checkbox"/>	Yes (please briefly describe): ⇒	
Centralised or hub-and-spoke dispensing models	<input checked="" type="checkbox"/>	No	
	<input type="checkbox"/>	Yes (please briefly describe): ⇒	
Rural or remote location pharmacies	<input checked="" type="checkbox"/>	No	
	<input type="checkbox"/>	Yes (please briefly describe): ⇒	
Pharmacies servicing care facilities for aged people	<input type="checkbox"/>	No	
	<input checked="" type="checkbox"/>	Yes (please briefly describe): ⇒ Retail pharmacies dispense medications and provide medication counseling directly to patients at the store. Long Term Care pharmacies (LTC) provide specialized pharmacy services that include ongoing monitoring and medication delivery to the facility. In addition to these differences, dispensing reimbursement can differ for retail and LTC. Retail pharmacies do not receive payment related to Part A. LTC	

		<p>pharmacies must comply with additional Medicare Part D federal and state requirements, that increases dispensing costs relative to retail pharmacies. A care facility dispensing study commissioned by the National Community Pharmacists Association found that compliance with these requirements and provision of additional services leads to a cost to dispense for care facility pharmacies that is 25 percent more than retail pharmacies.</p>	
Specialised pharmacies	<input type="checkbox"/> No  <input checked="" type="checkbox"/>	<p>Yes (please briefly describe):  ⇒ Specialty drugs in the United States are commonly defined as medications used to treat chronic and complex or rare medical conditions. Specialty drug dispensing costs differ from traditional medication dispensing costs in many ways some of which include 1. requires special handling and storage, 2. requires complex and extended patient education or counseling, 3. requires intensive monitoring, 4. requires clinical oversight, 5. requires product support services. These activities substantially increase the cost of specialty medication relative to non-specialty medication. A study commissioned by the National Community Pharmacists Association found that the average cost to dispense a specialty medication is \$73.58 well</p>	

		above the average cost of \$12.40 to dispense all medications.	
Other (please specify):	<input type="checkbox"/>	No	
	<input type="checkbox"/>	Yes (please briefly describe): ⇒	

#### Question 1.4

Please briefly describe the market situation with regard to purchasing of prescription-only medicines by pharmacies. Specifically, please briefly cover the following points:

- What, if any, regulations exist with regard to the purchase price of prescription-only medicines? There are no government regulations that govern pharmacy purchasing of prescription-only medicines by pharmacies. Government does require certain pricing guardrails such as “best price” provisions meaning that in certain programs, the government must receive the manufacturer’s best price.
- Is there a regulated cap or limit on the amount of purchasing margin made/retained by pharmacies?  
No, there is not a regulated cap on pharmacies for brand drugs. For generic drugs, government (and the private sector) will “MAC” the price of the drug. MAC=Maximum Allowable Cost meaning that the payer decides that maximum amount they will pay for a drug no matter what the actual acquisition cost is to the pharmacy.
- Are reimbursement prices regularly reviewed in response to changes in market prices?  
In Medicare Part D (mostly for seniors over age 65), no. This government program for 40 million people is run by the private sector with a limited amount of government oversight. In Medicaid (mostly for people below a certain income threshold), a state may choose to outsource its program in which case there is little government oversight. Or, a state may choose to run its own program, in which case there are periodic reviews to examine if the state is covering the pharmacy’s costs to dispense the prescription.
- Does the government (or do other third party payers) conduct a competitive process amongst drug manufacturers to determine prices and/or which products are available to be funded?  
Yes. Government and private payers command, on average, over 40% of the cost of a brand name drug in rebates back to the payer. This has resulted in drug “sticker price” inflation and relatively stagnant profits (where volume is flat) on a drug for the manufacturer.

#### Question 1.5

Questions 1.1 to 1.4 provided a high level overview of funding arrangements for dispensing. If you think other details would be useful to WPC members to allow a better overall understanding of your country's funding model for dispensing, please provide further details below:

⇒ The two most common models to compensate pharmacies for dispensing are fee for service and managed care.

In the fee for service model, researchers perform independent studies of randomly sampled pharmacies to identify and quantify the costs incurred by pharmacies within states or across the United States in dispensing prescription drugs. Surveys collect data on costs that could be dependent on the type of payer such as Medicaid and encompass both independent and chain retail pharmacies. These costs are aggregated and weighted by pharmacy prescription volume. Overall costs are divided by the number of prescriptions dispensed providing an estimate of the per prescription dispensing fee. A 2020 study based on 2018 data commissioned by the National Community Pharmacists Association found that the mean overall cost of dispensing per prescription, for all drugs dispensed, was \$12.40. Most studies find costs in the range of \$10.5 and \$12.50.

In the managed care model dispensing fees are determined by PBMs that rely on proprietary information to determine dispensing fees. Dispensing fees in the range of \$2 are not unusual, well below the amount estimated by many studies that rely on pharmacy level costs.

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Please continue to Section 2 below.



## Section 2 - Payments for services related to dispensing/supply

This section relates to payments received for add-on or associated services that are related to individual occasions of dispensing/supply.

**Question 2.1 - please complete the table below**

Service	What is/are the fee or payment sources for this service? (please select all that apply)	What type(s) of fee/payment are applicable for this service? (refer to definitions at the start of this document)	How are the levels of fees/payments determined? (please select all that apply)	Are payments for this service capped (limited) in any way, eg. on a national or a per pharmacy basis? If so, please briefly describe this arrangement.																																
1: Compliance aids/packaging	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input checked="" type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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<b>3: Staged supply (supply in instalments)</b>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input type="checkbox"/></td><td>Patient</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input checked="" type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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<p><b>5: Prescription adaption (eg. pharmacist-initiated change of dosage or formulation)</b></p> <p><b>Note: In the U.S., payment for this service occurs but it is very rare at this time.</b></p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input checked="" type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table> <p>This service is usually part of a “per member/per month” fee in which the pharmacist/pharmacy is paid a monthly fee for managing the patient’s overall drug therapy.</p>	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes (please describe): ⇒
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<p><b>6: Refusal to dispense (“non-dispensing”)</b>  <b>Note: In the U.S., payment for this service occurs but it is very rare at this time.</b></p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input checked="" type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>No</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table> <p>This service is usually part of a “per member/per month” fee in which the pharmacist/pharmacy is paid a monthly fee for managing the patient’s overall drug therapy.</p>	<input checked="" type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes (please describe): ⇒
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<b>7: Other dispensing-related services</b> (please specify and add rows as needed) ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input type="checkbox"/></td><td>Patient</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input checked="" type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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## Section 3 - Payments for other services

This section covers payments for services that are not specifically related to individual episodes of dispensing.

**Question 3.1 – Please complete the table below**

Service	What is/are the fee or payment sources for this service? (please select all that apply)	What type(s) of fee/payment are applicable for this service? (refer to definitions at the start of this document)	How are the levels of fees/payments determined? (please select all that apply)	Are payments for this service capped (limited) in any way, eg. on a national or a per pharmacy basis? If so, please briefly describe this arrangement.																																
<p><b>1: Medication management or medication review services</b>  <b>In the U.S., payment for this service occurs but it is for the minority of prescriptions dispensed.</b></p>	<table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>Government</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Insurer</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Patient</td> </tr> <tr> <td><input type="checkbox"/></td> <td>None/Not applicable</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other (specify):</td> </tr> </table>	<input checked="" type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>Fee-for service</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Capitation-style</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Outcomes-based</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Lump sum</td> </tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>Regulation/legislation</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Formal negotiation at a national, state or regional level</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consumer-focused competition</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other (please specify): ⇒</td> </tr> </table>	<input checked="" type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr> <td><input type="checkbox"/></td> <td>No</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Yes (please describe): ⇒</td> </tr> </table> <p>Pharmacies are paid a set amount for medication review OR this service is may be part of a “per member/per month” fee in which the pharmacist/pharmacy is paid a monthly fee for managing the patient’s overall drug therapy.</p>	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes (please describe): ⇒
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<p><b>2: Chronic disease management services</b>  <b>In the U.S., payment for this service occurs but it is for the minority of prescriptions dispensed.</b></p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input checked="" type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table> <p><b>Pharmacies are paid a set amount for medication review OR this service is may be part of a “per member/per month” fee in which the pharmacist/pharmacy is paid a monthly fee for managing the patient’s overall drug therapy.</b></p>	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes (please describe): ⇒
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<b>3: Services relating to public health, OTC medicine supply and/or common (minor) illness</b>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input checked="" type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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4: Vaccination services	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input checked="" type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input checked="" type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table> <p>Government and commercial payers cap the amount they will pay for each immunization (including the cost of the drug and the administration fee). Pharmacies are not capped on the total number of patients they can immunize.</p>	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes (please describe): ⇒
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<b>5: Pharmacist prescribing (in a community pharmacy setting) In the U.S., payment for this service occurs but it is for the minority of prescriptions dispensed.</b>	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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<b>6: Consultations</b> (not covered by one of the categories above)	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Patient</td></tr> <tr><td><input type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input checked="" type="checkbox"/>	Insurer	<input checked="" type="checkbox"/>	Patient	<input type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input checked="" type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input checked="" type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input checked="" type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input checked="" type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table> <p><b>This service may be part of a “per member/per month” fee arrangement in which the pharmacist/pharmacy is paid a monthly fee for managing the patient’s overall drug therapy.</b></p>	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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<b>7: Other services (please specify and add rows as needed)</b> ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>Government</td></tr> <tr><td><input type="checkbox"/></td><td>Insurer</td></tr> <tr><td><input type="checkbox"/></td><td>Patient</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>None/Not applicable</td></tr> <tr><td><input type="checkbox"/></td><td>Other (specify):</td></tr> </table>	<input type="checkbox"/>	Government	<input type="checkbox"/>	Insurer	<input type="checkbox"/>	Patient	<input checked="" type="checkbox"/>	None/Not applicable	<input type="checkbox"/>	Other (specify):	<table border="1"> <tr><td><input type="checkbox"/></td><td>Fee-for service</td></tr> <tr><td><input type="checkbox"/></td><td>Capitation-style</td></tr> <tr><td><input type="checkbox"/></td><td>Outcomes-based</td></tr> <tr><td><input type="checkbox"/></td><td>Lump sum</td></tr> </table>	<input type="checkbox"/>	Fee-for service	<input type="checkbox"/>	Capitation-style	<input type="checkbox"/>	Outcomes-based	<input type="checkbox"/>	Lump sum	<table border="1"> <tr><td><input type="checkbox"/></td><td>Regulation/legislation</td></tr> <tr><td><input type="checkbox"/></td><td>Formal negotiation at a national, state or regional level</td></tr> <tr><td><input type="checkbox"/></td><td>Negotiation between individual pharmacies (or groups of pharmacies) and the payer</td></tr> <tr><td><input type="checkbox"/></td><td>Consumer-focused competition</td></tr> <tr><td><input type="checkbox"/></td><td>Other (please specify): ⇒</td></tr> </table>	<input type="checkbox"/>	Regulation/legislation	<input type="checkbox"/>	Formal negotiation at a national, state or regional level	<input type="checkbox"/>	Negotiation between individual pharmacies (or groups of pharmacies) and the payer	<input type="checkbox"/>	Consumer-focused competition	<input type="checkbox"/>	Other (please specify): ⇒	<table border="1"> <tr><td><input type="checkbox"/></td><td>No</td></tr> <tr><td><input type="checkbox"/></td><td>Yes (please describe): ⇒</td></tr> </table>	<input type="checkbox"/>	No	<input type="checkbox"/>	Yes (please describe): ⇒
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## Section 4 - Payments not relating to specific services (including payments relating to quality, standards or pharmacy accreditation)

This section relates to any other fees or payments made to some or all community pharmacies as part of formal arrangements, which are not specifically related to dispensing or to other services. These may include, but are not limited to, payments relating to staff training, records, compliance with premises standards or other general quality measures. It may also include payments for specific groups of pharmacies, such as those in rural areas.

Under each of the following headings, please briefly describe any fees or payments that are not related to dispensing or to other services (and therefore have not been covered in earlier sections). If there are no payments in the category, simply write "None".

### Question 4.1 – Please complete the table below

Type of payment	Description(s) and payment source(s) (only include significant payments that have not been included in previous sections)
Capitation-style payments (including casemix or bundled payments)	N/A
Outcomes-based, performance-based or value-based payments	In Medicare Part D, PBMs often claw back fees from pharmacies well after a transaction. Called direct and indirect remuneration (DIR), PBMs claim those fees are performance based, but in reality they are often unpredictable and seemingly unconnected to a pharmacy's performance. The fees also disadvantage patients, who are assessed a higher cost-share against their Part D deductible rather than the retroactive, lower adjusted price. The result is to push patients more quickly into the "catastrophic" phase of coverage at which point the prescription cost risk shifts from the PBM insurer to the federal government.

Type of payment	Description(s) and payment source(s) (only include significant payments that have not been included in previous sections)
Lump sum payments per pharmacy, including establishment or infrastructure payments or subsidies (such as for IT, automation, consultation infrastructure and staff training) <small>(Note: Lump sum payments may include payments that vary from pharmacy to pharmacy based on certain criteria, but not in direct proportion to service volume)</small>	N/A

## Section 5 - Relative size of funding components

### Question 5.1

Of all of the fees and other payments that you have listed in this document, please list the top five in order of value for a typical community pharmacy in your country. For example, a list may be (1) dispensing fees, (2) payments for medication reviews, (3) outcomes-based quality payments, etc.

In the right hand column, please provide your best estimate of the proportion of overall third-party funding (government and insurer) each of the listed fees or payments represents for a typical (average) community pharmacy. A rough estimate will be fine, as this is only to provide a guide as to the relative importance of each fee/payment.

Rank	Fee or payment name	Approximate or estimated percentage of overall Government and other Third Party funding represented by this fee or payment*
1	Ingredient cost	1. and 2 are roughly 96%. Not sure what the breakdown is
2	Dispensing fee	
3	immunization	3., 4., and 5. Are less than 4% of revenue. Not sure what the breakdown is.
4	Chronic disease state management	
5	Medication Management Therapy	





## Section 6 – Process for review, adjustment or indexation of payments

### Question 6.1

As briefly as possible, please describe any process that exists to review, adjust or index the amounts paid **for the top five services you listed in the previous question**. Examples may include, but are not limited to:

- Renegotiation after a set period of time
- Annual adjustment based on an inflation measure
- Adjustment within a fixed or pre-determined pool of funding

Fee or payment number corresponding to your Question 5.1 response	Method of review or adjustment for amounts paid	
1	<input type="checkbox"/>	Renegotiation after a set period of time
	<input type="checkbox"/>	Annual adjustment based on an inflation measure
	<input type="checkbox"/>	Adjustment within a fixed or pre-determined pool of funding
	Other, and/or further details:	
2	<input type="checkbox"/>	Renegotiation after a set period of time
	<input type="checkbox"/>	Annual adjustment based on an inflation measure
	<input type="checkbox"/>	Adjustment within a fixed or pre-determined pool of funding
	Other, and/or further details:	
3	<input type="checkbox"/>	Renegotiation after a set period of time

Fee or payment number corresponding to your Question 5.1 response	Method of review or adjustment for amounts paid	
	<input type="checkbox"/>	Annual adjustment based on an inflation measure
	<input type="checkbox"/>	Adjustment within a fixed or pre-determined pool of funding
	Other, and/or further details:	
4	<input type="checkbox"/>	Renegotiation after a set period of time
	<input type="checkbox"/>	Annual adjustment based on an inflation measure
	<input type="checkbox"/>	Adjustment within a fixed or pre-determined pool of funding
	Other, and/or further details:	
5	<input type="checkbox"/>	Renegotiation after a set period of time
	<input type="checkbox"/>	Annual adjustment based on an inflation measure
	<input type="checkbox"/>	Adjustment within a fixed or pre-determined pool of funding
	Other, and/or further details:	

### Question 6.2

What (if any) changes to payment models and structures are currently being discussed or pushed in your country, or are likely to be discussed or pushed in the foreseeable future? Please include any changes that your organisation is seeking, as well as those that may be being pushed by other parties such as government or other payers.

**Answer:**

Pharmacy reimbursement for prescription drugs is convoluted and complex. Most managed care organizations reimburse based on spread pricing. Spread pricing occurs when health plans (on behalf of employers) contract with pharmacy benefit managers (PBMs) to manage their prescription drug benefits. Under spread pricing, instead of passing the full payments received by PBMs from health insurers (who are the agents of employers) onto the pharmacies, the PBM instead keeps a portion of the amount paid to them by the health plan. Creating a spread between the amount paid by the plan and the amount received by the pharmacy. Because three PBMS control 76 percent of prescription drug benefit transactions, these PBMs have market power over both the plans and the pharmacies, allowing them to overcharge plans while simultaneously underpaying pharmacies, pocketing the difference as monopoly profit. In addition to spread pricing, for many brand drugs PBMs use their market power to negotiate large rebates from drug manufacturers but do not pass along the full amount of these rebates to health plans and or the consumer. The end result is higher prices for brand drugs that are passed along to the health plans. Because most of these drugs are subsidized by the federal and state governments, taxpayers end up paying for inflation created by the rebate system.

An alternative pricing model that is gaining traction in many state Medicaid programs and supported by NCPA is to compensate pharmacy acquisition costs based on a national survey PLUS an appropriate professional dispensing fee. Dispensing fees are then calculated based on state surveys. The national survey most commonly used to reimburse for ingredient acquisition cost is the NADAC survey that is commissioned by the Centers for Medicare and Medicaid Services(CMS). This survey randomly samples 2,000 pharmacies per month, collecting invoice data on all prescriptions dispensed by each pharmacy for the month of the survey. Average acquisition cost is calculated for each drug at the NDC-11 level. Pharmacies are reimbursed the average invoice cost within each NDC PLUS a professional dispensing fee. Pharmacies are then compensated for dispensing fees based on state survey's that randomly sample pharmacies within a state that collect dispensing cost data. Average dispensing cost per prescription is calculated across all pharmacies, creating a benchmark to compensate for dispensing fees. In some states dispensing fees are also calculated based on pharmacy volume and or specialty medications.

To complete the model, pharmacies must be compensated for more than dispensing medications. A complete model recognizes and compensates pharmacies for the value they provide taking care of patients with chronic conditions. These patients need the most help and are costing the health care system the most money. NCPA is at the forefront of this transformation, collaborating to create community pharmacy enhanced networks under the umbrella of CPESN USA as an important pathway to unite independent pharmacies to improve patient care. CPESN USA pharmacies focus on providing care to patients who need the most help, forging strong relations with patients and their local health care team.

**THANK YOU FOR COMPLETING THIS QUESTIONNAIRE. Please email your completed response to [stephen.armstrong@worldpharmacycouncil.org](mailto:stephen.armstrong@worldpharmacycouncil.org).**