



Pharmacy Manual & Provisions

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A. GENERAL PROVISIONS

1) Notices

Any notice required or permitted under the Pharmacy Provider Agreement shall be in writing and sent by registered mail or by courier addressed to the party to whom such notice is given at the address set forth for such party in the Pharmacy Provider Agreement, or to such other address as such party, in accordance with this section, shall have notified the other party. Any such notice so mailed shall be deemed to have been given and received on the third Business Day following the date of mailing, and any such notice so couriered shall be deemed to have been given and received on the date of delivery, if delivered prior to 5:00 p.m. (local time of the recipient) that date, and in any other case on the next following Business Day.

2) Entire Agreement

The Pharmacy Provider Agreement (including these Provisions and Manual) constitutes the entire agreement between you and us with respect to the subject matter hereof, and supersedes all prior agreements, discussions and understandings. No amendment of, supplement to or other change in the Pharmacy Provider Agreement shall be effective without the prior written consent of you and us, provided that we may supplement, amend or otherwise change these Provisions at any time and from time to time, to comply with or give effect to any change in any applicable law or regulation or the application or interpretation thereof or for any other purpose or reason, by giving you notice of such supplement, amendment or other change, **or** by posting the same on our website, or both. Any such supplement, amendment or other change shall be effective 30 days after such notice is given or such posting on our website is affected, unless within such 30-day period you give us notice of your non-acceptance of such supplement, amendment or other change and notice of termination of the term of the Pharmacy Provider Agreement pursuant to section P.1. Failing the giving by you of both such notices, such supplement, amendment or other change shall be deemed to have been accepted by you and the Pharmacy Provider Agreement shall be amended or supplemented effective on such 30th day, and as so amended or supplemented shall thereafter bind you and us. We shall have the right to supplement, amend or otherwise change the Provider Manual at any time and from time to time, without notice to or consent from you, and you agree to act in accordance with the Provider Manual as it may be constituted from time to time.

3) Confidential Information

You acknowledge that in the performance of the services to be provided under the Pharmacy Provider Agreement, you will have access to and gain knowledge of certain confidential information regarding us, including pricing and other financial matters, contractual arrangements (including these Provisions), pharmacy manuals, marketing strategies, customer lists and intellectual property. You shall not disclose or use any such confidential information other than for the purpose of providing the services to be provided by you under the Pharmacy Provider Agreement, and you shall promptly return to us, or at our option certify the destruction of, all such confidential information upon the termination of the term hereof.

4) Relationship

The relationship between us and you is that of independent contractors, and nothing in the Pharmacy Provider Agreement, the Provider Manual or otherwise shall create or be deemed to create any agency, trusteeship, partnership, joint venture or other relationship between you and us.

5) Professional Judgement



Nothing in the Pharmacy Provider Agreement (including these Provisions), the Provider Manual, any Benefit Plan or any response from us (on-line, by the Provider Help Desk or otherwise) in respect of a Claim submitted by you, or otherwise, shall be construed to require you to dispense any Medication or to provide any Advice to any Cardholder or other Person which, in your professional judgment, should not be dispensed or provided.

6) **Waiver**

No waiver of any breach of any provision of the Pharmacy Provider Agreement shall be construed to constitute a waiver of any subsequent breach of the same or any other provision thereof.

7) **Assignment**

The Pharmacy Provider Agreement may not be assigned, in whole or in part, by you but may be assigned by us in connection with a sale of our business in whole or in part.

8) **Compliance with Law**

You and we will each comply with all applicable laws and regulations, including without limitation with respect to the protection of privacy and the confidentiality of personal health information.

9) **Time**

Time shall be of the essence of the Pharmacy Provider Agreement.

10) **Enurement**

The Pharmacy Provider Agreement shall enure to the benefit of and be binding upon you and us and our respective successors and permitted assigns.

B. DEFINED TERMS

In the Pharmacy Provider Agreement (as defined below), the following capitalized terms shall have the following respective meanings:

"Advice" means any professional advice or consultation provided by you to a Cardholder or any other person in connection with a particular Medication, disease state, course or treatment or otherwise;

"Benefit Plan" means any group benefit plan administered by us on behalf of a Plan Sponsor under the terms of which the cost of certain Medications, specified by a Formulary or otherwise, and in certain cases certain Advice, provided by you to a Cardholder is borne by such Plan Sponsor, subject to such Copayments and other limitations, exclusions and other terms as are specified therein;

"Business Day" means any day on which banks are open to the public for the transaction of business in Toronto, Ontario;

"Cardholder" means an individual and his or her eligible dependents to whom Covered Benefits are available pursuant to a Benefit Plan as evidenced by a NexgenRx Card issued to such individual;



"Claim" means any claim submitted by you to us for the payment of all or any portion of the cost of any Medication dispensed or Advice provided by you to a Cardholder;

"Copayment" means that portion of the total cost for a Covered Medication (including ingredient cost, markup and professional fee) or Covered Advice that a Cardholder is required to pay to you under the terms of that Cardholder's Benefit Plan and Section B.1(d) of the Provisions, including any amount designated as a "copayment" or a "deductible" under the terms of such Benefit Plan;

"Covered Advice" means any Advice provided by you to a Cardholder the cost of which is covered, in whole or in part, under the terms of such Cardholder's Benefit Plan;

"Covered Benefits" means Covered Medications and, where applicable, Covered Advice;

"Covered Medications" means any Medications provided by you to a Cardholder, the cost of which is covered, in whole or in part, under the terms of such Cardholder's Benefit Plan;

"CPhA Standard" means the standards approved by the Canadian Pharmaceutical Association for the submission of electronic claims;

"Formulary" means a list of Medications prepared by or on behalf of a Plan Sponsor and revised from time to time, the cost of which Medications are covered, in whole or in part, by such Plan Sponsor under its Benefit Plan;

"Medications" means any prescription drug or device prescribed by a duly licensed physician or other health professional, any non-prescription drug, medication, supply or device, or any herbal remedy, homeopathic remedy, vitamin, hormone or other like substance or therapy;

"NexgenRx Card" means the printed identification card issued by us to a Cardholder pursuant to, and so as to evidence such Cardholder's entitlement to Covered Benefits under, such Cardholder's Benefit Plan;

"Pharmacy Provider" means any duly licensed pharmacy in Canada which has entered into a Pharmacy Provider Agreement with us;

"Pharmacy Provider Agreement" means a written agreement so titled (of which these Provisions form a part) entered into by any duly licensed pharmacy in Canada with us pertaining to the provision of Covered Benefits to Cardholders and the submission to us of Claims in respect thereof;

"Pharmacy Provider Number" means, in the case of any particular Pharmacy Provider, that unique number assigned by us to that Pharmacy Provider in order to facilitate the receipt by us of Claims submitted by such Pharmacy Provider, the provision by us to such Pharmacy Provider of the results of our adjudication of such Claims under the terms of the relevant Benefit Plan, and any other communication between us and such Pharmacy Provider;

"Plan Sponsor" means, in respect of any particular Benefit Plan, any employer, third party administrator, insurer or other person having primary financial responsibility for the payment of Covered Benefits provided to Cardholders under such Benefit Plan;



"Pharmacy Support Centre" means the facility, and the persons staffing such facility, made available by us to Pharmacy Providers to assist them in the submission to and adjudication by us of Claims submitted (whether on-line or otherwise) by such Pharmacy Providers, utilizing such telephone and fax lines and email addresses for such purpose as we may communicate to Pharmacy Providers from time to time;

"Provider Manual" means the Pharmacy Policy and Procedure Manual published and provided by us to Pharmacy Providers, as the same may be amended by us in our sole discretion from time to time, which sets forth our policies, procedures, practices and rules regarding the dispensing of Covered Medications and the providing of Covered Advice by Pharmacy Providers to Cardholders;

"Usual and Customary Professional Fee" means, in respect of any Pharmacy Provider, the usual and customary professional fee that such Pharmacy Provider would charge a cash paying customer for the dispensing of any Covered Medication or the provision of any Covered Advice on the date on which such Covered Medication was dispensed or Covered Advice was provided (which in the case of the dispensing of any Covered Medication, and in the absence of any evidence to the contrary, will be presumed to be the usual and customary professional fee as filed by such Pharmacy Provider with us);

"Usual and Customary Retail Price" means (i) in respect of any Covered Medication, the lowest retail price (including ingredient cost, markup and your Usual and Customary Professional Fee) which you will accept from any cash paying customer for such Covered Medication dispensed by you, in the quantity dispensed on the date it is dispensed, including any discounts or special promotions offered by you on such date, and (ii) in respect of any Covered Advice, the lowest professional fee which you will accept from any cash paying customer having the financial capacity to pay such fee for the provision of such Advice to such customer, given the nature of such Advice and the time involved in providing the same.

C. POLICIES and PROCEDURES

NexgenRx is a Healthcare Technology Solutions Provider. We have been in operation since 2003 and have focused our attention on building leading-edge technology to support our customers and their health benefit programs. NexgenRx is committed to implementing appropriate measures to protect the confidentiality, integrity and availability of its information throughout its life cycle, including its creation, storage, transmission and destruction.

Enrolment and updates to cardholder / patient information will be done via the electronic interface whenever possible. Pharmacies have all of the benefits of electronic patient claims processing through our adjudication management software.

- Point of service determination of eligibility
- Confirmation of eligibility of DIN/PIN submitted
- Co-ordination of benefits with public and private payers
- On-line availability of Deposit statements
- Electronic fund transfer to the authorized bank account you designate
- Toll-free access to Pharmacy Support Centre



NexgenRx Pharmacy Support Centre

Our Provider Support Centre can be reached at **1-866-394-3648** we are open:

Monday to Friday from 8:00am to 8:00pm Eastern Standard Time.

Saturday 10:00am to 3:00pm

Please be advised that this number should not be given to a plan member/eligible dependents.

Policies and Procedures

1. NexgenRx does not accept paper claims submitted by the pharmacy. There may be occasions when a cardholder has to pay the pharmacy and submit the claim for manual reimbursement.
2. Pharmacy staff members are required to ensure that the cardholder or eligible registered dependent presents a valid NexgenRx Claims card. Submission of a claim from an ineligible Cardholder is prohibited and may be subject to additional changes at the discretion of NexgenRx.
3. NexgenRx can co-ordinate claims with public plans as well as other private plans as long as the plan member has recorded the correct information at the time of registration. These claims are adjudicated according to the co-pays and deductibles determined by the plan sponsors and insurers (where applicable).
4. Cardholders/eligible registered dependents must have a valid prescription from an authorized prescriber.
5. Diabetic supplies: claims for test strips/sensors, insulin syringes, needles and lancets may be sent using the recognized provincial PIN. Please refer to www.NexgenRx.com or call the Pharmacy Support Centre.
6. Pricing: each province has different policies concerning allowable mark-ups over Actual Acquisition Costs (AAC) as well as professional dispensing fees. NexgenRx employs fair pricing policies with price files updated regularly to reflect a reasonable AAC in each province. The total amount charged should not exceed charges to cash paying clients or other private third party pay direct cardholders.
7. In the situation where a manufacturer lowers the cost of a specific drug and you are supplying stock purchased at the higher cost, please contact the manufacturer to discuss adjustments.
8. NexgenRx recognizes that there are times when a generic product may not be available. There may be products available from another generic manufacturer that are also interchangeable. Please do not use Doctor No Substitution. Our Pharmacy Support Centre can advise you on how to proceed with the claim when there is no generic product available from any source.
9. If your ingredient cost is more than the adjudicated price allows, please contact the Pharmacy Support Centre. Differences in adjudicated cost and the AAC should be submitted to NexgenRx by faxing a copy of the invoice indicating the price paid, within 7 days and only if the difference is >\$3.
10. If the ingredient cost is > \$9999.99 please refer to your practice management software or speak with a Pharmacy Call Centre representative to ensure that the claim is correctly adjudicated. Only one dispensing can be claimed.



11. Fees charged for professional services such as injection administration and medication review are not eligible for electronic billing.
12. Compounds: It is essential to submit the DIN of the primary, prescription requiring medicinal ingredient to ensure appropriate electronic adjudication. If unsure if a compound is eligible, please call the Pharmacy Support Centre for assistance. Patients should know if the compound is eligible before the prescription is dispensed. Please refer to page 14 for codes and ineligible components.

Commonly Used Terms

Actual Acquisition Cost (AAC)

The cost according to the invoice for the current stock item being dispensed

Adjudication

Electronic series of edits to check eligibility of the patient, the drug on the plan design chosen by the employer and the final breakdown of the amount paid into your account by NexgenRx and the amount the patient has to pay

Cardholder

The primary plan member

Cardholder Exception

Since in the majority of cases there is no insurance company involved in the “risk” of providing coverage for drugs, the employer may decide to allow payment of a specific drug(s) or product (s) for one plan member who meets the needs as determined by the employer. In this case a cardholder exception is added to that person’s plan profile information. The exception may be granted for a specific period of time (i.e. 12 months) after which reassessment may be required.

Co-Insurance

The percentage (i.e. 10% or 20%) that must be paid on each item every time a prescription is dispensed. This is a cost sharing measure that the employer has requested.

Co-Pay

A fixed dollar amount that is paid by the patient for every eligible item dispensed.

CPhA3

The Canadian Pharmacists Association established standard for electronic exchange of claim information

Dispensing Fee Cap

Plan sponsors may require a fixed dollar amount to be paid -this may be less than the usual and customary dispensing fee noted on the Provider Agreement.

Deductible

A fixed dollar amount that has to be paid before benefits apply. Deductibles are normally set on a calendar year basis.

**DUR (Drug Utilization Review)**

NexgenRx uses data from First Data Bank to warn of any potential interactions with other medication being taken, no matter where in Canada it was dispensed. This data information is updated monthly (to assist pharmacy staff in their professional care of the plan members).

EDI

Electronic Data Interchange is the data transfer between the pharmacy and NexgenRx

EFT (Electronic Funds Transfer)

Automatic transfer of funds directly into the bank account designated by the pharmacy

Formulary

Specific list of eligible drugs

LCA

Lowest Cost Alternative from interchangeable DINS in the province where the prescription is dispensed.

Maintenance and Non-Maintenance Drugs

The industry recognizes that certain drugs are used on an on-going basis and whenever possible (depending on the plan design chosen by the employer) requires that up to 100 days' supply be dispensed with one professional fee. This applies to thyroid drugs, oral contraceptives, antidepressants, blood pressure and lipid lowering drugs as examples.

Non-maintenance (acute) drugs are usually taken for less than 30 days and would include antibiotics, muscle relaxants and analgesics.

Multi-Level Plans

The employer may choose to pay for some drugs at different levels of payment i.e. drugs included in a managed care formulary may be covered at 80% while other prescription requiring drugs may only be covered up to 50%.

Overage Dependent (O/A)

Employers may choose to provide coverage for dependent children who are studying in a recognized post-secondary educational program at university or college. Plan members are required to register these dependent students on an annual basis

Employers may also provide coverage for disabled overage dependents. Plan members are required to register these dependent adults.

Plan Sponsor

The employer or organization that pays the health benefit costs for drug, dental and extended health care (if applicable) on behalf of the employee and dependents (where applicable).

Policy Year

Anniversary of when coverage became effective

Unlisted Compound Code

The number from CPHA3 that allows you to indicate if a compound is an ointment, cream, internal mixture etc.



D. INTRODUCTION

These Pharmacy Provider Provisions (these “Provisions”) form a part of, and are to be read together with the Pharmacy Provider Agreement entered into by NexgenRx Inc. (“NEXGENRX”) with every Pharmacy Provider. In these Provisions, “you” and “your” mean and refer to a Pharmacy Provider, and “we”, “us” and “our” mean and refer to NexgenRx. Before you submit any Claim to us, please read these Provisions thoroughly, because by submitting any such Claim to us you will thereby confirm your agreement with us to all of these Provisions, both generally and in respect of such Claim in particular.

Some words in these Provisions are capitalized because they are each given a specific meaning, as set out in section I below.

E. THE NexgenRx CARD

An example of a wallet card that a patient might present at a pharmacy.



F. PROVISION OF SERVICE

1) Covered Benefits

You will provide the following services in connection with the dispensation of any Medication or the provision of any Advice to any individual who hands you a NexgenRx Card:

- a) Verify Eligibility: Take such reasonable steps as you determine to be necessary, including examining such NexgenRx Card, to verify that such individual is a Cardholder eligible for Covered Benefits under a Benefit Plan, prior to your submission to us of a Claim for the dispensation of any Medication or the provision of any Advice to such individual.
- b) Provision of Covered Benefits: In the dispensation of Covered Medications and the provision of Covered Advice to Cardholders, treat such Cardholders no less favourably, and with no less care, than any of your other customers.



- c) **Submission of Claims:** Submit each Claim to us in the CPhA Standard for adjudication and payment in accordance with the Provider Manual, and take note of, respond (as you may consider necessary or desirable) to us in respect of, and exercise your professional judgment with respect to, any on-line message you receive from us regarding any Claim submitted by you to us. If any Claim or any such response cannot be transmitted online to us, you will make reasonable attempts to retransmit such Claim or response, failing which you will contact our Provider Help Desk to facilitate the adjudication of such Claim or communication of such response. By submitting any Claim to us, you thereby represent and warrant that you have the legal right to disclose to us the personal information contained therein concerning the Cardholder or other person to whom such Claim relates.
- d) **Collection of Copayment:** You may charge and collect from each Cardholder, in respect of any Covered Benefit, the difference (if any) between your Usual and Customary Retail Price for such Covered Benefit and the amount which we will pay you in respect thereof in accordance with section D.1 below (including in such difference the amount of the applicable Copayment), but in no case (including, without limitation, any failure on our part to pay you such amount, whether due to our insolvency or otherwise) shall you charge, collect a deposit from or seek any other compensation from any Cardholder for any Covered Benefit in excess of or in addition to the amount of any such difference.

2) **Compliance with Provider Manual**

You will comply with the Provider Manual and the policies and procedures set forth therein.

3) **Maintenance of Records**

You will maintain such medical, financial and other records pertaining to Cardholders, the Medications dispensed and Advice provided by you to them, and the Claims made by you in respect of Covered Benefits, for such period of time as may be necessary or desirable to comply with applicable laws and regulations and applicable professional standards of practice, and so as to evidence your compliance with the Pharmacy Provider Agreement (including these Provisions). You will permit us, without charge and at such time or times during regular business hours as may be mutually agreed upon from time to time, to inspect, review, audit and take copies of any such records maintained by you in respect of any Cardholder or any Claim in order to enable us to determine compliance with the said Pharmacy Provider Agreement. We acknowledge that such records contain personal information concerning the Cardholders and agree to hold all such personal information in confidence in accordance with applicable law.

G. NEXGENRX SERVICES

The Services that we will provide to you include (subject to the terms of the relevant Benefit Plan under which the relevant Cardholder is covered) any or all of the following:

- a) On-line, real-time determination of Cardholder eligibility;
- b) On-line, real-time adjudication and processing of Claims submitted by you;

- c) On-line, real-time drug utilization review in respect of any Claim submitted by you;
- d) Full adjudication of any Claim submitted to us in order to identify as many reasons as possible (subject to the limitations of the CPhA Standard) for the rejections of such Claim by us, and on-line advice to you as to the specifics of each such reason, so as to minimize the need for repeated attempts by you for successful adjudication of such Claim;
- e) Access by telephone, fax and email to our Pharmacy Support Centre for immediate assistance to you in connection with the submission and adjudication of a Claim;
- f) Prompt payment to you by us of Claims submitted by you, by way of electronic funds transfer of the relevant amount directly into your bank account, with such payment frequency as you have chosen in the Pharmacy Provider Agreement; and
- g) Access through our website, www.nexgenrx.com with the use of your unique Pharmacy Provider Number and authenticated password, to a record of all Claims submitted by you and all payments made by us to you in respect of such Claims to and including the end of the then previous Business Day, accessible by you at any time every day of the year.

H. ELECTRONIC SUBMISSIONS

EDI (electronic data interchange) claims are sent in real time, via the software provided by your pharmacy practice software vendor, to the NexgenRx network for adjudication.

It is essential that all pharmacy staff take responsibility to ensure that the person presenting the card is eligible to use this privilege and is either the cardholder, a registered spouse or dependent of the cardholder. Correct Date of Birth is an important identification.

- Other family members living in the same house/apartment are **not** eligible

A valid written or verbal prescription must be on file for every prescription dispensed. Some provinces permit pharmacists to supply diabetic test strips and related supplies without the need for a prescription. NexgenRx recognizes the role of the pharmacist in the healthcare team. However, since NexgenRx is accountable to the plan sponsor, it is necessary to have a record of a request from a recognized prescriber for all drugs and supplies submitted electronically. An auditor should easily be able to track an original request from the prescriber. All prescriptions should be retained in accordance with provincial regulations.

Information required:

- Date the prescription (written or verbal) received
- Patient's full name
- Full name of drug
- Strength
- Quantity
- Number of refills and time intervals if applicable and directions for use of the drug/supply
- The prescriber's full name, designation, and signature of the receiving pharmacist
- If a reduced quantity is being supplied the plan member/eligible dependent must sign the prescription to authorize this



- Electronic submission lets you know immediately how much will be paid to the pharmacy and how much the patient pays.
- Rejected claims are sent with the appropriate return code to explain the reason for rejection.
- If a prescription is not picked up within a reasonable period of time and/or the patient has indicated that he/she is not planning to use the particular medication or supply before it has been picked up, it is essential to reverse the claim as soon as possible.
- All documentation relating to prescriptions must be retained for the period of time required by provincial legislation. Pharmacist signature/initials should be legible on the computer-generated hard copy.
- Pharmacy staff is responsible for checking deposit statements in a timely manner.

NexgenRx relies on accurate patient codes for correct identification of plan members. Refer to the NexgenRx Benefit Card presented by the patient for correct identification codes.

One example is:

- Cardholder: 00
- Spouse: 01
- 1st Child 02
- 2nd Child 03
- Twin 1 04
- Twin 2 05
- Over Age Student 06

The patient's group benefit plan will determine a medication's eligibility. Some classes of drugs may be excluded or restricted according to the employer's requests. These could include drugs used in the treatment of infertility, erectile dysfunction, obesity, smoking cessation, and also preventative vaccines and allergenic extracts. There may be monthly or annual limits on drugs used to treat some classes of drugs (i.e. those used to treat migraine headache).

- Electronic payment for lost, broken, spoiled or stolen prescription replacements may be at the discretion of the plan sponsor.
- Multiple births will be identified/differentiated by Patient Code not First Name.
- Claims can be reversed. For assistance, the pharmacy can call our Provider Support Centre.
- Please note that the gender field is required for drug utilization review (DUR)
- Methadone Transactions: All claims must be submitted with an approved health Canada DIN for a commercially available product and not a compound PIN. Only the usual and customary dispensing fee will be paid each time methadone is dispensed, regardless of quantity and days' supply (including "carries"). One fee may be charged for the observed dose and one fee for the "carries"
- Suboxone Transactions depend on the physician's request for observed doses and carries. One fee would be allowed for the observed dose and one fee for the total carries for a total of two claims only.
- Daily dispensing will require one dispense fee for each observed dose.
- Vacation Supply. Most plans allow up to 100 days' supply for maintenance medication. Extra days' supply must be paid for by the member and a manual claim submitted with an explanation.
- Compliance Packaging. It is essential to provide documentation that this is requested by the prescriber.



I. COMPENSATION

1) Adjudicated Claims

We will pay you for valid Claims adjudicated and accepted by us (a) in respect of Covered Medications, the lesser of (i) your Usual and Customary Retail Price, and (ii) a price determined by us based upon (A) current provincial price files and wholesale price data (including markup) in respect of ingredient costs and (B) the lesser of your Usual and Customary Professional Fee and the maximum amount payable under the benefit plan under which the relevant Covered Medication is to be paid for, and (b) in respect of Covered Advice, an amount determined in accordance with the applicable provisions of our Provider Manual. Payment shall be sent by us to you by electronic funds transfer, to effect a direct deposit to your bank account, each Business Day or semi-monthly as chosen by you in your Pharmacy Provider Agreement, in either case in respect of valid Claims adjudicated and accepted by us to the end of the preceding Business Day (please note that it may take more than one Business Day for any such deposit to be recognized by your bank). Payment made on the next business day following the date of service is at a charge of \$0.15 for each claim processed by us. Payment made bi-monthly on or about the 15th and 30th each month is at a charge of \$0.10 for each claim processed by us.

We may deny a Claim for a Covered Benefit submitted by you more than 30 days after the relevant Covered Medication was dispensed or Covered Advice was provided by you or refuse to consider a rejected or disputed Claim unless it is resubmitted to us for reconsideration within 30 days of the date of its original rejection.

2) Reversals

You will affect an on-line reversal of any Claim for any Covered Medication adjudicated and approved by us if such Covered Medication is not picked up by the relevant Cardholder within 60 days of the date of such adjudication and approval.

3) Credits

If we have made a payment to you in error, in respect of any Medication or Advice which is not a Covered Benefit or otherwise, or in an amount in excess of that to which you were entitled in respect of any Claim, or on account of any Claim thereafter reversed by you as required above, we will advise you accordingly and shall have the right to deduct the relevant amount or amounts from any amount then or thereafter owed by us to you.

4) Verification of Payment

You are responsible for accessing, through our website as provided above, your account with us and verifying the accuracy of all amounts due by us to you in respect of Claims adjudicated by us and all payments made by us to you in respect thereof. If any error has been made by us and we have paid you less than you are owed, we will pay you the amount thereof on our next payment due date as chosen by you in your Pharmacy Provider Agreement. Notwithstanding the foregoing, if you have not given us notice of any such error within 60 days of the date on which payment in respect of the disputed Claims was or should have been made by us, we shall have no obligation to look into any such error or disputed Claim or to make any, or any further, payment to you in respect thereof.



J. PHARMACY SUPPORT SERVICES

Please have your NexgenRx Provider Number available when you call.

NexgenRx Pharmacy Support Centre

Our Provider Support Centre can be reached at **1-866-394-3648** we are open:

Monday to Friday from 8:00am to 8:00pm Eastern Standard Time.

Saturday 10:00am to 3:00pm

Please be advised that this number should not be given to a plan member/eligible dependents.

K. FORMULARIES

Plan sponsors determine the type of coverage and the plan design limits (co-pays, deductibles, exclusions) for their employees.

When a plan sponsor chooses a prescription by law plan, then most prescription requiring drugs are eligible. In addition, drugs and supplies considered to be Life Sustaining Over the Counter (OTC) items are also eligible for coverage. Medications in this category include insulins, nitroglycerin for immediate release, and epinephrine pens. Glucose test strips/sensors, insulin needles/syringes and lancets also fall into this category.

Generic Substitution

Each province and territory has its own unique formulary with generic equivalents where applicable. If a generic product is considered interchangeable in your province's formulary, then the plan sponsor may request that only the price of the lowest priced interchangeable generic product may be paid. Some plan sponsors may allow a product Selection=1 (Doctor No Substitution) and if this is indicated in the prescriber's handwriting then the brand name will be paid. If, however, the patient insists on the brand name without this designation from the prescriber, then the patient is responsible for paying the difference between the brand name price and the adjudicated price.

Exclusions

The following categories are typically excluded from most drug plans.

1. Drugs used only in hospital (i.e. in the emergency room or operating room or requiring intravenous infusion)
2. Drugs considered to be cosmetic in nature, such as creams and lotions, advertised to the public as aiding in reversing or preventing age and sun related skin damage or to promote the growth (or removal) of hair, even although the drug may require a prescription by law.
3. Devices, including spacers for use with metered dose inhalers, appliances, atomizers, prosthetics, ostomy supplies, diagnostic monitoring equipment (i.e. blood glucose monitors and home blood pressure devices), non-disposable insulin delivery systems, spring-loaded devices for lancets, dressings, alcohol, alcohol swabs and first aid supplies.
4. Oral vitamins, minerals, homeopathic and herbal products (even when these have a DIN) and TPN (Total Parenteral Nutrition) products, and any products used for infant or enteral feeding or adult supplements.

5. Diaphragms, condoms, contraceptive jellies/foams/suppositories/sponges, intrauterine devices with no active drug ingredient.
6. Drugs dispensed by a doctor or dentist or other health provider from a non-accredited pharmacy.
7. Drugs not generally available in Canada that are supplied through specialty programs or on an emergency basis. Drugs without a Notice of Compliance from Health Canada
8. Drugs eligible for coverage if the patient is an Injured Worker registered with the Workplace Safety and Insurance Board. **WSIB is always the first payer for registered Injured Workers.**
9. Any drug that the patient is entitled to receive through a Provincial Drug Benefit Program
10. Compounded products that mimic a commercially available product.

Limitations

The following category of drugs may have limited coverage or may be excluded.

1. Smoking Cessation products (even if a prescription is required by law)
2. Drugs used to treat infertility
3. Preventative Vaccines and Allergenic Extracts
4. Erectile Dysfunction drugs
5. Anti-obesity drugs

Maintenance Quantities to be Dispensed

Most plans encourage up to 100-day supply of drugs considered to be maintenance, with only one professional fee. No one should receive more than a 100-day supply within a 3-month period, to avoid stockpiling of medication. Payment of vacation supplies of greater than 100 days is at the discretion of the plan sponsors. If a patient requires drugs to be dispensed at weekly intervals in compliance packaging, there must be written documentation from the prescriber with the reason for this request.

Maintenance Drug Classes

Asthma drugs	Anticoagulants	Cholesterol lowering	Hypoglycemics
Antidepressants	Anticonvulsants	Female Hormone Replacement	Oral Contraceptives
Antibiotics for acne	Cardiac drugs	High Blood Pressure	Thyroid Drugs

L. COORDINATION of BENEFITS

Provincial COB

In every instance where the province is the recognized first payer, it is essential to send the claim to the province and only residual amounts to NexgenRx. There should be a previously paid amount visible on these transactions. The intervention code **DA** must be used. Claims for drugs requiring a LU code for provincial eligibility can be subject to audit if the prescription has a valid LU code and is not submitted to the province as first payer.

Private COB

Pharmacies are encouraged to submit the residual claims to the secondary plan whenever possible. Some plan sponsors may not wish plan members to register spousal plans and in this case or where the plan member has forgotten to register at enrolment, the residual amount may be submitted as a paper claim to the secondary plan. It is important to ensure that the order of plans (primary and secondary) is clearly designated on the pharmacy practice management software. The primary plan is the one where the patient is the subscriber (employee). When sending residual amounts to a secondary private plan, the intervention code **DB** must be used.

Receipts

When a patient pays for a prescription in full or residual amount that cannot be billed on-line to a secondary payer, please ensure that the receipt has all the necessary information, computer generated from your practice management software, that will allow a reimbursement claim to be paid.

- patient's name
- drug name and DIN, prescription number
- strength, form, quantity dispensed
- breakdown of compound components
- dollar amount paid
- pharmacy name, address and telephone number.
- date dispensed
- prescriber's name

CLHIA Rules

When filling a prescription for a dependent child that has two parents with private drug plan benefits through their employers, CLHIA rules require that the claims for these children be sent to the **plan of the parent, whose birthday is earlier in the year, as the first payer.**

RAMQ Opt Out (Québec only)-EU code

RAMQ coverage and access to formulary drugs is available to all Quebec residents who have no such access through a group employment plan. At age 65 Quebec residents are automatically entitled to RAMQ Seniors coverage unless they choose to opt out.

Please make sure that the patient has in fact opted out before using the EU code to send the claim to NexgenRx as first payer.

Alberta and Quebec Cardholders

When a plan member reaches the age of 65 in Alberta and Quebec, spouse and dependent children are eligible to be covered by the provincial drug plan and should be registered. In these provinces, NexgenRx will be the second payer for the plan member, spouse and dependent children.



M. DRUG UTILIZATION REVIEW

NexgenRx recognizes that the final decision to fill a prescription lies with the pharmacist. Pharmacy practice software is an excellent tool to warn of potential interactions/adverse effects. NexgenRx's rules-based adjudication system will complement this with current information from First Data Bank.

Please note that newly identified potential interactions may not be available immediately from First Data Bank. The network is able to identify prescriptions dispensed under this card in another location that may have a potential for interaction with the prescription being dispensed in your pharmacy. Patients do not always remember to tell pharmacy staff about prescriptions filled in another location or without this card. NexgenRx DUR checks provide that extra "safety net".

DUR Checks

- 1. Drug/Drug Interaction:** First Data Bank sources indicate that there is published information that the drugs in question could have an adverse interaction. There are 3 levels of severity, and most plan sponsors will choose to send this message to reject initial transactions that involve level one severity interactions. The chemical name of the drug with potential interaction will be sent to the pharmacy.
- 2. Therapeutic Duplication:** This indicates whether the patient has received a drug in a similar therapeutic class within a time period when the original drug may still be considered active in the patient's body. This rejection can be overridden when the pharmacist is aware that a dose/drug, as an example, may have changed. This may also be an indication that double doctoring is taking place.
- 3. Refill Too Soon/Too Late:** This is a reminder to pharmacy staff that a patient may not be using the drug appropriately. This message will be received when there are 10 days or more of medication remaining, based on the original days' supply submitted.
There are times that it may be difficult to accurately calculate days' supply, especially on "prn" prescriptions. However, it is important to calculate days' supply as accurately as possible, based on the initial prescription instructions.
- 4. Minimum/Maximum Dosage:** First Data Bank has indicators of accepted minimum and maximum doses. The correct days' supply value must be submitted.
- 5. Drug/Disease Contraindication:** This function will only apply when the plan member fills in the appropriate code at the time of registration and maintains the information by updating the website. -. Should the pharmacist submit a disease state code with a transaction, this DUR check will be applied to that claim only. This information will not be updated in the patient record at NexgenRx. Message will indicate that the pharmacist is to direct the patient to update their medical profile via the secure NexgenRx website.
- 6. Drug/Allergy Contradiction:** This function will apply only when the plan member fills in the appropriate code at time of registration and maintains the information by updating the website. Should the pharmacist submit an allergy code with a transaction, this DUR check will be applied to that claim only. This information will not be updated in the patient record at NexgenRx. Message will indicate that the pharmacist is to direct the patient to update their medical profile via the secure NexgenRx website.



7. **Drug/Age Contraindication:** A warning will indicate if the dose should be adjusted for children or the elderly.
8. **Drug/Lactation Contraindication:** This warning will be sent if the drug has a potential adverse effect for nursing mothers. Should the pharmacist submit a code indicating that the patient is a nursing mother, this DUR check will be applied to that claim only. This information will not be updated in the patient record at NexgenRx. Message will indicate that the pharmacist is to direct the patient to update their medical profile via the secure NexgenRx website.
9. **Drug/Gender Contraindication:** If a drug that is only used by one gender is being dispensed for the opposite gender, there will be a reject message sent.
10. **Drug/Pregnancy Contraindication:** A warning will indicate if the drug being dispensed is considered potentially unsafe during pregnancy. Should the pharmacist submit a code indicating that the patient is pregnant, this DUR check will be applied to that claim only. This information will not be updated in the patient record at NexgenRx. Message will indicate that pharmacist is to direct the patient to update their medical profile via the secure NexgenRx website.
11. **Levels:** Level 1 indicates a significant risk, Level 2 indicates the risk is moderate and Level 3 indicates there is potential risk that is not necessarily documented in available scientific reviews

DUR (Drug Utilization Review) Response Code Table	
Drug/Drug Interaction	Level 1-reject with override Levels 2, 3 –warning
Therapeutic Duplication	Reject with override
Refill Too Soon	Reject with override Grace period of 10 days Maximum of 100 days (maintenance) Lost/stolen prescriptions-documentation
Drug /Allergies	Reject with override
Drug /Gender	Reject
Drug /Disease -	Warning
Drug / Age	Warning
Drug Lactation	Warning (gender/age specific)
Drug/Pregnancy	Warning (gender/age specific)
Excessive/Insufficient Daily Dose	Warning



Table of DUR Intervention (Override) Codes

If the pharmacist determines that it is appropriate to fill the prescription, the most appropriate code should be chosen to override the initial rejection:

Code	Translation
UA	Consulted prescriber and filled prescription as written
UB	Consulted prescriber and changed dose
UC	Consulted prescriber and changed instructions
UD	Consulted prescriber and changed drug
UE	Consulted prescriber and changed quantity
UF	Patient gave adequate explanation and filled as written
UG	Cautioned patient. Prescription filled as written
UI	Consulted other source. Prescription filled as written
UJ	Consulted other sources. Altered prescription and filled
UN	Assessed patient. Therapy considered appropriate

N. INDEMNITY

You shall indemnify and hold us (and our directors, officers, employees and agents) harmless in respect of any and all loss, cost, expense, claim or damage (including, without limitation, the fees and disbursements of any lawyer, subject matter expert or other professional retained by us) incurred by us in respect of or in connection with any claim, action, cause of action, demand or judgment of any kind or nature asserted or made by any person and arising, directly or indirectly, out of the compounding, dispensing or use of any Medication or the provision of any Advice by you or any asserted failure, breach or omission by you in connection therewith. Without limiting the generality of the foregoing, you acknowledge and agree that any drug utilization review information and/or other response received by you from us, on-line or from our Provider Help Desk or otherwise, in connection with any Claim, is provided by us to you as a courtesy in order to facilitate the exercise by you of your professional judgment in connection with any particular Medication to be dispensed or Advice to be provided by you, that the responsibility for providing appropriate Medication and Advice to any particular Cardholder or other person rests solely with you, and that you shall indemnify and hold us harmless in respect of any decision made or action taken by you in the exercise by you of such professional judgment.

O. INTELLECTUAL PROPERTY RIGHTS

We may use your name and address in connection with any advertising or marketing undertaken by us with any existing or prospective Plan Sponsor regarding the identity of our Pharmacy Providers, but we will not otherwise use your name or any trade name or mark owned or used by you of which we have knowledge without your prior written consent. We reserve the exclusive right to the use of the name "NexgenRx", our logo and all other trade names or marks now or hereafter used by us, and except for any marketing or advertising undertaken by you, in your retail premises or otherwise, that you accept the NexgenRx Card and will process Claims on behalf of Cardholders, you may not use our name, logo or any such other trade name or mark owned or used by us without our prior written consent. Any such use by you or by us shall cease forthwith upon the termination of the term of the Pharmacy Provider Agreement.

P. TERM

1) Indefinite

The term of the Pharmacy Provider Agreement shall commence on the date thereof and shall continue indefinitely until either you or we give the other a notice of termination, which notice shall be effective 30 days after the date thereof.

2) Immediate Termination

Notwithstanding the foregoing section G.1, the term of the Pharmacy Provider Agreement shall automatically and immediately be terminated if (a) you shall cease to be licensed by the relevant provincial licensing authority; (b) you submit to us any fraudulent Claim or fraudulently provide us with any false information in respect of any Claim; (c) you become bankrupt or go into receivership, winding up or liquidation proceedings, whether voluntarily or involuntarily, or (d) there is a change in your control (unless your voting shares are listed and posted for trading or a public stock exchange) without our agreement to such change in control (such agreement on our part not to be unreasonably withheld or delayed).

3) Survival

Notwithstanding any such termination of the term of the Pharmacy Provider Agreement, sections F.3, I, N, O, A.3 and I shall remain in full force and effect following the date of such termination.

Q. AUDITS

All electronic claims transactions are potentially subject to audit as an integral component of the adjudication process. Plan sponsors have chosen NexgenRx as their health benefit manager of choice with the clear understanding that transactions will be monitored to ensure; compliance with the Pharmacy Provider Agreement, that there are no inappropriate/unusual patterns, retention of required documentation, the members under a plan received the medication billed for and are not over billed and to check for billing irregularities.

NexgenRx reserves the right to audit any submission to us by you that has been paid by us to you. The audit will be at no cost to you. Desk audits, field audits and telephone audits will be conducted by NexgenRx Pharmacy Operations staff. Any overpayments that are found via the audit must be repaid by you to us. NexgenRx understands the need for all parties to comply with privacy legislation. The following areas will be considered in the audit process:

Charges to Patients

Cardholders are often required to share the cost of their drug benefit plan through some form of co-payment. This may be a per script deductible, percentage co-pay and/or an annual or dollar maximum out-of-pocket expense. The majority of plan sponsors request that provincially interchangeable generics be dispensed at all times except when there may be a supply shortage from all the generic manufacturers whose products are considered interchangeable in that province.



The only times that it is appropriate to charge any difference, other than the co-payments requested by the plan sponsor, are under the following circumstances:

- Difference in price between the brand name and the generic and it has not been ordered as a “No Substitution” by the prescriber, where the patient is specifically requesting the brand name
- Difference in cost between a 34-day supply of an acute drug and the patient requests a larger quantity (assuming that the prescription will allow more than 34 days’ supply)

High Dollar Value Claims

NexgenRx staff will also call for verification on high dollar value claims or where the quantity of drug submitted appears unusual.

Documentation

NexgenRx understands that provincial colleges/licensing bodies may not require written documentation for a verbal prescription or an authorization to repeat a prescription. However, NexgenRx is accountable to the plan sponsors and it is important to ensure that all such verbal requests are documented on paper should an audit be necessary to validate a claim or claims. All such verbal orders and fax requests should be signed and dated by the pharmacist receiving them and filed with the hard copy of the prescription transactions. There should be no “piggybacking” onto an existing computer record. Refills should be treated as a new order with an appropriate date and signature of the pharmacist taking the order.

Physician verification may also be required.

When a plan sponsor chooses to include a program that will pay cognitive fees, documentation on all activities related to a request for such fees must be recorded on or attached to the hard copy.

Documentation would include:

- Date of Intervention
- Name of Doctor and specialty if applicable
- Result of the discussion
- Reason for intervention
- Pharmacist ‘s signature (not initials)
- Discussion with others (parent/guardian/agent)

Days Supply

DUR messages are useful tools for pharmacy staff especially at peak dispensing times and to maximize their benefit, it is important to record the days’ supply as accurately as possible.

Compounds

The current CPHA 3 rules will return only one DIN to the pharmacy benefit manager. It is important to ensure that the first DIN transmitted is the most important (usually prescription requiring) since that will determine eligibility under the plan chosen by the employer. Occasionally one of the components may be an OTC item and be more expensive than the prescription-requiring component. However, if this OTC DIN is sent as the first ingredient and the plan pays only prescription requiring DINS, then the transaction will be rejected.

Ineligible Compounds include:

- Any mimic of a commercially available product
- One or more of the ingredients is considered cosmetic in nature, even if requiring a prescription by law. This category includes depigmenting skin products, hair growth agents and topical products used to stimulate cell production.
- One or more of the ingredients is considered to be a Natural/Herbal/Homeopathic designated component
- One or more of the ingredients is considered to be a nutritional supplement
- One or more of the ingredients is considered investigational or off-label in Canada
- The primary ingredient or base is ineligible on the plan chosen by the employer

Ineligible Drugs and Bases including but not limited to the following list:

Acetic Acid	Histamine/Caffeine
Aminophylline (topical)	Hyaluronic Acid
Anthelios	Hydroquinone
Arsenic	Ketamine
Aveeno (all product lines)	Kinerase
Azaleic Acid	Kojic Acid
Bichloroacetic Acid	Lustra
Biobase G	Mandelic Acid
CeraVe Products	Marcellle cream/lotion
DCP (diphencyprone/diphencyclopropenone)	Minoxidil
DHEA (dehydroepiandrosterone)	Neo-Strata(all product lines)
DMAE (dimethylaminoethanol)	Phenylalanine
DMPS (dimercaptopropanesulphonate)	Potassium Permanganate
DMSA (dimercaptosuccinic acid)	Pregnenolone
DNCB (dinitrochlorobenzene)	Retinol
Eucerin	Reversa
Evening Primrose Oil	Strontium
Finasteride	Sunscreens (all)
Gamma Hydroxybutyrate	Titanium Dioxide
Glycolic Acid	Triamcinolone for topical use

If there is any doubt concerning eligibility of compound ingredients, please call the Pharmacy Support Centre prior to dispensing the prescription. Patients who pay cash and submit a paper claim should be aware that the claim may not be paid. A compound may be accepted for payment on-line but if found, at audit, to contain one or more ineligible ingredients, NexgenRx will recover payments.

Transaction data will identify the use of the unlisted compound code with the PIN 00999999. This will require a breakdown of all the ingredients used in the compound.



CPHA3 Compound Codes

- | | |
|---|---|
| 0 | Compounded Cream |
| 1 | Compounded Ointment |
| 2 | Compounded Lotion |
| 3 | Compounded Internal Liquid |
| 4 | Compounded External Powder |
| 5 | Compounded Internal Powder (including capsules) |
| 6 | Compounded Injection |
| 7 | Compounded Eye/Ear Drops |
| 8 | Compounded Suppository |
| 9 | Other Compound |

Diabetic Needles/Syringes/Lancets/Sensors and Readers for Flash Glucose Monitoring

Please refer to the PIN list on the website <https://www.nexgenrx.com/project/pseudo-din-list/> or use the PIN recognized in your province. Devices to hold lancets and glucometers are not eligible on the drug benefit plan. Sensors for Flash Glucose Monitoring may be eligible depending on the plan sponsor.

Pricing Policies

Pricing policies and professional fees vary by province. Price files are based on provincial formulary prices where the item can be purchased at this published price. In situations where the “book price” is unrealistic for most purchasers, a national or regional wholesale cost will be used for that province.

R. SPECIAL PROGRAMS

Prior Authorization

Plan sponsors who decide to include a Prior or Pre-Authorization program may choose from a number of drugs. These would include (but may not be limited to), Oral and injectable Erectile Dysfunction Drugs, Anti-Obesity Drugs, Botox, and the biologics/biosimilars used to treat Rheumatoid Arthritis, Psoriasis, Ankylosing Spondylitis and Crohn’s Disease.

Prior Authorization forms will be available on the <https://www.nexgenrx.com/project/prior-authorization-forms/>

The patient can choose to take the form to his/her doctor for completion before bringing the prescription to the pharmacy. If the patient is unaware that the medication is not eligible without a prior authorization being completed, the pharmacist is encouraged to print a form from the website (or request by fax through the Pharmacy Support Centre), complete all sections and fax to the doctor for his/her signature. The form, when every section is complete and the patient meets the criteria (based on provincial guidelines where applicable or approved indications published in the product monograph, should be faxed to NexgenRx. A Pharmacy Services staff member will apply a cardholder exception to allow subsequent claims to be paid on-line and contact the pharmacy to indicate that the claim will now be eligible to be paid. The cardholder exception to allow the specific drug to be paid will be effective from the date that the completed request is received by NexgenRx and only for plan



members whose employers have chosen this option. NexgenRx recognizes the role of the pharmacist in being able to access patient history, determine if the patient meets the criteria for coverage and obtain the prescriber's signature.

Dynamic Maintenance Program

All DINS are designated as either acute or maintenance on drug databases. This will determine whether the adjudication system will allow payment of up to 34 days for acute drugs or up to 100 days for maintenance drugs. NexgenRx recognizes that a drug designated as acute may become maintenance for a specific patient after two consecutive monthly prescriptions.

Plan Designs

Each third-party adjudicator/insurer has a variety of plan designs that can be customized by adding or removing groups or classes of drugs to meet the requirements of the plan sponsor/employer. There are fewer plans that will include OTC drugs/supplies unless these are considered to be Life Sustaining. This class includes insulin, diabetic test strips/sensors, insulin needles/pen tips/syringes/lancets.

Many of the newer drugs require prior approval. Please refer to the Prior Authorization forms on the NexgenRx website <https://www.nexgenrx.com/project/prior-authorization-forms/>. Not all drugs are on this list. There may be messaging that indicates the status of the drug that may require special evaluation.

S. APPENDICES

Pharmacy Provider Agreement:	https://www.nexgenrx.com/project/pharmacy-agreements/
Change in Provider Information:	https://www.nexgenrx.com/project/pharmacy-agreements/
Prior Authorization Forms:	https://www.nexgenrx.com/project/prior-authorization-forms/
Pharmacy Payment Information:	https://www.nexgenrx.com/project/pharmacy-payment-information/
Pseudo DIN List:	https://www.nexgenrx.com/project/pseudo-din-list/