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CLAIM PROCESSING AND DEDUCTION GUIDELINES

Effective September 2019

This document may be modified by GSK with thirty days prior notification. Current Guidelines are available on www.gsk-ecs.com

Section 1: Unauthorized Deductions

1.1 Unauthorized Deductions are defined as deductions that have not been approved and/or cannot reference an offsetting valid GSK Credit memo. A list of unauthorized deductions is detailed as follows:

- Audit Deductions
- Shortage Deductions and/or Non-receipt of product Deductions
- Pricing Differences
- Unearned Cash Discounts
- Any Denied Claims
- Duplicate Deductions
- Product Return – Where the Return Discrepancies are within GSK’s returns valid product and pricing policy unless GSK did not issue Credit within 30 days of receipt at GSK’s returns vendor
- Any Miscellaneous or Unexplained Deductions
- Chargebacks – Original EDI Submissions (unless GSK did not issue Credit or denial within 10 days from the receipt date of claim.)
- Chargebacks – Resubmissions via EDI or GSK’s eCS website (unless GSK did not issue Credit or denial within 30 days from the receipt date of claim.)
- Chargebacks – “Net priced products” which are invoiced with the contract pricing reflected on the invoice to the Authorized Distributor (AD).

Section 2: Non-Chargeback Claim Processing

2.1 Any potential claim that an AD has with GSK must be addressed with their GSK Customer Service Representative within 14 days of receiving date or within 18 days of GSK Invoice date whichever is earlier. If the claim has merit, a Credit will be issued. If the claim has no merit, the claim will be denied. GSK Customer Service will issue a Credit or denial within thirty days (30) of the claim receipt date. If GSK fails to respond to customer’s claim for dispute within 30 days from receipt of the claim, the AD has the right to deduct the claim without penalty to their distribution agreement(s). Deductions taken before 30 days after claim submission will be consider invalid and will impact performance in distribution agreement(s) and may result in having the payment reduced or withheld for the quarter.

2.2 Returns will be processed within 30 days of receipt of the return at GSK’s Returns Vendor. Once GSK issues credit or denial, a claim may be filed for any disputes or discrepancies (any difference between GSK’s Credit and the Customer’s debit amount). If GSK fails to respond to customer’s claim within 30 days from receipt of the claim, the AD has the right to deduct the claim without penalty to their distribution agreement(s). Deductions taken before 30 days after return receipt date at GSK’s returns vendor, will be consider invalid and will impact performance in distribution agreement(s) and may result in having the payment reduced or withheld for the quarter.

2.3 If GSK does not communicate the reason for delayed claim to meet the service levels above for claims processing, the AD has the right to deduct the claim without penalty to their distribution agreement(s). Such a deduction could still be considered invalid, and if subsequently denied by GSK, the denied deduction must be promptly repaid. If such a deduction remains unpaid, the open invalid claim deduction will impact performance in distribution agreement(s) and may result in having the payment reduced or withheld for the quarter.

2.4 If the claim is deducted after the denial, it will be classified as “unauthorized”. Escalation of a denied claim should be addressed per the Denied Claim Escalation process defined in Section 4 below.

Section 3: Chargeback Claim Processing

3.1 Any potential Chargeback claim that an AD has with GSK must be submitted in accordance with the Contract and Chargeback Policies and Procedures Exhibit to the distribution agreement(s).

3.2 If the Chargeback claim has merit, a Credit will be issued. If the claim has no merit, the claim will be denied. GSK’s Chargeback Operations Department will issue a Credit or denial within:

Original EDI submissions will be processed within ten (10) days of the chargeback claim receipt date.

Resubmissions via EDI or GSK’s eCS website will be processed within thirty (30) days of the chargeback claim receipt date.

3.3 If GSK does not communicate the reason for delayed credit payments to meet the service levels above for chargeback claims processing, the AD has the right to deduct the Chargeback claim without penalty to their distribution agreement(s). Such a deduction could still be considered invalid, and if subsequently denied by GSK, the denied deduction must be promptly repaid. If such a deduction remains unpaid, the open invalid Chargeback deduction will affect distribution agreement(s), and can result in having the payment reduced or withheld for the quarter.

3.4 If the claim is deducted after the denial, it will be classified as “unauthorized”. Escalation of a denied claim should be addressed per the Denied Claim Escalation process defined in Section 4 below.

Section 4: Denied Claim Escalation Process

4.1 GSK will setup a governance committee to address denied chargeback and non-chargeback AD claims. The governance committee will be comprised of GSK representatives from Channel Management and Finance.

4.2 Non-Chargeback Claims: By the 15th of each month, the AD should escalate non-chargeback related claims in dispute to the governance committee through their GSK Customer Relations Manager at US-Pharma.Channel-Mgmt-Esc@gsk.com. By the end of the respective quarter, the GSK governance committee will respond formally to the escalation.

4.3 Chargeback Claims: By the 15th of each month, the AD should escalate Chargeback disputes given that claim has been denied and resubmitted in accordance with the Contract and Chargeback Policies and Procedures Addendum to the distribution agreement(s) through the Manager of Chargeback Operations. By the end of the respective quarter, the GSK governance committee will respond formally to the escalation.

4.4 Final determination of whether a claim is valid will be the responsibility of the governance committee. The GSK governance committee will act in good faith and in a reasonable manner. If AD disputes the final determination of the GSK governance committee with respect to a denied Claim, AD may request that the denied Claim in dispute be submitted for non-binding arbitration under the rules of the American Arbitration Association to a panel of one arbitrator. Each party shall bear its own costs and shall share the cost of the arbitrator equally. If the parties do not agree with the arbitration decision, the parties may resolve the dispute by other means. In no event shall either party be deemed to have waived any right it may have in law or in equity against the other.