

## **MEMORANDUM**

**TO:** Health Care Commission  
Dr. DeAngela Burns-Wallace  
Steve Dechant  
Dr. Ximena Garcia  
Vicki Schmidt  
Heather Young

**FROM:** Mike Michael

**DATE:** August 19, 2019

**SUBJECT:** Medicare Part D Prescription Drug Plan

Request for Proposal (RFP) number EVT0006581 for a fully insured Medicare Part D prescription drug plan was released April 26, 2019, and closed June 25, 2019. Two (2) bids were received from Aetna Life Insurance Company and Envision Insurance Company. The Aetna bid was disqualified. The State Employee Health Plan staff held negotiation meetings.

The Medicare Part D Prescription Drug program offered to SEHP Direct Bill members is an Employer Group Waiver Plan (EGWP). EGWP plans limit enrollment to only the plan sponsors Medicare members and allows for the Plan and the vendor to negotiate the final benefit package offered to the group members which may include benefits not available in the individual Part D market. For example: the SEHP Part D EGWP has always offered coverage options that paid for prescriptions through the Part D donut hole or initial coverage limit phase. The cost of the Part D insurance is entirely paid for by the Direct Bill members.

Some of the items reviewed were the monthly cost to the member. The ability to offer three benefit plan designs with different price points to allow members a range of options. A network evaluation, member disruption, access to a quality prescription drug plan. The vendor's ability to provide quality customer service, the ability to manage the eligibility and billing process, and the ability to provide effective account management.

Current enrollment numbers:

Premier Plan	2530
Value Plan	182
Total	2612

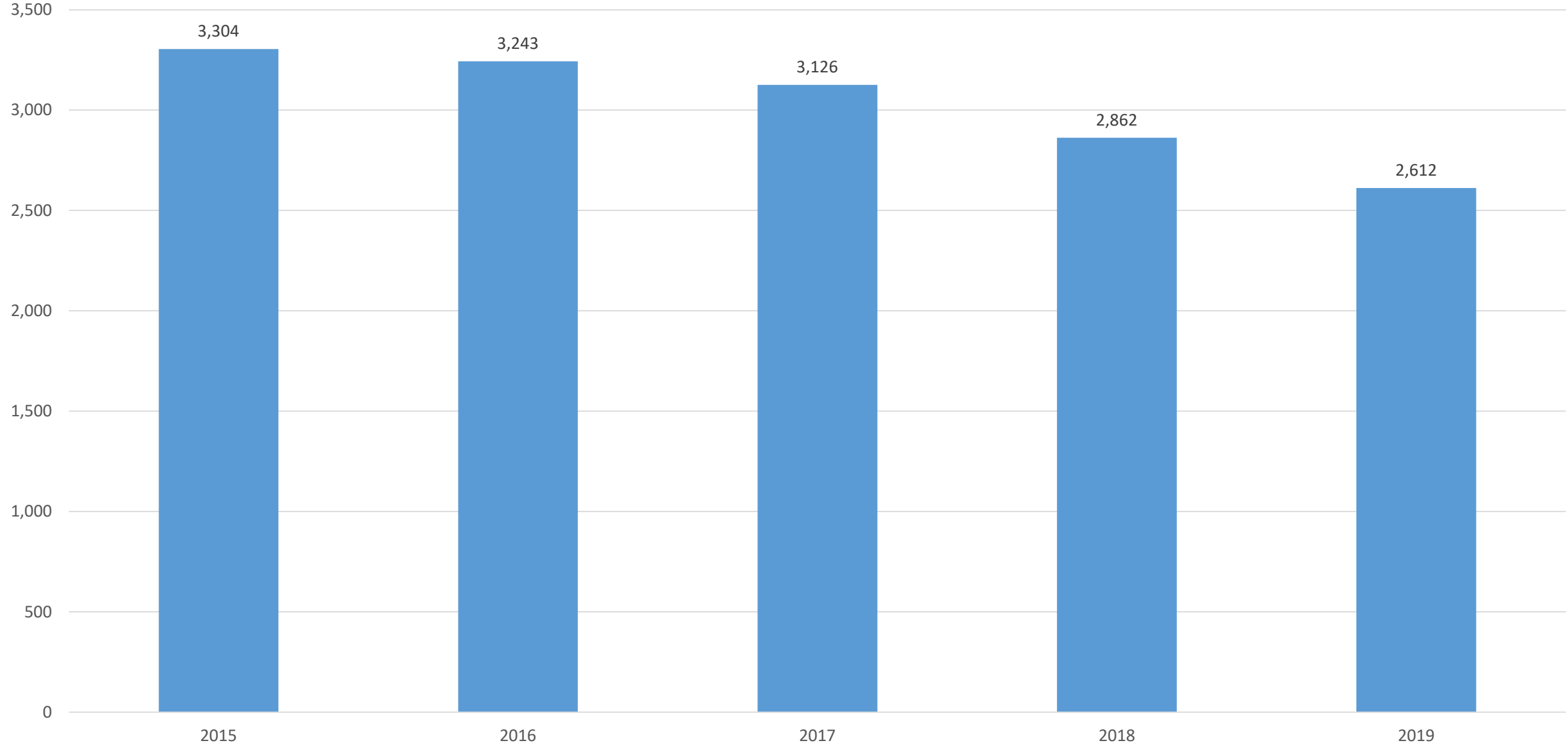
**Contract Award Options:**

- Award a one-year contract offering one plan design, two plan designs or all three plan designs offered in the RFP and have staff release an RFP next year
- Award a one-year contract offering one plan design, two plan designs or all three plan designs offered in the RFP with future year renewals providing the opportunity to review each year for renewal
- Award a three-year contract offering one plan design, two plan designs or all three plan designs offered in the RFP with the option to review annually for renewal
- Award no contract and the health plan would not offer the Part D for Plan Year 2020

## Medicare Part D Company BIO

1. Envision Insurance Company has been offering Medicare Part D since 2006 for employer groups and individuals before this they provided a Medicare Discount Drug Card. Envision Insurance also provides fully-insured prescription drug plans for groups and individuals under age 65. The company is a division of EnvisionRXOptions a wholly owned subsidiary of Rite Aid in the year 2015. Rite Aid (RAD) is a publicly traded company and has a market value of \$338 million.

# Part D Membership by Year



Part D Plan Design Compare		Envision		
Plan Name	Premier	Value	Alternative Design	
<b>Rates:</b>				
Monthly Rate 2020	\$191.60	\$145.10	\$139.80	
Monthly Rate 2021	\$201.20	\$152.50	\$146.90	
Monthly Rate 2022	\$211.20	\$160.20	\$154.30	
<b>Basic Plan Provisions:</b>				
Deductible		\$100	\$435	
Initial Coverage Limit Coverage: (OOP \$ 4,020)	Yes	Yes	Yes	
<b>Plan Benefit: 30 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% to Max \$30/ 25% to Max \$30	\$12/\$12	\$10/\$10	
Tier 2 Generic	25% to Max \$30/ 25% to Max \$30	\$16/\$16	\$13/\$13	
Tier 3 Preferred Brand Name	25% to Max \$100/25% to Max \$100	\$42/\$42	\$42/\$42	
Tier 4 Non Preferred Generic & Brand Name	50% to Max \$150/50% to Max \$150	\$86/\$86	\$86/\$86	
Tier 5 Specialty - Limited to 30 day supply	25%/25%	25%/25%	25%/25%	
<b>Plan Benefit: 60 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% Max \$45/25% Max \$45	\$24/\$24	\$20/\$20	
Tier 2 Generic	25% Max \$45/25% Max \$45	\$32/\$32	\$26/\$26	
Tier 3 Preferred Brand Name	25% Max \$150/25% Max \$150	\$84/\$84	\$84/\$84	
Tier 4 Non Preferred Generic & Brand Name	50% Max \$225/50% Max \$225	\$172/\$172	\$172/\$172	
<b>Plan Benefit: 90 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% to Max \$45/25% to Max \$45	\$24/\$24	\$18/\$9	
Tier 2 Generic	25% to Max \$45/25% to Max \$45	\$32/\$32	\$30/\$15	
Tier 3 Preferred Brand Name	25% to Max \$150/25% to Max \$150	\$84/\$84	\$120/\$120	
Tier 4 Non Preferred Generic & Brand Name	50% to Max \$225/50% to Max \$225	\$172/\$172	\$240/\$240	
<b>Gap Coverage (\$4,020 to \$6,350)</b>				
<b>Plan Benefit: 30 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% to Max \$30/ 25% to Max \$30	\$12/\$12	\$10/\$10	
Tier 2 Generic	25% to Max \$30/ 25% to Max \$30	\$16/\$16	\$13/\$13	
Tier 3 Preferred Brand Name	25% to Max \$100/25% to Max \$100	25%/25%	\$42/\$42	
Tier 4 Non Preferred Generic & Brand Name	50% to Max \$150/50% to Max \$150	25%/25%	\$86/\$86	
Tier 5 Specialty - Limited to 30 day supply	25%/25%	25%/25%	25%/25%	
<b>Plan Benefit: 60 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% Max \$45/25% Max \$45	\$24/\$24	\$20/\$20	
Tier 2 Generic	25% Max \$45/25% Max \$45	\$32/\$32	\$26/\$26	
Tier 3 Preferred Brand Name	25% Max \$150/25% Max \$150	25%/25%	\$84/\$84	
Tier 4 Non Preferred Generic & Brand Name	50% Max \$225/50% Max \$225	25%/25%	\$172/\$172	
<b>Plan Benefit: 90 Day Supply</b>				
	<i>Retail/Mail</i>	<i>Retail/Mail</i>	<i>Retail/Mail</i>	
Tier 1 Preferred Generic	25% to Max \$45/25% to Max \$45	\$24/\$24	\$18/\$9	
Tier 2 Generic	25% to Max \$45/25% to Max \$45	\$32/\$32	\$30/\$15	
Tier 3 Preferred Brand Name	25% to Max \$150/25% to Max \$150	25%/25%	\$120/\$120	
Tier 4 Non Preferred Generic & Brand Name	50% to Max \$225/50% to Max \$225	25%/25%	\$240/\$240	
<b>2020 Catastrophic Coverage Limit \$6,350</b>				
Catastrophic Coverage:	Generics: greater of 5% Coinsurance \$3.60	Generics: greater of 5% Coinsurance \$3.60	Generics: greater of 5% Coinsurance \$3.60	
	Brand: greater of 5% Coinsurance \$8.95	Brand: greater of 5% Coinsurance \$8.95	Brand: greater of 5% Coinsurance \$8.95	

## Plan Year 2020 Plan Design Changes

- Premier Option
  - Initial Coverage limit is \$4,020 (CMS required)
  - Gap Coverage limit is between \$4,020 to \$6,350 (CMS required)
  - Catastrophic Coverage Limit is greater than \$6,350 (CMS required)
  - Catastrophic Coverage for generic is \$3.60 (CMS required)
  - Catastrophic Coverage for brand is \$8.95 (CMS required)
  
- Value Plan Option
  - Initial Coverage limit is \$4,020 (CMS required)
  - Gap Coverage limit is between \$4,020 to \$6,350 (CMS required)
  - Gap Coverage - Brand will be covered at 25% (CMS required)
  - Catastrophic Coverage Limit is greater than \$6,350 (CMS required)
  - Catastrophic Coverage for generic is \$3.60 (CMS required)
  - Catastrophic Coverage for brand is \$8.95 (CMS required)

**State of Kansas**  
**2019 Part D Drug RFP**  
**Cost summary**

State Employee Health Plan	Envision Insurance Company		
Plans	Premier	Value	3rd Option
Year 2020	\$191.60	\$145.10	\$139.80
Year 2021	\$201.20	\$152.50	\$146.90
Year 2022	\$211.20	\$160.20	\$154.30

Notes:

- SEHP has 2,612 members enrolled in Part D
- 2,530 members enrolled in Premier and 182 members are enrolled in Value

5 Year Rate History

	2015	2016	2017	2018	2019
Aetna Premier	\$176.00	\$176.00	\$190.00	\$179.26	\$181.09
Aetna Value			\$84.68	\$87.72	\$88.42