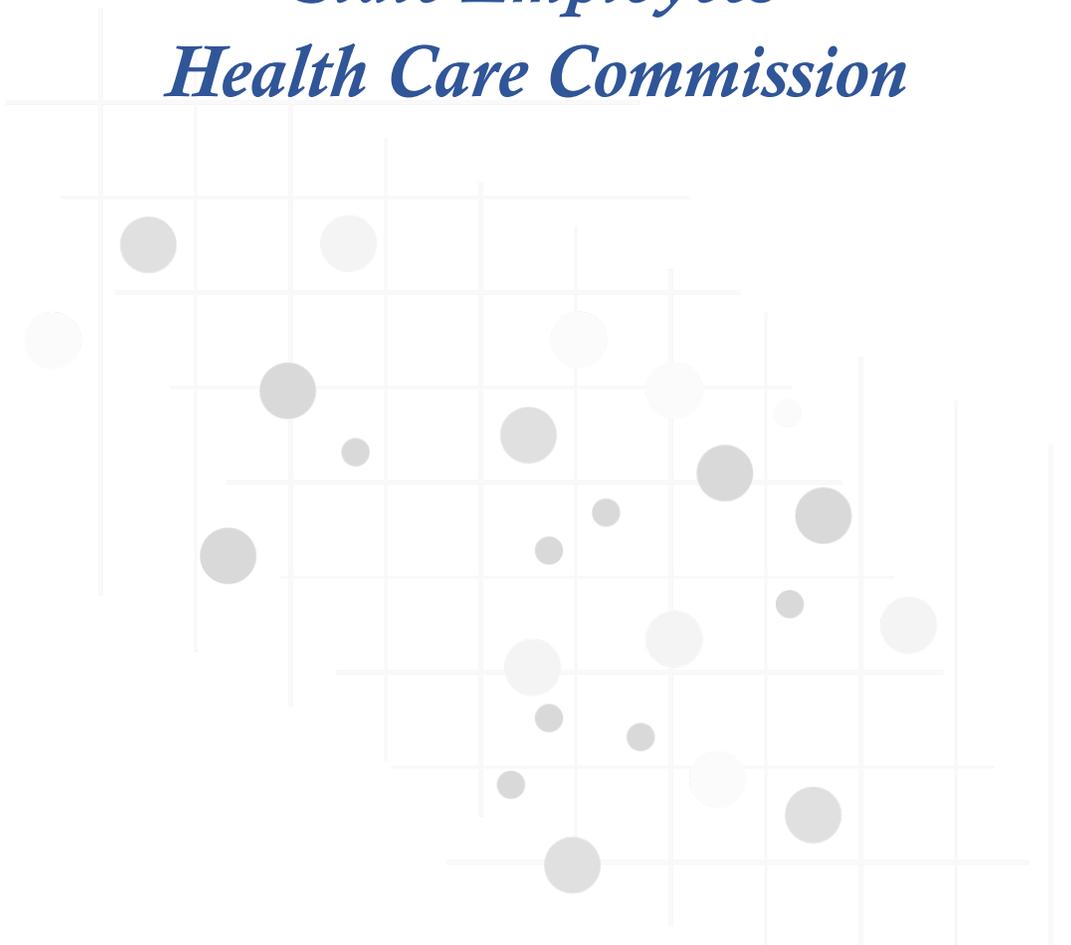




*State Employees
Health Care Commission*



June 14, 2022

Meeting Materials

STATE EMPLOYEES HEALTH CARE COMMISSION

June 14, 2022, 9:00 am

MEETING AGENDA

KPERS Board Room, 611 S. Kansas Ave., Topeka, KS

The Public May Listen to the Meeting Here:

<https://attendee.gotowebinar.com/register/2912349436638446606>

Welcome and Introductions by Chair Burns-Wallace

Action Items:

1. **Approval of Minutes [Action Item]** - Secretary Burns-Wallace
 - a. May 17, 2022
2. **Pharmacy Benefit Manager Contract [Action Item]** – Jennifer Flory
3. **2023 Plan Design [Action Item]** – Secretary Burns-Wallace

Old Business:

4. **Case Update [Executive Session]** – John Yeary

Next Scheduled Meeting – TBD

Meeting Materials Appendix:

- A. PBM Reference Checks
- B. Avēsis Report

Agenda Item #1

STATE OF KANSAS - STATE EMPLOYEES HEALTH CARE COMMISSION

MEETING MINUTES - DRAFT

May 17, 2022 - 9:00 AM

KPERS Board Room, 611 S. Kansas Ave., Topeka, KS

The Kansas - State Employees Health Care Commission (HCC) meeting was called to order on Tuesday, May 17, 2022, at 9:07 am. The meeting was conducted in person at the KPERS Board Room, in Topeka, KS with a virtual video broadcast available to the public using GoTo Webinar following publication to the State of Kansas's Public Square web portal and SEHP website.

The following members were present:

- Chair DeAngela Burns-Wallace
- Commissioner Steve Dechant
- Commissioner Vicki Schmidt
- Commissioner Brenda Landwehr
- Commissioner Carolyn McGinn (virtual)
- Commissioner Anthony Hensley (virtual)
- Commissioner Rebekah Gaston (virtual)

The following staff members were present:

- Jennifer Flory, SEHP, Interim SEHP Director
- Mike Michael, SEHP Deputy Director
- Pete Nagurny, SEHP Sr. Manager, Data & Finance
- John Yearly, Department of Administration Chief Counsel
- Paul Roberts, SEHP Sr. Manager, Health Plan Operations
- Patrick Klein, Segal Consulting
- Eileen Pincay, Segal Consulting
- Scott McEachern, Segal Consulting

The following attended virtually:

- Dr. Courtney Marsh, EAP President
- Courtney Fitzgerald, SEHP Marketing Manager
- Ken Vieira, Segal Consulting

Topic	Discussion	Action	Follow-up
Welcome and Introductions	<p>Chair Burns-Wallace called the meeting to order at 9:07 am. She welcomed the commissioners and those listening in. She reminded all commissioners to please identify themselves when speaking for those listening on the phone.</p> <p>She gave a short summary of how the flow of the meeting will go.</p>		
1. Approval of Minutes April 14, 2022 [Action Item]	<p>Chair Burns-Wallace opened the floor for any comments or edits. No edits were suggested.</p>	<p>Commissioner Dechant made a motion to approve the minutes for 4/14/22.</p> <p>1st – Commissioner Dechant 2nd – Commissioner Schmidt</p> <p>All in favor, none against, the motion passed to approve the minutes as presented.</p>	
2. EAP Contract Recommendation [Action Item]	<p>Jennifer Flory presented information regarding the RFP for the state’s Employee Assistance Program. See meeting materials.</p> <p>Staff noted that utilization figures were located in Appendix G.</p>	<p>Commissioner Dechant made a motion to approve a three-year contract for ComPsych to administer the State’s Employee Assistance Program.</p> <p>1st – Commissioner Dechant 2nd – Commissioner McGinn</p> <p>All in favor, none against, the motion passed to approve the minutes as presented.</p>	<p>Commissioner Schmidt asked that a quarterly report be provided to the commission.</p> <p>Commissioner McGinn would like to see a breakout of how many counseling appointments are virtual vs. in-person.</p> <p>Commissioner Landwehr asked if the EAP is contracted with state mental health facilities.</p>

Topic	Discussion	Action	Follow-up
<p>3. Pharmacy Benefit Manager Contract Recommendation [Action Item]</p>	<p>Jennifer Flory introduced Eileen Pincay and Scott McEachern from Segal Consulting to present information regarding the RFP and bids submitted for the state's Pharmacy Benefit Manager program. See meeting materials.</p> <p>A discussion was had regarding the mid-contract market check. Staff explained this happens in year 2 of the contract. Previous pricing changes have been implemented in September of year two of the contract. Both Caremark and BCBS noted in their bids that they would implement pricing changes within 90 days of the completion of the market check. OptumRx noted that they would implement any pricing adjustment in January of year three of the contract.</p> <p>A discussion was had regarding an Open vs Exclusive PBM agreement for Specialty drugs. BCBS and Caremark noted that their admin fees would not increase should the state switch to an Open specialty agreement. Optum noted their admin fees would be 2.5 times higher. Segal staff noted that the delta between the current agreement and Optum would be \$5 million over the life of the contract.</p> <p>There was a discussion regarding the potential formulary and network disruption. Compared to today's formulary, BCBS has the potential for the largest impact with Optum having a lesser impact. There would be no change for Caremark as the formulary is currently in place. It was noted that all providers adjust formularies throughout the year, often quarterly.</p>	<p><i>There was no vote. The item will be carried over to the June meeting.</i></p>	<p>Commissioner Schmidt requested information on how the new PBM law that goes into effect July 1 would impact the administration of the state's PBM contract.</p> <p>Commissioner Schmidt would like to see the difference in claims costs with an open specialty agreement between vendors, not just the difference in admin fees.</p> <p>Commissioner Schmidt would like to see information regarding any members impacted positively by a potential network change.</p> <p>Commissioner Schmidt would like to see the number of members per month charged to use the Drug Savings Review noted on page 31.</p> <p>Commissioner Schmidt would like to see the number of appeals and external reviews that have taken place under the current contract.</p> <p>Commissioner Schmidt would like to see how the state has used any allowances in our current PBM contract (slide #38). She would also like to know what ideas are for the BCBS Innovation fund and who/how that would be administered.</p> <p>Commissioner Schmidt asked that the commission receive a cost comparison with the optional services and allowances included.</p>
<p><i>The commission took a break at 11:00 to return at 11:08 am.</i></p>			

Topic	Discussion	Action	Follow-up
<p>4. Flexible Spending Account Contract Recommendation [Action Item]</p>	<p>Jennifer Flory presented on the RFP for the FSA program. See meeting materials.</p>	<p><i>Commissioner Schmidt made a motion to approve a three-year contract for ASI Flex to administer the State's Flexible Spending Account Program.</i></p> <p><i>1st – Commissioner Schmidt</i> <i>2nd – Commissioner Dechant</i></p> <p><i>Commissioner Gaston made a substitute motion to award a three-year contract to NueSynergy to avoid disruption to members.</i></p> <p><i>1st – Commissioner Gaston</i> <i>2nd – Commissioner Dechant</i></p> <p><i>Landwehr – No</i> <i>Gaston – Yes</i> <i>Dechant – Yes</i> <i>McGinn – Abstain</i> <i>Hensley – Yes</i> <i>Schmidt – No</i> <i>Burns-Wallace - Yes</i></p> <p><i>Four in favor, two against, the motion passed to award a three-year contract for Flexible Spending Account services to NueSynergy.</i></p>	

Topic	Discussion	Action	Follow-up
<p>5. Long Term Care Insurance Contract Recommendation [Action Item]</p>	<p>Jennifer Flory presented information regarding the RFP for Long Term Care Insurance. See meeting materials.</p> <p>There was a discussion regarding the possibility of repealing the statute that requires the SEHP to offer Long Term Care Insurance to members. Commissioner Schmidt noted that the industry has changed since this statute was implemented. She also said that members do not get any discount by purchasing through the SEHP and the same policies are available on the open market.</p>	<p><i>Commissioner Schmidt made a motion to approve a one-year contract for LifeSecure to administer the State’s Long Term Care Insurance Program and for staff to pursue the repeal of KSA 75-6522.</i></p> <p><i>1st – Commissioner Schmidt</i> <i>2nd – Commissioner Landwehr</i></p> <p><i>All in favor, none against, the motion passed to approve a one-year contract for LifeSecure to administer a Long Term Care Insurance Program for SEHP members and for staff to pursue the repeal of KSA 75-6522.</i></p>	<p>The commission asked that staff present a draft of the repeal of the KSA by October 1, 2022.</p>
<p>6. BCBS Senior Plan Medicare Rates for 2023</p>	<p>Jennifer Flory presented the 2023 rates for the BCBS Medicare Supplement Program. See meeting materials.</p>	<p><i>Commissioner Dechant made a motion to approve the presented rates for the 2023 plan year for the state.</i></p> <p><i>1st – Commissioner Dechant</i> <i>2nd – Commissioner Schmidt</i></p> <p><i>All in favor, none against, the motion passed to approve the 2023 rates for BCBS Medicare Supplement plans.</i></p>	

Topic	Discussion	Action	Follow-up
7. Financial Report	Patrick Klein from Segal Consulting presented the financial report. See meeting materials.		<p>Commissioner Schmidt would like to know where the funds that go into the administrative fund come from.</p> <p>Chair Burns-Wallace asked that staff update the deep dive deck that was used to unpack how the plan design process works.</p> <p>The Commission asked that future modeling include the \$10 million in reserve contribution allocated by the Governor's GBA. The Commission also requested that the modeling have an option to include the various options for future PBM contract savings.</p>
<i>The commission took a 5-minute break at 12:38 pm.</i>			
8. Director Report	Jennifer Flory presented a brief report. See meeting materials.		
9. EAC Report	See meeting materials.		

Topic	Discussion	Action	Follow-up
10. Follow-Up Items	<p>Chair Burns-Wallace opened the floor for commissioners to ask any questions regarding the follow-up materials.</p>		<p>Chair Burns-Wallace asked that staff prepare additional background information regarding the wellness program, including a trend of members who earn the discount, claims costs for participants vs non-participants, and claims costs for members that earn a discount vs members that don't earn a discount.</p> <p>Commissioner Schmidt would like to know how many dependents ages 18-26 are covered by the plan, and which individual plans (A, C, J, N)?</p> <p>Commissioner Schmidt asked for staff to follow up with agencies listed in the Premium Recon Audit (page 133).</p> <p>Commissioner Schmidt asked for a 2021 top claims report.</p>
11. Case Update	<p>John Yeary noted that a settlement agreement has been signed. Counsel continues to work through the indemnification amount.</p> <p>Commissioner Dechant requested that John bring back information before agreeing to an indemnification agreement.</p>		
<p><i>The meeting was adjourned at 1:06 pm</i></p>			

Agenda Item #2



Kansas State Employee Health Plan

Pharmacy Benefit Management Services Request for Proposals 2023

Proposal Evaluation and Summary

June 14, 2022

This bid analysis report is for the sole use of Plan sponsor and its authorized representatives involved in the competitive bid. Some material provided by the bidders may be deemed proprietary and confidential to the bidder and may not be disclosed or shared with any third parties other than the authorized employees, directors, or Trustees of the Plan sponsor, unless required by public disclosure laws or other legal requirements.

| Agenda

Introduction

Technical Proposal Summary

Financial Projection Methodology

Appendix

Introduction

- Kansas State Employee Health Plan (the SEHP) solicited proposals for pharmacy benefit manager (PBM) services via a Request for Proposal (RFP).
- The objectives of the bid include maximizing the SEHP's purchasing power by securing market-competitive financial terms while maintaining comprehensive and flexible PBM programs in addition to providing excellent member service and high-quality benefits for the SEHP's eligible employees and their dependents.
- Currently, CVS Caremark (Caremark) administers the SEHP's commercial prescription drug benefits under a transparent pricing arrangement with 100% pass through of rebates; the majority of rebates are applied at the pharmacy point of sale (POS). A PBM market check was performed in 2021 and the current contract expires on December 31, 2022.
- Proposals were received from the following bidders:
 - **Blue Cross Blue Shield of Kansas (BCBSKS)**
 - BCBS licensee in the state of Kansas
 - **Caremark**
 - Incumbent; Caremark is part of CVS Health
 - **MedImpact Healthcare Systems, Inc. (MedImpact)**
 - Largest independent PBM
 - **OptumRx**
 - Owned by United Healthcare
- All bidders agreed to the minimum bid requirements
- Following the initial review, MedImpact was not selected as a finalist.

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| Technical Proposal Summary

Bidder General Information

	Caremark (Incumbent)	BCBSKS	OptumRx
Headquarters Location	Woonsocket, RI	Topeka, KS	Irvine, CA
Corporate Structure	Publicly Traded	Mutual Insurance Company	Publicly Traded; owned by United Healthcare
Significant Public Sector Clients	State of FL; Southeastern PA Transportation Authority (SEPTA)	Greenbush Health Insurance Trust (Fully-Insured)	State of CO; Metropolitan Transit Authority of Harris County ; Michigan Public School Employees' Retirement System
Total # of State Government Clients	40	12	21
Reported Lives Covered (2021)	29.2 million	5.9 million	9.4 million
Total # of Scripts Dispensed (2021)	2.2 billion	345.2 million	1.3 billion
Total AWP Dollars Processed (2021)	\$286.3 billion	\$76.8 billion	Not provided
Total Number of Pharmacy Benefit Client Accounts with 90,000+ covered lives	140	0	70
Specialty Location	Lenexa, KS	Arizona; Delaware; Florida; Indiana; Pennsylvania; and Tennessee (uses ESI Accredo)	Jeffersonville, Indiana pharmacy

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Overall Assessment / Contract Highlights

	Caremark (Incumbent)	BCBSKS	OptumRx
Agree to implement new pricing within 90 days of completion of the market check	Yes	Yes	No (will only agree to implement last year of contract)
Will limit impact of MAC price increases to not exceed 10% from one quarter to the next quarter	Agree to 15%	Not agree *	Not agree *
For open specialty, may charge higher admin fees	No	No	Yes. About 2.5 X higher than Exclusive Specialty admin fees
Contractor uses an external organization for rebate aggregation	No	Yes. Prime manages rebates administration through ESI/Ascent pharmacy rebate contracts	Uses GPO Emisar
Each Ingredient Cost Discount Component Guarantee Stands Alone (no offsets)	Yes	No; reconciled on component basis with offsetting	Yes
POS rebates experience with 95%+ POS rebate sharing arrangement	Yes	No**	Yes

***BCBSKS** will make every effort to minimize impacts to member cost share but cannot agree due to state MAC law that requires pricing to reflect current market acquisition cost. **OptumRx** agrees to limit MAC price increases to the *lesser of* a set dollar per script or % when making monthly MAC price adjustments and will make every effort to stay within these limits but cannot contractually guarantee these

**No current or past clients but state Prime has implemented POS rebate with majority of Blues nationwide and have the ability to configure their POS rebates at any rebate-sharing level; however, the majority of Blue Plans have configured rebate share at a lower % (usually 25%, 50%, or 75%) of estimated rebate value at POS..

Overall Assessment / Financial Highlights

Evaluation Area	Caremark (Incumbent)	BCBSKS	OptumRx
Gross Drug Cost	Comparable with other bidders (Lowest)	Comparable with other bidders (Highest – roughly 1.5% higher than CVS)	Comparable with other bidders (Middle – roughly 1% higher than CVS)
Total Rebates	Middle (4% lower than OptumRx)	Lowest (14% lower than OptumRx)	Highest
Admin Fee	Lowest	Highest (10% higher than CVS)	Middle (6% higher than CVS)
Expected Member Cost Sharing (Reflective of Gross Cost and Rebate strength)	Middle (1% higher than OptumRx)	Highest (10% higher than OptumRx)	Lowest
Contract Savings (Backloading)	Heavily Backloaded – More savings in later years	Heavily Backloaded – More savings in later years	Slightly Backloaded – More savings in early years
Pricing Exclusions	Very Few	Many	Many

- All above considerations were quantified in the financial analysis.

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Bidder Technical Highlights

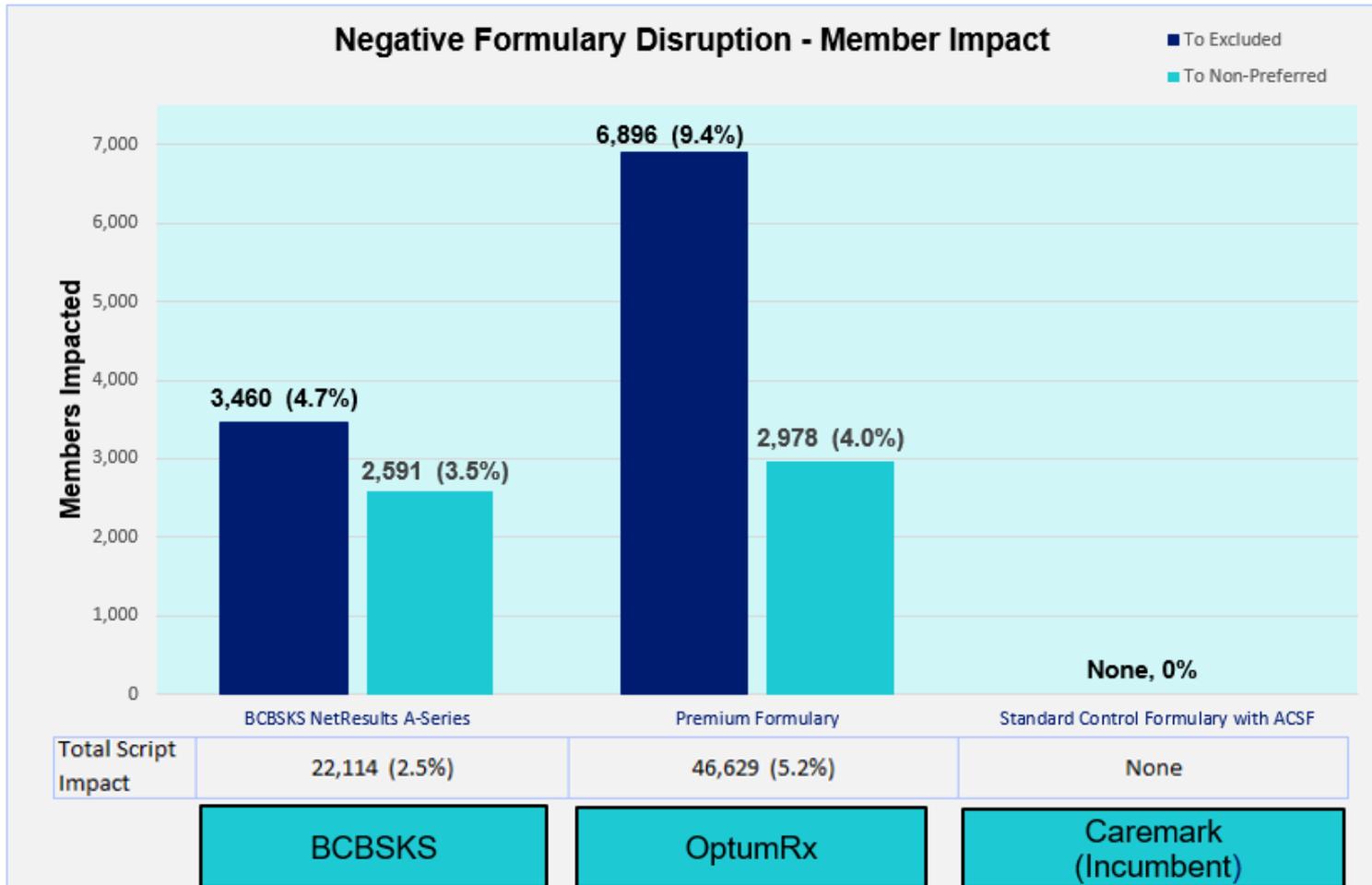
Evaluation Area	Caremark (Incumbent)	BCBSKS	OptumRx
PBM Purchasing Power	High	Average	High
Use of Subcontractors	Minimal	High	Minimal
Risk of Implementation Issues	No Risk	Some Risk	Some Risk
PBM Negative Formulary Disruption Members Impacted	0% *	4.7% Excluded 3.5% Non-Preferred	9.4% Excluded 4.0% Non-Preferred
PBM Positive Formulary Disruption Members Impacted	0% *	6.1% Preferred	2.4% Preferred
PBM Network Disruption Members Impacted	0%	0.24% Retail 30 0.43% Retail 90	0.25% Retail 30 0.25% Retail 90

- Since Caremark is the incumbent PBM, there would be no member disruption based on their proposed formulary other than the regular annual/ quarterly updates.

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Formulary Disruption

Negative Formulary Disruption



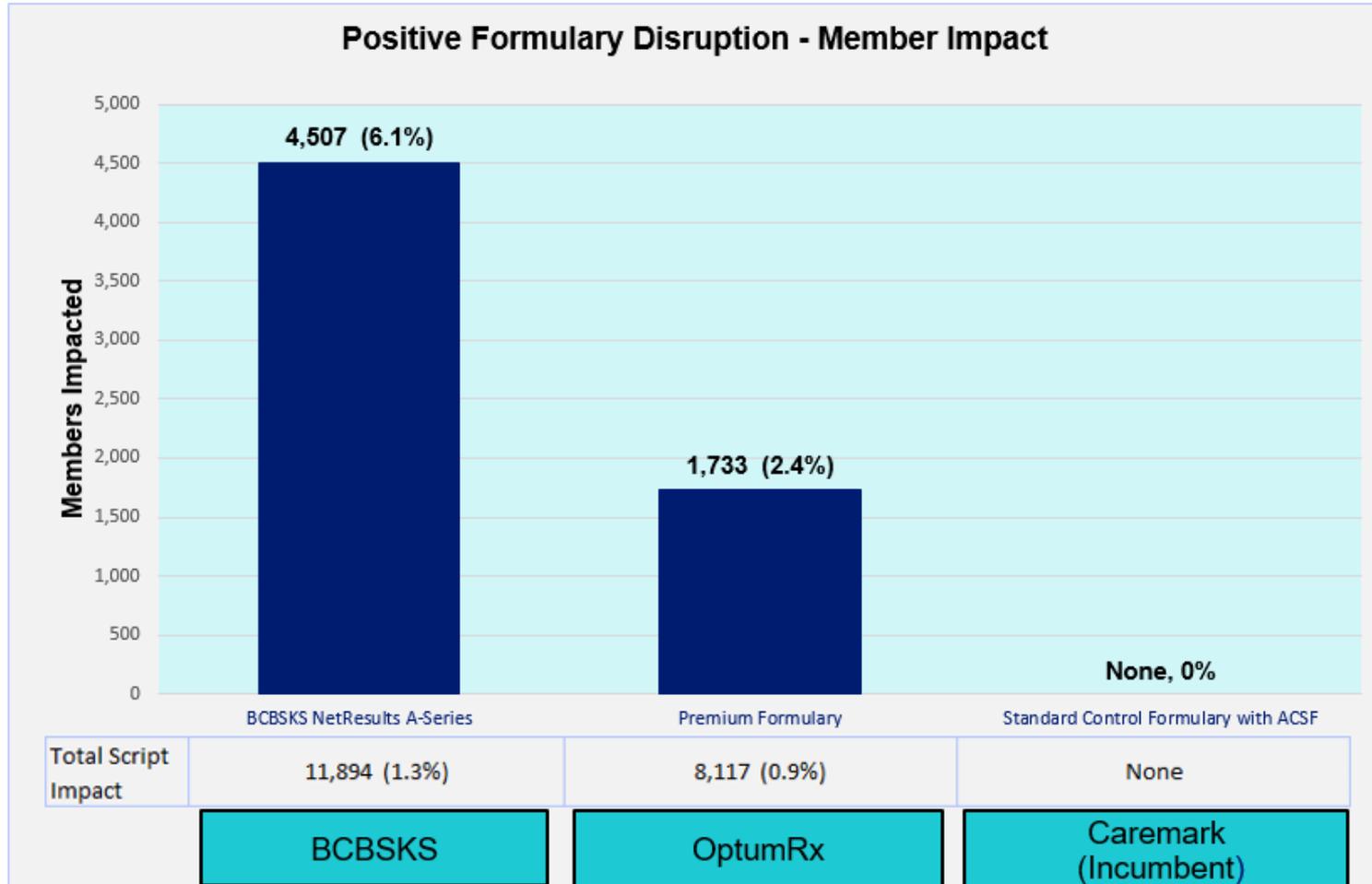
Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary.
3. Additional notes and details can be found in the appendix

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Formulary Disruption

Positive Formulary Disruption



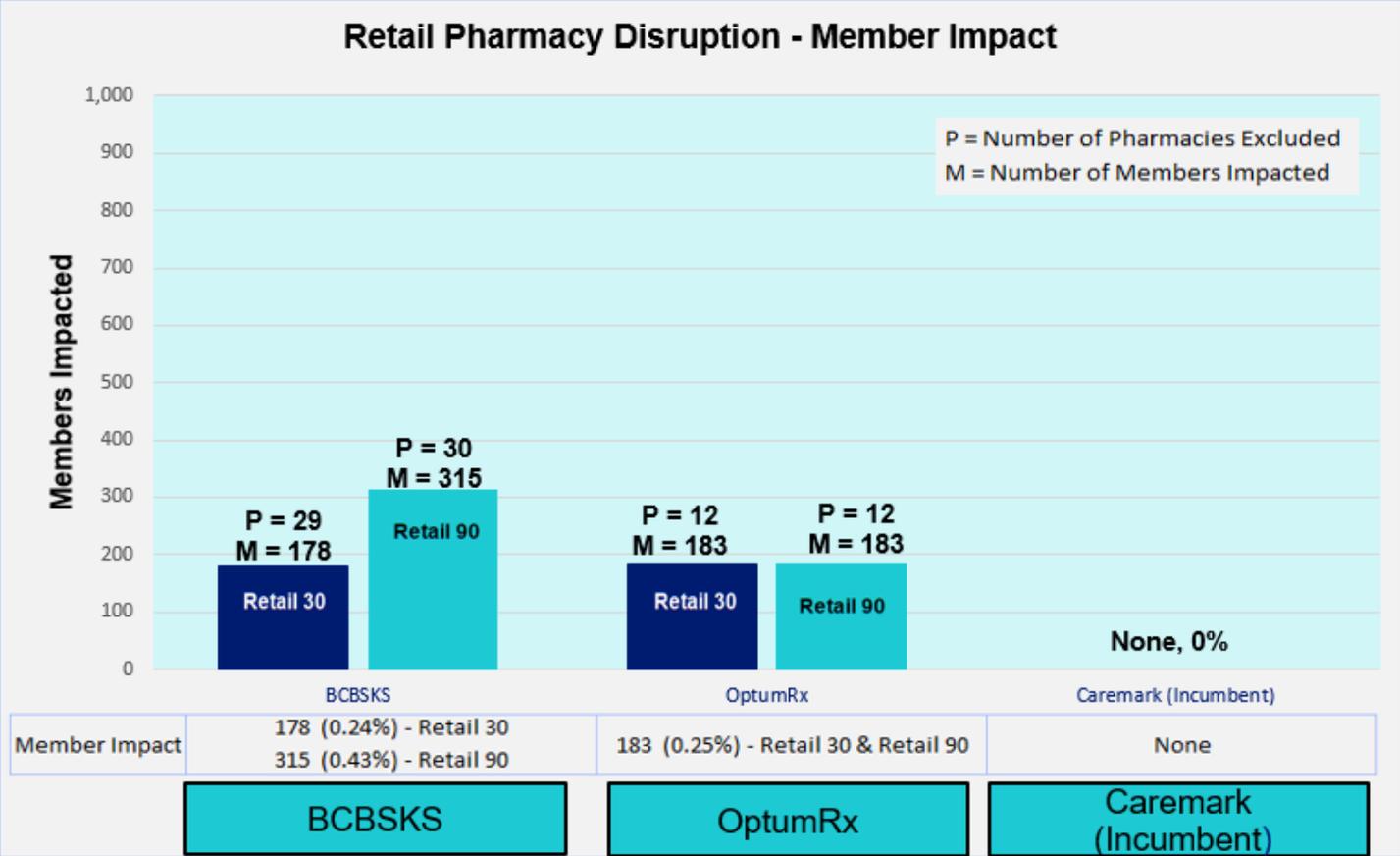
Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary.
3. Additional notes and details can be found in the appendix

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Network Disruption

Network to Non-Network



Notes:

1. Disruption analyses provided by bidders. Segal has not verified the above results. Actual disruption will vary based on future utilization and potential future network changes.
2. Pharmacy Excluded and Member Impacted counts shown by retail 30 and retail 90 are not additive as most pharmacies process both retail 30 and retail 90 claims and the same member may be impacted under both retail 30 and retail 90 by exclusion of the same pharmacy.
3. % of impacted members is based on impacted member counts provided by each bidder and the total member count of 73,563 as of September 2021 reflected in the data provided to the bidders.
4. OptumRx affected member and Rx counts reflect the total retail 30 + retail 90 counts. OptumRx provided an updated analysis upon request but did not correctly split out the counts. BCBSKS members and Rx counts reflect the retail 30 and retail 90 counts separately as instructed.
5. Additional notes and details can be found in the appendix

Overall Assessment / Highlights

Caremark

Pros	Considerations
<ul style="list-style-type: none">• Largest PBM in the country based on prescription drug claims managed with many current state government clients (40)• The SEHP Customer Service staff located in Kansas City call center. The Specialty Pharmacy is located in Kansas.• Conducts the highest % of audits out of the bidders with desktop audits 67% of network pharmacies and 6% onsite audit compared to 61% desktop audits and 5% onsite audits for OptumRx, 58% desktop + onsite for BCBSKS• Offers continuation of the current programs for site of care and drug benefit alignment programs.• For open specialty they will not charge additional fees.• Will agree to implement new pricing within 90 days of completion of the market check.	<ul style="list-style-type: none">• May charge for changes due to ACA requirements effective after June 1, 2021.• Have been investigated for small number breaches/HIPAA violations.• Will not hold the SEHP harmless for network pharmacies' HIPAA violations.• Will only notify if reduction in network pharmacies is 5% or more (not 1%) for this PG.

Overall Assessment / Highlights

BCBSKS

Pros	Considerations
<ul style="list-style-type: none"> Account management located in Topeka, KS and Wichita, KS. Customer service are in 3 locations for designated service unit (Topeka, Salina, and Lawrence in KS). Includes communication costs in admin fee, all other bidders offer allowance / discretionary fund. Has not been investigated for HIPAA violations. Agrees to hold the SEHP harmless for network pharmacies' HIPAA violations. 100% of claims audited in real-time. 58% audited (did not specify desktop or on-site). Confirmed that they will absorb clinical program costs. For open specialty they will not charge additional fees. Confirms that Prime will work with the SEHP to provide a similar Site of Care program and Drug Benefit Alignment program. 	<ul style="list-style-type: none"> Network guarantees will be reconciled on a component level, with offsetting allowed for each component between chain and independent pharmacies. Rebate guarantees will be reconciled annually and applied in aggregate across channels. The SEHP will not be given access to real-time claims and eligibility system (for viewing or editing purposes). May assess fees for collection of audit recoveries from a collection agency. Will not include dependent names on ID cards. Longest turnaround time on resolutions for member issues - 94% resolved within 10 days. High AM and CSR staff turnover in 2021 (although provided explanation) Prime manages rebates administration through ESI/Ascent pharmacy rebate contracts on BCBSKS's behalf. Will not provide data and reporting for drug manufacturer lawsuits and settlements. Of all bidders, had the highest number of PGs that they did not agree to, like Financial payment accuracy, Claims processing, PHI and others. Does not guarantee MAC list adjustments will not negatively impact Member cost shares by more than 10% above normal AWP increase. No current or past clients with a 95%+ POS rebate sharing arrangement.

Overall Assessment / Highlights

OptumRx

Pros	Considerations
<ul style="list-style-type: none">• Second largest PBM nationally based on prescription drug claims managed with many current state government clients (21).• Committed to establishing KS account management if selected.• Will hold the SEHP harmless for affiliated network pharmacies' HIPAA violations. Caremark does not agree for any pharmacies while BCBSKS agrees for all pharmacies.• Confirms that they offer a comparable Site of Care program and Drug Benefit Alignment program.	<ul style="list-style-type: none">• Does not guarantee MAC list adjustments will not negatively impact Member cost shares by more than 10% above normal AWP increase.• For open specialty will charge additional fees.• Additional fees may apply for incorporation of future health care reform legislation.• Does not agree to implement new pricing within 90 days of completion of the market check.• Would not disclose info RE: breaches/HIPAA violations.

Clinical Programs

Offered Clinical Program	Caremark (Incumbent)	BCBSKS	OptumRx
Drug Savings Review (PMPM)	\$0.30	\$0	\$0.11
Prior Authorization (PA) *	\$30	✓	\$50
Step Therapy	✓	✓	✓
Drug Quantity	✓	✓	✓
First Level Appeal (per review)	\$100	✓	\$180
External Review (per review)	\$600	\$0	\$550
Retrospective Drug Utilization Program	✓	✓	✓
Utilization Management for Specialty Drugs	✓	✓	✓
Site of Care	✓	✓	✓
Drug Benefit Alignment	✓	✓	✓
Case Management (Chronic & Complex Conditions)	✓	✓	✓
Home Infusion Capabilities	✓	✓	✓
Opioid Management Solutions	✓	✓	✓
Fraud, Waste, and Abuse Program	✓	✓	✓
e-Prescribing Fees	✓	✓	✓
Vaccine Program	✓	✓	✓

*Prior authorization (PA) for eight classes of non-specialty drugs shall be provided at no cost to the SEHP

| Financial Projection Methodology

Financial Projection Methodology

Overall Methodology

- Actual SEHP claims data was used for the period October 1, 2020 through September 30, 2021
- Our modeling accounted for each bidder's unique pricing components:
 - Specialty drug lists
 - Pricing exclusions
 - Limited Distribution Drug criteria
 - Brand / Generic drug criteria
- The summarized data was trended to the three year period of January 1, 2023 through December 31, 2025
 - Our trending was consistent for each PBM and accounted for
 - Average Wholesale Price increases
 - Increased utilization
 - Brand to generic shifting
- Each bidder's BAFO terms were applied to their respective final trended data
- Projection does not include optional vendor services and ad-hoc fees as shown on Clinical Programs slide.

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases. This bid analysis report is for the sole use of the plan sponsor and its authorized representatives involved in the competitive bid. Some material provided by the bidders may be deemed proprietary and confidential to the bidder and may not be disclosed or shared with any third parties other than the authorized employees, directors and/or Trustees of the plan sponsor, unless required by public disclosure laws or other legal requirements.

Financial Projections

Overall Cost Comparison – Summary

Cost Projections

	Current Contract Baseline	Caremark	BCBSKS	OptumRx
Gross Prescription Drug Spend	\$390,317,724	\$313,190,567	\$342,950,435	\$310,421,528
Admin Fees (+)	\$2,464,500	\$3,697,100	\$4,077,600	\$3,925,700
Member Cost Share (-)	\$80,069,112	\$64,247,379	\$70,352,267	\$63,679,343
Rebates (-) *	\$8,301,794	\$10,931,486	\$9,812,177	\$11,396,088
Total Net Cost	\$304,411,318	\$241,708,802	\$266,863,591	\$239,271,797
Projected Savings over Baseline		\$62,702,516	\$37,547,727	\$65,139,521
% of Projected Savings over Baseline		20.6%	12.3%	21.4%

Contract Period - January 1, 2023 –December 31, 2025

* 95% rebates applied at POS

Note that allowances are not included in overall financials.

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Next Steps

- Caremark and OptumRx offered the most competitive bids.
- Both are capable to provide the services requested in the RFP.
- The SEHP will need the HCC to make an award for the contract (2023-2025) in-preparation for Plan Year 2023 and Open Enrollment can begin.

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| Appendix:

Appendix - Executive Summary

- For initial responses, Caremark and OptumRx provided the most competitive financial proposals.
- Based on the initial responses, BCBSKS, Caremark and OptumRx had the most competitive financial terms using a formulary with drug exclusions and they were selected as the Finalists. MedImpact was not competitive and was not selected as a finalist. These PBMs were offered a Finalist Interview and all vendors attended the meeting remotely.
- Since Caremark is the incumbent PBM, there would be no member disruption based on their proposed pharmacy network or proposed formulary other than the regular annual/ quarterly updates.
- OptumRx had the highest formulary member disruption where 9.4%* of members would be negatively impacted by excluded drugs. OptumRx offered the second lowest pharmacy network member disruption where 0.25% of members for retail 30 and retail 90 would be negatively impacted by pharmacies being excluded from OptumRx' pharmacy network.
- BCBSKS had the highest network member disruption where 0.24% for retail 30 and 0.43% for retail 90 of members would be negatively impacted by pharmacies being excluded from Express Scripts (ESI) pharmacy network that BCBSKS is proposing. BCBSKS had the second lowest formulary member disruption where 4.7%* of members would be negatively impacted by excluded drugs. These affected members would be required to get a prescription for a new, covered drug based on the proposed formulary
- All PBMs agreed to allow the SEHP to customize the formulary; however, all PBMs indicated that they reserve the right to modify financial guarantees if adjustments are requested by the SEHP.
- Limited Distribution Drugs (LDD) were included by all PBMs in their proposed minimum guaranteed rebates. Caremark was the only PBM to include LDDs with their proposed Specialty AWP discounts. The other PBMs proposed separate AWP discounts for LDDs that were less than their proposed Specialty AWP discounts.

* Member impact numbers provided by bidders may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption

Appendix – Financial Analysis

General Program Allowances Allowances

- All the per member calculations are based on a 73,563-membership count for the SEHP.

IMPLEMENTATION ALLOWANCE	Incumbent	Caremark ¹	BCBSKS ²	OptumRx
Per Member	\$ -	\$ 5.00	\$ -	\$ 5.00
SEHP	\$ -	\$ -	\$ 728,000	\$ 367,815

GENERAL ALLOWANCE (ANNUAL)	Incumbent	Caremark ³	BCBSKS	OptumRx
Per Member	\$ -	\$ -	\$ -	\$ 5.00
SEHP	\$ 200,000	\$ 200,000	Included in Implementation	\$ 367,815

OTHER ALLOWANCES (ANNUAL)	Incumbent	Caremark ³	BCBSKS ⁴	OptumRx
Per Member	\$ -	\$ -	\$ -	\$ -
SEHP	\$ -	\$ 80,000	\$ 1,000,000	\$ -

¹ Caremark to provide a one-time implementation credit of \$5.00 per new members joining after 1/1/23.

² BCBSKS quoted a flat-dollar implementation amount not contingent on membership.

³ Caremark also proposed three additional credits. \$200K of General Allowances, \$45K for Developmental credit, and \$35K for Communication credit. These credits can be used for specific clinical program developments and specific member communication programs.

⁴ BCBSKS is proposing an innovation fund of \$1,000,000 to be used over the life of the deal, for reasonable and actual costs/expenses relating to the innovative pharmacy benefit related products and services.

- General allowances can be used for implementation and/or ongoing pharmacy services. These allowances accrue annually.
- Implementation allowances are only for the first Contract year and only to be used for implementation costs / expenses.

Appendix - Financial Analysis - Pre BAFO

Overall Cost Comparison – Summary

	Current Contract Baseline	Caremark	BCBSKS	MedImpact	OptumRx
Gross Prescription Drug Spend	\$390,317,724	\$330,166,552	\$355,113,990	\$384,233,469	\$325,659,971
Admin Fees (+)	\$2,464,500	\$3,697,100	\$5,172,400	\$3,694,600	\$8,306,900
Member Cost Share (-)	\$80,069,112	\$67,729,804	\$72,847,478	\$78,820,999	\$66,805,331
Rebates (-) *	\$8,301,794	\$10,252,034	\$9,371,132	\$7,682,707	\$10,952,870
Total Net Cost	\$304,411,318	\$255,881,814	\$278,067,780	\$301,424,363	\$256,208,670
Projected Savings over Baseline		\$48,529,504	\$26,343,538	\$2,986,955	\$48,202,648
% of Projected Savings over Baseline		15.9%	8.7%	1.0%	15.8%

Contract Period - January 1, 2023 –December 31, 2025

* 95% rebates applied at POS

Note that allowances are not included in overall financials.

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.

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Appendix – Formulary Disruption

Negative Formulary Disruption

Bidder	Proposed Formulary	Negative Impact (Preferred/Non-Preferred to Excluded)				Negative Impact (Preferred to Non-Preferred)			
		Member Impact	% of Members	Script Count	% of Script Count	Member Impact	% of Members	Script Count	% of Script Count
BCBSKS	BCBSKS NetResults A-Series	3,460	4.7%	12,150	1.3%	2,591	3.5%	9,964	1.1%
OptumRx	Premium Formulary	6,896	9.4%	36,268	4.0%	2,978	4.0%	10,361	1.2%
Caremark (Incumbent)	Standard Control Formulary with ACSF	As the incumbent, Caremark disruption should already have occurred.				As the incumbent, Caremark disruption should already have occurred.			

Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. % of impacted members is based on impacted member counts provided by each bidder and the total member count of 73,563 as of September 2021 reflected in the data provided to the bidders.
3. % of impacted scripts is based on impacted script counts provided by each bidder and the total script count of 900,749 reflected in the data from the period October 2020 through September 2021 provided to the bidders.
4. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary. Note that there will be member disruption for the regular Caremark quarterly and annual formulary updates.
5. **Advanced Notice of changes to the plan and membership:**
 - Preferred/non-preferred to excluded (not covered): All bidders will provide notice to the impacted member 60 days in advance.
 - Preferred to non-preferred:
 - Caremark provides 30-45 day advance notice to the member
 - OptumRx and BCBSKS provide 60 days advance notice to the member
 - BCBSKS will provide the SEHP advanced notice of 60 days for all negative changes while all other bidders agree to provide the SEHP 90 days advanced notice. All bidders will provide a detailed disruption analysis to the SEHP.
 - The SEHP requested **90** days advance notice to members for all negative formulary changes.

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Appendix – Formulary Disruption

Positive Formulary Disruption

Bidder	Proposed Formulary	Positive (Excluded/Non-Preferred to Preferred)			
		Member Impact	% of Members	Script Count	% of Script Count
BCBSKS	BCBSKS NetResults A-Series	4,507	6.1%	11,894	1.3%
OptumRx	Premium Formulary	1,733	2.4%	8,117	0.9%
Caremark(Incumbent)	Standard Control Formulary with ACSF	As the incumbent, Caremark disruption should already have occurred.			

Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. % of impacted members is based on impacted member counts provided by each bidder and the total member count of 73,563 as of September 2021 reflected in the data provided to the bidders.
3. % of impacted scripts is based on impacted script counts provided by each bidder and the total script count of 900,749 reflected in the data from the period October 2020 through September 2021 provided to the bidders.
4. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary. Note that there will be member disruption for the regular Caremark quarterly and annual formulary updates.

Appendix – Formulary Disruption

Formulary Disruption – Top Excluded Drugs

BCBSKS				OptumRx			
% Impacted Members	% of Scripts Impacted	Excluded Drug	Preferred Alternatives	% Impacted Members	% of Scripts Impacted	Excluded Drug	Preferred Alternatives
1.99%	0.34%	Albuterol Sulfate Hfa	Albuterol Hfa (Generic Proair And Proventil), Ventolin Hfa	1.99%	0.34%	Albuterol Sulfate Hfa	Albuterol Aer Hfa
0.36%	0.14%	Basaglar Kwikpen	Humulin R U-500, Levemir, Novolin N, Semglee, Toujeo, Tresiba	0.73%	0.30%	Novolog Flexpen	Humalog Kwik Inj 100/MI
0.28%	0.09%	Etonogestrel/Ethinyl Estradiol	Drospirenone/Ethinyl Estradiol Tabl, Estarylla Tabl	0.66%	0.17%	Accu-Chek Guide	Contour Tes Bld Gluc
0.22%	0.06%	Eluryng	Drospirenone/Ethinyl Estradiol Tabl, Estarylla Tabl	0.51%	0.20%	Lo Loestrin Fe	Drospir/Ethi Tab 3-0.03Mg
0.19%	0.04%	Pulmicort Flexhaler	Arnuity, Asmanex, Flovent, Qvar	0.44%	0.17%	Levemir Flextouch	Lantus Solos Inj 100/MI

Caremark (Incumbent)			
% Impacted Members	% of Scripts Impacted	Excluded Drug	Preferred Alternatives
Current, No Excluded Drugs			

Notes:

1. % of impacted members is based on impacted member counts provided by each bidder and the total member count of 73,563 as of September 2021 reflected in the data provided to the bidders.
2. % of impacted scripts is based on impacted script counts provided by each bidder and the total script count of 900,749 reflected in the data from the period October 2020 through September 2021 provided to the bidders.
3. Excluded drugs and preferred alternatives were provided by each bidder.
4. Note that there will drugs excluded for the regular Caremark quarterly and annual formulary updates.

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Appendix – Formulary Disruption

Excluded Drugs from Top 50 Brand Drugs by Utilization

Drug Name	Drug Ranking	Brand / Generic	Utilizers
BCBSKS			
Adderall	3	Brand	1,092
Accu-Chek	6	Brand	948
Onetouch	9	Brand	843
Concerta	16	Brand	595
Basaglar	32	Brand	267
Levalbuterol	49	Brand	161
OptumRx			
Synthroid	1	Brand	1,114
Adderall	3	Brand	1,092
Novolog	8	Brand	857
Onetouch	9	Brand	843
Concerta	16	Brand	595
Tresiba	19	Brand	511
Levemir	22	Brand	378
Loestrin	23	Brand	373
Bystolic	25	Brand	339
Basaglar	32	Brand	267
Qvar	41	Brand	195

Notes:

1. Drugs shown above are top 50 utilized drugs excluded from each bidder's proposed standard formulary.
2. Drug ranking indicates the placement of the drug on the top 50 list, with 1 reflecting the drug with the highest current utilization.

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Appendix - Bidder Technical Highlights

Evaluation Area	Caremark (Incumbent)	BCBSKS	OptumRx
Does your organization propose to impose any form of white bagging?	No	They can support white bagging if requested.	They can support white bagging if requested.

Appendix – Financial Analysis

Methodology

Claims Cost Summary

- Cleaned and summarized data provided by Caremark for the SEHP.
- Aggregated claims based on the SEHP's benefit design and specific drug exclusion categories.
- De-identified claims data was provided to each bidder – we used the same time-period and number of claims in our projections.

Financial Model Calibration

- The financial model used in this analysis was calibrated for the SEHP's specific claims data and current pricing contract.
- Point-estimate trends were applied to each drug category and dispensing channel category.
- We performed sensitivity tests around the point-estimate trends used in our analysis.

Bidder Responses

- Each bidder provided a pricing offer tailored to the SEHP.
- Each bidder provided a unique Specialty drug list which was used to identify Specialty and Limited Distribution Drugs.

Financial Results

- The total costs for the SEHP was calculated individually for each bidder.

Appendix – Financial Analysis

Caveats and Assumptions

Current Contract / Incumbent Pricing

- Our projected cost estimates are compared to the current contract pricing.
- We have assumed that current plan-year 2022 pricing will continue for each of the projected contract years.
- We did not make any assumptions whether the current pricing would improve in projected contract years.
- We modeled start dates of January 1, 2023 for the SEHP.

Pass-Through Experience / Over-Performance

- We did not assume any level of possible over-performance for bidding PBMs as we have no insight as to their contractual pricing arrangements with the participating pharmacies. We assumed minimum guarantees for all bidding PBMs.
- All PBMs submitted pass-through/transparent proposals.
- We modeled rebates on a minimum guaranteed basis.
- Rebates were applied at point of sale based on 95% of the minimum guarantee in each dispensing channel. The remaining 5% of rebates would be applied after the point of sale.

Claims Data

- We assumed no change in drug mix based on the claims data from October 1, 2020 through September 30, 2021
- This is the same claims data period that was provided to each bidder.

Trends

- Our modeling assumed trends in three primary categories:
 - *Utilization Trends* – an increase in the number of drugs utilized by a population as the result of new to market medications and aging populations. We accounted for utilization trends separately by dispensing channel and by brand/generic status.
 - *Brand to Generic Shift Trends* – as brand drugs go off patent and members look to lower out of pocket costs, we tend to see a shift of brand to generic drugs over time. We accounted for annual brand to generic trends, separately by dispensing channel, up to a maximum ceiling.
 - *Unit Cost Trends* – due to inflation and manufacturer price increases, the cost of drugs tends to increase over time. We have accounted for increases in Average Wholesale Price (AWP) separately by dispensing channel and by brand/generic status.
- We made assumptions for the trend levels based on our industry knowledge and consulting experience.

Projection Estimates

- There are many factors that influence prescription drug pricing. It is likely that the SEHP's actual future experience will not adhere exactly to the cost projections provided in this analysis. As such, the purpose of this analysis is to assess the cost competitiveness of each bidder for the SEHP's pharmacy program and should not be used for other purposes.

Appendix – Financial Projection Methodology

Caveats and Assumptions

Specialty Drug Pricing

- Specialty drug status and Limited Distribution Drug (LDDs) status was determined based on the NDCs provided in each bidder's unique Specialty drug list.
- In the case where one bidder considers a drug to be Specialty and another bidder considers it to be non-Specialty, that non-Specialty drug will be included in whichever non-Specialty channel from which it was identified.
 - For example, if some bidders considered the drug "Imbruvica" to be Specialty, the claims for this drug would fall into the Specialty channel. If a bidder did not consider "Imbruvica" to be Specialty, those claims would fall into either the Retail or Mail Order channel.
- Pricing was based on the Overall Effective Discount (OED) guarantees provided by the bidders in the pricing template and not based on individual Specialty list NDC-level prices, as these individual prices are not guarantees.

Membership

- We did not assume any changes in membership over the course of our projections.
- The components of our analysis that are affected by membership are based on the membership counts provided in the background section of the RFP questionnaire.

Cost Sharing

- Member cost sharing was determined based on the claims data provided. It was calculated as the average cost sharing by dispensing channel.
- This reflects the SEHP's plan design which is predominantly coinsurance based. Our calculations reflect that as bidders propose stronger point of sale discounts and point of sale rebates, that member cost sharing will be reduced.
- As certain bidders classify drugs differently (Specialty, LDD, excluded drugs) the number of claims in those channels shift by bidder. Because of this, you will notice slight cost sharing differences across the bidders.

Administrative Fees

- The request of the RFP was for bidders to provide an all-inclusive administrative fee to adjudicate claims, manage the pharmacy benefit, and administer clinical programs. However, some bidders also provided other administrative service that were not included in the overall fee. Our analysis calculated the overall administrative fee in our cost projections but did not include the ad-hoc administrative fees.
- BCBSKS provided two separate administrative fees. One based on a per employee per month (PEPM) amount and the other on a per-claim amount. BCBSKS indicated that either the PEPM or per-claim method could be chosen by the SEHP. Based on our calculations, the per-claim amount approach would produce lower costs; this is what we used in our analysis.
- OptumRx provided two separate administrative fees on a per-claim basis. One was based on if the SEHP selected Open Specialty, and the other was based on if the SEHP selected Exclusive Specialty. Based on SEHP current pricing arrangement, we used the Exclusive Specialty administrative fee.

PBM Follow-ups from May 17, 2022

Impact of SB 28 on PBM Bids

- BCBS indicates that they are already compliant with the new legislation requirements and see no impact on their administration of the SEHP contract.
- Caremark indicates that they are already compliant with the new legislation requirements and see no impact on their administration of the SEHP contract.
- Optum will make the appropriate changes to its appeals process to ensure compliance by 7/1/22. They stated the bill did not contain any provisions that limit the amount a MAC can change; however, they now are willing to agree that MAC adjustments will not negatively impact aggregate member cost share amounts by more than fifteen percent (15%) outside of normal AWP price increases in a monthly period.

Cost of Open Specialty Arrangements for PBM Contract

- What is the total costs for an open specialty arrangement, both claim and admin fees?
 - See following slide prepared by Segal

Financial Projections

Overall Cost Comparison – Summary – *Open Specialty*

Cost Projections

	Current Contract Baseline	Caremark	BCBSKS	OptumRx
Gross Prescription Drug Spend	\$390,317,724	\$326,106,067	\$344,862,535	\$336,246,828
Admin Fees (+)	\$2,464,500	\$3,697,100	\$4,077,600	\$8,033,000
Member Cost Share (-)	\$80,069,112	\$66,896,843	\$70,744,512	\$68,977,101
Rebates (-) *	\$8,301,794	\$10,931,486	\$9,812,177	\$11,396,088
Total Net Cost	\$304,411,318	\$251,974,838	\$268,383,446	\$263,906,639
Projected Savings over Baseline		\$52,436,479	\$36,027,872	\$40,504,679
% of Projected Savings over Baseline		17.2%	11.8%	13.3%

Contract Period - January 1, 2023 –December 31, 2025

* 95% rebates applied at POS

Note that allowances are not included in overall financials.

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.

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What is the number of members per month charged to use the Drug Savings Review, noted on page 31 of the May 17 Meeting Materials, under the current PBM contract?

Year	Total Net Savings	Total Interventions	Cost = .30 PMPM
2019	\$2,035,513	17,180	\$261,912
2020	\$1,766,717	19,907	\$258,732
2021	\$1,186,324	17,900	\$251,945
Total	\$4,988,554	54,987	\$772,590

What is the number of appeals and external reviews that have taken place under the current PBM contract?

- What is the number of appeals and external reviews that have taken place under the current contract?

CY 2019	Number of Reviews	Cost of UM
Prior Authorizations		
PA Fee Charged	1,973	\$59,190
PA Fee Waived	4,229	\$0
First Level Appeals	159	\$15,900
External Reviews	44	\$22,000
Urgent Reviews	40	\$24,000
Formulary Exceptions	23	\$690

CY 2020	Number of Reviews	Cost of UM
Prior Authorizations		
PA Fee Charged	2,007	\$60,210
PA Fee Waived	4,627	\$0
First Level Appeals	150	\$15,000
External Reviews	37	\$18,500
Urgent Reviews	63	\$37,800
Formulary Exceptions	10	\$300

CY 2021	Number of Reviews	Cost of UM
Prior Authorizations		
PA Fee Charged	2,913	\$87,390
PA Fee Waived	6,072	\$0
First Level Appeals	216	\$21,600
External Reviews	51	\$25,500
Urgent Reviews	92	\$55,200
Formulary Exceptions	10	\$300

What is the total savings of Utilization Management programs in the current PBM contract?

- SEHP has saved more than **\$40.7M** over the course of 2019 – 2021 through several utilization management programs. Over \$27M of savings is attributable to Prior Authorization and Specialty Guideline Management.

	2019 Gross Savings	2020 Gross Savings	2021 Gross Savings
Enhanced Safety and Monitoring Solutions	\$34,364.70	\$5,552.39	\$9,275.54
Generic Step Therapy Plans	\$ 2,214.89	\$2,209.40	\$2,198.95
Prior Authorization	\$2,345,077.02	\$3,934,757.75	\$3,981,803.34
Quantity Limits	-	\$324,109.45	\$460,775.00
Safety and Monitoring Solutions	\$ 20,327.42	\$41,437.44	\$23,503.83
Specialty Guideline Management	\$2,892,314.82	\$5,055,759.45	\$9,235,751.00
Specialty Quantity Limits	-	\$3,844,702.26	\$8,542,197.00
Step with PA	\$15,530.88	\$8,154.64	\$5,061.87
TOTAL	\$ 5,309,829.73	\$13,216,682.78	\$22,260,566.53
2019 – 2021 SAVINGS	\$40,787,079.04		

PBM Questions

- **What ideas are there for the BCBS Innovation fund and who/how that would be administered?**
- **ADMINISTRATION:** The fund would be administered as an allowance, held by Prime, which the SEHP could utilize to reimburse eligible expenses related to its pharmacy benefit plan with BCBSKS. The SEHP would submit receipts/invoices for paid expenses to BCBSKS and the SEHP would receive a credit for that amount on the following month's invoice for PBM services. This approach avoids conflicts with anti-kickback measures by ensuring that the SEHP only receives funds to offset actual costs incurred – the remaining allowance is allocated to the SEHP but held by Prime until it is utilized.
- **ELIGIBLE EXPENSES:** The fund is intentionally broad and meant to bridge the gap between what the SEHP has in place today (which bidders were asked to match in this RFP process) and the additional programs and innovations that Prime has to offer to the SEHP in the future. This fund will cover expenses related to administrative fees for new programs, member communications, staffing and resources within the SEHP office in support of innovative initiatives, and *any other expense* which is reasonable and related to the SEHP's ongoing improvements to its pharmacy plan with BCBSKS and Prime.
- **EXAMPLES OF INNOVATIVE, OPTIONAL, NEW PROGRAMS:** Prime and BCBSKS offer the following innovative programs which are above and beyond the SEHP's current pharmacy plan today – all of which would be eligible for innovation funding through Prime:
 - IntegratedRx – Specialty pharmacy through local providers in Kansas
 - Site of Care – Medical infusion drugs (in addition to existing Rx site of care program)
 - High Touch Rx – Prime's therapeutic optimization program utilizing medical and Rx data to conduct custom outreach to individuals with sub-optimal prescription care
 - MedsYourWay Retail – automated discount card adjudication at point of sale in parallel with Prime insurance coverage
 - FlexAccess – member POS coupon program available through *any* participating pharmacy, including retail
 - Innovation with RxSavingsSolutions – Prime can expand the SEHP's relationships and programming with RxSavingsSolutions, which is already a vendor for SEHP, and cover the cost of those programs using these funds
 - MedsYourWay Amazon Home Delivery – optional mail order service through Amazon pharmacy
 - Biosimilar adoption campaigns
 - Member outreach campaigns
 - ...and many more as we work with SEHP over the course of this contract term. Prime excels at co-innovating with our clients and plan sponsors, and we look forward to doing the same with the State of Kansas.

Credits in current PBM Contracts

Credit	Implementation Credit	Administrative Credit	Developmental Credit	Communication Credit
Allowance	\$3 per net new member	\$155,000	\$45,000	\$35,000
Applicable Services	This credit can be used to offset typical and/or mutually agreed upon implementation costs in transferring from the current provider to CVS Health. Examples of transition and implementation expenses include costs of customized Member I.D. cards, postage expense for direct mail of I.D. cards and other communication materials to Members, and special programming required by CVS Health or Client's prior prescription benefit manager to provide data to CVS Health.	This annual credit may be used to offset certain expenses incurred by Client in the administration of Client's prescription benefit plan or the services provided by CVS Health during the term. The credit may be applied to offset legitimate implementation expenses, communication expenses, member I.D. cards, postage, special programming charges, audit expenses. Alternatively, Client may elect to have this credit applied to its monthly invoices on a prorated basis.	Annual credit may be applied to disease management programs that are developed by CVS Health, and other services provided by CVS Health.	Annual credit may be used for the payment of communications relating to Client's prescription drug benefit program.
Credits Used	-	\$5,875		
Balance	Exp 6/30/2020	\$459,125	\$135,000	\$105,000

Financial Analysis

General Program Allowances Allowances

- All the per member calculations are based on a 73,563-membership count for the SEHP.

IMPLEMENTATION ALLOWANCE	Incumbent	Caremark ¹	BCBSKS ²	OptumRx
Per Member	\$ -	\$ 5.00	\$ -	\$ 5.00
SEHP	\$ -	\$ -	\$ 728,000	\$ 367,815

GENERAL ALLOWANCE (ANNUAL)	Incumbent	Caremark ³	BCBSKS	OptumRx
Per Member	\$ -	\$ -	\$ -	\$ 5.00
SEHP	\$ 200,000	\$ 200,000	Included in Implementation	\$ 367,815

OTHER ALLOWANCES (ANNUAL)	Incumbent	Caremark ³	BCBSKS ⁴	OptumRx
Per Member	\$ -	\$ -	\$ -	\$ -
SEHP	\$ -	\$ 80,000	\$ 1,000,000	\$ -

¹ Caremark to provide a one-time implementation credit of \$5.00 per new members joining after 1/1/23.

² BCBSKS quoted a flat-dollar implementation amount not contingent on membership.

³ Caremark also proposed three additional credits. \$200K of General Allowances, \$45K for Developmental credit, and \$35K for Communication credit. These credits can be used for specific clinical program developments and specific member communication programs.

⁴ BCBSKS is proposing an innovation fund of \$1,000,000 to be used over the life of the deal, for reasonable and actual costs/expenses relating to the innovative pharmacy benefit related products and services.

- General allowances can be used for implementation and/or ongoing pharmacy services. These allowances accrue annually.
- Implementation allowances are only for the first Contract year and only to be used for implementation costs / expenses.

Financial Analysis

Optional Services

- CY 2021 Utilization numbers are self-reported by Caremark.

Utilization Management Fees	CY 2021 Utilization	Caremark	BCBSKS	OptumRx
PA Fee Charged	2,913	\$ 87,390	\$ -	\$ 145,650
PA Fee Waived	6,072	\$ -	\$ -	\$ -
First Level Appeals	216	\$ 21,600	\$ -	\$ 38,880
External Reviews	51	\$ 30,600	\$ -	\$ 28,050
Urgent Reviews	92	\$ 55,200	\$ -	\$ 50,600
Formulary Exceptions	10	\$ 300	\$ -	\$ 500
Total	9,354	\$ 195,090	\$ -	\$ 263,680

- The per member per month calculations are based on a 73,563-membership count for the SEHP.

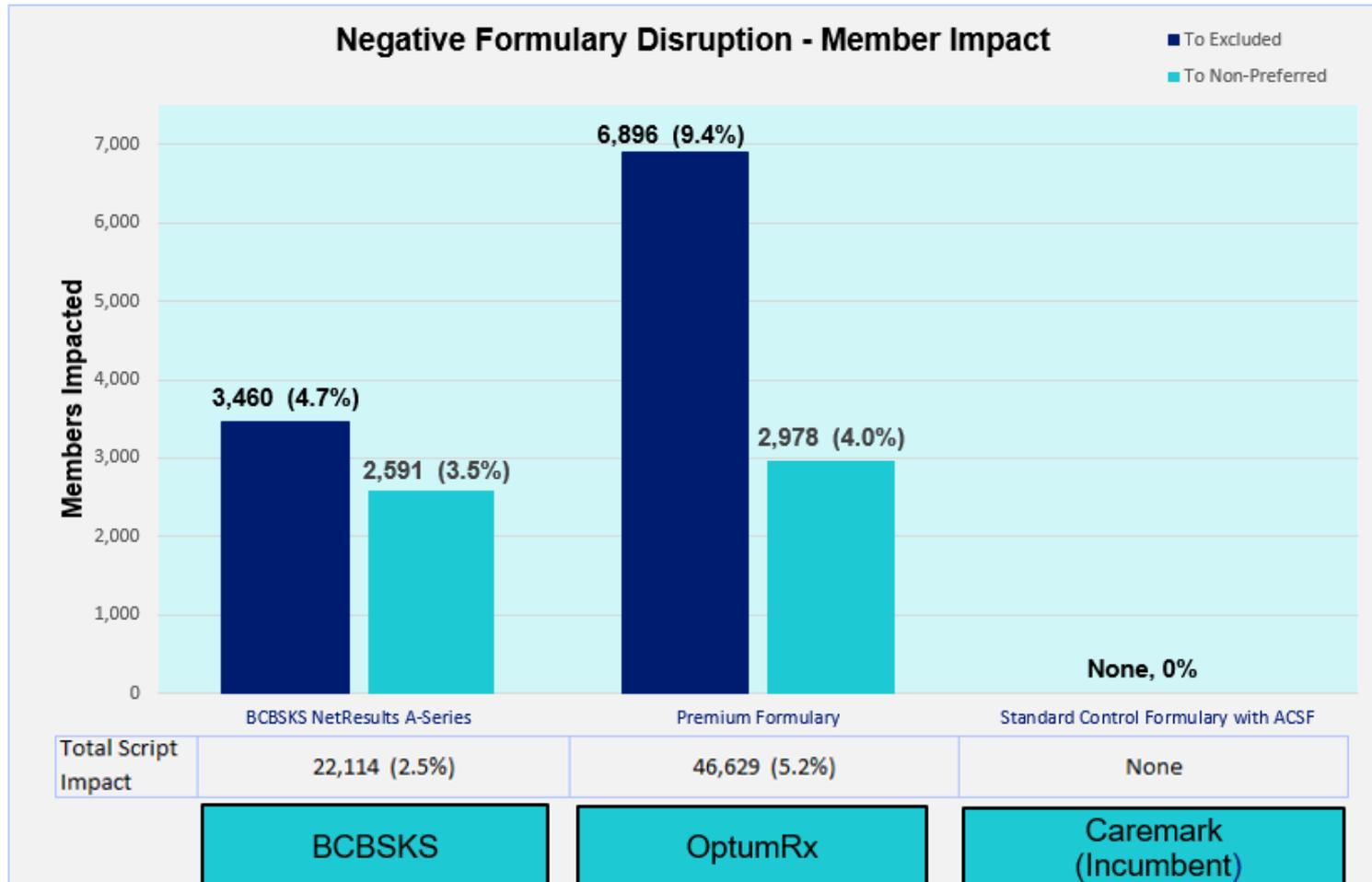
Drug Savings Review (Annual Fees)	Incumbent	Caremark	BCBSKS	OptumRx
Per Member Per Month	\$ 0.30	\$ 0.30	\$ -	\$ 0.11
Total	\$ 264,827	\$ 264,827	\$ -	\$ 97,103

PBM Questions

- What is the positive formulary disruption for PBM bidders?
 - See the following slides.
 - On the disruption slide at the last meeting, the information on Optum's impact was actually the positive impact. Segal has updated both slides and provided the following statement:
 - Explanation: *"Please note that the OptumRx's negative member disruption (for drugs moving to excluded) has been updated from 2.4% to 9.4%. The chart has been updated and verified again for accuracy."*

Formulary Disruption

Negative Formulary Disruption



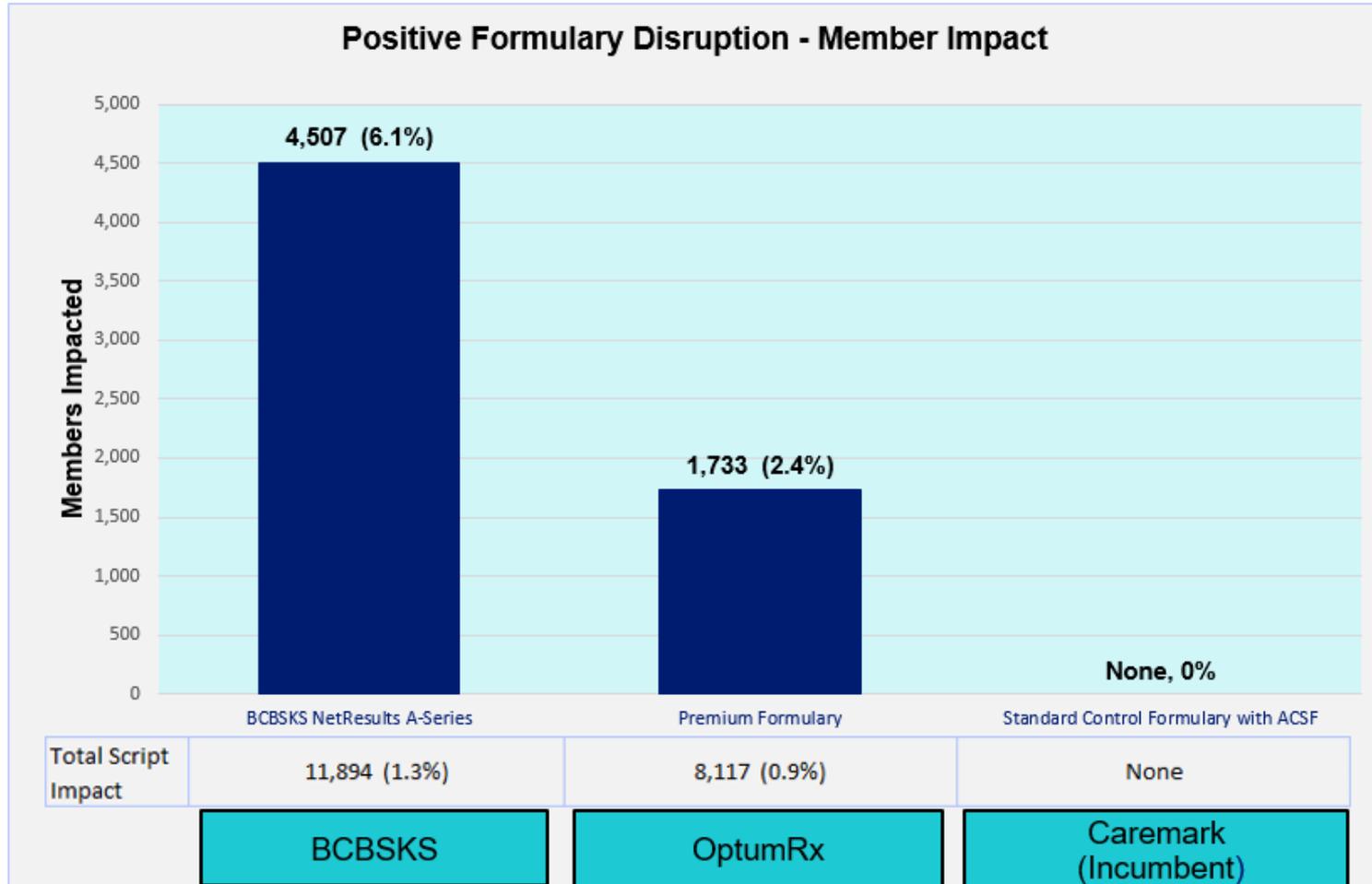
Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary.
3. Additional notes and details can be found in the appendix

This bid analysis report is for the sole use of Plan sponsor and its authorized representatives involved in the competitive bid. Some material provided by the bidders may be deemed proprietary and confidential to the bidder and may not be disclosed or shared with any third parties other than the authorized employees, directors, or Trustees of the Plan sponsor, unless required by public disclosure laws or other legal requirements.

Formulary Disruption

Positive Formulary Disruption



Notes:

1. Impacted Member and Script Counts were provided by the bidders. Member impact numbers may count members who are utilizing multiple impacted drugs more than once, which overstates the member disruption.
2. Disruption results shown above are based on standard formularies provided by the bidders. Each bidder is willing to and can support a custom formulary.
3. Additional notes and details can be found in the appendix

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Agenda Item #3



Plan Year 2023 Discussion

JUNE 2022

Current Enrollment by Coverage Tier



Employee Only: 19,680



Employee + Spouse: 4,258



Employee + Child/ren: 7,536



Employee + Family: 4,971

Total Enrolled: 36,445

Plan A: 16,696

- Employee Only: 11,252
- Employee + Spouse: 1,624
- Employee + Child(ren): 2,958
- Family: 862

Plan C: 16,012

- Employee Only: 6,704
- Employee + Spouse: 2,068
- Employee + Child(ren): 4,136
- Family: 3,104

Plan J: 699

- Employee Only: 271
- Employee + Spouse: 134
- Employee + Child(ren): 136
- Family: 158

Plan N: 3,038

- Employee Only: 1,453
- Employee + Spouse: 432
- Employee + Child(ren): 306
- Family: 847

2022 Plan Year (PY) Deductible

Plan	Employee Only	Employee + Dependents	Employee + Dependents
		Individual Family Member	Total for All Family Members
A	\$900	–	\$1,800
C	\$2,750	\$2,800	\$5,500
J	\$500	–	\$1,000
N	\$2,750	\$2,800	\$5,550

- Plans C and N use an embedded Deductible in compliance with the IRS Qualified High Deductible Health Plan (QHDHP) requirements.
- **Example:** Employee plus Dependent coverage for Plan C:
 - The maximum Deductible applied to an individual family member's claims is \$2,800 and then the plan begins to pay that member's claims subject to Coinsurance.
 - The remaining family members would need to meet the balance of the Deductible of \$2,700. The total Deductible applied for all family members cannot exceed \$5,500.

Deductible

- ▶ For Plan Year 2021
 - ▶ Approximately 10.88% of Employee Only reached the Deductible
 - ▶ Approximately 12.41% of the Employee + Dependents reached the Deductible

Coinsurance & Copays

Network Cost Share	Plan A (PPO)	Plan C (QHDHP)	Plan J (J-1 Visa Design)	Plan N (QHDHP)
Coinsurance	20%	10%	25%	35%
ER Room	\$100 Copay + Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
PCP	\$30 Copay	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Specialist	\$60 Copay	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Urgent Care	\$50 Copay	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Telehealth	\$10 Copay	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance

Out of Pocket (OOP) Maximum

► Network Providers

Plan	Employee Only OOP	Employee + Dependents OOP
A	\$5,250	\$10,500
C	\$4,500	\$9,000
J	\$7,350	\$14,700
N	\$6,650	\$13,300

Out of Pocket Maximum

- ▶ For Plan Year 2021
 - ▶ 4.54% of Employee Only reached the OOP Maximum
 - ▶ 1.12% of Employee + Dependents reached the OOP Maximum

2022 Employer HSA and HRA Contributions

EE = Employee

Coverage Tier	Annual Employer Contribution to the HSA/HRA		HSA/HRA \$ Available through HealthQuest Activities of EE & covered Spouse			Total Employer HSA/HRA \$ Available		
	Plan C	Plan N	Plan C	Plan N	Plan J (HRA Only)	Plan C	Plan N	Plan J (HRA Only)
Employee Only	\$1,000	\$500	\$500	\$500	\$500	\$1,500	\$1,000	\$500
EE + Spouse or Family	\$1,250	\$625	\$1,000	\$1,000	\$1,000	\$2,250	\$1,625	\$1,000
EE + Children	\$1,750	\$875	\$500	\$500	\$500	\$2,250	\$1,375	\$500

HRA – Health Reimbursement Account

HSA – Health Savings Account. HSA may only be used with a Qualified High Deductible Health Plan (QHDHP). Plans C & N are QHDHPs.

Medical Plans												
Plan Year	2020				2021				2022			
Plan	A	C	J	N	A	C	J	N	A	C	J	N
Deductible	—	—	—	—	Removed the 3 rd tier Deductible \$1,000/\$2,000/\$3,000 to 2 tiers: \$1,000/\$2,000 ↓	—	—	—	Reduced the Deductible \$1,000/\$2,000 by \$100/\$200 : \$900/\$1,800 ↓	—	—	—
Coinsurance	—	Reduced from 20%: 10% ↓	—	—	—	—	—	—	—	—	—	—
Copayment	—	—	—	—	—	—	—	—	Reduced the \$40 PCP Visit by \$10: \$30 PCP Visit ↓	—	—	—
Out of Pocket (OOP) Maximum	—	—	—	—	—	—	—	—	Reduced OOP \$6,250/\$12,500 by \$1,000/\$2000: \$5,250/\$10,500 ↓	Reduced OOP \$5,500/\$11,000 by \$1,000/\$2,000: \$4,500/\$9,000 ↓	—	—

Pharmacy

Plan Year	2020				2021				2022			
Plan	A	C	J	N	A	C	J	N	A	C	J	N
Generic Drugs	—				—				—			
Preferred Brand Name Drugs	—				—				Reduced by 5% From 40% To: 35% Coinsurance 			
Non Preferred Brand Name Drugs	—				—				Reduced by 5% From 65% To: 60% Coinsurance 			

Rate History

**PY
2020**

The HCC voted for a **4.5% percent State of Kansas Employer contribution increase**

PY 2020 Rates: EE & EE + children: **no increase** EE + Spouse & Family: **reduced six (6) percent**

**PY
2021**

The HCC voted for a **3 percent State of Kansas Employer contribution increase**

PY 2021 Rates: EE & EE + children: **no increase** EE + Spouse & Family: **reduced two (2) percent**

**PY
2022**

The HCC voted for a **5 percent State of Kansas Employer contribution increase**

PY 2022 rates: EE & EE + children: **no increase** EE + Spouse & Family: **reduced two(2) percent**

PY = Plan Year. Employee (EE) rates are on Plan Year which is the Calendar Year.

IRS Releases Updated Requirements for QHDHP for 2023

- ▶ The IRS released updated requirements for QHDHP for 2023. The revised policy requires:
 - ▶ An annual Deductible that is not less than \$1,500 for Employee Only coverage or \$3,000 for Employee plus Dependent coverage.
 - ▶ The annual Out-of-Pocket Maximum (member's expenses for Deductibles and Coinsurance) does not exceed \$7,500 for Employee Only coverage or \$15,000 for Employee plus Dependent coverage.
 - ▶ Increases the maximum HSA contribution amounts employees can make to their HSA to reflect inflation
 - ▶ Employee Only - \$3,850
 - ▶ Employee + Dependents - \$7,750

QHDHP = Qualified High Deductible Health Plan

2023 QHDHP Required Deductible Change

Plan	Employee Only	Employee + Dependents	Employee + Dependents
		<i>Individual Family Member</i>	Total for All Family Members
C	\$2,750	\$3,000	\$5,500
N	\$2,750	\$3,000	\$5,550

For Plans C and N to offer Health Savings Accounts in 2023, the individual family member Deductible will need to increase \$200 from the current amount to \$3,000. The total family Deductible can remain the same.

2023 QHDHP Maximum HSA Contribution

2023	2022	Change
Employee only: \$3,850	Employee only: \$3,650	Employee only: +\$200
Employee + Dependents: \$7,750	Employee + Dependents: \$7,300	Employee + Dependents: +\$450

APPENDIX:

SUPPORTING DOCUMENTS
PRESENTED AT PREVIOUS MEETINGS

Plan	2022
Active Medical	36,445
Active Dental	36,113
Dependent Enrollment	34,042
Direct Bill Non Medicare Eligible Medical	317
Direct Bill Dental	8,576
HSA/HRA	19,154
FSA	7,991

Enrollment Recap

(All Plans)

PY 2022 Employer (ER) & Employee (EE) Monthly Rates with percentage cost share

The Employer rate changes on the State Fiscal Year, July 1

PY = Plan Year

ER = Employer
EE = Employee

► Medical, Dental & Vision January 1 through June 30, 2022

Category	Plan A		Plan C		Plan J		Plan N		Dental		Vision	
	ER	EE	ER	EE	ER	EE	ER	EE	ER	EE	Basic	Enhanced
											EE	EE
Employee Only	\$629.62 (89%)	\$79.80 (11%)	\$629.62 (90%)	\$70.40 (10%)	\$629.62 (86%)	\$105.12 (14%)	\$629.62 (93%)	\$46.50 (7%)	\$23.40 (64%)	\$13.38 (36%)	\$2.88 (100%)	\$5.84 (100%)
Employee + Spouse	\$922.52 (66%)	\$474.54 (34%)	\$922.52 (79%)	\$247.38 (21%)	\$922.52 (75%)	\$306.76 (25%)	\$922.52 (85%)	\$168.60 (15%)	\$39.22 (55%)	\$32.68 (45%)	\$5.84 (100%)	\$10.80 (100%)
Employee + Children	\$922.52 (78%)	\$253.12 (22%)	\$922.52 (88%)	\$130.04 (12%)	\$922.52 (83%)	\$182.54 (17%)	\$922.52 (91%)	\$87.84 (9%)	\$39.22 (58%)	\$28.82 (42%)	\$6.32 (100%)	\$12.70 (100%)
Employee + Family	\$922.52 (53%)	\$830.80 (47%)	\$922.52 (69%)	\$416.66 (31%)	\$922.52 (64%)	\$525.58 (36%)	\$922.52 (75%)	\$300.34 (25%)	\$39.22 (45%)	\$48.18 (55%)	\$8.68 (100%)	\$16.36 (100%)

PY 2022 Employer (ER) & Employee (EE) Monthly Rates with percentage cost share

The employer rate changes on the State Fiscal Year, July 1

PY = Plan Year

Medical, Dental & Vision July 1 through December 31, 2022

ER = Employer
EE = Employee

Category	Plan A		Plan C		Plan J		Plan N		Dental		Vision	
	ER	EE	ER	EE	ER	EE	ER	EE	ER	EE	Basic	Enhanced
											EE	EE
Employee Only	\$661.10 (89%)	\$79.80 (11%)	\$661.10 (90%)	\$70.40 (10%)	\$661.10 (86%)	\$105.12 (14%)	\$661.10 (93%)	\$46.50 (7%)	\$24.18 (64%)	\$13.38 (36%)	\$2.88 (100%)	\$5.84 (100%)
Employee + Spouse	\$968.64 (67%)	\$474.54 (33%)	\$968.64 (80%)	\$247.38 (20%)	\$968.64 (76%)	\$306.76 (24%)	\$968.64 (85%)	\$168.60 (15%)	\$40.52 (55%)	\$32.68 (45%)	\$5.84 (100%)	\$10.80 (100%)
Employee + Children	\$968.64 (79%)	\$253.12 (11%)	\$968.64 (88%)	\$130.04 (12%)	\$968.64 (84%)	\$182.54 (16%)	\$968.64 (92%)	\$87.84 (8%)	\$40.52 (58%)	\$28.82 (42%)	\$6.32 (100%)	\$12.70 (100%)
Employee + Family	\$968.64 (54%)	\$830.80 (46%)	\$968.64 (70%)	\$416.66 (30%)	\$968.64 (65%)	\$525.58 (35%)	\$968.64 (76%)	\$300.34 (24%)	\$40.52 (46%)	\$48.18 (54%)	\$8.68 (100%)	\$16.36 (100%)

Loss Ratios by Coverage tier since 2018

The loss ratios below are the quotient of the total cost (claims and fixed fees), divided by premium (employee and employer contributions). The illustration highlights the loss ratios by Tier.

For Example: If a \$150,000 in premium is collected and \$75,000 is paid for claims the loss ratio would be 50%

Loss Ratios by Coverage Tier					
Coverage Tier	2018	2019	2020	2021	2022 (Projection)
EE Only	87.49%	86.81%	86.29%	88.73%	89.43%
EE+SP	124.63%	119.66%	125.17%	138.49%	142.02%
EE+CH	86.41%	83.78%	93.94%	90.52%	91.51%
Family	100.61%	98.45%	98.93%	105.27%	108.30%
Total	97.16%	94.36%	97.05%	100.36%	101.78%

Plan A Rx Coverage

Tier	Type of Prescription Medication	Member Cost Share
1	Generic Drugs	20% Coinsurance
2	Preferred Brand Name Drugs	35% Coinsurance
3	Special Case Medications	40% Coinsurance maximum of \$100 per standard unit of therapy / 30-day supply
4	Non Preferred Brand Name Drugs	60% Coinsurance
5	Discount Tier Medications	100% Coinsurance
6	Anticancer Oral Medications	20% Coinsurance maximum of \$100 per standard unit of therapy / 30-day supply

Plans C, J and N Rx Coverage

- The coinsurance amounts apply after the member meets their deductible.

Tier	Type of Prescription Medication	Member Cost Share
1	Generic Drugs	20% Coinsurance
2	Preferred Brand Name Drugs	35% Coinsurance
3	Non Preferred Brand Name Drugs	60% Coinsurance
4	Discount Tier Medications	100% Member Paid
5	Anticancer Oral Medications	20% Coinsurance

Agenda Item

#4

APPENDIX – a

Blue Cross Blue Shield of Kansas

I received your Reference Check and most of your questions don't apply to us, so I will just write out a few comments. The Greenbush Health Trust has been with BCBSKS since 10/1/2001 as a fully insured BCBSKS plan. Our pharmacy benefits are inside our BCBSKS plan with Prime Therapeutics.

We have always received great service from BCBSKS and Prime Therapeutics, we changed to their ResultsRx formulary plan a few years ago but we really didn't have many problems when we made this change. I believe our participants would agree we have very few problems with our pharmacy benefit other than prescriptions cost too much!

On a scale of 1 to 10, I would rate BCBSKS and Prime Therapeutics as an 8, no one is a perfect 10 but they do everything we ask, and we have very few problems.

Drenette M. McCracken
Greenbush Health - Plan Administrator

Reference Check

RFP EVT8386 for Pharmacy Benefit Management (PBM)
Reference for: **ESSDACK**

1. What PBM services are provided by the vendor for your company? How long have you worked with them? *Prime offers full-service benefits to ESSDACK.*
Prime has been the PBM for BCBSKS and ESSDACK for 23 years.
- 2.. Does the vendor cooperate with your other vendors? For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? Have you had issues with the integration process?
ESSDACK's plan is fully integrated. We are not aware of any issues.
3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit?
I don't think most members are aware of the PBM nor the role of the PBM. The PBM services exist 'behind the scenes.'
4. How would you rate the PBMs website for member friendly services and navigation?
NA
5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? *No.* If so, have you experienced any issues in getting the claims data sent timely and in the provide layout?
N/A It is our understanding that Prime is not sharing information to other vendors.
6. Does your PBM provide point of sale for rebates? *No.* Have you had any issues related to the administration of the POS rebates program?
N/A
7. Do you use the vendor's standard formulary or a custom formulary? Have you ever asked the vendor to modify the formulary you are using? If so, did the PBM modify its fees or discounts because of your request?
ESSDACK utilizes the Select formulary. It is not custom.
8. What do you like most about the vendor? Are there any areas that you have experienced challenges in working with the vendor?
Data is provided each year to help us understand the nature of pharmacy claims and other formulary options have also been presented as options for managing RX costs.
9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? Please explain the reason for the rating.

9—I doubt most service providers are perfect which is what I think warrants a 10. We have no issues or concerns. Claims are processed in timely manner. No complaints have been brought to our attention.

Completed by: Deborah Haneke

Company: ESSDACK

Date: 5-9-2022

RFP EVT8386 for Pharmacy Benefit Management (PBM)
Reference for: **CVS/Caremark**

1. What PBM services are provided by the vendor for your company? *Retail pharmacy network, specialty pharmacies, mail order pharmacies; customer service; Retiree Drug Subsidy (RDS) services; paper claim processing; retail pharmacy vaccination network; development of preferred drug lists; etc.* How long have you worked with them? *Previous contract period: Jan 2015 – Dec 2020; current contract: Jan 2021 – current.*
- 2.. Does the vendor cooperate with your other vendors? *Generally, yes.* For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? *Yes* Have you had issues with the integration process? *There have been issues with one medical vendor; seamless with all other medical vendors.*
3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit.? *If members are provided specific examples of items for which the PBM is fully responsible, the members would probably indicate a positive experience and overall satisfied.*
4. How would you rate the PBMs website for member friendly services and navigation? *Above average ease of use and navigation.*
5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? *Rx and medical vendors are required to provide paid claim data files to the State's contracted HIMIS (Health Insurance Management Information System) vendor.* If so, have you experienced any issues in getting the claims data sent timely and in the provide layout? *No problems; contract provisions and performance guarantees tied to this requirement.*
6. Does your PBM provide point of sale for rebates? *The State does not chose to receive its rebates in this manner.* Have you had any issues related to the administration of the POS rebates program? *N/A*
7. Do you use the vendor's standard formulary or a custom formulary? *The State has an open formulary; generally covers all federal legend drugs unless specifically excluded.* Have you ever asked the vendor to modify the formulary you are using? *N/A* If so, did the PBM modify its fees or discounts because of your request? *N/A*
8. What do you like most about the vendor? *The State's PBM is generally easy to work with, has excellent analytics to support/document recommendations, and assists in the manner necessary for a very hands on state government client.* Are there any areas that you have experienced challenges in working with the vendor? *Nothing unsurmountable.*
9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? *An 8 or 9.* Please explain the reason for the rating. *See answers to number 8.*

Completed by: Dee Fort
Company: State of Florida
Date: 05/04/2022

Reference Check

RFP EVT8386 for Pharmacy Benefit Management (PBM)

Reference for: **CareMark**

1. What PBM services are provided by the vendor for your company? **Claims Processing, Mail Service Pharmacy, Vaccine Services, Medicare Prescription Drug Supplemental Plan, Retail Pharmacy Network, Formulary Management, Drug Utilization Review Services, Plan Participant Services, Communication Materials, Specialty Pharmacy**, How long have you worked with them? **Since 2007**
- 2.. Does the vendor cooperate with your other vendors? For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? Have you had issues with the integration process? **Although the capability is there, we do not integrate with our medical vendor.**
3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit.? **For CY2021 there was a 94% insured satisfaction rating.**
4. How would you rate the PBMs website for member friendly services and navigation? **Above average.**
5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? **Yes** If so, have you experienced any issues in getting the claims data sent timely and in the provide layout? **No**
6. Does your PBM provide point of sale for rebates? **No** Have you had any issues related to the administration of the POS rebates program?
7. Do you use the vendor's standard formulary or a custom formulary? **Standard Formulary** Have you ever asked the vendor to modify the formulary you are using? **No** If so, did the PBM modify its fees or discounts because of your request?
8. What do you like most about the vendor? **Guaranteed rebate arrangement.** Are there any areas that you have experienced challenges in working with the vendor? **n/a**
9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? **9+** Please explain the reason for the rating. **Probably could be a 10; however, nobody's perfect.**

Completed by: Nick Venturini – Director, Benefits Services

Company: Prince George's County Public Schools

Date: 5/4/22

Reference Check

RFP EVT8386 for Pharmacy Benefit Management (PBM)
Reference for:

1. What PBM services are provided by the vendor for your company? How long have you worked with them?

OptumRx administers our non-Medicare and Medicare (EGWP) formularies.

- 2.. Does the vendor cooperate with your other vendors? For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? Have you had issues with the integration process?

Yes, OptumRx cooperates with our other vendors. They send full claims files to our medical and data warehouse vendors twice a month (per our contract). OptumRx also work in collaboration with the medical, vision, and dental vendors to create a quarterly newsletter for our members.

3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit.?

Our contract has an SLA for an annual member satisfaction survey. For Medicare population 323 responses were received, 72.14% gave them a rating of 4.0 or higher on a 5.0 scale. For non-Medicare 330 survey responses were received, 66.06% gave them a rating of 4.0 or higher.

4. How would you rate the PBMs website for member friendly services and navigation?

Very easy to use and navigate.

5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? If so, have you experienced any issues in getting the claims data sent timely and in the provide layout?

Yes, they send files to a data warehouse vendor. No major issues have been experienced.

6. Does your PBM provide point of sale for rebates? Have you had any issues related to the administration of the POS rebates program?

N/A

7. Do you use the vendor's standard formulary or a custom formulary? Have you ever asked the vendor to modify the formulary you are using? If so, did the PBM modify its fees or discounts because of your request?

Our plan has a custom formulary, rebate guarantees are wrote into the contract that cannot be modified based on changes made to the custom formulary.

8. What do you like most about the vendor? Are there any areas that you have experienced challenges in working with the vendor?

OptumRx has an account team that is dedicated to our contract. Their account team values our partnership and works in collaboration with our staff, consultants and vendor partners. We have experienced challenges with the EGWP plan design and how Optum's compliance team interprets some of the CMS language, but we were able to work through it and move forward with plan design updates.

9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? Please explain the reason for the rating.

8, the PBM industry is very complex and challenging so I doubt any vendor would receive a 10 rating from our plan. Optum is not a perfect vendor, but they are willing to work through any challenges and make the plan and membership financially whole when errors are identified (both by the plan and OptumRx internally).

Completed by: Sarah Harwood

Company: State of Michigan, Office of Retirement Services

Date: 05/04/2022

Reference Check

RFP EVT8386 for Pharmacy Benefit Management (PBM)

Reference for: **Optum (Janet Fuller, City of Sioux City, HR Specialist)**

1. What PBM services are provided by the vendor for your company? How long have you worked with them? *We worked with Optum for three years. They provided all pharmacy functions for the City*
- 2.. Does the vendor cooperate with your other vendors? For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? Have you had issues with the integration process? *All processes were very timely until we changed vendors. Transition files were not as smooth/timely*
3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit.? *Overall, they were satisfied. Optum is very timely and their customer service, when we were with them was top tier.*
4. How would you rate the PBMs website for member friendly services and navigation? *I would rank them as equal to other websites we've used.*
5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? If so, have you experienced any issues in getting the claims data sent timely and in the provide layout? *We did not*
6. Does your PBM provide point of sale for rebates? Have you had any issues related to the administration of the POS rebates program? *Unknown – I didn't get that level of information.*
7. Do you use the vendor's standard formulary or a custom formulary? Have you ever asked the vendor to modify the formulary you are using? If so, did the PBM modify its fees or discounts because of your request? *We selected one of their standard formularies, but we also made sure we had the ability to authorize over-rides (though rare).*
8. What do you like most about the vendor? Are there any areas that you have experienced challenges in working with the vendor? *I had the BEST account manager when we were with them. He was extremely responsive and very customer focused. I believe the account manager can make or break a vendor. The challenges we faced were when we were moving to another vendor.*
9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? Please explain the reason for the rating. *8.5. They would have had a 10 from me except for the separation experience.*

Completed by: Janet Fuller

Company: City of Sioux City

Date: 05/03/2022

Reference Check

RFP EVT8386 for Pharmacy Benefit Management (PBM)

Reference for: **Optum RX – Former Client: City of Columbus**

1. What PBM services are provided by the vendor for your company? How long have you worked with them? **The City of Columbus worked with OptumRx from February 2015 through January 2019 as a carve out vendor.**
- 2.. Does the vendor cooperate with your other vendors? For example: Is the integration of member cost share (deductibles and out pockets) reported timely to your medical vendor? Have you had issues with the integration process? **Yes, no issues with collaboration during the contract.**
3. If we were to ask your members about their experience with the pharmacy benefit, how do you think they would rate their satisfaction with the PBM's administration of the benefit.? **I think members would average a fair to satisfactory rating. Only because we implemented several new clinical programs that members perceived as negatives. OptumRx was only doing what we asked of them.**
4. How would you rate the PBMs website for member friendly services and navigation? **Satisfactory**
5. Do you require the PBM to provide claim files to a data warehouse vendor like IBM Watson or others? If so, have you experienced any issues in getting the claims data sent timely and in the provide layout? **Not Applicable**
6. Does your PBM provide point of sale for rebates? Have you had any issues related to the administration of the POS rebates program? **YES. No.**
7. Do you use the vendor's standard formulary or a custom formulary? Have you ever asked the vendor to modify the formulary you are using? If so, did the PBM modify its fees or discounts because of your request? **Custom. Yes. Yes.**
8. What do you like most about the vendor? Are there any areas that you have experienced challenges in working with the vendor? **Ease of access and responsiveness at the account management level. Managing multiple unions with different designs.**
9. On a scale of 1 to 10 with 10 being excellent service, how would you rate the vendor's performance to date? Please explain the reason for the rating. **8, There were no serious infractions to the contract or by the service team.**

Completed by: Sonya Burley

Company: City of Columbus

Date: May 5, 2022

APPENDIX – b

Avēsis Update

HCC Meeting
June 14, 2022



Avēsis Recruitment Update

Avēsis

- As of June 6, out of the 296 locations provided to Avēsis, they have 218 Network locations, an increase of 11 since May's meeting.
- They are in active negotiations with an additional 20 providers.
- There are 34 providers in the credentialing process.
- As of June 6, they reached the 85% target.
- 46 of the top 50 providers are now in Network. *(based on 2021 claims)*