



Nancy J. Eid
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February 15, 2023

Via Email

Board of Trustees
FELRA & UFCW VEBA Fund

Re: Statement of Work - Pharmacy Benefit Consulting Services

Dear Trustees:

Segal is pleased to provide this proposed Statement of Work ("SOW") for Pharmacy Benefit Consulting Services to the FELRA & UFCW VEBA Fund ("Fund").

This SOW describes the consulting services ("Services") that Segal will provide to the Fund to help manage the Fund's Commercial and EGWP prescription drug plans and the pharmacy management programs administered by the Fund's Pharmacy Benefits Manager ("PBM").

This SOW also sets forth the Segal personnel responsible for all proposed services and the fees that Segal will charge for the Services.

Please contact me with any questions or concerns regarding this SOW.

Best regards,

A handwritten signature in dark ink that reads "Nancy J. Eid". The signature is written in a cursive, flowing style.

Nancy J. Eid
Vice President, Sr. Consultant

cc: Sarah Sanchez
Barry Slevin
Michael Kreps
Anne-Marie Sims
David Jensen
Josh Timm

Services

Segal will perform the following Services on behalf of the Fund and their managed pharmacy program:

- I. Negotiate the 2022-2025 pharmacy benefits management ("PBM") Commercial and EGWP Services Agreement ("Contract") between the Fund and Express Scripts, Inc. ("ESI"), governing the 2022-2026 initial Contract term.
- II. Annual Pharmacy Benefits Management Consulting Services

Deliverables

I. Negotiate the 2022-2025 PBM Contract between the Fund and ESI.

Segal will be responsible for the following:

Collaborate with the Fund's Co-Counsel to negotiate best-in-class, highly competitive contract terms and conditions, consistent with the terms, conditions and pricing committed by ESI in the 2022 PBM procurement.

- Review and edit each Contract draft to verify consistency with agreed-upon terms and conditions, pricing, service guarantees, and other commitments as memorialized in ESI's response to the Fund's Request for Proposal ('RFP'), ESI's best and final offer ("BAFO"), and other documentation submitted during the PBM procurement process.
- Facilitate meetings, as needed or required between Fund Co-Counsel, ESI legal, and Segal to review redline edits, with the intent of reducing the time and efforts needed to generate a signature-ready Contract for the Commercial and EGWP Plans.

II. Ongoing Pharmacy Benefits Management Consulting Services

Segal will perform the following services on an annual basis:

- Monitor and manage the PBM's performance to ensure compliance with all Contractual commitments, including PBM's adherence to financial and service level guarantees.
- Analyze and report quarterly cost and utilization trends for specialty and non-specialty medications, compared to industry benchmarks; provide recommendations for mitigating drug trends in compliance with the Fund's then-current Collective Bargaining Agreement (CBA).
- Review the Fund's PBM quarterly and annual performance reports, identifying opportunities to optimize the Fund's prescription drug plans and programs.
- Review clinical and/or utilization management program opportunities as needed or required, assessing program value to the Fund and their participants.

- Review new-to-market specialty drugs and formulary changes; submit a report to the Fund with recommendations.
- Validate and report PBM's compliance with annual pricing and performance guarantees.
- Facilitate resolution of service or other Contractual issues between the Fund and ESI.
- Participate in quarterly Board of Trustee Meetings.
- Submit quarterly reports showing Plan performance and other topics as requested by the Fund.
- Analyze, track and manage the Fund's specialty drug utilization and costs incurred through the medical benefit.
- Provide recommendations, as appropriate, for optimizing the managed pharmacy benefits program, including recommendations for integrated management between the managed pharmacy, behavioral health and medical management programs.
- Manage ad hoc requests from the Fund.
- When adjudication issues are identified, take immediate action with the PBM (as directed and approved by the Fund) to adjust discounts, re-process errant claims online and credit the Fund in the next invoicing cycle.

Biannually, Segal will manage the PBM market check process for both lines of business, as detailed in the Market Check provisions of the PBM Contract.

Special projects, such as Contract Audits, PBM Procurements and Contract Renewals, will be scoped separately upon request, as described in the Change Request Process on page 3.

Segal Project Team

Nancy Eid, Vice President, Sr. Pharmacy Consultant, will be responsible for managing all projects and deliverables committed to the Fund, working in collaboration with the Josh Timm, Senior Vice President & Benefits Consultant.

She will be assisted, as needed, by subject matter experts, including a licensed Clinical Consultant (PharmD) and a Data Analyst.

Effective Date, Fees, and Payment Terms

This engagement will commence immediately upon receipt of the Fund's agreement to this SOW.

Fees

A one-time project fee of \$20,000 will be charged for Contract Negotiations. Ongoing consulting services will be billed at an hourly rate, based on the fee schedule below.

2023-2024 Hourly Billing Rates	
VP, Sr. Pharmacy Consultant (NEid)	\$500
PharmD Clinical Consultant	\$425
Analyst	\$225

Fee Assumptions

- Segal will be responsible for obtaining the Confidentiality and Non-Disclosure Agreements, and/or other documentation as needed or required to execute on this SOW.
- Fees do not include travel. Reasonable travel expenses will be passed through at cost to the Fund.

Payment Terms

Contract Negotiation project fees will be invoiced in two (2) installments:

- Invoice #1 in the amount of \$10,000 will be issued 45 days following project initiation.
- Invoice #2 in the amount of \$10,000 will be issued 90 days following project initiation.

Ongoing Strategic Consulting Services will be invoiced monthly and will include fees incurred for the previous 30-day period. Invoice detail will include:

- Dates of service
- Summary of task(s) performed
- Hours incurred by task

Payment for undisputed invoices will be made within 15 business days of receipt.

Change Request Process

Either party may submit a written request to the other party for additions to the Statement of Work (SOW) or out of scope work. The receiving party will review the Change Request and provide a written response to the other party. Upon mutual approval of any supplemental services to be performed, Segal will provide a quotation and delivery schedule. If any supplemental services are agreed to by the Fund, the change will be incorporated into the SOW in amendment form.

Authority

The signatures below indicate agreement by the Parties to the terms and conditions set forth in this SOW. This SOW may be executed in any number of counterparts using ink or electronic signatures, each of which will be deemed an original. This signed SOW constitutes authorization for Segal to begin provision of the Services described herein and Segal agrees to commence such Services promptly upon receipt of a full-executed copy of this SOW.

* * * * *

Agreed and accepted by:

The Segal Company (Eastern States), Inc.,
dba Segal

FELRA & UFCW VEBA Fund

By: _____
Name: Josh Timm
Title: Senior Vice President and Benefits
Consultant
Date: _____

Union
Trustee: _____
Date: _____
Employer
Trustee: _____
Date: _____