FELRA and UFCW VEBA Fund

Consultants Report

Managed Pharmacy

September 17, 2024 / Nancy Eid, Vice President and Sr. Consultant

Segal

Executive Summary

Headlines for Q2 2024 compared to Q2 2023

The Active's pharmacy trend increased by 9.4% year over year; the Retirees experienced negative trend for non-specialty drugs, and a 25% increase in PMPM costs for specialty medications.

Drug inflation, increased utilization of high-cost drugs such as the GLP-1s, and drug mix that rare disease treatments contributed to trend for both populations.

This Managed Pharmacy Report provides additional detail on the overall performance of the managed pharmacy trend program for the past 12 months.

All data included in this report were sourced from Express Scripts Q2 2024 SPARC Reports for the Actives and Retirees (unaudited).

Net costs, as used in this report, means the total ingredient costs net of member cost share and rebates*.

An update on the EncircleRx program, targeted for implementation effective January 1, 2025, is provided at the end of this report.

*Rebates reflect ESI's estimate of the rebates that will be earned, based on paid claims from the 12-month period. Actual results may vary due to several variables, including but not limited to shortages in the drug supply chain, biosimilars replacing high-cost brands on the formulary, and changes in manufacturer rebate payment strategies. It is unknown if medications that will be subject to price caps on January 1, 2025, will trickle down to the commercially insured population.

Dashboard Actives

Trend Components - Actives

Non-Specialty: 9.6% ($65 PMPM)

Specialty: 9.2% ($61 PMPM)

Total Trend: 9.4% ($126 PMPM)

Actives Dash Board			
Description	**Q2 2024**	**Q2 2023**	**Change**
Average Members per Month	13,598	14,387	-5.5%
Total Plan Cost Net	$5,126,046	$4,956,625	3.4%
Average Member Age	46.5	45.9	1.4%
Total Plan Cost Net PMPM	$125.66	$114.84	9.4%
Non-Specialty Plan Cost Net PMPM	$65.00	$59.31	9.6%
Specialty Plan Cost Net PMPM	$60.66	$55.53	9.2%
Generic Fill Rate	88.1%	88.0%	0.1
90 Day Utilization	71.5%	69.1%	2.5
Retail - Maintenance 90 Utilization	71.0%	68.5%	2.5
Member Cost Net %	17.4%	19.4%	-2.0
Specialty Percent of Plan Cost Net	48.3%	48.4%	-0.1

Dashboard Retirees

Trend Components - Retirees

Non-Specialty: -1.7% ($169 PMPM)

Specialty: 103% ($119 PMPM)

Total Trend: 25% ($288 PMPM)

Retirees Dash Barod			
Description	**Q2 2024**	**Q2 2023**	**Change**
Average Members per Month	1,626	1,690	-3.8%
Total Plan Cost Net	$1,406,405	$1,169,213	20.3%
Average Member Age	77.1	77	0.50%
Total Plan Cost Net PMPM	$288	$231	25.0%
Non-Specialty Plan Cost Net PMPM	$169	$172	1.7%
Specialty Plan Cost Net PMPM	$119	$59	103.0%
Generic Fill Rate	91%	91%	0.0
90 Day Utilization	74%	74%	0.2
Retail - Maintenance 90 Utilization	69%	69%	0.2
Member Cost Net %	12%	14%	2.5
Specialty Percent of Plan Cost Net	41%	25%	15.9

Top Line Performance Metrics – Q2 2024 Actives

The average number of members per month dropped slightly in Q2 2024, compared to the previous period. Over half of the members used the prescription benefit at least one time during the last 12 months.

Actives Top Line Performance Indicators			
Description	**2Q 2024**	**2Q 2023**	**Change**
Avg Members per Month	13,598	14,387	-6%
Number of Unique Patinets	7,138	7,704	-7%
Pct Members Utilizing Benefit	53%	54%	100%
Total Plan Cost	$5,126,046	$4,956,625	3%
Total Plan Cost Net PMPM*	$126	$115	9%
Non-Specialty Plan Cost Net PMPM	$65	$60	9%
Specialty Plan Cost Net PMM	$61	$56	9%
Specialty Percent of Plan Net Cost	48%	48%	0%
Generic Fill Rate	88%	88%	0%

Top Line Performance Metrics – Q2 2024 Retirees

The average number of members per month dropped slightly in Q2 2024, compared to the previous period. Over 90% of the Retirees used the prescription benefit at least one time during the last 12 months.

Retirees Top Line Performance Indicators			
Description	**Q2 2024**	**Q2 2023**	**Change**
Avg Members per Month	1,626	1,690	-4%
Pct Members Utilizing Benefit	94.3%	93.4%	-4
Total Plan Cost Net	$1,406,405	$1,169,213	20%
Total Plan Cost Net PMPM	$288	$231	25%
Non-Specialty Plan Cost Net PMPM	$169.00	$172.00	2%
Specialty Plan Cost PMPM	119.00	59.00	103%
Generic Fill Rate	91.0%	91.0%	0%
90 Day Utilization	74.0%	74.0%	0%
Member Cost Net %	12.0%	14.0%	-3%

Plan Performance
Actives

Plan Cost increased 12% to $196 PMPM
SaveOnSP provided $566,662 in value.
Rebates reduced Plan Cost PMPM from $196 to $126

Actives Plan Performance			
Description	**Q2 2024**	**Q2 2023**	**Change**
AWP	$17,033,280	$16,699,135	2%
Gross Cost	$9,096,260	$8,746,123	4%
Member Cost	$11,080,474	-$1,195,908	10%
Copay/Deductible	-$513,812	-$445,636	15%
SaveOnSP	$566,662	$750,272	25%
Plan Cost	$8,015,786	$7,550,215	6%
Rebates*	-$2,889,740	-$2,593,590	11%
Plan Cost Net	$5,126,046	$4,956,625	3%
Gross Cost PMPM	$223	$203	10%
Plan Cost PMPM	$196	$175	12%
Rebates PMPM*	$71	$61	18%
Plan Cost Net PMPM	$125.66	$114.84	9%

Plan Performance Retirees

Plan Cost PMPM increased $67.16 to $389
Rebates and Subsidies reduced Plan Cost PMPM from $389 to $176 (-55%).

Retirees Plan Performance			
Description	**Q2 2024**	**Q2 2023**	**% Change**
AWP	$4,862,762	$4,512,466	7.8%
Gross Cost	$2,087,708	$1,828,724	14.2%
Member Cost	$188,608	-$195,370	-3.5%
Plan Cost	$1,899,100	$1,633,353	16.3%
Rebates*	$492,695	$464,140	6.2%
Plan Cost Net	$1,406,405	$1,169,213	20.3%
Direct Subsidy**	$110,749	$11,150	-1093.2%
Prospective Federal Reinsurance**	$1,406,405	$1,169,213	-22.4%
Coverage Gap Discount**	$215,264	$230,260	-6.5%
Low-Income Cost Share Subsidy**	$9,748	$7,037	38.5%
Adjusted Plan Cost Net	$859,423	$670,725	28.1%
Members	1,626	1,690	-3.8%
Gross Cost PMPM	$427.98	$360.70	18.7%
Plan Cost PMPM	$389.32	$322.16	20.8%
Rebates PMPM	$101	$91.55	10.3%
Plan Cost Net PMPM	$288.32	$230.61	25.0%
Adjusted Plan Cost Net PMPM	$176.18	$132.29	33.2%

** Amounts are estimated. Prospective Federal Reinsurance amounts are based on the lesser of the CMS market rate and client's most up-to-date utilization which was the most recently reconciled plan year as of the beginning of this year.

Top 10 Drugs by Plan Net Cost
Actives

4 of your top 10 drugs by Net Plan Cost are specialty drugs.
Ozempic has moved from #2 in ranking to #1, with a 45% increase in the number of members utilizing the medication.

Actives Top 10 Drugs by Plan Cost Net										
Q2 2024							Q2 2023			
Rank	Prev Rank	Brand Name	Indication	Utilizing Members	Plan Cost	Plan Cost Net PMPM	Utilizing Members	Plan Cost	Plan Cost Net PMPM	%Change
1	2	OZEMPIC	DIABETES	227	$274,885	$6.74	157	$176,052	$4.08	65.2%
2	16	BIKTARVY*	HIV	23	$241,934	$5.93	19	$184,410	$4.27	38.8%
3	1	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	19	$241,087	$5.91	20	$206,440	$4.78	23.6%
4	153	RAVICTI*	ENZYME DEFICIENCIES	1	$218,170	$5.35	1	$279,970	$6.49	-17.6%
5	111	MAVENCLAD*	MULTIPLE SCLEROSIS	1	$173,776	$4.26	1	$167,353	$3.88	9.9%
6	3	MOUNJARO	DIABETES	87	$139,025	$3.41	47	$70,245	$1.63	109.4%
7	7	ELIQUIS	ANTICOAGULANT	145	$138,117	$3.39	148	$126,153	$2.92	15.8%
8	23	XTANDI*	CANCER	3	$133,213	$3.27	1	$29,067	$0.67	384.9%
9	13	JARDIANCE	DIABETES	201	$119,164	$2.92	174	$102,227	$2.37	23.3%
10	8	WEGOVY	WEIGHT LOSS	74	$115,218	$2.82	48	$76,431	$1.77	59.5%

*Specialty Drugs

Top 10 Drugs by Plan Net Cost
Retirees

Four of the Fund's top medications will be subject to the price ceiling imposed on 15 drugs effective 1/25 (Inflation Reduction Act). Limited information is publicly available regarding the manufacturer's strategies, including the impact this may have on commercially insured members.

Retirees Top 10 Drugs by Plan Cost Net

Q2 2024							Q2 2023			
Rank	Prev Rank	Brand Name	Indication	Utilizing Members	Plan Cost	Plan Cost Net PMPM	Utilizing Members	Plan Cost	Plan Cost Net PMPM	%Change
1		VYNDAMAX*	AMYLOIDOSIS	2	$160,796	$32.96				
2	2	TYVASO DPI*	PULMONARY HYPERTENSION	1	$133,890	$27.45	1	$70,487	$13.90	97.4%
3	1	ELIQUIS	ANTICOAGULANT	191	$118,006	$24.19	168	$117,792	$23.23	4.1%
4	5	ERLEADA*	CANCER	2	$78,151	$16.02	1	$37,274	$7.35	117.9%
5	4	IMBRUVICA*	CANCER	1	$53,532	$10.97	2	$62,257	$12.28	-10.6%
6		POMALYST*	CANCER	1	$44,032	$9.03				
7	7	JARDIANCE	DIABETES	46	$25,674	$5.26	46	$25,108	$4.95	6.3%
8	6	XARELTO	ANTICOAGULANT	40	$25,246	$5.18	47	$27,521	$5.43	-4.7%
9	702	XTANDI*	CANCER	1	$25,218	$5.17	2	$0	$0.00	
10	8	OZEMPIC	DIABETES	31	$24,733	$5.07	24	$21,660	$4.27	18.7%

*Specialty Drugs

Top 10 Indications by Plan Net Cost Actives

Diabetes continues to be the top indication driving net plan cost .
Weight Loss drug trend increased by 105%, contributing an additional $4.24 to PMPM costs.

Actives Top Indications by Plan Cost Net									
Q'2 2024					Q'2 2023				
Rank	Indication	Utilizing Members	Plan Cost Net	Plan Cost Net PMPM	Rank	Utilizing Members	Plan Cost Net	Plan Cost Net PMPM	% Change
1	DIABETES	1,310	$ 980,256.04	$24.03	1	1,281	$811,051.65	$18.79	27.9%
2	INFLAMMATORY CONDITIONS	149	$ 821,170.87	$20.13	2	136	$642,501.77	$14.89	35.2%
3	CANCER	81	$ 576,494.76	$14.13	4	89	$467,885.58	$10.84	30.4%
4	HIV	57	$ 520,669.36	$12.76	3	51	$475,941.32	$11.03	15.7%
5	MULTIPLE SCLEROSIS	12	$ 324,494.12	$7.95	5	11	$318,391.86	$7.38	7.8%
6	ENZYME DEFICIENCIES	2	$ 230,841.27	$5.66	6	1	$279,969.72	$6.49	-12.8%
7	HIGH BLOOD PRESS/HEART DISEASE	3,281	$ 223,827.46	$5.49	7	3,427	$211,694.20	$4.90	11.9%
8	HIGH BLOOD CHOLESTEROL	2,182	$ 206,157.55	$5.05	9	2,248	$178,327.70	$4.13	22.3%
9	ANTICOAGULANT	221	$ 187,534.65	$4.60	8	224	$179,132.32	$4.15	10.8%
10	WEIGHT LOSS	116	$ 172,912.62	$4.24	13	63	$89,427.63	$2.07	104.6%

Top 10 Indications by Plan Net Cost Retirees

Cancer is the top cost driver, contributing $52 PMPM to net plan costs. Asthma moved up in ranking from #17 to #8. Amyloidosis is a rare disease that occurs when a protein called amyloid builds up in organs, causing them to not work properly.

Retirees Top Indications by Plan Cost Net									
Q'2 2024					Q'2 2023				
Rank	Indication	Utilzing Member	Plan Cost Net	Plan Cost Net PMPM	Rank	Utilizing Members	Plan Cost Net	Plan Cost Net PMPM	% Change
1	CANCER	38	$253,125	$51.89	1	33	$196,312	$38.72	34.0%
2	AMYLOIDOSIS	2	$160,796	$32.96					
3	DIABETES	369	$152,698	$31.30	2	380	$154,552	$30.48	2.7%
4	ANTICOAGULANT	266	$147,565	$30.25	3	250	$149,110	$29.41	2.9%
5	PULMONARY HYPERTENSION	1	$133,891	$27.45	4	2	$70,780	$13.96	96.6%
6	HIGH BLOOD PRESS/HEART DISE	1,159	$57,440	$11.78	5	1,217	$63,982	$12.62	-6.7%
7	HIGH BLOOD CHOLESTEROL	977	$47,654	$9.77	6	1,006	$49,391	$9.74	0.3%
8	ASTHMA	207	$40,383	$8.28	8	215	$35,842	$7.07	17.1%
9	HEART DISEASE	90	$30,368	$6.23	12	98	$22,042	$4.35	43.2%
10	COPD	60	$28,213	$5.78	9	69	$28,956	$5.71	1.3%

Rare Conditions
Actives and Retirees

Due to the advancements of therapies for Rare Conditions, patients have been able to improve their quality of life while coping with these chronic conditions. These are extremely high-cost medications that are not curative. Rare disorders are conditions that affects fewer than 200,000 Americans.

Actives			
Brand Drug	**Condition**	**Plan Cost Net**	**Plan Cost Net PMPM**
RACTIVI*	Urea Cycle Disorder	$218,170	$5.35
OFEV*	Idiopathic Pulmonary Firbrosis/Lung Diease	$73,772	$1.81
HEMOFIL M*	Hemophilia A	$27,460	$0.67
INGREZZA*	Huntington's Disease	$23,677	$0.58
OXBRYTA*	Sickle Cell Disease	$20,301	$0.50
DOPTELET*	Chronic Immune Thrombocytopenia	$13,702	$0.34
HYQVIA*	Primary Immunodeficicency	$12,528	$0.31
AUSTEDO*	Tardive Dyskinesia and Huntington's Chorea	$9,216	$0.23
	Retirees		
Brand Drug	**Condition**	**Plan Cost Net**	**Plan Cost Net PMPM**
TYVASO DPI*	Pulmonary Arterial Hypertension	$133,891	$27

*Specialty Drugs

Top 10 Drugs by Net Plan Cost PMPM Actives

Between Q2 2023 to Q2 2024, Ozempic utilization increased by 46%; Wegovy utilization increased by 54%.

Actives Top 10 Drugs by Plan Cost Net										
Q2 2024							Q2 2023			
Rank	Prev Rank	Brand Name	Indication	Utilizing Members	Plan Cost	Plan Cost Net PMPM	Utilizing Members	Plan Cost	Plan Cost Net PMPM	%Change
1	2	OZEMPIC	DIABETES	227	$274,885	$6.74	157	$176,052	$4.08	65.2%
2	16	BIKTARVY*	HIV	23	$241,934	$5.93	19	$184,410	$4.27	38.8%
3	1	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	19	$241,087	$5.91	20	$206,440	$4.78	23.6%
4	153	RAVICTI*	ENZYME DEFICIENCIES	1	$218,170	$5.35	1	$279,970	$6.49	-17.6%
5	111	MAVENCLAD*	MULTIPLE SCLEROSIS	1	$173,776	$4.26	1	$167,353	$3.88	9.9%
6	3	MOUNJARO	DIABETES	87	$139,025	$3.41	47	$70,245	$1.63	109.4%
7	7	ELIQUIS	ANTICOAGULANT	145	$138,117	$3.39	148	$126,153	$2.92	15.8%
8	23	XTANDI*	CANCER	3	$133,213	$3.27	1	$29,067	$0.67	384.9%
9	13	JARDIANCE	DIABETES	201	$119,164	$2.92	174	$102,227	$2.37	23.3%
10	8	WEGOVY	WEIGHT LOSS	74	$115,218	$2.82	48	$76,431	$1.77	59.5%

*Specialty Drugs

Top 10 Drugs by Net Plan Cost PMPM Retirees

Four of the Fund's top drugs by plan cost will be subject to pricing caps imposed on 1/2025. The number of Retirees utilizing Ozempic increased by 29%; net plan cost PMPM increased by 19%.

Retirees Top 10 Drugs by Plan Cost Net										
Q2 2024							Q2 2023			
Rank	Prev Rank	Brand Name	Indication	Utilizing Members	Plan Cost	Plan Cost Net PMPM	Utilizing Members	Plan Cost	Plan Cost Net PMPM	%Change
1		VYNDAMAX*	AMYLOIDOSIS	2	$160,796	$32.96				
2	2	TYVASO DPI*	PULMONARY HYPERTENSION	1	$133,891	$27.45	1	$70,487	$13.90	97.4%
3	1	ELIQUIS	ANTICOAGULANT	191	$118,006	$24.19	168	$117,792	$23.23	4.1%
4	5	ERLEADA*	CANCER	2	$78,151	$16.02	1	$37,274	$7.35	117.9%
5	4	IMBRUVICA*	CANCER	1	$53,532	$10.97	2	$62,257	$12.28	-10.6%
6		POMALYST*	CANCER	1	$44,032	$9.03				
7	7	JARDIANCE	DIABETES	46	$25,674	$5.26	46	$25,108	$4.95	6.3%
8	6	XARELTO	ANTICOAGULANT	40	$25,246	$5.18	47	$27,521	$5.43	-4.7%
9	702	XTANDI*	CANCER	1	$25,212	$5.17	2	$0	$0.00	
10	8	OZEMPIC	DIABETES	31	$24,733	$5.07	24	$21,660	$4.27	18.7%

*Specialty Drugs

Segal

EncircleRx Program

- In June 2025, the Board of Trustees made a decision to implement the ESI Cardiodiabesity Program for participants with a primary diagnosis of obesity or type 2 diabetes and at least two (2) comorbidities present.
- In August 2024, ESI sent a Clinical Addendum that included links to Terms and Conditions and separately, a link to Lifestyle Program Terms and Conditions in support of their Omada point solution.
- Both links contain terms and conditions that warrant changes and furthermore, need to be legally binding.
- ESI has been very resistant to making any changes to any changes to the documents.
- To avoid further delays, Fund co-counsel and Segal requested a meeting with ESI for purposes of discussing areas of concern and gauging their willingness to revise the documents as needed.
- If ESI continues to resist efforts to make reasonable changes, Segal recommends the Fund discontinue any further discussions with ESI. We will assist the Fund with identifying alternative providers, leveraging the market intelligence we've gained from recent RFPs and interviews with diabetes and obesity management vendors.

Food Employers Labor Relations Association (FELRA) and
United Food & Commercial Workers' (UFCW) VEBA Fund

Plan Performance Report

Current Period: January 2024 through June 2024
Prior Period: January 2023 through December 2023

October 2024

Segal

Medical Network Performance

CareFirst provided a Network Performance Report that compared key network performance statistics through the second quarter of 2024 (Q2 2024) and calendar year 2023. Below are some observations from the report.

- Discounts have improved slightly from 2023 to Q2 2024, and the cost per claim has improved from 2023 to Q2 2024:
  - 2023 Discounts = 53.6%
  - Q2 2024 Discounts = 54.2% - Increased 0.6%
  - 2023 Cost Per Claim = $593
  - Q2 2024 Cost Per Claim = $580 - Decreased 2.3%
- The improved discounts were primarily driven by the professional services discounts:
  - Facility discounts decreased minimally from 49.3% to 48.7%
  - Professional services discounts improved slightly from 59.6% to 61.5%
- Overall, High-Cost Facilities discounts increased from 43.2% in 2023 to 50.0% in Q2 2024.
  - The High-Cost Facilities represent 24.9% of billed charges in Q2 2024
- Independent Laboratory has the largest number of claims and the lowest cost per claim, with discounts averaging 82.7%, consistent with an 81.3% discount in 2023.
- Oncology has the highest cost per claim, with discounts averaging 61.4%.

Plan Performance Report

Conifer Health Solutions provided a Plan Performance Report that compared key network performance statistics through the second quarter of 2024 (Q2 2024) and calendar year 2023. Below are some observations from the report.

- Total members have slightly decreased by 2.2% from 2023 to Q2 2024.
- Total monthly costs per member have decreased minimally by 0.4% through Q2 2024.
  - Medical costs decreased 3.3%, while prescription drug costs increased 5.6%.
- Through Q2 2024, there have been 10 claimants with claims over $250,000, with the largest claimant at $1,046,400.
  - The largest claimant of 2023 was $876,400.
- Priority and high-risk members increased 0.7% through Q2 2024 compared to 2023.
- 36% of members are predicted to spend $5,000 or more in the next 12 months. Of these members, 62% have chronic health conditions such as diabetes, hypertension, and ischemic heart disease.
- High-Cost Cancers continue to be approximately 1% of the member population.
  - The most prevalent diagnosed high-cost cancers include breast, gastrointestinal, lung, and colon.
  - There were 11 newly diagnosed cancer claimants in Q2 2024.
- Overall, total expenses for the highest cost categories of care decreased 3.4% through Q2 2024.
  - Inpatient Hospital remains the highest cost category.
  - Medicine costs decreased in Q1 2024 but increased in Q2 2024; however, medicine costs overall through the first half of 2024 have been about 8% lower than 2023.