



# FELRA & UFCW VEBA Fund Managed Pharmacy Report

June 10, 2022



# Meeting Agenda

- ❑ 2021 Key Performance Indicators

- ❑ 2021 Pricing Guarantee Reconciliations

- ❑ RFP Initial Results

- ❑ Recommendations and Next Steps

# 2021 Key Performance Indicators

## PMPM Trend by Lines of Business

- The Actives' PMPM Net Plan Cost Trend increased 8.6%, driven primarily by inflation in unit costs of specialty drugs.
- The Retirees' PMPM Net Plan Cost Trend increased 5.7%, driven by inflation in unit costs of non-specialty drugs.
- Utilization PMPM played a key role in Trend increases for Actives (11%), while Retirees experienced a minor increase of 2%.

| PMPM Trend Net Plan Cost |          |       |
|--------------------------|----------|-------|
|                          | Actives  | Trend |
| Non-Specialty            | \$63.61  | 6.5%  |
| Specialty                | \$59.57  | 10.9% |
| Total                    | \$123.17 | 8.6%  |

| PMPM Trend Net Plan Cost |          |        |
|--------------------------|----------|--------|
|                          | Retirees | Trend  |
| Non-Specialty            | \$185.25 | 15%    |
| Specialty                | \$81.24  | -10.7% |
| Total                    | \$266.00 | 5.7%   |

Source: ESI 2021 SPARC Reports, May 2022

# 2021 Key Performance Indicators

## Actives

- COVID-19 Vaccines accounted for a \$2.97 increase in 2021 Plan Costs Net PMPM, and a 1.6% decrease in the 2021 generic fill rates.
- 2021 Rebates totaled \$5,173,655, a decrease of 10% from 2020; COVID-19 vaccines are not rebate eligible.

| FELRA Actives                          |              |              |        |
|----------------------------------------|--------------|--------------|--------|
|                                        | 2021         | 2020         | Change |
| Total Plan Costs (Net)                 | \$24,289,550 | \$23,586,889 | 3%     |
| Average Members Per Month <sup>1</sup> | 16,435       | 17,329       | -5%    |
| % of Members Using Benefits            | 84%          | 73%          | 11%    |
| Total Plan Costs Net PMPM              | \$123        | \$113        | 9%     |
| Non-Specialty Costs Net PMPM           | \$64         | \$60         | 7%     |
| Specialty Costs Net PMPM               | \$60         | \$54         | 11%    |
| Specialty as a % of Net Plan Costs     | 48%          | 47%          | 1%     |
| Generic Fill Rate                      | 83%          | 88%          | -5%    |
| Member Cost Share Net %                | 13%          | 11%          | 2%     |

<sup>1</sup> 2020 membership excludes retirees enrolled in 2021 EGWP.

Source: ESI 2021 SPARC Reports, May 2022

# 2021 Key Performance Indicators

## Retirees

- Participation in the 2021 Medicare Part D EGWP + WRAP reduced the Retirees' Total Net Plan Costs by an additional \$2,261,670 (~35%).

| FELRA Retirees                     |             |             |        |
|------------------------------------|-------------|-------------|--------|
|                                    | 2021        | 2020        | Change |
| Total Plan Costs (Net)             | \$6,360,512 | \$6,334,907 | 0.04%  |
| Average Members p/month            | 1989        | 2094        | -5%    |
| % of Members Using Benefits        | 99%         | 97%         | 2%     |
| Total Plan Costs Net PMPM          | \$269       | \$252       | 6%     |
| Non-Specialty Costs Net PMPM       | \$185       | \$161       | 15%    |
| Specialty Costs Net PMPM           | \$81        | \$91        | -11%   |
| Specialty as a % of Net Plan Costs | 31%         | 36%         | -6%    |
| Generic Fill Rate                  | 90%         | 90%         | 0%     |
| Member Cost Share Net %            | 13%         | 18%         | -6%    |

| Retirees Adjusted <sup>1</sup> Net Plan Cost |                      |
|----------------------------------------------|----------------------|
| Total Plan Costs (Net)                       | \$6,360,512          |
| Med D Reductions                             |                      |
| <i>Direct Subsidy</i>                        | <i>(\$54,117)</i>    |
| <i>Prospective Federal Reinsurance</i>       | <i>(\$995,520)</i>   |
| <i>Coverage Gap Discount</i>                 | <i>(\$1,176,379)</i> |
| <i>Low-Income Cost Share Subsidy</i>         | <i>(\$35,654)</i>    |
| Adjusted Total Plan Costs (Net)              | \$4,098,842          |

<sup>1</sup> Med D Program Adjustments

Source: ESI 2021 SPARC Reports, May 2022

# 2021 Pricing Guarantee Reconciliations



# 2021 Pricing Guarantee Reconciliations

## Express Scripts Actual vs Guaranteed Performance

- Express Scripts is required to reconcile and report their performance in meeting annual pricing guarantees within 90 days following the end of the calendar year.
  - Shortfalls in meeting pricing guarantees must be credited to the Fund's future invoices on a dollar-for-dollar basis within 120 days following calendar year end.
- Express Scripts total underperformance<sup>1</sup> by lines of business:
  - Actives: \$710,978.55
  - Retirees: \$105,069.82
  - Total: \$816,048.37
- The Fund currently has flat dollar rebates<sup>2</sup>, reported quarterly; a contract audit is required to validate the accuracy of rebate payments.
- Express Scripts' pricing guarantee reconciliation report detail is included on the next 2 pages.

<sup>1</sup> Independently validated by Confidio.

<sup>2</sup> 2023-2025 Bid Specs require 100% pass through of all rebates.

# 2021 Reconciliation Report – Actives

FELRA & UFCW HEALTH & WEL (4369)

Guarantee Performance: 01/01/2021 - 12/31/2021



## Participating Pharmacy Guarantee Performance

| GTY Key | Guarantee                            | Formula Group       | Date Range            | Claims | AWP             | Ingredient Cost | Discount Achieved | Guaranteed Discount | % Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|--------------------------------------|---------------------|-----------------------|--------|-----------------|-----------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| 178021  | Retail Brand (1-59) - AWP Scenario 1 | AWP Primary Billing | 01/01/2021 12/31/2021 | 1,611  | \$1,139,161.68  | \$932,805.57    | 18.11%            | 18.75%              | -0.64%                           | \$-7,236.71                       |
| 178045  | Retail Brand (60+) - AWP Scenario 1  | AWP Primary Billing | 01/01/2021 12/31/2021 | 263    | \$411,882.91    | \$323,328.05    | 21.50%            | 22.00%              | -0.50%                           | \$-2,059.38                       |
| 178305  | Retail Generic (1-59) - AWP          | AWP Primary Billing | 01/01/2021 12/31/2021 | 81,967 | \$10,417,884.88 | \$1,916,053.71  | 81.61%            | 83.75%              | -2.14%                           | \$-223,147.42                     |
| 178306  | Retail Generic (60+) - AWP           | AWP Primary Billing | 01/01/2021 12/31/2021 | 41,525 | \$14,274,474.13 | \$2,296,697.63  | 83.91%            | 83.75%              | 0.16%                            | \$22,904.42                       |
| 178326  | Retail Specialty - AWP               | AWP Primary Billing | 01/01/2021 12/31/2021 | 48     | \$998,638.04    | \$883,794.67    | 11.50%            | 18.75%              | -7.25%                           | \$-72,401.26                      |
| 197196  | Retail Brand (1-59) - AWP Scenario 2 | AWP Primary Billing | 01/01/2021 12/31/2021 | 10,175 | \$6,289,272.11  | \$5,145,163.29  | 18.19%            | 19.25%              | -1.06%                           | \$-66,576.06                      |
| 197197  | Retail Brand (60+) - AWP Scenario 2  | AWP Primary Billing | 01/01/2021 12/31/2021 | 4,629  | \$6,932,662.83  | \$5,438,227.80  | 21.56%            | 22.50%              | -0.94%                           | \$-65,414.11                      |

## Specialty Guarantee Performance

| GTY Key | Guarantee           | Formula Group       | Date Range            | Claims | AWP            | Ingredient Cost | Discount Achieved | Guaranteed Discount | % Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|---------------------|---------------------|-----------------------|--------|----------------|-----------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| 178325  | ESI Specialty - AWP | AWP Primary Billing | 01/01/2021 12/31/2021 | 498    | \$7,146,296.43 | \$6,062,643.72  | 15.16%            | 19.00%              | -3.84%                           | \$-274,143.61                     |

## Dispensing Fee Guarantee Performance

| GTY Key | Guarantee                        | Formula Group              | Date Range            | Claims | Dispense Fee | Rate Achieved | Guaranteed Rate | \$ Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|----------------------------------|----------------------------|-----------------------|--------|--------------|---------------|-----------------|-----------------------------------|-----------------------------------|
| 178307  | Retail Brand (1-59) - Disp Fee   | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 11,840 | \$6,512.00   | \$0.55        | \$0.55          | \$0.00                            | \$0.00                            |
| 178308  | Retail Brand (60+) - Disp Fee    | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 4,903  | \$2,696.65   | \$0.55        | \$0.55          | \$0.00                            | \$0.00                            |
| 178309  | Retail Generic (1-59) - Disp Fee | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 82,351 | \$45,293.05  | \$0.55        | \$0.55          | \$0.00                            | \$0.00                            |
| 178310  | Retail Generic (60+) - Disp Fee  | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 41,613 | \$22,887.15  | \$0.55        | \$0.55          | \$0.00                            | \$0.00                            |

Amount Due Client **\$-710,978.55**

# 2021 Reconciliation Report – Retirees

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FELRA (9368)

Guarantee Performance: 01/01/2021 - 12/31/2021



## Participating Pharmacy Guarantee Performance

| GTU Key | Guarantee                 | Formula Group       | Date Range            | Claims | AWP             | Ingredient Cost | Discount Achieved | Guaranteed Discount | % Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|---------------------------|---------------------|-----------------------|--------|-----------------|-----------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| 237448  | Retail Brand (1-34) - AWP | AWP Primary Billing | 01/01/2021 12/31/2021 | 5,121  | \$3,685,383.83  | \$2,990,888.58  | 18.84%            | 18.75%              | 0.09%                            | \$3,485.78                        |
| 237449  | Retail Brand (35+) - AWP  | AWP Primary Billing | 01/01/2021 12/31/2021 | 1,916  | \$2,415,330.08  | \$1,882,061.27  | 22.08%            | 22.00%              | 0.08%                            | \$1,896.19                        |
| 237450  | Retail Generic - AWP      | AWP Primary Billing | 01/01/2021 12/31/2021 | 53,357 | \$11,469,681.93 | \$1,919,563.44  | 83.26%            | 83.75%              | -0.49%                           | \$-55,740.13                      |

## Mail Guarantee Performance

| GTU Key | Guarantee          | Formula Group       | Date Range            | Claims | AWP          | Ingredient Cost | Discount Achieved | Guaranteed Discount | % Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|--------------------|---------------------|-----------------------|--------|--------------|-----------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| 237515  | Mail Brand - AWP   | AWP Primary Billing | 01/01/2021 12/31/2021 | 135    | \$848,993.07 | \$643,687.75    | 24.18%            | 24.00%              | 0.18%                            | \$1,546.98                        |
| 237516  | Mail Generic - AWP | AWP Primary Billing | 01/01/2021 12/31/2021 | 888    | \$364,665.91 | \$100,382.92    | 72.47%            | 86.00%              | -13.53%                          | \$-49,329.69                      |

## Dispensing Fee Guarantee Performance

| GTU Key | Guarantee                        | Formula Group              | Date Range            | Claims | Dispense Fee | Rate Achieved | Guaranteed Rate | \$ Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|----------------------------------|----------------------------|-----------------------|--------|--------------|---------------|-----------------|-----------------------------------|-----------------------------------|
| 237452  | Retail Brand (1-34) - Disp Fee   | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 5,246  | \$3,409.90   | \$0.65        | \$0.65          | \$0.00                            | \$0.00                            |
| 237453  | Retail Brand (35+) - Disp Fee    | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 1,916  | \$1,245.40   | \$0.65        | \$0.65          | \$0.00                            | \$0.00                            |
| 237454  | Retail Generic (1-34) - Disp Fee | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 29,458 | \$19,147.70  | \$0.65        | \$0.65          | \$0.00                            | \$0.00                            |
| 237455  | Retail Generic (35+) - Disp Fee  | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 23,899 | \$15,534.35  | \$0.65        | \$0.65          | \$0.00                            | \$0.00                            |
| 237517  | Mail Brand - Disp Fee            | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 135    | \$0.00       | \$0.00        | \$0.00          | \$0.00                            | \$0.00                            |
| 237518  | Mail Generic - Disp Fee          | Disp Fee - Primary Billing | 01/01/2021 12/31/2021 | 888    | \$0.00       | \$0.00        | \$0.00          | \$0.00                            | \$0.00                            |

## Specialty Guarantee Performance

| GTU Key | Guarantee              | Formula Group       | Date Range            | Claims | AWP            | Ingredient Cost | Discount Achieved | Guaranteed Discount | % Guarantee Overage/ (Shortfall) | \$ Guarantee Overage/ (Shortfall) |
|---------|------------------------|---------------------|-----------------------|--------|----------------|-----------------|-------------------|---------------------|----------------------------------|-----------------------------------|
| 237456  | ESI Specialty - AWP    | AWP Primary Billing | 01/01/2021 12/31/2021 | 44     | \$585,687.98   | \$445,122.90    | 24.00%            | 18.25%              | 5.75%                            | \$33,677.02                       |
| 237457  | Retail Specialty - AWP | AWP Primary Billing | 01/01/2021 12/31/2021 | 69     | \$1,106,105.35 | \$898,710.54    | 18.75%            | 16.25%              | 2.50%                            | \$27,652.69                       |

Amount Due Client **\$-105,069.82**

# RFP Initial Results



# Recommendations and Next Steps



# Appendix

