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FELRA & UFCW VEBA Fund Managed Pharmacy Report

March 11, 2022

Executive Summary

2021 Plan Performance for Actives and Retirees

Key Performance Indicators
Net PMPM Trend increased 5.7% from $252.09 to $266.50 ▪ Non-specialty trend **increased** 15.3% ▪ Specialty trend **decreased** 10.7% ▪ COVID-19 vaccines accounted for $2.96 in additional net PMPM Costs
Specialty Drugs accounted for 30.5% of Pharmacy Costs
99% of members used the drug benefit at least 1x in 2021 ▪ **3.4%** of members used specialty drugs
Over **26%** of net plan costs are driven by **< 1%** of patients
Clinical Cost Drivers: Diabetes, Cancer, Anticoagulants, High Blood Pressure/Heart Disease and COPD accounted for 56.7% of Total Pharmacy Spend

2021 Key Performance Indicators by Population

FELRA's Commercial line of business experienced a 4.1% decrease in net plan spend PMPM, while the Retiree population experienced a 5.7% increase.

Total Plan Cost Net PMPM		
	Commercial	**Retirees**
2020	$128.31	$252.09
2021	$123.09	$266.50
Trend	**-4.1%**	**5.7%**

Specialty Plan Cost Net PMPM		
	Commercial	**Retirees**
2020	$57.73	$90.97
2021	$59.53	$81.24
Trend	**3.1%**	**-10.7%**

Generic Fill Rate*		
	Commercial	**Retirees**
2020	87.7%	89.9%
2021	83.0%	90.2%
Trend	**-4.7%**	**0.3%**

Total Plan Net Cost		
	Commercial	**Retirees**
2020	$29,906,443	$6,334,533
2021	$24,275,132	$6,360,709
Trend	**-18.8%**	**0.4%**

Average Members per Month		
	Commercial	**Retirees**
2020	19,423	2,094
2021	16,435	1,989
Trend	**-15.4%**	**-5.0%**

*Does not include specialty drugs.

Utilization Management Program Savings

Commercial and Retirees

	Commercial	Retirees
Step Therapy, Prior Auth, QLL Programs	$2,134,048	$200,613
SaveOnSP	$1,994,061	n/a
PCM	$719,347	n/a

Top Conditions: Actives

Net Plan Cost Comparison

	2020		2021		
	Net Plan Spend	Net Plan Spend PMPM	Net Plan Spend	Net Plan Spend PMPM	% Change
Diabetes	$6,891,271	$29.57	$5,759,763	$29.20	-1.2%
Inflammatory Conditions	$4,978,290	$21.36	$4,855,722	$24.62	15.3%
HIV	$2,282,580	$9.79	$2,074,823	$10.52	7.4%
Cancer	$3,525,961	$15.13	$2,070,728	$10.50	-30.6%
Enzyme Deficiencies	$278,609	$1.20	$1,259,186	$6.38	434.1%
Multiple Sclerosis	$1,461,813	$6.27	$1,136,894	$5.76	-8.1%
High Blood Pressure/Heart Disease	$1,750,827	$7.51	$1,102,189	$5.59	-25.6%
Vaccinations	$411,880	$1.77	$892,981	$4.53	156.2%
Asthma	$1,443,633	$6.19	$864,018	$4.38	-29.3%
Anticoagulant	$1,734,715	$7.44	$831,060	$4.21	-43.4%

Top Conditions: Retirees

Net Plan Cost Comparison

	2020		2021		
	Net Plan Spend	Net Plan Spend PMPM	Net Plan Spend	Net Plan Spend PMPM	Net Plan Spend PMPM % Change
Diabetes	$1,670,337	$66.47	$1,487,398	$62.32	-6.3%
Cancer	$1,298,826	$51.69	$1,243,348	$52.09	0.8%
Anticoagulant	$962,644	$38.31	$1,013,403	$42.46	10.8%
High Blood Pressure/Heart Disease	$472,552	$18.81	$316,647	$13.27	-29.5%
COPD	$261,205	$10.39	$294,218	$12.33	18.6%
Pain/Inflammation	$222,434	$8.85	$293,265	$12.29	38.8%
Asthma	$307,436	$12.23	$283,404	$11.87	-3.0%
High Blood Cholesterol	$322,976	$12.85	$254,698	$10.67	-17.0%
Immune Deficiency	$72,677	$2.89	$229,017	$9.60	231.8%
Urinary Disorders	$200,709	$7.99	$173,166	$7.26	-9.2%

Covid-19 Test Kits

Claims Filed/Plan Costs

- Express Scripts Covid-19 Test Kit Solution was implemented in January 2022
  - Claims for 13,469 test kits have been processed and paid
    - 99% were processed/paid at a Participating Pharmacy
  - 2255 plan participants have received at least one (1) test kit
  - Fund costs: $132,528.00
- Utilization is ‘substantially higher’ compared to labor peer groups within Express Scripts book of business; specific metrics not provided

2022 PBM Procurement
Status Update

- Custom Request for Proposal (RFP) development in progress
- Five PBMs will receive the RFP
  - Express Scripts (incumbent)
  - Navitus Health Solutions
  - OptumRx
  - IngenioRx
  - BeneCard
- A balanced scorecard will be used to evaluate/rank order PBMs (see next page)
- Critical Milestones:
  - Initial RFP Results Report - May 2022
  - Vendor selection by July 1, 2022

PBM Selection Criteria

FELRA & UFCW VEBA Fund PBM Balanced Scorecard	Weighted Value / Available Scores
Financial Offer	**40%**
Highly competitive annual discounts, fees and rebates - Actives	
Highly competitive annual discounts, fees and rebates - EGWP	
Pricing guaranteed dollar-for-dollar by component and distribution channel.	
100% pass-through of manufacturer revenue (rebates, admin fees, inflation guarantees).	
New-to-market drug pricing is guaranteed, reconciled with annual discounts.	
Agreement to provide medical specialty drug discounts and rebates for drugs sourced through specialty pharmacy.	
Limited/Exclusive Distribution drug pricing/rebates guaranteed.	
Brand and Generic specialty drug pricing guaranteed and reconciled as separate components.	
Contract and Plan Administration	**20%**
MediSpan used for Brand/Generic Drug designation and pricing.	
PBM licensed as Medicare Part D provider.	
Fund is granted reciprocal rights and remedies for pricing adjustments.	
Comprehensive audit rights and remedies survive termination.	
Contract can be termed without cause, penalty or withholding of earned, unpaid rebates.	
Right to conduct annual Market Check(s).	
Implementation, Account and Member Services	**20%**
Implementation process includes rigorous quality controls, end-to-end testing (pre-and post-implementation).	
Designated account management team with relative experience.	
Dedicated toll free number.	
Designated, domestic member call center available 24/7/365.	
Member website includes chat features.	
Fund-specific data, reporting provided in compliance with legal/regulatory requirements.	
Trend Management	**10%**
Advanced utilization management programs include integrated specialty medical/pharmacy management.	
Best-in-class formulary management programs include measurable outcomes.	
Formulary and clinical management programs are opt-in and customizable.	
Advanced member engagement strategies and tools designed to educate, empower members.	
Annual trend guarantee provided after first full year of contract.	
Corporate Governance	**10%**
Information security policies and procedures include mandatory training and testing.	
Legal and regulatory compliance staffing includes dedicated client resources.	
PBM maintains a culture of Diversity and Inclusion that extends to its workforce.	
Corporate investment in employee recruitment and retention.	

Balanced Scorecard:

- Comprehensive evaluation of PBM’s quantitative and qualitative capabilities
- Consistent criteria used to evaluate, rank-order PBM bidders
- Scoring:
  - 1 = below industry average/not competitive
  - 3 = competitive
  - 5 = highly competitive/best in class