FELRA & UFCW VEBA FUND

Managed Pharmacy Report October 2020

confidio
Pharmacy solutions you can trust.

Executive Summary

- The FELRA & UFCW VEBA Fund ('the Fund') prescription drug plan implemented three (3) new trend management programs from June 1 – July 1, 2020 (PCM, SaveonSP, and ESI UM Programs).
  - During that same time period, the retiree EGWP program implementation kicked off, in anticipation of a January 1, 2021 effective date.
- Rollout of the trend management programs was near flawless, with no member complaints to date.
- Cost savings are accruing at expected levels; results for the first 90 days show cumulative savings of $804,809.00, or 23% of annualized target.
- Additional detail on these programs can be found on the following pages.

Program Status

Program implementations were *remarkably* smooth, with zero member complaints! ESI sponsored UM programs (PA, ST, DQM) did not include grandfathering for existing utilizers. Targeted communications were issued 45 and 30 days prior to the go live date, resulting in minimal disruption. To date, over 370 members are participating in the trend management programs, experiencing savings at the point of sale, without compromising clinical efficacy, safety or access to medications.

The table below tracks Plan Savings reported for the first 90 days of each program.

Program Description	Effective Date	Annualized Est. Savings	First 90 Days Results
SavonSP	**1-Jun-20**	**$1,100,000.00**	**$196,000.00**
Maximizes use of pharma copay assistance funds.			
Annual Enrollment Projections: 130/YTD 119 - 100% uptake from Plan Participants			
No plan design changes required.			
Prescription Care Management (PCM)	**1-Jun-20**	**$1,300,000.00**	**$236,089.00**
Independent Claims Review Organization.			
Cost savings derived from therapeutic interchange.			
Voluntary Program initiated through the prescriber.			
Utilization Management (UM) Programs	**1-Jul-20**	**$1,069,876.00**	**$372,000.00**
Prior authorization (PA), step therapy (ST) and drug quantity management (DQM)			
Programs address off label use, cost containment, over-prescribing, mis-use of rxs			
UM rules applied at Point of Sale.			
Totals		**$3,469,876.00**	**$804,089.00**

EGWP Implementation

The EGWP implementation was kicked off in June 2020 and will continue right up through December 31, 2020. The table below outlines key milestones and progress YTD. The Implementation remains on schedule, with no visible threats or impediments to meeting the January 1, 2021 effective date.

Milestones	Status	Est. Dates 2020			Est. Dates 2021	
		Oct	Nov	Dec	January	February
EGWP Implementation						
Phase I: June 1 - September 30, 2020						
Benefit Intent	Completed					
Drug Coverage Mapping	Completed					
Eligibility File Mapping	Completed					
Formulary Mapping	Completed					
Approve final EGWP+ WRAP Benefit and Clinical Structure	Completed					
Phase II: October 1 -December 31, 2020						
Member Communications Review and Approval	Completed					
Benefits Testing	In Process	10/20				
Eligibility Testing	In Process	10/22				
ESI Call Center/800# activated	In Process	10/26				
Member Communications Initiated (Prenote mailed)	In Process	10/29				
Member Opt Out Periods	Not Started		11/15; 1/21			
ESI submits file to CMS - all enrollees	Not Started		11/23			
Member Welcome Packets Mailed	Not Started			12/4		
Service Center Welcome Flyer Mailed	Not Started			12/18		
Phase III: January 1 - February 28, 2021						
Daily claims monitoring, transaction summaries	Not Started				1/1	
Post-Implementation Satisfaction Survey	Not Started				1/31	
Implementation Hand off to Account Team	Not Started					2/10

PCM Savings Examples

Following is a random sample of therapeutic interchanges managed by PCM. The program has been well received by prescribers and members. The chart illustrates the dramatic differences in cost between the Target Drug and its therapeutic equivalent. Most of the Target Drugs are preferred medications on ESI's formulary. While the Fund may experience a decrease in rebates, the overall savings to the Fund and to members far exceeds this loss[1].

Date Filled	Target Drug	Cost	Qty	Alt Drug	Cost	Qty	Savings	Therapy Class
6/24/2020	Dexilant 30 MG	$ 822.18	90	PANTOPRAZOLE SODIUM	$ 28.94	90	$ 793.24	Gastrointestinal
8/27/2020	Livalo 4 MG	$ 896.79	90	ATORVASTATIN CALCIUM	$ 44.45	90	$ 852.34	Cardiovascular
9/19/2020	Linzess 72 MCG	$ 405.69	30	POLYETHYLENE GLYCOL 33	$ 11.83	510	$ 393.86	Gastrointestinal
9/22/2020	Dexilant 30 MG	$ 274.06	30	PANTOPRAZOLE SODIUM	$ 2.69	30	$ 271.37	Gastrointestinal
9/24/2020	Alphagan P 0.1 %	$ 330.54	10	BRIMONIDINE TARTRATE	$ 16.80	10	$ 313.74	Dermatological/oral mix
10/12/2020	Combigan 0.2-0.5 %	$ 348.84	10	DORZOLAMIDE-TIMOLOL	$ 37.98	20	$ 310.86	Dermatological/oral mix
10/14/2020	Edarbyclor 40-12.5 MG	$ 595.02	90	LOSARTAN-HYDROCHLOROTH	$ 29.44	90	$ 565.58	Cardiovascular
		$ 3,673.12			$ 172.13		$ 3,500.99	

[1]PCM annualized savings projections were quoted net of rebate loss.

Key Performance Indicators

Year over Year Comparison

January 1 - September 30, 2020

Key Performance Indicators – Jan-Sept 2020 vs Jan-Sept 2019

YTD trend is holding steady at 1.5%

- non-specialty net cost PMPM **decreased by 5.6%**
- specialty PMPM costs **increased by 16.4%**

Inflation accounted for $2.39 increase in PMPM Costs. Brand drugs nearing patent expiration, limited distribution specialty drugs have highest inflation rates.

New pricing effective January 1, 2020 blunted the effects of trend. The effects of COVID-19 on costs and utilization will be reported in the 4th quarter.

KPIs	Jan-Sept 2020	Jan-Sept 2019	Change %
Average Membership	19,545	20,345	-3.9%
Number of Unique Patients	13,293	14,131	-5.9%
Plan Gross[1] Cost	$28,082,627	$27,583,503	1.8%
Member Cost	$3,250,554	$2,654,368	22.5%
Plan Net[2] Cost	$22,471,216	$23,054,803	-2.5%
Gross Cost PMPM	$159.65	$150.64	6.0%
Plan Net Cost PMPM	$127.75	$125.91	1.5%

[1] Before Member Cost Share, Rebates

[2] After Member Cost Share, Rebates

Top 10 Indications by Plan Net Cost

Diabetes, Inflammatory Conditions and Cancer remain the top 3 drivers of Plan Costs. **Diabetes accounts for 22.8%** of all costs, trending up at 16%. Diabetes trend is expected to level off in Q4 2020, as authorized generics enter the market. **Inflammatory Conditions drive 16.7%** of total costs; PMPM costs are expected to decline over the next 2 quarters, driven by savings from the SaveonSP program. Costs in the **Pain, Inflammation** therapy class materially decreased as a result of nationwide restrictions placed on the use of pain medications, and to a lesser degree, the effects of new 7-1-2020 UM programs targeting this therapy class.

2020 Ranking	2019 Ranking	Top Indications by Plan Cost	Net Plan Cost PMPM	% Change YoY
1	1	Diabetes	$29.11	16.0%
2	2	Inflammatory Conditions	$21.34	5.3%
3	3	Cancer	$15.16	30.7%
4	5	HIV	$9.77	12.7%
5	7	High Blood Pressure/Heart Disease	$7.37	23.3%
6	8	Anticoagulant	$7.30	25.8%
7	6	Multiple Sclerosis	$6.67	4.3%
8	9	Asthma	$6.37	10.4%
9	4	Pain, Inflammation	$4.98	-45.0%
10	11	High Blood Cholesterol	$3.73	20.6%