2018 Pharmacy Benefit Manager Contract & Program Changes

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Agenda

• Review PBM contract negotiation progress

• Requests:
  • Select a mandatory specialty pharmacy benefit
  • Move to a narrower pharmacy network
PBM Contracting Progress
Contracting Timeline

May 2017
- Board issued letter of intent to award contract

June 2017
- ETF/Navitus met weekly to negotiate

July 19, 2017
- Contract Signed
Negotiated Savings: $19.2 M

$9.6 M

Improved 2018 Contract Guarantees
- Rebates: $2.6 M
- Network Discounts: $6.2 M
- Administrative Fees: $0.8 M

$5.5 M

Additional Opportunities Starting in 2017
- Walgreens Enhanced Discounts: $3.7 M
- Formulary Changes: $0.8 M
- 90-Day at Retail Promotion: $1.0 M

$4.1 M

2018 Items Pending Board Approval
- Mandatory Specialty Pharmacy: $1.2 M
- Narrow Network: $2.9 M
Negotiated Program Changes

Mail Order Vendor Change
- Serve You (Milwaukee-based)
- Improved discounts & service
- Still a voluntary benefit

Pharmacoadherence Programs
- Approved by Board in May
- 3 programs included at no additional cost
- Disease states to be determined

90-Day Prescriptions At Retail
- Promotion of 90-day at retail services
- 8% increase in use would result in $1.7M in savings
Negotiated Program Changes

Discount Drug List
- New benefit for certain non-covered medications
- Provides access to Navitus’ pharmacy network discounts
- Members can use HSA/ERA funds to purchase

Formulary Changes
- Fewer nasal steroids and antacids on formulary
- Drugs are available OTC at very low costs
- Will contribute ~$800K to savings total
Program Modifications
Approval Needed

ETF staff requests the Board approve the following modifications:

1. Select a mandatory specialty pharmacy benefit
2. Move to a narrower pharmacy network
Mandatory Specialty Pharmacy

• Current program allows specialty Rx at any willing network pharmacy

• Propose limiting to Lumicera & UW Health
  • Non-Medicare members must use these pharmacies
    • Most specialty drugs will not be covered at other pharmacies
    • Navitus will maintain additional contracts for limited-distribution drugs
  • Does not apply to Medicare Rx members

• Total members that would change pharmacies: 1,269
Benefits of Mandatory Specialty

Better discounts
Better rebates
Estimated savings: $1.2M

Better medication management/care management
Simpler specialty benefit for non-Medicare members
Narrow Pharmacy Network

- Remove CVS, Publix, HEB, others
  - Majority of disruption caused by CVS

12,889 Members  \( (~7.83\%) \)

119,906 claims \( (~5.97\%) \)

~ $2.9 M

Annual Savings
Statewide Disruption
Dane County
Milwaukee & Waukesha Counties
Fox Valley
Questions?