

Request for Extension of the Pharmacy Benefit Manager Administrative Services Contract



Item 8B – Group Insurance Board

Jeff Bogardus, Manager of Pharmacy Benefit Programs

Office of Strategic Health Policy



Approval Requests

- Two-year extension of the PBM Administrative Services contract with Navitus Health Solutions
 - Contract Period: January 1, 2020 – December 31, 2021
 - Contract term longer than one year to implement longer term programs and services

Financial Expectations & Performance

Rationale

Proposed 2018 Savings from RFP Guarantees

Proposed 2018 Savings from RFP Guarantees	
Commercial	\$5.5
EGWP	\$4.9
Total	\$10.4

Pricing Guarantees Negotiated for 2018 Contract

Additional Savings from Improved 2018 Contract Guarantees

Rebates & Discounts

Rebates – Commercial	\$2.3
Rebates – EGWP	\$0.3
Network Discounts – Commercial	\$4.1
Network Discounts – EGWP	\$2.1

Administrative Fees

Administrative Fee - Commercial	\$0.8
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Total

\$9.6

2018 Rebates and Discounts Exceeding Guarantees

First + Second Quarter 2018 Performance Exceeding Guarantees

Rebates – Commercial	\$6.7
Rebates – EGWP	\$2.8
Network Discounts – Commercial + EGWP	\$8.7
Total	\$18.2

Impact of Rebate and Discount Performance To Date

Proposed 2018 Savings from RFP Guarantees	\$10.4
Additional Savings from Improved 2018 Contract Guarantees	\$9.6
First + Second Quarter 2018 Performance Exceeding Guarantees	\$18.2
Total	\$38.2

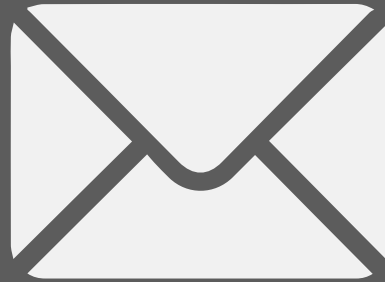
Pharmacy Network Changes

Narrowed retail pharmacy network



improved discounts for
2017 and 2018

Mail-order vendor



improved member service,
improved discounts

Preferred specialty pharmacies

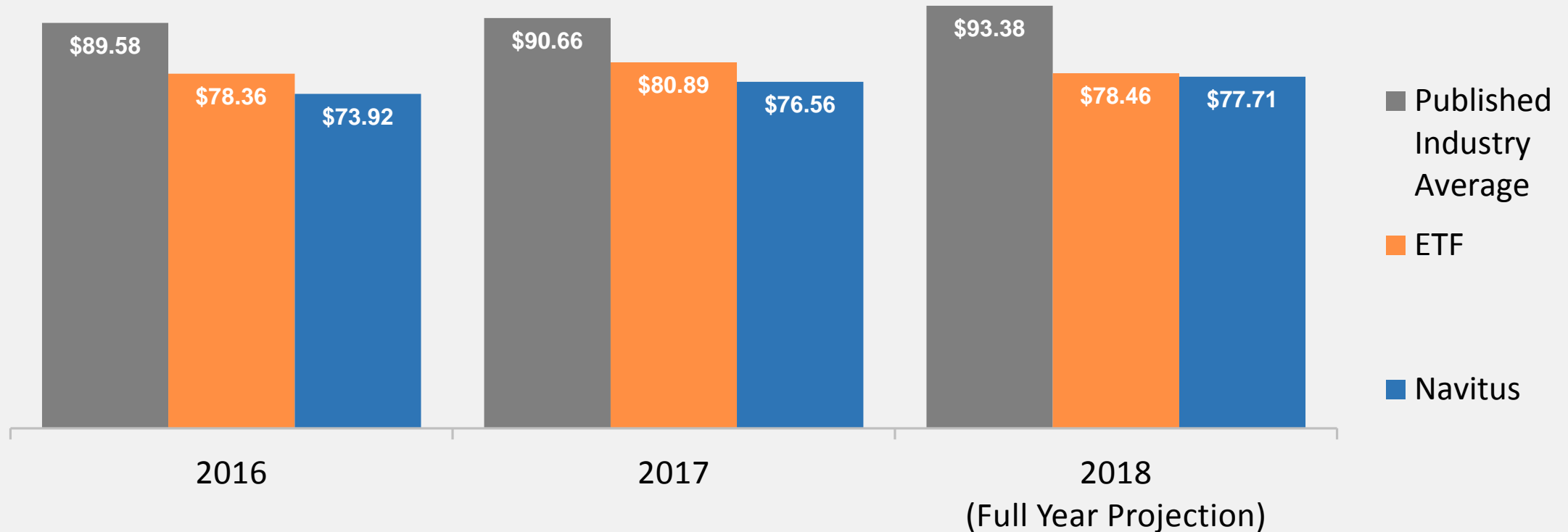


improved pricing and
member care

Total Cost PMPM

Net of Rebates

Members' total PMPM drug costs nearly 10% below industry average



Benefit Development & Member Health

Rationale

Mail Order & Specialty Pharmacy

Wisconsin-based companies providing exceptional service for our members



- Mail-order vendor
 - Serve You R_x
- Specialty Pharmacy vendors
 - Lumicera
 - UW Health

Formulary Management

Removing certain drugs from the formulary to manage utilization of high-cost, brand name drug use in 2017 has helped save:

\$640K

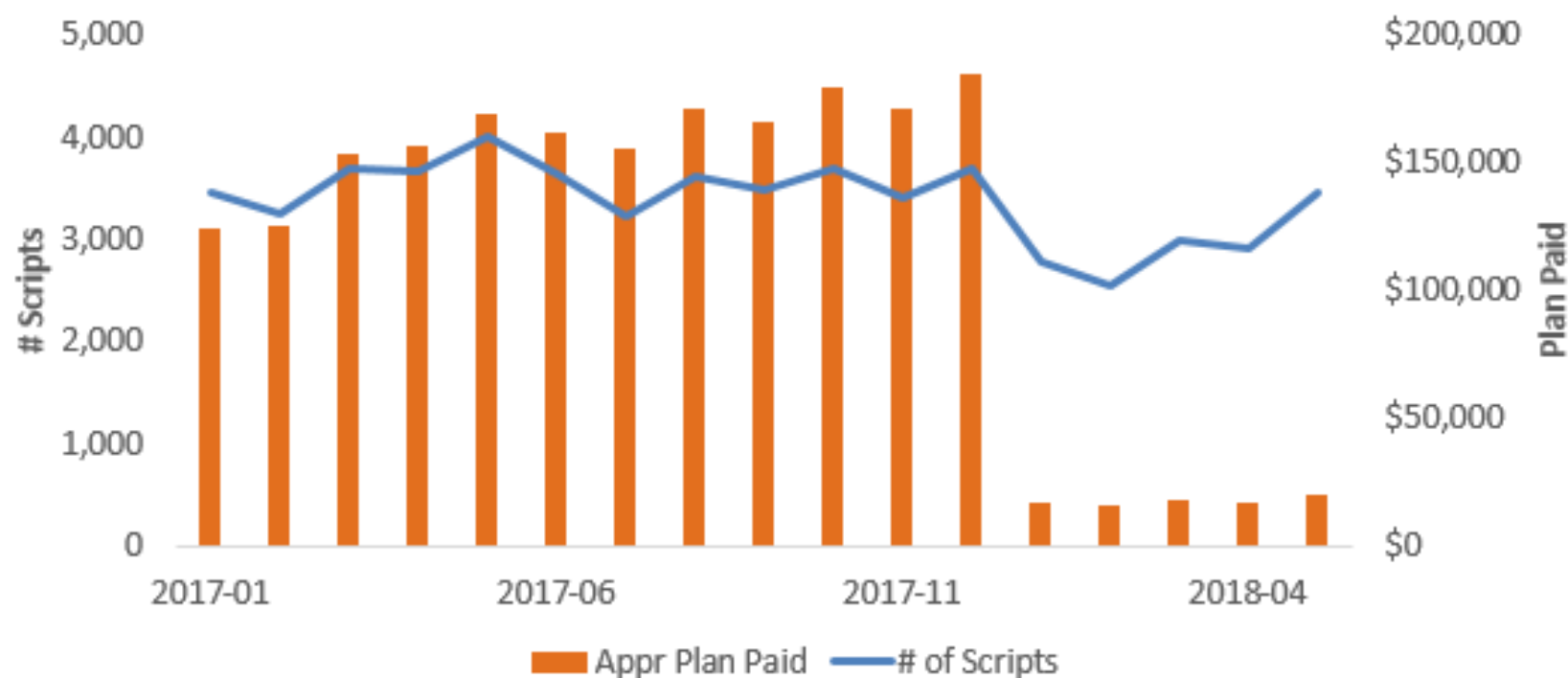
on nasal steroids

\$400K

on proton pump inhibitors

Nasal Steroids

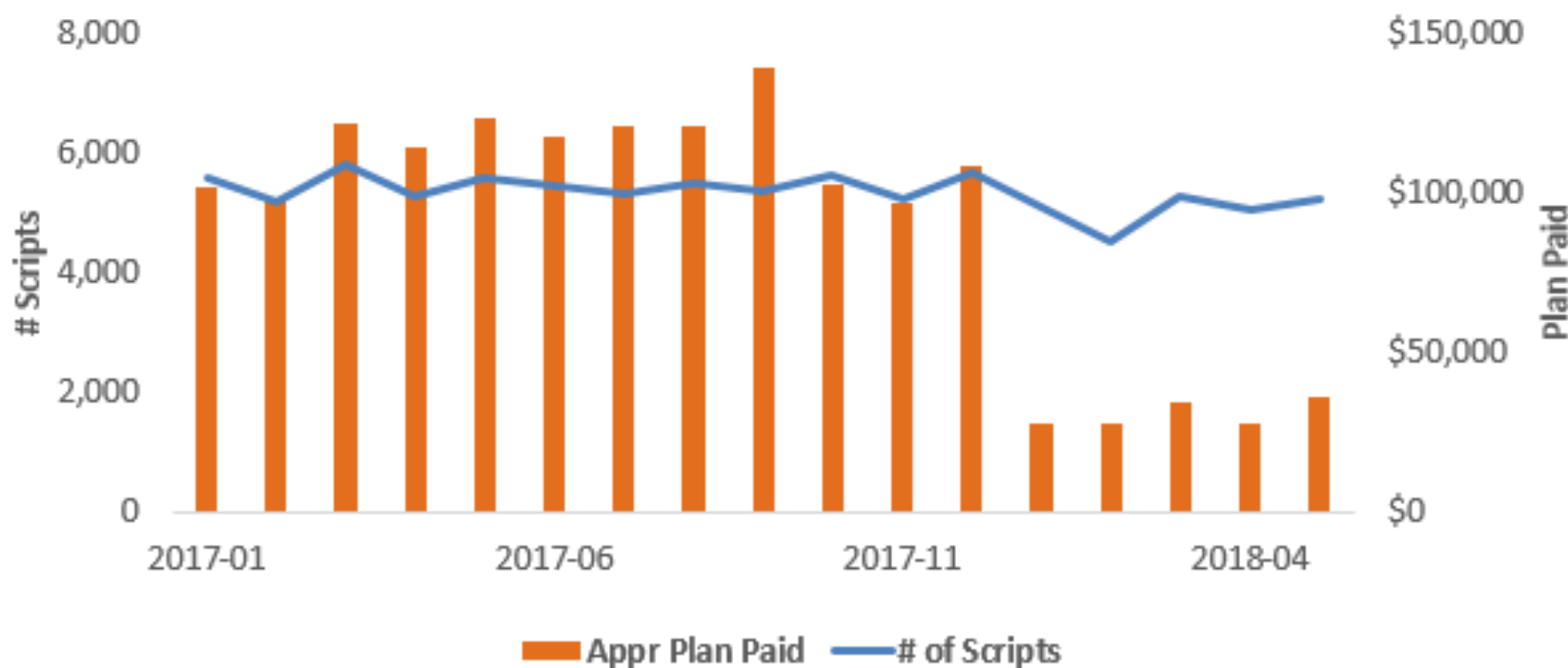
Removed Higher Cost Options from Formulary January 1, 2018



- Numerous low cost generics
- Communicated to members Fall 2017
- Plan cost decreased ~\$160K/mo.
- Average cost per script decreased from \$48 (2017) to \$5.60 (May 2018)
- **\$640K savings Jan-May 2018 compared to 2017**

Proton Pump Inhibitors

Added Lower Cost PPI Options to Formulary January 1, 2018



- Numerous low cost generics
- Communicated to members Fall 2017
- Plan cost decreased ~\$70K/mo.
- Average cost per script decreased from \$20 (2017) to \$6.50 (2018)
- **\$400K savings Jan-May 2018 compared to 2017**

Pharmacoadherence Programs

Programs designed to improve adherence and overall member health

2017

Commercial and Medicare

- Respiratory Health

2018

Commercial

- Anti-Depressants
- Rheumatoid Arthritis

Medicare

- Oral Diabetic Agents
- High Cholesterol
- High Blood Pressure

Long-Term Projects & Programs

Rationale

Long-Term Projects & Programs

Clinical Pilot Programs

Value-Based Benefit Programs

Data Utilization & Analysis Opportunities

Outcomes-Based Contracting Concepts

The background of the slide features a bokeh effect with numerous out-of-focus circles in shades of blue and purple, creating a soft, abstract pattern.

Questions?

Thank you



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