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## Correspondence Memorandum

**Date:** October 23, 2020  
**To:** Group Insurance Board  
**From:** Tricia Sieg, Pharmacy Benefit Programs Manager  
Office of Strategic Health Policy  
**Subject:** Navitus Health Solutions (Navitus) Contract Extension

**The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve a three-year extension of the contract with Navitus Health Solutions (Navitus), the Board's pharmacy benefit manager (PBM), from January 1, 2022 through December 31, 2024.**

### Status

On January 1, 2018, the Board, after a competitive Request for Proposal (RFP) process, entered into a third contract with Navitus to act as the Board's PBM. The 2018 contract was for a term of three years with two, two-year extensions available. The Board, wanting the PBM to show they could meet the financial expectations laid out in the contract, made the decision to agree to two, one-year contract extensions; January 1, 2018 through December 31, 2018 and January 1, 2019 through December 31, 2019. At the [August 22, 2018 Board meeting](#), the Board approved a two-year contract extension with Navitus from January 1, 2020 through December 31, 2021. This leaves three years remaining on the current PBM contract.

The Board prefers contract extension requests be presented for consideration with adequate time allowed for a thorough negotiation process. An extension decision at this time would allow ETF sufficient time to negotiate any necessary contract changes or to rebid the contract, if warranted.

### Pharmacy Benefit Program Background

Prior to 2004, each health plan that participated in the Group Health Insurance Program (GHIP) administered its own prescription drug program for members enrolled in its plans. ETF was not able to obtain accurate or thorough data to fully understand the scope of how much the Board was spending on pharmaceuticals annually.

In 2002, ETF began to explore carving out the pharmacy benefits from the GHIP. A November 13, 2002 memo to the Board outlines staff's belief that carving out the

Reviewed and approved by Eileen K Mallow, Director, Office of  
Strategic Health Policy

Electronically Signed 11/6/20

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pharmacy benefits would lead to being able to access better rebates and discounts, greater negotiating power for drug rebates, and a more cost effective benefit design, with the drug benefit managed by one entity versus many.

In February 2003, with Board approval, ETF released its first PBM RFP. Thirteen PBMs submitted proposals, and the Board approved the selection of DeanPoint. DeanPoint was joint venture formed by the pharmacy benefit management staff of Dean Health Plan and Touchpoint Health Plan, which would be renamed Navitus Health Solutions and become its own separate company.

On January 1, 2004, the GHIP’s pharmacy benefits became officially carved out and managed by Navitus.

**Current State of Program**

Over the past 16 years, Navitus has provided many services to ETF, including:

- Negotiating discounts and dispensing fees with network pharmacies
- Negotiating rebates and rebate guarantees with drug manufacturers
- Processing claims for all prescriptions that go through the pharmacy benefit
- Administering clinical programs to improve adherence and member health
- Managing the accumulator files for our health plans to track High Deductible Health Plan deductibles, Medical Out of Pocket and Out of Pocket Limits
- Managing the pharmacy network to include audits, as well as fraud, waste, and abuse activities
- Providing member services and benefit coordination
- Participating in partnerships and pilot programs with ETF and vendors
- Managing the formularies and drug lists based on clinical efficacy and cost
- Managing the Board’s Medicare Part D program

Navitus is paid with the Per Member Per Month (PMPM) rate outlined in its contract with the Board. Additional money that Navitus receives on the Board’s behalf through rebates and contracted agreements with drug manufacturers is passed back to Board. As shown below in Table 1 of the memo, over the past four years the Board has paid well below the average PMPM rate and below Navitus’s average Book of Business (BOB) rate.

Table 1

	GHIP Prescription Drug PMPM Cost	Navitus BOB	Published Industry Average PMPM Cost
2016	\$68.83	\$72.89	\$86.20
2017	\$71.65	\$75.49	\$87.24
2018	\$71.35	\$75.67	\$89.27
2019	\$73.85	\$78.12	\$93.11

The PMPM trend and trend drivers for both the Commercial Plan and EGWP Plan were presented to the Board during [Navitus's presentation at the June 29, 2020 Board Meeting](#).

Independent assessments have concluded that Navitus' costs are competitive, and it continues to comply with contract requirements. In its report to the Board at the August 2020 meeting, Segal noted that the plan's pharmacy costs have generally been lower than norms over the past five years. PillarRx (formerly Tricast), the program auditor, also issued passing audits for years 2011 through the current audit.

Navitus' service levels have also been consistently high. Navitus has always met or exceed all customer service targets laid out in their contract with the Board as documented in the Pharmacy Benefit Manager Deliverables Workbook statistics the vendor submits to ETF quarterly. ETF staff have also found Navitus to be dependable and responsive.

A recent example demonstrates Navitus' responsive approach in working with ETF. ETF staff consulted Navitus regarding an issue our members on Medicare were experiencing with their medication coverage during unexpected overnight stays in hospitals following same-day procedures. Due to the members not being formally admitted to the hospital, even though they spent the night, any medications that they were given were not covered by medical insurance. Medicare members were submitting for reimbursements under Medicare Part D to Navitus for the full price of medications. However, Navitus was only able to reimburse for what the drug would have cost under the pharmacy benefit.

One member reported paying \$600 on his medication from his overnight hospital stay. The member submitted the required documentation to Navitus for reimbursement, but because the medication was only \$40 on the pharmacy benefit, the member had to pay the \$560 difference.

Navitus worked with ETF staff. Starting on November 1, 2020, members will be reimbursed the full cost of the medication they received during these short hospital stays, minus the co-pay rate of the drug under the Medicare Part D pharmacy benefit.

Navitus has shown itself to be a reliable partner in the sharing of data with ETF and the Board's data warehouse vendor IBM.

Based on this information ETF is recommending the Board approve the three years remaining on the current contract with Navitus. This extension would start January 1, 2022 and run through December 31, 2024.

If the Board chooses not to approve an extension of the Navitus contract, ETF will need board approval to begin an RFP process for a PBM vendor with that new contract set to start January 1, 2022.

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Staff will be available at the Board meeting to answer questions.

Attachment: State of Wisconsin Pharmacy Benefit Programs Fact Sheet 2019



# State of Wisconsin Pharmacy Benefit Programs Fact Sheet 2019

The State of Wisconsin Group Insurance Board (Board) contracts with a Pharmacy Benefit Manager (PBM) to provide administrative services to State of Wisconsin (State) and Wisconsin Public Employer (WPE) Group Health Insurance Program participants. For 2019, Navitus Health Solutions (Navitus) is the PBM.

Medicare-eligible retirees and their dependents enrolled in the group health insurance receive their Medicare Part D prescription drug benefits from the Navitus MedicareRx (PDP) plan, underwritten by Dean Health Insurance (Dean). Navitus MedicareRx is a self-funded, employer group waiver plan (EGWP) offered by Dean, who contracts directly with Medicare. Supplemental wrap benefits are also provided to pay claims when the Medicare Part D plan does not pay (e.g. in the deductible phase and when participants reach the Medicare Part D coverage gap).

Pharmacy benefits are subject to the terms and conditions of uniform benefits under the fully-insured It's Your Choice (IYC) Health Plan, as well as benefits under the IYC Access Plan and the high deductible health plans (HDHP).

### Pharmacy Benefit Structure

Pharmacy benefits are based on a four-tier design with various cost-sharing levels and applicable out-of-pocket limits (OOP). In addition, participants who select a HDHP are also subject to a combined medical and pharmacy deductible:

#### Participant Cost Share for Prescription Drugs and Insulin

Level 1	\$5 copay	Preferred generic drugs and certain lower-cost preferred brand name drugs.
Level 2	20% coinsurance (\$50 max)	Preferred brand name drugs and certain higher-cost preferred generic drugs.
Level 3	40% coinsurance (\$150 max) - "Dispense as Written" drugs are 40% coinsurance <i>plus</i> the cost difference between the brand and generic drugs applied, unless member has a medical need and their doctor has submitted a one-time FDA MedWatch form to Navitus.	Non-preferred brand name drugs and certain high-cost generic drugs for which alternative/equivalent preferred generic and brand name drugs are covered.

#### Participant Cost Share for Specialty Prescription Drugs

Level 4	\$50 copayment	Includes <i>only</i> specialty drugs filled at a preferred specialty pharmacy. This is mandatory for commercial (non-Medicare) participants.
	40% coinsurance (\$200 max)	Specialty drugs filled at a pharmacy <i>other than</i> a preferred specialty pharmacy. This only applies for retirees with Medicare.

	IYC Health Plan	IYC HDHP	IYC Access Plan	IYC Access HDHP In-Network	IYC Access HDHP Out-of-Network
<b>Plan Deductibles</b>					
All Levels	None	\$1,500 / \$3,000 combined medical and pharmacy	None	\$1,500 / \$3,000 combined medical and pharmacy	\$2,000 / \$4,000 combined medical and pharmacy
<b>Plan Out-of-Pocket Limits</b>					
Level 1 & 2 Combined	\$600 / \$1,200	\$2,500 / \$5,000 combined medical and pharmacy	\$600 / \$1,200	\$2,500 / \$5,000 combined medical and pharmacy	\$3,800 / \$7,600 combined medical and pharmacy
Level 3	\$6,850 / \$13,700		\$6,850 / \$13,700		
Level 4 Preferred Pharmacy	\$1,200 / \$2,400		\$1,200 / \$2,400		
Non-Preferred Pharmacy	\$6,850 / \$13,700		\$6,850 / \$13,700		

All prescription drug copayments/coinsurance apply toward the Federal Affordable Care Act (ACA) annual combined medical and prescription drug maximum out-of-pocket (MOOP) amounts.

## Pharmacy Network

Most prescriptions are filled for a 30-day supply at participating retail pharmacies. However, State and WPE participants also have two options for receiving a 90-day supply of most maintenance medications:

1. The *Mail-Order* program uses a preferred mail-order pharmacy, currently [Serve You DirectRx](#), and participants can receive a 90-day supply for only two copays on many Level 1 and Level 2 drugs.
2. The *90-Day-At-Retail* program allows participants to receive a 90-day supply of many Level 1 and Level 2 drugs at their retail pharmacy. Three copays are required *except* for participants enrolled in the Navitus MedicareRx (PDP) plan.

In addition, the Navitus SpecialtyRx program provides two preferred, specialty pharmacies for participants to have their prescriptions for specialty medications filled: [Lumicera Health Services](#) and [UW Health Specialty Pharmacy](#).

Frequently asked questions and answers, and additional details about pharmacy benefits can be found on the [ETF](#), [Navitus](#) and [Navitus MedicareRx](#) web sites, and in the [It's Your Choice decision guides](#) that are updated and published annually by ETF

## Pharmacy Benefit Programs Contact Information

Contact [Navitus](#) or [Navitus MedicareRx](#) for questions regarding pharmacy benefits, the formulary, pharmacy networks, cost savings programs and ID cards. Contact [ETF](#) for questions regarding benefit eligibility:

	Navitus Health Solutions	Navitus MedicareRx (PDP)	ETF
Phone .....	1-866-333-2757 (toll free)	1-866-270-3877 (toll free)	1-877-533-5020 (toll free) 1-608-266-3285 (Madison local)
Mail .....	P.O. Box 999 Appleton, WI 54912-0999	P.O. Box 1039 Appleton, WI 54912-1039	P.O. Box 7931 Madison, WI 53707-7931
Web .....	<a href="http://www.navitus.com">www.navitus.com</a> *	<a href="http://medicarerx.navitus.com">medicarerx.navitus.com</a> *	<a href="http://etf.wi.gov">etf.wi.gov</a>

\* Participants must register for access on the Navitus and Navitus MedicareRx (PDP) web sites using their individual Member ID.

## 2019 Plan Statistics

Data provided by Navitus for the period January 1, 2019, through December 31, 2019.

	Commercial	Medicare	Total
Number of Eligible Participants in 2019	204,871	32,131	236,002
Number Participants Using Pharmacy Benefits in 2019	152,306	32,612	184,918
Percentage of Eligible Participants Using Benefits	74.34%	101.5%	78.35%
Total Prescriptions Filled	1,868,285	936,772	2,805,057
Total Cost (Includes plan & participant costs)	\$248,856,892.49	\$125,255,703.69	\$374,112,596.18

## Prescriptions and Costs based on Pharmacy Type:

	Mail-Order	Standard Retail	90-Day Retail	Specialty Pharmacy
Prescriptions (Rx) Filled	30,938	1,316,022	481,453	13,244
Percentage of Total Rx	1.7%	71.5%	26.1%	0.70%
Total Cost of Rx Filled	\$4,292,239	\$117,099,730	\$27,894,172	\$77,972,234
Percentage of Total Cost	1.9%	51.5%	12.3%	34.3%

## Prescriptions and Costs based on Drug Cost Share Level:

	Level 1	Level 2	Level 3	Level 4
Prescriptions (Rx) Filled	2,350,361	375,650	53,976	25,070
Percentage of Total Rx	83.79%	13.39%	1.92%	0.89%
Total Cost of Rx Filled	\$77,946,891.46	\$120,801,162.21	\$17,719,741.37	\$157,644,801.14
Percentage of Total Cost	20.84%	32.29%	4.74%	42.14%