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Correspondence Memorandum

Date: September 29, 2022

To: Group Insurance Board

From: Tricia Sieg, Pharmacy Benefits Program Manager
 Office of Strategic Health Policy

Subject: Administrative Services for the State of Wisconsin Pharmacy Benefits
 Program Contract Extension

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve a one-year extension of the existing contract with Navitus Health Solutions, the Board’s Pharmacy Benefits Manager (PBM), for the period of January 1, 2025, through December 31, 2025.

Background

On January 1, 2018, the Board, after a competitive Request for Proposal (RFP) process, entered into a third contract with Navitus Health Solutions, LLC (Navitus) to act as the Board’s PBM. The current contract is for a term of three years with two, two-year extensions. The Board, wanting Navitus to show they could meet the financial expectations laid out in the contract, decided initially to agree to two, one-year contract extensions: January 1, 2018, through December 31, 2018, and January 1, 2019 through December 31, 2019. After these first two contract extensions, the Board approved a two-year contract extension with Navitus from January 1, 2020, through December 31, 2021, and the last extension under the current contract of three years from January 1, 2022, through December 31, 2024.

The PBM submits pharmacy claim data information on the Board’s behalf for distribution to other partners. PillarRx Consulting, LLC, who conducts a comprehensive annual audit of the administration of all pharmacy benefit programs, receives real-time daily claims information from the Board’s PBM. Merative, the Board’s data warehouse administrator, receives claims information from the PBM on a monthly basis. The Legislative Fiscal Bureau receives claims information on a yearly basis from the PBM.

The sharing of claims data with each organization requires agreements to be entered into; test files to be exchanged; issues that inevitably arise having to be worked out; and many other time and labor consuming endeavors, such as the need for ETF staff for data to be shared.

Eileen Mallow

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 10/25/2022

Board	Mtg Date	Item #
GIB	11.16.22	9

With the PBM's services interwoven into the Group Health Insurance Program (GHIP) the PBM's contract with the Board is compounded. The current PBM contract and amendments can be viewed [here](#). As a result, the RFP development and implementation of a new PBM is complex.

Navitus has proven to be a reliable vendor in terms of savings and service. As noted in Pillar Rx's most recent audit of the Board's 2021 Commercial pharmacy claims and 2020 Employer Group Waiver Plan (EGWP), as well as in prior audits, Navitus has continuously met or exceeded the contracted savings requirements to the Board.

Navitus' assistance to members, employers, and staff have been favorable, albeit they had customer service staffing issues in early 2022 with improvement shown as the year progressed. A recent example in supporting ETF staff is Navitus helping staff navigate a number of new federal pharmacy laws and Centers for Medicare & Medicaid's rules that include new federal limits on the cost of insulin for Medicare members, reporting of pharmacy claims data, and new 2023 demographic reporting requirements.

Another example is Navitus' continued engagement with ETF's new Insurance Administration System (IAS) project. Navitus participates in bi-weekly meetings with ETF and the IAS vendor, Benefitfocus, and is currently preparing to start receiving test files from Benefitfocus.

Insurance Administration System (IAS) Impact

In the August 2022 memo to the Board ([Ref. GIB | 08.17.22 | 3](#)), ETF shared that the IAS project will be implemented at the end of the second quarter of 2024. This timeline for deployment was chosen to allow ETF, Benefitfocus, and employers to work out any issues in the program before an annual open enrollment period. Many of the same ETF staff working on the IAS implementation would also be needed to implement any changes should the Board select a new PBM.

Due to this overlap in resource needs for IAS and the critical need to implement IAS to support all insurance programs, the favorable services provided by Navitus under the current contract and the ability of the Board to extend contracts under its purview, ETF recommends a delay in re-procurement for the PBM contract.

Request for Additional One Year Extension

ETF recommends amending the current contract to include an additional year. This allows the contract to remain in place from January 1, 2025, through December 31, 2025. Extending the contract for the extra year will allow ETF staff, Benefitfocus, health plans, and third-party vendors to focus exclusively on the implementation of the IAS system in 2024 and eliminate the potential risk of switching PBM vendors while implementing a new insurance system.

[Wis. Stat. § 40.03\(6\)\(d\)5](#) gives the Board, as fiduciaries, the authority to extend the length of contracts. The statute reads:

40.03 Powers and duties.

(6) Group Insurance Board: The group insurance board:

(d) May take any action as trustees which is deemed advisable and not specifically prohibited or delegated to some other governmental agency, to carry out the purpose and intent of the group insurance plans provided under this chapter, including, but not limited to provisions in the appropriate contracts related to:

5 The terms and conditions of the insurance contracts or contracts, including the amount of the premium.

During any negotiations with the current pharmacy benefit vendor on the contract extension, ETF will explore additional cost savings opportunities that could be included in the contract extension.

RFP Timetable with Proposed Contract Extension

Month/Year	Action
April 2024	Publish the Pharmacy Benefits Program RFP
August 2024	Proposals due from vendors
December 2024	Evaluation committee makes their selection
February 2025	Board Presentation on evaluation committee's findings
May 2025	New pharmacy contract negotiated and signed
May 2025-December 2025	Vendor works with ETF, health plans and stakeholders
December 31, 2025	Member's pharmacy benefits begin under new contract

Staff will be available to answer any questions.