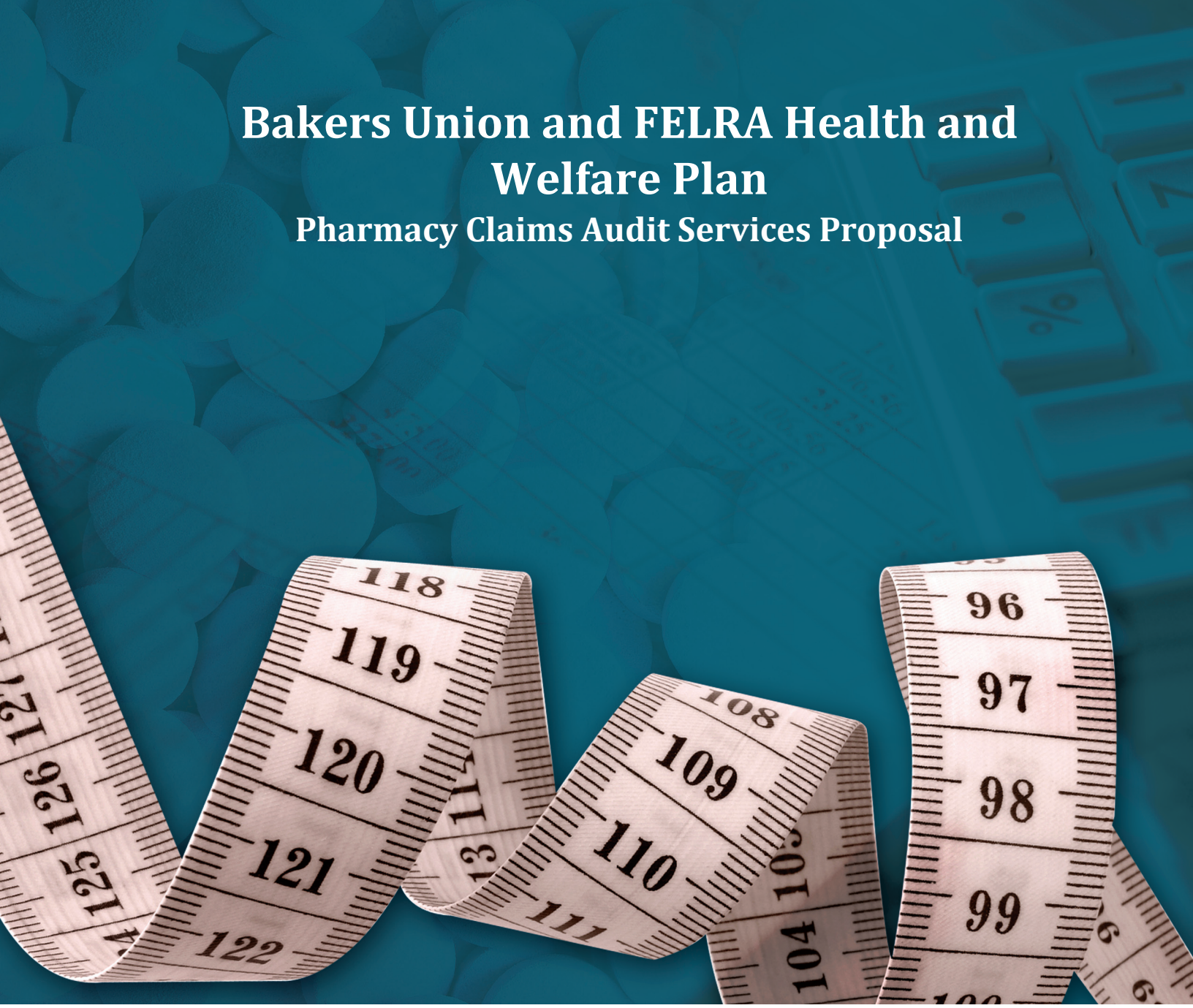
Bakers Union and FELRA Health and Welfare Plan

Pharmacy Claims Audit Services Proposal



SENECA CONSULTING GROUP

You can't manage what you can't measure.

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BAKERS UNION AND FELRA HEALTH AND WELFARE PLAN

PHARMACY CLAIMS AUDIT SERVICES PROPOSAL

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INTRODUCTION

Seneca Consulting Group is pleased to submit a proposal for a ***Pharmacy Claims Audit*** project to Bakers Union and FELRA Health and Welfare Plan. The Bakers Union and FELRA Health and Welfare Plan (Plan) provides health insurance coverage for members enrolled in a self-funded plan administered by OptumRx

PHARMACY CLAIMS AUDIT

A. PROJECT SCOPE & DESCRIPTION OF SERVICES

Scope of Project – An audit of 100% of the paid prescription drug claims will be performed for all members, and their dependents, enrolled in the Plan administered OptumRx for the period of claim payment history from October 1st 2017 through the most recent month of claims data.

Project Description – The audit includes data mining of all paid claims for the Plan covering a wide variety of potential errors. The sample for the claims audit is selected from the results of this data mining process, so claims are reviewed based on their potential as errors as opposed to a random selection. This detailed focus on exceptions and errors allows for identification of plan improvement opportunities, clarification on plan interpretation, and root causes that can be corrected for future cost savings.

We are able to modify the scope of the audit to meet objectives that come to light during the initial planning phases of the project, including any targeted areas of concern for the Plan. Combining quality improvement available through an exceptional claims audit approach with direct recoveries from overpayment correction will offer Bakers Union and FELRA Health and Welfare Plan an outstanding return on investment.

B. AUDIT PROCESS – PHARMACY CLAIMS

All prescription drug claims files obtained from OptumRx in NCPDP format, will be translated and analyzed.

1. ***Pricing Review*** – The Audit Team will test all pricing terms versus AWP using our own MediSpan source and not just the AWP report in the data extract from OptumRx. These pricing terms usually include:
    - Retail/Mail distinctions
    - Varying prices for brand, generic, and specialty drugs
    - Varying definitions of "Brand" and "Generic"
    - Exceptions detailed in the PBM Agreement including single source generics, direct member reimbursement, compound drugs, etc.

    Most pricing guarantees are global for the calendar year and therefore require analysis in total rather than individual claim determinations. Because of this distinction, testing of pricing guarantees usually does not include a claims sample.

2. ***Benefits*** – The Audit Team will test application of all benefits, including but not limited to:
    - Duplicate claims; refill-too-soon
    - Eligibility confirmation
    - Member cost-sharing

- Benefit maximums
- Compliance with dispensing pharmacy requirements
- Non-covered drugs
- Pre-authorization or step therapy requirements

This portion of the pharmacy audit tests individual claims and is used in generating the sample for review by the PBM. PBMs generally do not require a site visit but instead review the sample remotely to provide feedback on the findings.

3. ***Rebates*** – We have found that most of our clients have moved to a "per script" rebate guarantee rather than a pass-through model. This structure can be tested as it requires calculation of the total due based on the data set provided utilizing the detailed description of the rebate calculation from the PBM agreement.

   Pass-through pricing or other rebate models that require on-site review of manufacturer contracts and book of business review at the PBM must be custom-priced and are not covered in the scope presented herein.

RESUMES

Daniel C. Opinante
President, Seneca Consulting Group

Having worked as a Senior Vice President for National Medical Healthcare Systems, Regional Sales Manager for Empire Blue Cross Blue Shield, as well as a large group representative for US Healthcare, Mr. Opinante is very knowledgeable both Medical and Pharmacy claims administration.

During his ten years working within the Pharmacy Benefit Management (PBM) industry, Mr. Opinante has had many notable accomplishments. His primary responsibility during his tenure in the PBM industry was Business Development for the eastern United States. His efforts contributed to his employer being named as the #1 fastest growing businesses in CRAINS, and the #4 fastest growing business in America. In addition to his business development responsibilities, Mr. Opinante was responsible for the conception and implementation of a PBM revenue forecasting model that is still in use today. The PBM revenue model Mr. Opinante created evaluates all PBM revenue sources, and is used in determining pricing offered to new clients, and existing clients upon renewal. It is this exceptional level of technical knowledge of the Pharmacy benefit industry that makes Mr. Opinante uniquely qualified as an auditor and consultant.

Publications:
Self-Funding Magazine:
Pharmacy Benefit Manager Contract Language that affects Plans Costs.

Traditional PBM Pricing Vs Pass-Through…Look Before you Leap!

Mr. Opinante has been very active in educational initiatives designed to help unveil the complexity of the pharmacy benefit industry. As the featured speaker of the national PBM educational series "Taming the Tiger", Mr. Opinante has had the opportunity to present his "PBM 101: Pricing and Revenue Models" throughout the Country. The PBM 101 presentation has been approved in New York State for Life and Health Licenses continuing education credits. Mr. Opinante has had the privilege of supporting education and awareness of PBM business models at many industry venues. As a speaker at the Health and Welfare Conference for Mid- Sized Employers, Made In America Taft Hartley Benefits Summit, the National Association of Police Officers (NAPO), and HCAA, Mr. Opinante is dedicated to offering his experience to provide industry colleagues with a unique understanding of the pharmacy benefit industry. Most importantly, Mr. Opinante provides valuable insight into how pharmacy benefits interface with the healthcare delivery system as a whole.

Prior to working within the PBM industry, Mr. Opinante worked at Empire Blue Cross Blue Shield as the Labor Sales manager, and supported all Taft-Hartley clients. Products included network leasing as well as administrative services only. Prior to Empire Blue Cross Blue Shield, Mr. Opinante was a large group representative for US Healthcare

John Hatala
Vice President

Mr. Hatala' experience includes over 20 years in the group insurance and managed health care industry. The most recent decade of his experience include VP and Director level positions specifically in the pharmacy benefit management (PBM) sector.

Mr. Hatala has extensive knowledge of multiple segments of the managed care industry and functions as the principal project manager and senior client service executive for Seneca Consulting. John is responsible for development of programs and strategies to deliver cost effective solutions and superior outcomes for clients. Mr. Hatala' areas of expertise include: Financial Analysis & Price Modeling, Contract Management,

Vendor Negotiations, Strategic Planning, Market Plan Development, Marketing Innovation, and Client Needs Assessment

Mr. Hatala' depth of professional experience includes positions with Coventry Health Care, Humana Inc., CVS Caremark and Novato Health. As a result of his work history, Mr. Hatala has a comprehensive understanding of the health care claims transaction that forms an excellent basis for claims auditing. Mr. Hatala has conducted PBM audits for clients across the country and has extensive knowledge of PBM and TPA business models.

Robert Allen
Data Analyst

Mr. Allen is responsible for data management for our pharmacy claims auditing program. Mr. Allen is a seasoned engineering professional with a Bachelor of Science in Industrial Engineering from Polytechnic Institute of New York. Mr. Allen is experience in the areas of pharmacy claims adjudication including the interface required between a pharmacy benefit manager and the Center of Medicare Services. Software proficiency includes but not limited to Agile environment supporting software including JIRA and Greenhopper, CAD/CAM Software, MS SQL, VBA, SAP and MRP Systems

Mindy Rogers, RN
Medical Management Supervisor

Ms. Rogers is responsible for coordinating member appeals and medical management services for our large self-funded clients. Ms Rogers overall experience includes claims processing with United Healthcare, Claims Manager with National Benefit Administrators, and a Cost Containment Coordinator with MediCompanies. In addition to Ms Rogers industry expertise, she also provides a background in medical care as registered nurse with Carolinas Medical Center.

John Graham,
Lead Auditor

John will serve as the Lead Auditor for both sample selections and the site visit. He will handle quality assurance review on all data work and will present all findings through the closing phases of the project. John has performed and managed claims audits for self-insured employers for fifteen years and has personally led the recovery of millions of dollars for clients in this time period. John has contributed to the development of the industry by significantly increasing acceptance of comprehensive claims audits over his career and developing unique arrangements for clients including negotiating more aggressive audit rights, enhanced provider contract audits, and higher frequency of claims audits. John's broad healthcare consulting experience also includes financial modeling for healthcare providers and payers, contract management system development and implementation, fee schedule analysis, and strategic planning. He has served as an expert for multiple litigation support projects focused on claims accuracy and testing. John graduated from Duke University with a Bachelor of Arts degree in Economics and earned the Group Benefits Associate designation through IFEBP.

Jeffrey Leegon
Advanced Analytics and Auditor

Jeffrey has over 10 years of experience working in healthcare including both operational and clinical data work related to quality improvement and public health. He served as an adjunct professor at Belmont University School of Pharmacy focusing on teaching foundational Pharmacy Informatics. He has also used his passion for ensuring access to healthcare for the uninsured in his position as Clinical Informatics and I.T.

Specialist at Siloam Family Health Center. There Jeffrey served in a lead data management function while moving analytics to SQL-based platforms and supporting the overall business with advanced analytics related to operational and clinical functions. Jeffrey graduated with Bachelor of Science in Computer Science from the University of Birmingham, England, then proceeded to earn a Masters of Science in Informatics/Artificial Intelligence specializing using Machine Learning from the University of Edinburgh, Scotland. Jeffrey finished his studies at Vanderbilt University with a Masters of Science in Biomedical Informatics with a Clinical focus. He brings a unique background in advanced analytics to J. Graham Inc. that is being used to further develop predictive modeling functions to allow for more efficient and effective audit results for our clients.

Guy Brooks
Claims Data Specialist and Auditor

Guy will handle all data functions on this project and will participate in all phases of the claims audit including the site visit. He will scrub data to our company standards, verify integrity of the data, run standard algorithms and write all custom queries including detailed benefits testing, peer review sample selections and audit claims on the site visit. Guy has over twenty years of experience in healthcare with focus in data processing, product development, business intelligence and quality improvement. He has worked in claims auditing over the last three years with direct experience serving multiple employer groups including Fortune 500 companies, municipalities, multi-employer groups, and union plans across various administrators and claims platforms. Guy graduated from Western Kentucky University with a Bachelor of Science degree in Computer Information Systems

REFERENCES

Contact	Group	Phone	Email
Mr. Michael Donovan, Fund Administrator	Uniformed Fire Officers	212-376-8400	mdonovan@ufoa.org
Mr. Gary Oskoaim, President	BCTGM Local 68	410-242-1677	
Ms Sheila MacFadyen, Chairperson	Suffolk School Employees Health Plan	770-575-0006	sheilamf@comcast.net
Mr. Frank Bayer, Internal Auditor	County of Suffolk	631-853-6040	Frank.bayer@suffolkcountyny.gov

DATA REQUESTS:

Pharmacy Claims:

- ***Line item pharmacy claims file*** in a NCPDP v2 format or similar extract covering the minimum field list specifications listed below for all claims for the audit period. This data should be provided in a delimited or fixed width text file with headers, a file layout, and a detailed data dictionary. The data dictionary should contain definitions for any values defined by the PBM.
- ***Full historical eligibility file*** for the group(s) showing coverage and termination dates for every member present in the claims extract per the field list below. This file must link to the claims extract and it must reflect actual coverage dates and not premium billing dates.
- ***Account structure*** showing the mapping of various groups to benefit and/or plan codes in the pharmacy data.
- ***Performance guarantee reconciliations*** for all guarantees covering the audit period including pricing, dispensing fees, rebates, and others listed in the Prescription Drug Program Agreement.
- ***Pharmacy claim supporting documents*** including the applicable formularies, Specialty Drug List by NDC, Prior Authorization lists, and Step Therapy program charts.

Field	Description
Claim ID	Unique identifier for each claim line detail included in a single claim
Line Number	Number which represents a specific line of data on a claim
Claim Type	Reversal/adjustment, partial, original, replacement
Prescription ID	Unique identifier that indicates a prescription
Fill Number	Refill number for prescription
Member ID	Identifier that allows for a member to be uniquely identified, must match the Member ID in the Eligibility data
Employee ID	Members from the same family should have same employee ID, must match the employee ID in the eligibility data
Member's Last Name	Member's last name in text format
Member's First Name	Member's first name in text format
Member's Gender	Male or female
Member's Date of Birth	Date of birth for the member, must match the date of birth in the Eligibility file
Member's Relationship	Relationship to employee such as spouse or child
Benefit Plan	Identifies in which plan the member is enrolled for this date of service, supply list of descriptions for these codes as well
Group Number	Identifies in which group the member is enrolled for this date of service, supply list of descriptions for these codes as well
Prescriber ID	Unique identifier for a given provider/supplier who wrote the prescription
Prescriber Name	Name of the provider who wrote the prescription
Prescriber Address	Prescriber Billing Address
Prescriber City	Prescriber Billing City

Prescriber State	Prescriber Billing State
Prescriber ZIP	Prescriber Billing ZIP Code
Pharmacy ID	Unique ID used to identify a pharmacy
Pharmacy Name	Name of the pharmacy
Pharmacy Address	Pharmacy Billing Address
Pharmacy City	Pharmacy Billing City
Pharmacy State	Pharmacy Billing State
Pharmacy ZIP	Pharmacy Billing ZIP Code
Network Indicator	Participating network provider identification
NDC /Drug Code	NDC for the prescribed drug
Drug Name	Name of the drug
Drug Strength	Strength of the drug
Fill Date	The date the prescription was filled
Paid Date	Date the claim was paid on, all claim lines with the same Claim ID should have the same Paid Date

PROPOSED AUDIT FEES- BAKERS UNION AND FELRA HEALTH AND WELFARE PLAN

Audit Period:	October 1st 2017 through September 30th 2018
Pharmacy Benefit Manager	OptumRx

Fixed Fee

Seneca perform a comprehensive Medical and Pharmacy claims audit, for a fee equal to:

Service	Fee
Comprehensive Pharmacy Audit	$11,500.00

Fees are payable in three equal installments; the first paid at contract signing, the second paid 60 (sixty) days after contract signing, and the balance paid upon completion of the ***Final Audit Report***.

*When comparing our price to other quotes received, pay particular attention to those that list expenses as an add-on to the fee quotes and those that break out audit remediation into a separate or undefined pricing. The Audit Team believes that claim audits are best quoted as a turnkey solution since most employer groups do not have the healthcare claims expertise to navigate these important final phases of the project without assistance. We price our services to include all necessary portions of the project so the client sees the exact cost for the **entire** project.*