



FELRA & UFCW VEBA Fund

Managed Pharmacy Report

April 16, 2020



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Executive Summary

Since January 2020, the FELRA Fund agreed to adopt an unprecedented number of utilization management ('UM') programs and strategies.

Accomplishments/Highlights

- Adopt programs that lower out of pocket costs for members & the Fund; target over- utilization of high cost therapies; adopt a long-term solution for managing retiree costs.

	Start Dates
• SaveOnSP	• 6/1/2020
• Prescription Care Management (PCM)	• 6/1/2020
• ESI UM Programs	• 7/1/2020
• EGWP + WRAP	• 1/1/2021

Milestones

- | | |
|---|-------------|
| • Initiated negotiation of PCM Contract | • 3/16/2020 |
| • Completed review of SMM for benefit changes | • 3/19/2020 |
| • SaveOnSP contract executed | • 3/23/2020 |
| • 130 SaveOnSP letters mailed | • 4/06/2020 |

Decisions + Risks

Decision: confirm which UM Program recommendations will be adopted by the Fund [6/2018 vs 11/2019 with applicable 2020 updates.]

- Risk: July 1 start date will be delayed if the Clinical Addendum isn't signed by 4/27/2020
- Mitigation: Execute the Clinical Addendum by 4/27/2020, reflecting the approved UM programs updated to 2020.

Next Steps (30 – 60 days)

- | | |
|--|------------|
| • Issue member notifications for UM, PCM | • 5/2020 |
| • Kickoff EGWP Implementation | • 5/2020 |
| • SaveOnSP success rate reporting | • 5/2020 |
| • SaveOnSP & PCM 'go live' | • 6/1/2020 |
| • UM Programs 'go live' | • 7/1/2020 |
| • Monitor outcomes reporting to validate savings; identify trends; readjust as needed. | • Ongoing |

Executive Summary, cont.

The table below provides additional detail on the management programs the Fund is adopting for 2020 and 2021.

PROGRAM	OVERVIEW	EFFECTIVE DATE	MEMBER IMPACT*	EST SAVINGS*
SAVEONSP COPAY	MAXIMIZES USE OF PHARMA COPAY ASSISTANCE FUNDS.	6/1/2020	211	\$1.1M
	COVERS > 50% OF THE PHARMACY BENEFIT SPECIALTY SPEND; 130 OUT OF 213 MEMBERS USING SPECIALTY MEDS AS OF APRIL 1, 2020.			
	NO PLAN DESIGN CHANGES REQUIRED.			
PRESCRIPTION CARE MANAGEMENT (PCM)	INDEPENDENT CLAIMS REVIEW ORGANIZATION.	6/1/2020	N/A	\$1.6M
	COST SAVINGS DERIVE FROM THERAPEUTIC INTERCHANGE.			
	PCM CONTACTS PRESCRIBER FIRST, THEN MEMBER, TO FACILITATE THE INTERCHANGE. COMPLETELY VOLUNTARY.			
UM PROGRAMS	COMBINATION OF PRIOR AUTHORIZATION (PA), STEP THERAPY (ST) AND DRUG QUANTITY MANAGEMENT (DQM) DESIGNED TO MANAGE SAFETY, EFFICACY AND COST OF SPECIALTY DRUGS. INCLUDES CONTROLS FOR OFF LABEL USE, OVER-PRESCRIBING, FRAUD, WASTE AND ABUSE OF SPECIALTY THERAPIES.	7/1/2020	Est. 810**	Est. \$1M**
EGWP + WRAP	GROUP MEDICARE PART D PLAN OFFERED TO RETIREES WITH COVERAGE THROUGH A PRIVATE PAYER.	1/1/2021	2048	\$1.4M
	EGWP PROVIDES THE STANDARD PART D PRESCRIPTION DRUG COVERAGE; DIFFERENCES BETWEEN EMPLOYER PLAN & MED D BUILT INTO THE WRAP.			

* Annualized savings projections modeled by ESI.

** Final projections pending confirmation of UM program selection.

Compare & Contrast

June 2018 and November 2019

UM Recommendations to the Fund

With 2020 Updates

2018 UM Programs Updated to 2020

These UM programs are designed to manage specialty drug utilization. The following tables include an updated version of the June 2018 UM programs, with accompanying detail on the cause/effect of changes occurring since 2018. Updates include adjusted savings projections and member disruption, based on the most recent 12 months of unaudited paid claims data, as well as changes in the naming convention of ESI's proprietary programs. The underlying clinical intent of the 2018 UM programs remains unchanged. Note: ESI requires use of 2020 naming conventions in the Clinical Addendum.

June 2018 UM Programs			June 2018 UM Programs updated to 2020			What are the material differences between 2018 v 2020? Why did savings and utilization change?
PROGRAM NAME	MEMBER IMPACT	EST ANNUAL SAVINGS*	PROGRAM NAME	MEMBER IMPACT	EST ANNUAL SAVINGS*	General Comments: Key contributors to these changes include shifts in claims experience/utilization; positive & negative shifts in pharma funding; increased competition in key therapy classes; clinically appropriate enhancements to UM programs, reflecting current market conditions and prescribing patterns. UM Programs are not static; it's reasonable to expect similar factors will influence projected savings and member impact in the future (positive and negative). Confidio will continue to monitor, report these changes and present new UM opportunities, as appropriate.
Prior Auth: Humira, Enbrel	476	\$495,990	Advantage PA List	640	\$749,624	Advantage PA includes Humira, Enbrel, plus 24 other drugs in this specialty drug therapy class. Member impact increases attributable to an increase in use of anti-inflammatory specialty Rx's; savings increase due to rebate changes in this therapy class.
Prior Auth: Hep C	42	\$707,611	Pharmaco-genomic PA List	20	\$12,946	PA criteria expanded to include pharmacogenomics testing for new patients to determine which drug will be most effective. Increase in member impact Savings decreases primarily due to changes in pharma funding, precipitous drop in drug pricing Hep C drugs were over \$130k in 2018 currently is \$35k. Fewer Hep C patients. Program now includes cystic fibrosis and oncology drugs that require lab testing. Changes in pharma funding.
Drug QT Mgt; Hep C. Inflam Cond, Pain Narc	248	\$549,327	Oral Hep C; Inflam Conditions Specialty; Pain Narcotic	40	\$138,903	Hep C utilization, duration of treatment, and cost per treatment episode decreased since 2018; several more specialty drugs used to treat Hep C and Inflammatory conditions are currently available in the marketplace; medication costs and rebates have decreased commensurate with additional competition in these therapy classes.
Step Therapy: Specialty Pref Drug, Biosimilars	128	\$414,991	Step Therapy: Specialty Pref Drug, Biosimilars (Gfing)	116	\$57,784	ST program expanded to include additional multiple sclerosis and growth hormones medications; changes in clinical use/expanded indications, resulting in addition of 6 more clinical rules (total 12), consistent with current practice patterns and industry standards of care. Decrease in savings largely attributable to changes in pharma funding, increase in number of therapies available to treat these conditions, including biosimilars coupled with a decrease in the number of targeted members.
Totals	894	\$2,167,919	Totals	816	\$959,257	

*Source: ESI March 2020; all estimates are net of rebates and program fees. Annualized savings estimates are subject to change, based on future events that include, but are not limited to, changes in plan design; membership/demographic changes; shifts in utilization; formulary and rebate changes. 2020 models assumed membership, formulary and plan designs in effect on March 1, 2020.

UM Recommendations: June 2018 vs Nov 2019 Programs

Background Information: Confidio routinely analyzes the Fund's opportunities to reduce costs and improve the overall performance of the prescription drug benefit. As appropriate, these recommendations are submitted to the Fund for consideration.

In June 2018, Confidio submitted UM recommendations, based on then-current cost and claims data. Subsequent UM recommendations reflected the most current data on 'best value' programs (high ROI, low member impact) available from ESI, with the most recent submitted November 2019.

Following is a synopsis of the material differences between the June 2018 and November 2019 UM recommendations. A visual comparison of the June 2018 and November 2019 UM recommendations, with 2020 updates, is included on page 8.

2018 UM Programs					
Program Name	Member Impact	Annual Savings			
			Patients Flagged for Intervention	Net plan cost savings	Net plan cost savings PMPM
Prior Auth: Humira, Enbrel	476	\$495,990	Pharmacogenomics Testing		
			597	\$612,000	\$2.49
Prior Auth: Hep C	42	\$707,611	25	\$214,000	\$0.87
Drug QT Mgt; Hep C, Inflamm Cond, Pain Narc	248	\$549,327	23	\$155,000	\$0.63
Step Therapy: Specialty Pref Drug, Biosimilars	128	\$414,991	7	\$43,000	\$0.18
Totals	766	\$2,167,919	Segment (DQM) UM Programs		
			29	\$19,984.22	\$0.09
Diabetes Drug Quantity Management (Per Rx)			33	\$48,268.70	\$0.21
Inflammatory Conditions Specialty DQM			12	\$55,079.57	\$0.24
Topical Inflammatory Conditions DQM			13	\$18,683.07	\$0.08
Totals			739	\$1,166,016	\$4.79

Why are there significant differences between 2018 and the 11.2019 recommendations?

1. Differences in the programs ESI modeled: when ESI models UM programs, they apply then-current program modules (20-30 programs) to the Fund's most current utilization. These programs are not static; changes result from new to market drugs, more competition/lower prices per therapy class, changes in pharma funding as well as ESI's changes to their brand/marketing strategies.
2. Based on modeling provided by ESI, Confidio selects and presents to the Fund the 'best value' UM opportunities, e.g. programs that produce the highest ROI and the least amount of member disruption.
3. Practically speaking, there are some similarities between 2018 and 2019 with respect to targeted therapy classes (e.g. Humira & Enbrel/Inflammatory Conditions; HepC).

June 2018 vs Nov 2019 UM Recommendations (updated)

Table 1: June 2018 UM Recommendations updated to 2020 Programs adopted by Trustees via Poll					
2018			2020		
Program Name	Member Impact	Savings	Program Name	Member Impact	Savings*
PA: Humira, Enbrel	476	\$ 495,990	PA: Advantage PA List	640	\$ 749,624
PA: Hep C	42	\$ 707,611	PA: Pharmacogenomic PA List	20	\$ 12,946
DQM: Hep C. Inflam Cond, Pain Narc	248	\$ 549,327	DQM: Oral Hep C: Inflam Conditions Specialty; Pain Narcotic	40	\$ 138,903
ST: Specialty Pref Drug, Biosimilars	128	\$ 414,991	ST: Specialty Pref Drug, Biosimilars (Gfing)	116	\$ 57,784
Totals	894	\$ 2,167,919	Totals	816	\$ 959,257

*Source: ESI savings projections March 2020.

Table 2: November 2019 UM Recommendations updated to 2020					
2019			2020		
Program Name	Member Impact	Savings	Program Name	Member Impact	Savings*
PA - Inflammatory Conditions	597	\$ 612,000	PA: Advantage PA List**	640	\$ 749,624
PA - Hereditary Angioedema (Proactive PA List)	25	\$ 214,000	same as 2019	23	\$ 107,515
PA - Oncology PA/ Pharmacogenomics Testing	23	\$ 155,000	same as 2019	42	\$ 52,27
PA - Hep C PA/ Pharmacogenomics Testing	7	\$ 43,000	same as 2019	20	\$ 12,946
DQM: Pain, Narcotic	29	\$ 19,984	DQM: Pain, Narcotic (ala carte)	27	\$ 17,933
DQM: Diabetes (ala carte)***	33	\$ 48,269	same as 2019	32	\$ 59,869
DQM: Inflam Cond/Specialty (ala carte)***	12	\$ 55,080	same as 2019	11	\$ 61,174
Topic Inflam Cond (ala carte)****	13	\$ 18,683	same as 2019	14	\$ 8,542
Totals	739	\$ 1,166,016	Totals	809	\$ 1,069,876

*Source: ESI savings projections April 2020.

**Same as Table 1, row 1.

***included in ESI's Advantage DQM List

****included in ESI's Limited DQM List

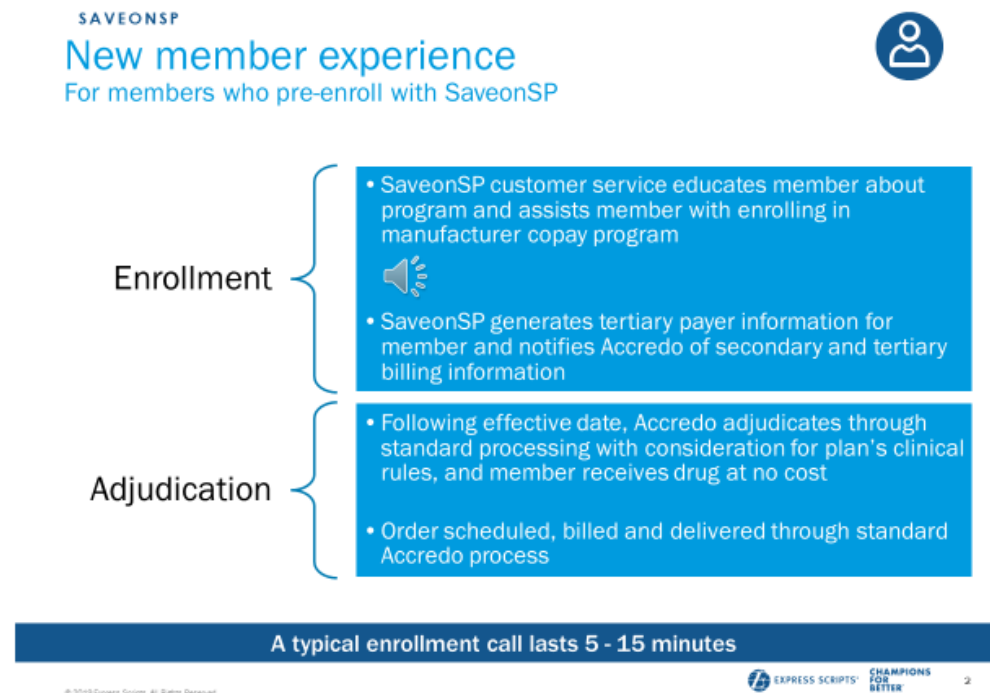
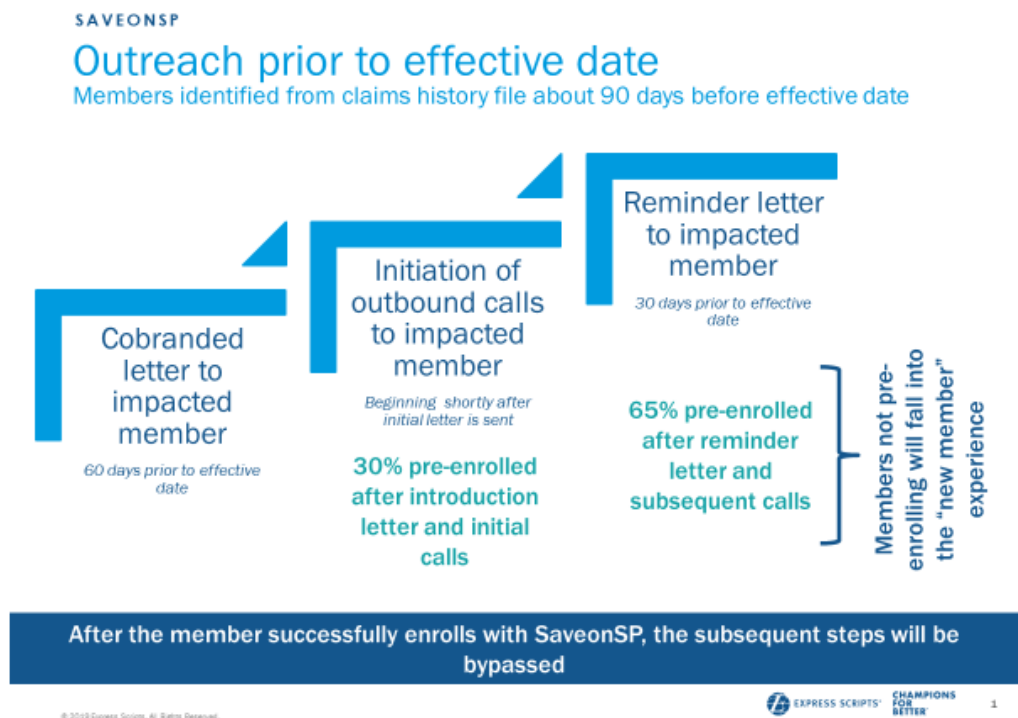
The Member Experience

SaveOnSP

PCM

UM Programs

Member Experience - SaveOnSP



Prior to 6/1: If Accredo receives a referral for a new patient (utilizer) before the Go Live date, the same process will be initiated (letter + phone call; if no engagement, second letter sent.)

After 6/1: New patient utilizers and existing patients not enrolled in SaveOnSP will be coached by Accredo (real time/point of sale) on the SaveOnSP program, encouraged to enroll. If the patient continues to decline enrollment, the higher copayment will be applied to the Rx.

Source: Express Scripts 2020

SaveOnSP 2020 List – Abbreviated

Benefix	\$1,000
Benlysta	\$1,250
Bosulif	\$2,080
Cabometyx	\$2,080
Cerdelga	\$1,250
Cimzia	\$1,250
Cinryze	\$1,666
Copaxone	\$1,000
Cosentyx	\$1,666
Cotellic	\$2,080
Darzalex	\$1,666
Daurismo	\$2,080
Doptelet	\$600
Dupixent	\$1,000
Elaprase	\$1,250
Empliciti	\$2,080
Enbrel	\$1,250
Entyvio	\$1,666

Ilaris	\$2,666
Ilumya	\$1,330
Increlex	\$1,000
Inflectra	\$1,666
Inlyta	\$2,080
Iressa	\$2,166
Jakafi	\$2,080
Jivi	\$1,000
Kadcyla	\$2,080
Kalbitor	\$2,000
Kalydeco	\$3,333
Kanjinti	\$1,666
Kevzara	\$1,250
Ledipasvir/Sofosbuvir	\$7,500
Lenvima	\$3,333
Letairis	\$750
Lonsurf	\$2,000
Lorbrena	\$2,080

Orenitram	\$1,666
Orkambi	\$3,333
Otezla	\$1,000
Palynziq	\$1,666
Perjeta	\$2,080
Piqray	\$1,250
Plegridy	\$600
Polivy	\$2,080
Promacta	\$1,250
Pulmozyme	\$830
Ravicti	\$830
Remicade	\$2,000
Remodulin	\$600
Renflexis	\$1,666
Revatio	\$1,000
Revlimid	\$830
Rituxan	\$830
Rixubis	\$1,000

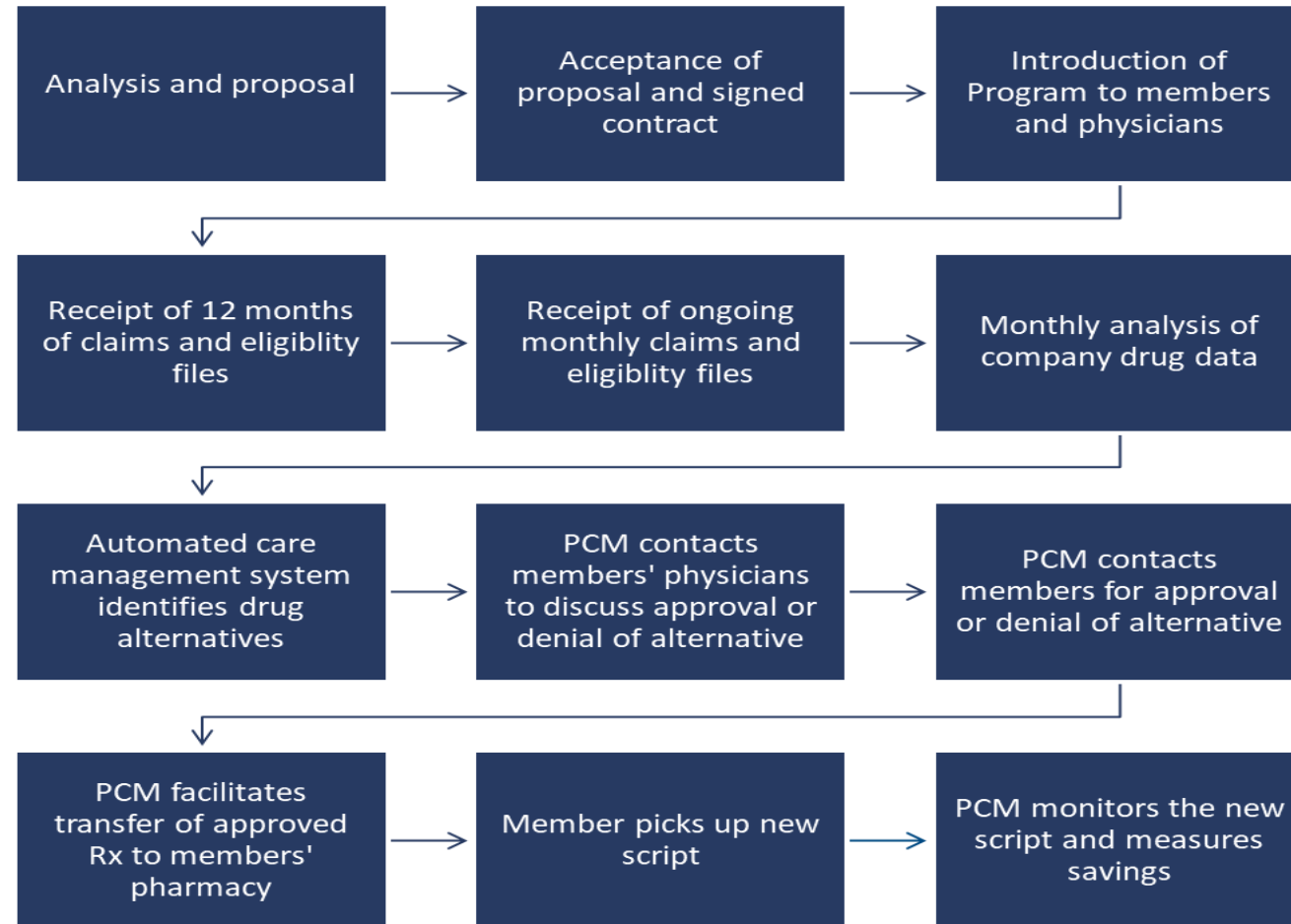
Tecentriq	\$2,080
Tecfidera	\$600
Tegsedi	\$2,000
Tobi Podhaler	\$1,000
Tracleer	\$1,000
Tremfya	\$1,666
Treprostinil	\$600
Trikafta	\$3,333
Tykerb	\$1,250
Udenyca	\$1,250
Uptravi	\$830
Valchlor	\$1,666
Ventavis	\$830
Verzenio	\$2,080
Vitrakvi	\$2,000
Vizimpro	\$2,080
Vosevi	\$6,350
Votrient	\$1,250

Partial list of SaveOnSP drugs and copays for patients that opt out of the program. Once enrolled, patient copay will be \$0.00.

For patients declining enrollment and submitting refills after 6/1: Accredo will coach each patient on the SaveOnSP program, the process for enrollment, and the differences in copayment.

Source: Express Scripts 2020

Member Experience - PCM



Savings opportunities are identified through retrospective claims review; PCM manages outreach to the prescriber, then facilitates Rx fulfillment at the participating pharmacy. PCM is a completely voluntary process; no plan design changes required, no penalty for declining the therapeutic interchange. Member engagement ranges from 40% - 60% .

Source: PCM 2020

Member Communication – PA, Step Therapy and DQM

Prenotification Letters >> Sent 30 days prior to implementation

Coverage Authorization Prenotification

(Prior Authorization, Drug Quantity Management)

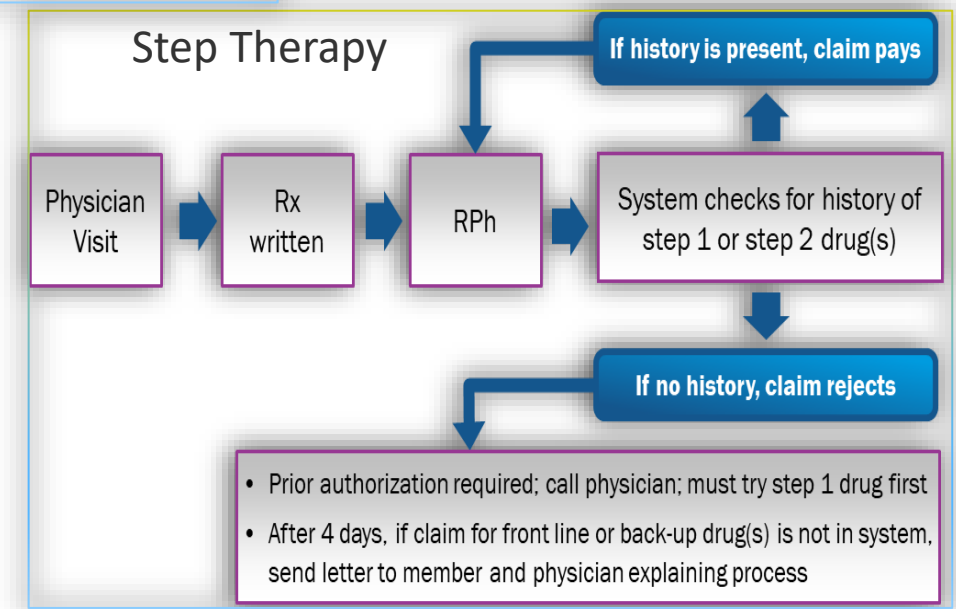
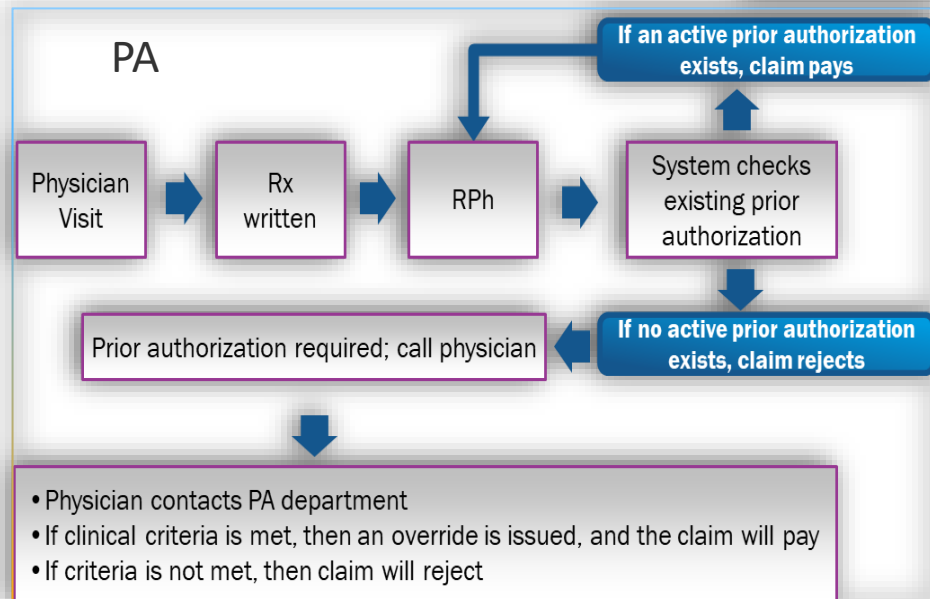
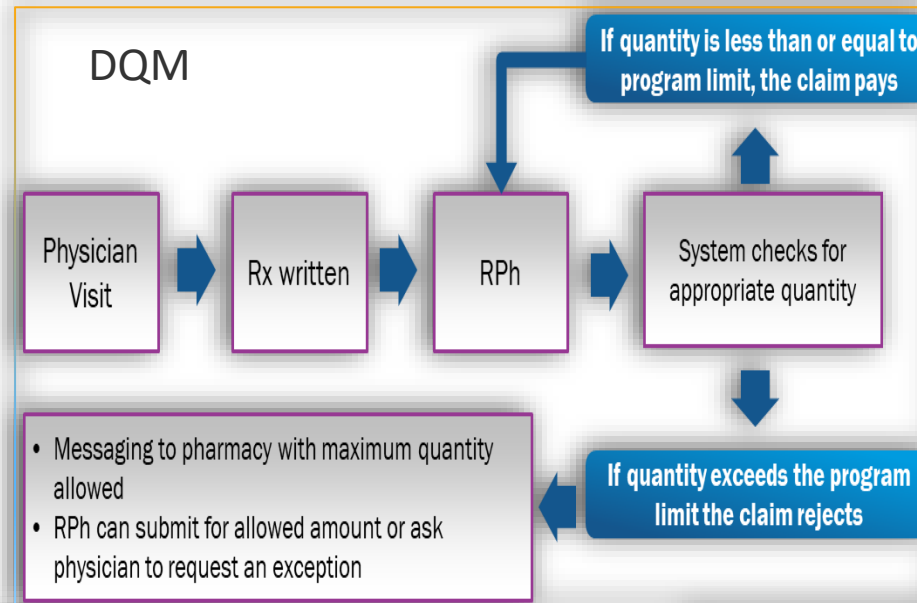
Preferred Step Therapy Prenotification

(Implementation of step edits without grandfathering)

Step Therapy Rapid Response

- Letters to members with dropped claim after step therapy reject at retail or mail
- Program sends both member and physician letters
- Letters provide alternative medications and explains step therapy process

Member Experience – PA, Step Therapy and DQM



Key Milestones

Key Milestones

The following 2 pages summarize key milestones required for the successful implementation of programs selected by the Fund. Associated Administrators and Confidio are collaboratively managing these tasks with support from co-counsel.

Program	Effective Date	Key Milestones & Estimated Completion Dates	
SAVEONSP	6/1/2020	EXECUTE AGREEMENT	3/23/2020
		MEMBER LETTERS SENT	3/30/2020
		OUTBOUND MEMBER CALLS	5/15/2020
		SUCCESS RATE REPORT	5/22/2020
PCM	6/1/2020	PCM RECEIPT – CLAIMS, ELIGIBILITY FILES	4/20/2020
		EXECUTE AGREEMENT	4/30/2020
		APPROVE MEMBER NOTIFICATION(S)	4/30/2020
		MEMBER, MD LETTERS SENT	5/08/2020
		INITIAL OUTBOUND CALLS (MD, MEMBER)	6/01/2020
UM PROGRAMS	7/1/2020	CONFIRMATION PROGRAM ADOPTION	4/16/2020
		EXECUTE CLINICAL AMENDMENT	4/27/2020
		APPROVE MEMBER NOTIFICATION(S)	5/15/2020
		ISSUE MEMBER NOTIFICATION #1	5/25/2020
		ISSUE MEMBER NOTIFICATION #2	6/19/2020

Key Milestones, cont.

The EGWP Implementation is a more resource-intensive implementation compared to the other initiatives.

Industry standard is a 6-month implementation period; the Fund's implementation is kicking off May 1, 2020 to allow for reasonable turnaround times on key milestones that require involvement from multiple parties, e.g. production of new eligibility files to accommodate CMS requirements. Confidio is prepared to take the lead in managing the EGWP implementation process, with support from Associated Administrators and co-counsel.

Program	Effective Date	Key Milestones & Estimated Completion Dates	
EGWP	1/1/2021	IMPLEMENTATION KICKOFF	5/1/2020
		EXECUTE LEGAL DOCUMENTS	6/5/2020
		COMPLETE BENEFIT DESIGN + WRAP, NETWORK REQ'S.	6/5/2020
		APPROVE CLINICAL ADDENDUM, FORMULARY	7/5/2020
		APPROVE WELCOME KIT, TARGETED MEMBER LETTERS	7/5/2020
		COMPLETE ELIGIBILITY FILE PRODUCTION, TESTING	9/20/2020
		FINALIZE CUSTOMER SERVICE SET UP - IVR MESSAGING; TRG.	9/20/2020
		ACTIVATE CUSTOMER SERVICE LINES	10/2/2020
		ISSUE TARGETED MEMBER LETTERS	10/2/2020
		DISTRIBUTE WELCOME PACKETS	12/1/2020
		COMPLETE PRE-IMPLEMENTATION TESTING	12/18/2020
		DAILY CLAIMS MONITORING	1/1/2021 – 1/31/2021