



The FELRA and UFCW VEBA Fund Pharmacy Program Updates

September 24, 2019

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Plan Performance 1H 2019 vs 1H 2018



1.4% Trend

- Specialty -5.7%* /non-specialty 5.2%

	1H 19	1H 18	Change	Benchmarks Labor Market
Eligible Members	20,491	21,302	-3.8%	n/a
Total Plan Paid	\$14,889,703	\$15,261,157	-2.4%	n/a
Plan Paid PMPM (NET)	\$121.11	\$119.40	1.4%	\$86.67
Non-Specialty Plan Paid PMPM	\$82.34	\$78.28	5.2%	\$49.17
Specialty Plan Paid PMPM	\$38.76	\$41.12	-5.7%	\$40.50
Specialty Percent of Plan Cost	32%	34.4%	-2.4%	45.2%
Member Cost Share Net (%)	11.1%	11.2%	-0.1%	11%
90-day Utilization	61%	58%	3.0%	49.8%
Generic Fill Rate	87.5%	87.3%	.2%	86.1%

*specialty unit cost decrease (drug mix, distribution channel)

Source: ESI 1H 2019 Performance Report (unaudited results)

Top Disease States by Plan Paid



- Top 10 Disease States account for \$98.50 PMPM / 67.0% of total net plan cost

	Disease State	Plan Paid PMPM 1H 19	Plan Paid PMPM 1H 18	% Change	Patients
	Diabetes	\$24.40	\$20.99	16.2%	2,006
	Inflammatory Conditions	\$18.97	\$15.57	21.8%	226
	Cancer	\$10.71	\$13.63	-21.4%	147
	Pain/Inflammation	\$9.33	\$8.81	5.9%	4,485
	HIV	\$8.23	\$8.05	2.2%	74
	Multiple Sclerosis	\$6.35	\$4.44	43.0%	21
	High Blood Pressure/Heart Disease	\$5.98	\$5.18	15.6%	6,032
	Asthma	\$5.66	\$5.65	.02%	1,752
	Anticoagulant	\$5.65	\$4.40	28.4%	544
	Urinary Disorders	\$3.22	\$3.05	5.6%	904
	Top 10	\$98.50	\$89.76	9.7%	n/a

Source: ESI 1H 2019 Performance Report (unaudited results)

LDD Policy Recommendation



Situation:

- Drug manufacturers often limit the number of specialty pharmacies that can dispense its medications, granting limited distribution drug (LDD) rights to select specialty pharmacies.
- Accredo has LDD rights for many, but not all, specialty medications. In these instances, ESI refers the patient to a network pharmacy that has LDD designation. For a small number of specialty medications, CVS specialty pharmacy is the only ESI network pharmacy with LDD rights.

Policy Recommendation:

- Confidio recommends the Fund approve an exception process, covering formulary specialty drugs only available through CVS specialty pharmacies, at rates set forth in the “Fund’s Pharmacy Benefit Management Agreement with ESI” for LDD drugs. This exception process would only apply to specialty medications covered under the Fund’s prescription drug benefit.
- Further, it’s recommended that ESI bear responsibility for accurately administering this exception process; Confidio, in tandem with Associated Administrators, will monitor ESI’s compliance with the policy, requiring ESI to submit semi-annual reports listing the specialty medications filled at CVS specialty and LDD status of the specialty medications dispensed through CVS.



- Settlement:
 - ESI returned Settlement Letter on September 19, 2019
 - Agreed to pay the Settlement Sum *without interest* within 15 days after executed Settlement Letter
 - Modified and/or eliminated select provisions inserted by the Fund
 - Fund Counsel is preparing a response
- 2020 Renewal
 - Contract amendment governing 2020-2022 contract term received September 19, 2019
 - Negotiation, execution of amendment pending execution of the Settlement Letter

Summary and Next Steps



- Plan Performance
 - 1H 2019 cost trends
 - Additional opportunities to lower trends, including use of DAW 2 penalties, discouraging use of brands when generics are available
 - Implementing Multiple Sclerosis UM program to promote clinically appropriate use of generics in lieu of brands
- LDD Policy adoption
 - Time sensitive issue
 - Avoid further non-compliance with CVS exclusion; ensure patient access to LDD specialty drugs covered by the Plan
- Resolve Settlement dispute, proceed with renewal