

**THE MUNICIPAL REINSURANCE
HEALTH INSURANCE FUND
(MRHIF)
PBM RFP Executive Summary**

June 22, 2021

RFP RESPONSES

- ▲ RFP Responses were received from 7 PBMs: Express Scripts (Incumbent), Level Care /Express Scripts, Aetna, Optum/Coretrust, Amerihealth, Ingenio and Magellan.
- ▲ Selected Semi-Finalists were: Express Scripts (Incumbent), Level Care/Express Scripts, Aetna and Optum/Coretrust.
- ▲ Selected Finalists are Level Care/Express Scripts and Aetna.
- ▲ All PBMs proposed Traditional pricing.
- ▲ All bidders were required to submit a claims repricing and respond to 102 Business & Contract Requirements that normalized the pricing, contract terms, conditions, and definitions across all bidders.

Key Factors To Consider

- ▲ Pricing:
 - ▲ Contractual Pricing and guaranteed ingredient costs and dispensing fees
 - ▲ Administrative fees and implementation credits
 - ▲ Rebate structure and guarantees
 - ▲ Specialty medication coupon and patient assistance programs to lower specialty cost
- ▲ Level of Member disruption to achieve cost savings
- ▲ Contractual provisions guarding against gaming that could negatively impact results
- ▲ Clinical programs to assure proper utilization and maximize cost control
- ▲ Customer service ability & reputation
- ▲ Length of contract and ability to term

NARROW TO 4 FINALISTS

- Selected Finalists: Express Scripts (Incumbent), Optum / Coretrust , Aetna and ESI / Level Care.

Respondent	Total Estimated Cost	Savings Relative to Current	Savings Relative to Current	Formulary Disruption to Current	Semi-Finalist Evaluation
Express Scripts (Current)	\$67,030,387				
Magellan	\$51,620,946	(\$15,409,441)	-22.99%	6.19%	Eliminated- very little public sector Rx presence and highest formulary disruption
Coretrust / Optum	\$55,126,321	(\$11,904,066)	-17.76%	4.15%	Selected- Material Savings and improved contract terms.
AmeriHealth	\$56,295,329	(\$10,735,058)	-16.02%	6.01%	Eliminated- CoreTrust OptumRx pricing superior with less disruption
Express Scripts Level Care	\$57,612,690	(\$9,417,697)	-14.05%	1.30%	Selected- Opportunity to join a large scale coalition with little to no disruption. Improved pricing and contract terms.
Ingenio Rx	\$58,890,591	(\$8,139,796)	-12.14%	5.08%	Eliminated- Less competitive pricing with high disruption
Aetna	\$59,759,484	(\$7,270,903)	-10.85%	3.17%	Selected- Opportunity to incorporate medical data and membership for better clinical outcomes and management.
Express Scripts (Renewal)	\$59,947,542	(\$7,082,845)	-10.57%	N/A	Selected- Incumbent

This claims reprice represents historic claims from 2/1/20 to 1/31/21 that were paid by the current vendor. This data was not trended and is not intended to be a prediction or estimate of future costs.

FINANCIAL SUMMARY - ANNUALIZED

- Aetna provided the best financial offer with 19.52% savings; 7.38% greater than the ESI (Incumbent) Renewal offer.
- Level Care / ESI provided 15.66% savings while continuing to provide ESI as the PBM.
- When Specialty Financial Assistance programs are included, both Level Care/ESI and Aetna represent savings at approximately 20% each.
- All PBMs offer excellent service models.
- Level Care/ESI has guaranteed no Formulary Disruption. Aetna's negative disruption is estimated at 3.17% of claims.

		Express Scripts (Current)	Express Scripts (Renewal)	Aetna	Express Scripts Level Care	Coretrust / Optum
Financial Bottom Line - Core PBM Functions	Total Estimated Costs	\$67,030,387	\$58,894,898	\$53,945,901	\$56,535,205	\$55,405,497
	Cost Percentage Reduction		12.14%	19.52%	15.66%	17.34%
	Dollar Reduction Amount		\$8,135,489	\$13,084,486	\$10,495,182	\$11,624,890
Financial Bottom Line - Including Coupon Program	Total Estimated Costs	\$64,081,085	\$55,945,596	\$52,964,201	\$53,585,903	\$55,126,321
	Cost Percentage Reduction		16.54%	20.98%	20.06%	17.76%
	Dollar Reduction Amount		\$11,084,791	\$14,066,186	\$13,444,484	\$11,904,066

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RFP FINANCIAL CONDITIONS OUTSIDE OF CONTRACT DISCOUNTS

The RFP Finalists responses were noted with the following responses:

	Express Scripts (Incumbent)	Aetna	Express Scripts Level Care	Coretrust / Optum
Total Network Size	62,756	66,000+	62,756	68,624
Excluded Chains from Broad Network	None	None	None	None
Single Source Generics	Brand Generic Algorithm	In Generic Guarantee	Brand Generic Algorithm	In Generic Guarantee
Mail Discount Minimum DS Rqmt	No DS Requirements	No DS Requirements	No DS Requirements	No DS Requirements
Unpaid Member Share Responsible	PBM Responsible	PBM Responsible	PBM Responsible	PBM Responsible
Termination Files at No Cost	Charges Apply	Charges Apply	Charges Apply	No Charge
90 Day Right to Terminate if PBM Acquired	PBM Agrees	PBM Agrees	PBM Agrees	PBM Agrees
Termination with 90 Days Notice w/o Cause w/o Penalty	PBM Agrees	PBM Agrees	PBM Agrees	PBM Does Not Agree
Financial Guarantees on Dollar for Dollar	PBM Agrees	PBM Agrees	PBM Agrees	PBM Agrees
Reconciliation	Channel Reconciliation Less Rebates	Channel Reconciliation Less Rebates	Channel Reconciliation Less Rebates	Component
Negative Formulary Impacts	2X per Year	4X per Year	Throughout the Year	2X per Year

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PBM ADMINISTRATION FEES

	Express Scripts (Incumbent)	Aetna	Express Scripts Level Care	Coretrust / Optum
PBM Administration Fee	None	None	None	3.2% of Net Claims
HDHP Integration	\$0.00 PMPM	None if carved in with Aetna Medical	\$0.48 PMPM	None
Initial ID Card Supply Charges	Included	Included	Included	Included
Replacement ID Cards	Via Web / No Charge	\$0.00 / Digital Cards Only	No Charge	\$2.00 per Card
Paper Claim	\$3.00 per Claim	\$1.50 Per Rx	\$3.00 Per Claim	\$2.50 Per Claim

FORMULARY DISRUPTION

	Express Scripts (Renewal)	Aetna	Express Scripts Level Care	Coretrust / Optum
Formulary Disruption (11/1/20 thru 1/31/21 - 3 Months)				
Total Net Claims	N/A - Incumbent	106,475	106,475	106,475
Negative	N/A - Incumbent	3,376	1,381	4,420
Positive	N/A - Incumbent	2,542	0	1,027
Negative Disruption as a % of Total Claims	N/A - Incumbent	3.17%	1.30%	4.15%

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SPECIALTY COUPON PROGRAMS – INCREMENTAL SAVINGS

	Express Scripts (Renewal)	Aetna	Express Scripts Level Care	Coretrust / Optum
Program Name	SaveOn	Prudent Rx	SaveOn	Variable Copay Solution
Impacted Rx	2,118	4,564	2,118	2,520
Total Identified Savings	\$3,865,360	\$1,308,933	\$3,865,360	\$401,576
Cost	25% of Savings	25% of Savings	25% of Savings	\$0.15 PMPM
Total Fees	\$916,058	\$327,233	\$916,058	\$122,400
Incremental Savings	\$2,949,302	\$981,700	\$2,949,302	\$279,176
Guaranteed Savings Amount	\$5.12 PMPM (\$2,698,014)	None / Voluntary Program	\$5.12 PMPM (\$2,698,014)	None / Voluntary Program
Estimated Rebate Financial Impact	None	None	None	None
Requires SPD Language Change	Yes	Yes	Yes	No
PBM Supplies Needed Language	Yes	Yes	Yes	N/A

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NARROW TO 2 FINALISTS

- Aetna and Level Care were selected.

Respondent	Total Estimated Cost	Savings Relative to Current	Savings Relative to Current	Formulary Disruption to Current	Semi-Finalist Evaluation
Express Scripts (Current)	\$67,030,387				
Express Scripts Level Care	\$51,839,478	(\$15,190,909)	-22.66%	0.00%	Selected- Opportunity to join a large scale coalition with little to no disruption. Improved pricing and contract terms.
Aetna	\$52,964,201	(\$14,066,186)	-20.98%	3.17%	Selected- Opportunity to incorporate medical data and membership for better clinical outcomes and management.
Express Scripts (Renewal)	\$59,947,542	(\$7,082,845)	-10.57%	N/A	

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NEXT STEPS

- ▲ Interview Finalists and Request any additional pricing or technical concessions
- ▲ Negotiate and normalize all questionable Contractual Terms and Conditions
- ▲ Request Signature Ready Agreements from Finalists for review by ELMC
- ▲ Request Additional Programs, Implementation Details and Member Disruption Communications
- ▲ Select winning bidder