

SJVIA

2018 Year-end Accounting Report

Keenan Pharmacy Services (KPS)

Executive Summary

Keenan Pharmacy Services has completed the audit of SJVIA plan performance for the 2018 plan year. Per the contractual terms, any clinical savings achieved over and above the clinical guarantee can be used to offset any shortfalls of performance in AWP discounts, dispensing fees (DF), and rebate guarantees.

The clinical guarantee overperformed by **\$2,397,988**, offsetting the total shortfall of **\$2,037,412**, thus EmpiRx has met their contractual obligations for 2018 and no money is due to the SJVIA at this time.

Retail Performance

Brand Claims

Claims Processed	11,884	
Point of Sale Ingredient Cost	\$5,184,899	15.37%
Guaranteed Ingredient Cost	\$5,100,121	16.75%
Shortfall	(\$84,768)	

Generic Claims

Claims Processed	71,268	
Point of Sale Ingredient Cost	\$2,811,601	66.96%
Guaranteed Ingredient Cost	\$1,702,021	80.00%
Shortfall	(\$1,109,580)	

Total Claims Processed	83,152	
Total Shortfall	(\$1,194,348)	

Retail-90 Performance

Brand Claims

Claims Processed	3,113	
Point of Sale Ingredient Cost	\$3,001,539	20.52%
Guaranteed Ingredient Cost	\$2,926,667	22.50%
Shortfall	(\$74,871)	

Generic Claims

Claims Processed	23,070	
Point of Sale Ingredient Cost	\$1,983,244	73.61%
Guaranteed Ingredient Cost	\$1,277,345	83.00%
Shortfall	(\$705,899)	

Total Claims Processed	26,183	
Total Shortfall	(\$780,770)	

Mail Performance

Brand Claims

Claims Processed	148	
Point of Sale Ingredient Cost	\$191,771	19.98%
Guaranteed Ingredient Cost	\$182,131	24.00%
Shortfall	<u><u>(\$9,640)</u></u>	

Generic Claims

Claims Processed	741	
Point of Sale Ingredient Cost	\$70,608	75.70%
Guaranteed Ingredient Cost	\$31,960	89.00%
Shortfall	<u><u>(\$38,648)</u></u>	

Total Claims Processed	889	
Total Shortfall	(\$48,288)	

Specialty – Retail Performance

Brand Claims

Claims Processed	519	
Point of Sale Ingredient Cost	\$1,809,209	13.01%
Guaranteed Ingredient Cost	\$1,731,333	16.75%
Shortfall	<u><u>(\$77,876)</u></u>	

Generic Claims

Claims Processed	254	
Point of Sale Ingredient Cost	\$67,051	65.30%
Guaranteed Ingredient Cost	\$160,849	16.75%
Surplus	<u><u>\$93,798</u></u>	

Total Claims Processed	773	
Total Surplus	\$15,922	

Specialty – Mail Performance

Brand Claims

Claims Processed	445	
Point of Sale Ingredient Cost	\$1,756,808	17.00%
Guaranteed Ingredient Cost	\$1,672,087	21.00%
Shortfall	<u><u>(\$84,721)</u></u>	

Generic Claims

Claims Processed	223	
Point of Sale Ingredient Cost	\$216,804	36.94%
Guaranteed Ingredient Cost	\$271,598	21.00%
Surplus	<u><u>\$54,794</u></u>	

Total Claims Processed	668	
Total Shortfall	(\$29,927)	

Overall Performance

Brand Claims

Claims Processed	16,109	
Point of Sale Ingredient Cost	\$11,944,216	
Guaranteed Ingredient Cost	\$11,612,339	
Shortfall	<u><u>(\$331,877)</u></u>	

Generic Claims

Claims Processed	95,556	
Point of Sale Ingredient Cost	\$5,149,308	
Guaranteed Ingredient Cost	\$3,443,773	
Shortfall	<u><u>(\$1,705,535)</u></u>	


Total Claims Processed	111,665	
Total Shortfall	(\$2,037,412)	

KPS Audit and Reconciliation Adjustment

Annual AWP Discount Guarantee and Reconciliation:

Per the KPS 2018 Financial Audit Report we identified discrepancies in the EmpiRx calculations of the contractual AWP guarantees per channel vs. the actual point of sale results.

In our evaluation of the contractual exclusions against what EmpiRx utilized in their calculations, we found that EmpiRx was incorrectly excluding U&C claims. The discovery of this error added an additional \$355K in the AWP shortfall that was used in the overall annual clinical and financial reconciliation and establishes a more aggressive performance baseline to be used for reconciliation of the 2019 plan year.

 Keenan Pharmacy Services 2018 SJVIA Financial Audit <small>A Keenan Solution</small>				EmpiRx's Initial Calculations	
		KPS Calculated Shortfall	(\$2,037,412.28)	Total Shortfall	(\$1,681,885.79) Not Correct
		KPS Identified Additional Shortfall	(\$355,526.49)		