



May 6, 2022

Preliminary Report – SJVIA Marketing of Self-funded Medical and Prescription Drug Program

Under the direction of the SJVIA Board, Keenan prepared an RFP to secure the following services:

Services Requested for the SJVIA’s Self-Funded Medical and Prescription Drug Program:

- Medical: Administrative Services Contract Only (ASC or ASO) or Third-Party Administration (TPA)
- Medical: Preferred Provider Organization (PPO) network
- Prescription Drug (Rx): Pharmacy Benefits Manager (PBM)

Contract term:

- Medical: An initial period of three (3) years, followed by annual renewals
- Prescription Drug: An initial period of three (3) years, followed by another three (3) year optional renewal
- Note: The SJVIA reserves the right to end the contract period for cause at any point in time, or without cause based on mutual agreement between the SJVIA and the Vendor

Effective Date of Coverage:

- SJVIA County of Tulare: January 1, 2023
- SJVIA County of Fresno: January 1, 2023 for some covered members, and December 12, 2022 for the balance of Fresno County

Keenan invited the following vendors to submit proposals:

Medical ASO/ASC/TPA Vendors

Aetna
 Anthem
 Blue Shield of CA
 Compass Health Administrators
 Delta Health Systems
 HealthComp
 Pinnacle
 United HealthCare

Prescription Drug PBM Vendors

Aetna (CVS)
 Blue Shield of CA
 EmpiRx
 ExpressScripts
 IngenioRx (Anthem)
 IPM
 MedImpact
 Optum Rx
 United HealthCare

All vendors submitted proposals with the exception of MedImpact. OptumRx submitted a proposal through HealthComp.

Keenan followed the following timeline:

<u>2022</u>	<u>Task</u>
Feb 25	RFP released to vendors
Mar 2	Bidders conference call (Zoom)
Mar 3	RFP clarifications and questions due from vendors
Mar 7	Question responses provided to vendors from Keenan
Mar 9	Confirmation of intent to bid due from vendors Release of Census and Medical/RX 2021 data

Mar 23	RFP responses due from vendors by 5pm (Pricing, GeoAccess, Disruption Analysis, and Discount Analysis will be due March 30, 5pm)
Mar 24-Apr 21	Evaluation of RFP; Preliminary Marketing Report development
Mar 30	Pricing, GeoAccess, Disruption Analysis, and Discount Analysis due by 5pm
Apr 27	Preliminary Marketing Report presented to SJVIA Staff
May 6	Preliminary Report presented to SJVIA Board; finalists selected
May 9-Jun 17	Finalist evaluations (may include interviews, reference checks, site visits, etc.)
Jun 20-Jun 29	Final Marketing Report developed
Jun 30	Final Marketing Report presented to SJVIA Staff
Jul 7	Review of Final Marketing Report with Co-Managers
Jul 22	Final Marketing Report presented to SJVIA Board; vendor(s) selected
Jul 25	Vendors notified; Implementation schedule developed

Keenan has completed review of the responses of the vendors to an extensive questionnaire containing 125 questions. The questionnaire was designed to measure minimum qualifications, general qualifications, and their ability to provide the services required of the SJVIA.

The following chart illustrates the rating of each vendor in each subcategory and in total.

SJVA Questionnaire Evaluation Summary		Aetna	UMR	Anthem	Blue Shield	Compass	HealthComp	Pinnacle	DHS	Express Scripts	EmpRx	IPM
Question #	GENERAL INFORMATION (1-12 NOT RATED)											
1-5a	General Information											
5b-12	Required Documentation & Disclosure											
ORGANIZATIONAL STRENGTH AND PLAN SPONSOR SERVICES (10%)		1.98	2.00	2.03	2.03	2.00	1.95	1.98	1.98	2.03	1.95	1.98
13-18	Background	2.00	2.00	2.00	2.00	2.00	1.80	2.00	2.00	2.00	1.90	1.90
19-21	Contractual Issues	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
22-27	Firm Experience	1.90	2.00	2.10	2.10	2.00	2.00	1.90	1.90	2.10	1.90	2.00
28-33	Regulatory and Compliance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
ADMINISTRATION SUPPORT AND ACCOUNT MANAGEMENT (15%)		2.02	2.00	2.02	2.07	2.00	1.98	2.00	2.02	1.97	2.02	2.00
34-36	Implementation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
37-40	Claims Processing	2.10	2.00	2.20	2.30	2.00	2.00	1.90	2.00	2.00	2.00	2.00
41-51	Billing	2.00	2.00	2.00	2.00	2.00	1.90	2.00	2.00	2.00	2.00	2.00
52-57	Plan Sponsor Services	2.00	2.00	2.00	2.00	1.90	1.90	2.00	2.00	1.90	2.00	1.90
58-59	Call Center Administration	2.00	2.00	2.00	2.10	2.10	2.10	2.10	2.10	1.90	2.10	2.10
60-67	Systems and Cybersecurity	2.00	2.00	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
MEMBER QUALITY OF CARE, RESOURCES, AND SERVICES (15%)		1.98	2.00	1.96	2.00	2.00	2.01	2.02	2.02	1.88	2.03	2.02
68-69	Enrollment	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10	2.20	2.20	2.20
70-74	Call Center Member Services	1.80	2.00	1.80	2.00	2.10	2.10	2.10	2.10	2.10	2.10	2.10
75-78	Customer Service and Quality Control	2.00	2.00	1.90	2.00	1.90	1.90	2.00	2.00	1.00	2.00	1.90
79-83	Grievances and Appeals	2.00	2.00	1.90	2.00	2.00	2.00	2.00	2.00	1.50	2.00	2.00
84-85	Member Advocacy and Support Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
89-92	Quality Measurement Standards	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
93-95	Online Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
96-101	Wellness Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
102-104	Condition Management Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
105-106	Miscellaneous Services	2.00	2.00	2.00	2.00	1.90	2.00	2.00	2.00	2.00	2.00	2.00
ACCESS TO CARE/NETWORK (30%)		2.00	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
107-108	Provider Groups, Networks, and Geographic Access	2.00	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
109-110	Emergency and Urgent Care Access & Extended Hours	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
COST PROPOSAL AND PLAN DESIGN (30%)		2.05	1.98	2.00	2.03	2.03	2.00	2.00	2.03	2.00	1.98	2.00
111-112	Premium Costs and Fee Commitments	2.00	1.90	2.00	2.00	2.00	1.90	2.00	2.00	2.00	1.90	2.00
113-117	Provider Reimbursements and Discounts	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
118-120	Hospital and Outpatient Facility Charges	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
121-122	Fee Guarantees and/or Fee Caps	2.20	2.00	2.00	2.10	2.10	2.10	2.00	2.10	2.00	2.00	2.00
Total Summary (100%)		2.012	1.978	1.999	2.020	2.008	1.994	2.001	2.011	1.980	1.995	2.001
13-125	Total All Rated Questions	52.00	51.80	51.80	52.60	52.10	51.80	52.10	52.30	50.70	52.10	52.10

Based on the results of the questionnaire, all vendors responded favorably.

Keenan requested the vendors to complete various exercises designed to measure network strength, disruption to the SJVIA membership, and claim cost discounts. All carriers scored well in these categories as well.

GeoAccess - Four PPO networks are being considered for the SJVIA.

- Anthem Blue Cross PPO network
- Aetna PPO network
- Blue Shield of CA PPO network
- UHC (UMR) PPO network

We asked the carriers to show the number of providers and facilities available by each zip code in each County and outside of the two Counties based on where members live. The following Chart summarizes the number of providers and facilities in each County.

Aetna CPII	Employees	Primary Care Physicians	Internist	OB/GYN	Pediatrician	MH/SA Providers	Other Specialist	Urgent Care Facilities	Outpatient Facility	MH/SA Facility	Hospitals
Fresno	6,193	948	528	157	355	273	5,382	23	2	5	18
Tulare	3,374	467	231	65	137	126	1,800	8	1	4	9
All Other	516	4,236	2,376	1,009	1,619	2,176	28,014	280	14	14	93
Total	10,083	5,651	3,135	1,231	2,111	2,575	35,196	311	17	23	120
Aetna OAAS	Employees	Primary Care Physicians	Internist	OB/GYN	Pediatrician	MH/SA Providers	Other Specialist	Urgent Care Facilities	Outpatient Facility	MH/SA Facility	Hospitals
Fresno	6,193	951	529	155	351	270	5,349	24	2	5	18
Tulare	3,374	467	230	66	136	126	1,791	8	1	4	9
All Other	516	4,240	2,370	1,011	1,621	2,166	28,065	276	14	14	94
Total	10,083	5,658	3,129	1,232	2,108	2,562	35,205	308	17	23	121
UHC	Employees	Primary Care Physicians	Internist	OB/GYN	Pediatrician	MH/SA Providers	Other Specialist	Urgent Care Facilities	Outpatient Facility	MH/SA Facility	Hospitals
Fresno	6,193	709	1,643	270	454	866	2,739	19	42	10	7
Tulare	3,374	380	401	108	206	720	892	10	17	3	4
All Other	516	2,828	4,560	1,158	1,686	4,019	11,528	116	199	48	55
Total	10,083	3,917	6,604	1,536	2,346	5,605	15,159	145	258	61	66
Blue Shield	Employees	Primary Care Physicians	Internist	OB/GYN	Pediatrician	MH/SA Providers	Other Specialist	Urgent Care Facilities	Outpatient Facility	MH/SA Facility	Hospitals
Fresno	6,193	276	630	117	190	285	2,110	18	33	10	11
Tulare	3,374	136	225	44	71	74	759	9	14	2	4
All Other	516	498	472	461	464	487	492	128	485	117	124
Total	10,083	910	1,327	622	725	846	3,361	155	532	129	139
Anthem	Employees	Primary Care Physicians	Internist	OB/GYN	Pediatrician	MH/SA Providers	Other Specialist	Urgent Care Facilities	Outpatient Facility	MH/SA Facility	Hospitals
Fresno	6,193	616	977	188	386	381	4,106	21	3	6	11
Tulare	3,374	288	301	77	155	172	1,083	6	1	1	4
All Other	516										
Total	10,083	904	1,278	265	541	553	5,189	27	4	7	15

Please note: 1) Aetna’s proposal provided two network options. 2) Anthem did not complete the analysis for all other areas.

Based on the GeoAccess report, all four carriers provide adequate coverage to cover the required SJVIA areas.

Keenan had each carrier reprice and determine whether the provider was in-network or out of network for all 2021 medical charges. This included 385,235 claims valued at \$161,629,455 in medical charges. The following chart illustrates the results.

Disruption Summary	Charges		Provider Encounters	
	In-Network	Out-Network	In-Network	Out-Network
Anthem	93.3%	6.7%	85.1%	14.9%
Aetna CPIX	94.8%	5.2%	89.2%	10.8%
Blue Shield	97.4%	2.6%	95.2%	4.8%
UMR	95.2%	4.8%	95.0%	5.0%
Aetna OAAS	92.8%	7.2%	85.2%	14.8%
Disruption Summary	Charges		Provider Encounters	
	In-Network	Out-Network	In-Network	Out-Network
Anthem	\$ 150,801,196	\$ 10,828,259	327,965	57,270
Aetna CPIX	\$ 153,176,298	\$ 8,453,157	343,587	41,648
Blue Shield	\$ 157,384,399	\$ 4,245,056	366,664	18,571
UMR	\$ 153,805,826	\$ 7,823,629	365,960	19,275
Aetna OAAS	\$ 149,956,554	\$ 11,672,901	328,344	56,891

All four carriers provide strong in-network coverage. Ironically, the incumbent, Anthem has the highest out of network encounters. Having in network coverage in the 93% to 97% range is acceptable given that the incumbent is at 93.3%.

We also looked at the discount provided off the eligible charges. Based on the repricing exercise, the following chart illustrates each carrier's discount.

SJVIA EPO/PPO Network Discount Analysis - Summary				
PPO	Anthem	Aetna	Blue Shield	UMR
In-Network				
IP Facility	62.3%	63.0%	58.4%	55.7%
OP Facility	70.8%	64.4%	65.6%	67.9%
Professional	63.5%	57.7%	60.7%	57.2%
Total	66.3%	61.8%	62.3%	61.3%
Out-Network				
IP Facility	38.6%	62.2%	63.9%	46.3%
OP Facility	36.4%	60.8%	77.7%	57.5%
Professional	19.4%	59.2%	54.4%	60.2%
Total	22.3%	59.9%	58.6%	58.7%
Unable to Process				
IP Facility	0.0%	0.0%	0.0%	0.0%
OP Facility	0.0%	0.0%	0.0%	0.0%
Professional	0.0%	0.0%	0.0%	0.0%
Total	0.0%	0.0%	0.0%	0.0%
\$ Amount	\$ 10,272	\$ 4,732,576	\$ 10,664,266	\$ 1,240,054
Total All Charges				
IP Facility	62.1%	62.5%	57.6%	55.6%
OP Facility	70.1%	64.0%	61.0%	67.6%
Professional	57.8%	53.9%	54.3%	56.3%
Total	63.8%	59.9%	57.8%	60.8%
Total In-Network/Out-Network Charges				
IP Facility	62.1%	63.0%	58.6%	55.6%
OP Facility	70.1%	64.3%	66.1%	67.7%
Professional	57.8%	57.9%	59.2%	57.4%
Total	63.8%	61.7%	61.9%	61.3%

All carriers had in network discounts above 60%. Anthem slightly outperformed the others with a 63.8% in network discount.

On the prescription drug side, Keenan took the same approach.

SJVIA Prescription Drug Disruption Analysis

EPO/PPO # of Drugs	Aetna	UMR	Blue Shield	Anthem IngenioRx	EmpiRx	ESI	IPM	Pinnacle	HealthCo mp IngenioRx	Delta Health Systems Drex
No Change	36,666	35,012	31,793	35,338	38,639	36,852	1,126	35,338	35,338	
Positive Change	325	139	1,488	159	0	79	8	159	159	
Negative Change	1,648	1,606	3,728	1,466	0	461	53	1,466	1,466	
Excluded	0	1,882	1,630	1,676	38,639	1,247	37,452	1,676	1,676	38,639
Total	38,639	38,639	38,639	38,639	38,639	38,639	38,639	38,639	38,639	38,639
HDHP # of Drugs										
No Change	7,306	6,758	6,079	4,901	6,654	6,487	404	4,901	4,901	
Positive Change	102	260	735	460	769	563	63	460	460	
Negative Change	133	160	551	525	180	195	23	525	525	
Excluded	59	422	235	1,714	-3	355	7,110	1,714	1,714	7,600
Total	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
EPO/PPO # of Utilizers										
No Change		48,604	45,093	49,348	55,622		54,361	49,348	49,348	
Positive Change		143	4,158	165	0		38	165	165	
Negative Change		4,297	4,290	3,609	0		1,223	3,609	3,609	
Excluded	55,622	2,578	2,081	2,500	55,622	55,622	0	2,500	2,500	55,622
Total	55,622	55,622	55,622	55,622	55,622	55,622	55,622	55,622	55,622	55,622

Keenan had the PBMs evaluate over 46,000 different drugs / dosages and determine whether their formulary list would administer the drug with the same copayment, a cost advantaged copayment, or cost disadvantaged copayment based on the current SJVIA plan designs. Disadvantaged changes were minimal with each PBM. Delta Health System did not complete the exercise for their PBM Drex. We recommend they be eliminated from consideration.

Aetna and ESI did not complete the exercise based on number of utilizers. Since they completed the exercise based on the number of drugs, we recommend they continue being considered for the PBM position.

Keenan further looked at the discount from the average wholesale price offered by each PBM. From a pricing perspective all were offering similar discounts. Delta Health System did not complete the exercise for Drexli.

SJVIA Prescription Drug Discount from AWP Summary Coverage EPO/PPO/HDHP Discount from AWP										
Retail	Aetna	UMR	Blue Shield	Anthem IngenioRx	EmpiRx	ESI	IPM	Pinnacle	HealthComp IngenioRx	Delta Health Systems Drexli
1 Generic	85.0%	Year 1: (-) 84.50% Year 2: (-) 84.75% Year 3: (-) 85.00%	85.25%	85.00%	85.0%	Year 1: 84.70%; Year 2: 84.80%; Year 3: 84.90%	AWP - 82.75%	85.00%	85.00%	
2 Preferred Brand	19.9%	Year 1: (-) 19.25% Year 2: (-) 19.40% Year 3: (-) 19.50%	19.10%	19.50%	19.0%	19.0%	AWP - 19.00%	19.50%	19.50%	
3 Non-Preferred / Specialty	19.9%	Year 1: (-) 19.25% Year 2: (-) 19.40% Year 3: (-) 19.50%	N/A	22.00%	19.0%	NonSpecialty Brand: 19.0%	AWP - 19.00%	22.00%	22.00%	
4 Specialty	19.9%	Year 1: (-) 19.25% Year 2: (-) 19.40% Year 3: (-) 19.50%	N/A	22.00%	19.0%	Overall Specialty: 20%	AWP - 17.00% (brands and generics combined)	22.00%	22.00%	
Mail Order										
1 Generic	89.25%	Year 1: (-) 87.00% Year 2: (-) 87.00% Year 3: (-) 87.00%	86.75%	87.00%	90.0%	Year 1: 86.75%; Year 2: 86.80%; Year 3: 86.85%	AWP - 84.15%	87.00%	87.00%	
2 Preferred Brand	24.75%	Year 1: (-) 25.50% Year 2: (-) 25.50% Year 3: (-) 25.50%	26.25%	25.00%	25.5%	23.5%	AWP - 23.15%	25.00%	25.00%	
3 Non-Preferred / Specialty	24.75%	Year 1: (-) 25.50% Year 2: (-) 25.50% Year 3: (-) 25.50%	N/A	22.00%	23.0%	NonSpecialty Brand: 23.5%	AWP - 23.15%	22.00%	22.00%	
4 Specialty	20.0%	Year 1: (-) 21.50% Year 2: (-) 21.50% Year 3: (-) 21.50%	20.00%	22.00%	23.0%	Overall Specialty: 20%	AWP - 17.00% (brands and generics combined)	22.00%	22.00%	
Retail 90										
1 Generic	85.0%	Year 1: (-) 85.50% Year 2: (-) 85.75% Year 3: (-) 86.00%	85.75%	85.00%	86.0%	Year 1: 84.70%; Year 2: 84.80%; Year 3: 84.90%	AWP - 84.25%	85.00%	85.00%	
2 Preferred Brand	21.4%	Year 1: (-) 22.50% Year 2: (-) 22.60% Year 3: (-) 22.70%	22.00%	21.50%	23.0%	23.0%	AWP - 23.50%	21.50%	21.50%	
3 Non-Preferred / Specialty	21.4%	Year 1: (-) 22.50% Year 2: (-) 22.60% Year 3: (-) 22.70%	N/A	22.00%	19.0%	NonSpecialty Brand: 23.0%	AWP - 23.50%	22.00%	22.00%	
4 Specialty	21.4%	Year 1: (-) 22.50% Year 2: (-) 22.60% Year 3: (-) 22.70%	N/A	22.00%	19.0%	Overall Specialty: 20%	Specialty not allowed at 90-day supply	22.00%	22.00%	

Based on the technical evaluation of these PBMs, Keenan recommends only Drexli be eliminated at this phase. Based on the analysis done to this point, we recommend all vendors continue as finalist (with the exception of Drexli). During the finalist phase, terms and conditions will be verified, references will be contacted, the cost analysis will be done, and interviews will be conducted.

We will come back to the Board with a final recommendation for the July Board meeting.