



**BOARD OF DIRECTORS**

ANDREAS BORGEAS

JUDITH CASE MCNAIRY

MIKE ENNIS

PHIL LARSON

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PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:  
Tulare County Employees' Retirement  
Association Board Chambers  
136 N Akers St  
Visalia, CA 93291  
July 25, 2014 9:00 AM**

**AGENDA DATE:** July 25, 2014

**ITEM NUMBER:** 13

**SUBJECT:** Receive and File Update Regarding US Script  
Guaranteed Pricing

**REQUEST(S):** That the Board Receive and File an update regarding  
US Script guaranteed pricing

**DESCRIPTION:**

As the Pharmacy Benefit Manager (PBM) for the SJVIA, US Script guarantees that on an annual basis, the total amount paid to US Script by the SJVIA for all Covered Pharmacy Services (including dispensing fees) by all Network Pharmacies to all Covered Persons in the aggregate shall not exceed: (i) the sum of the Average Wholesale Price (AWP) for each Covered Pharmacy Service dispensed by Network Pharmacies to Covered Persons during the same period less the applicable Discount for such Covered Pharmacy Service; and (ii) the Retail dispensing fee multiplied by the total number of paid applicable paid Claims for Covered Persons during the same period (the "Annual Guarantee Amount").

US Script routinely reconciles pass-through cost outcomes to Annual Guaranteed Amounts. In the event that the total amount paid to US Script by the SJVIA for all Covered Pharmacy Services (including dispensing fees) exceeds the Annual Guaranteed Amount as calculated by US Script for that year, then US Script shall pay the SJVIA the difference between such total amount paid to US Script by Client and the Annual Guaranteed Amount. This

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** July 25, 2014

reimbursement will be paid within ninety (90) days of the close of the measured year.

Per the contract, US Script performed the annual reconciliation to determine how actual, passed-through costs compared to what was contracted. To calculate the amount due to SJVIA, if any, US Script aggregated SJVIA claims for the period, based on the dispensing channel, and compared actual discounts to guaranteed discounts. US Script then subtracted the amounts actually paid from what US Script guaranteed. The results follow:

Client: SJVIA		
Litigation (Settlement Basis): Post AWP		
Contract Period: Ending 12/31/2013		
	Contracted AWP%	Due To (From)
Retail 30 Brand	15.0%	39,470.61
Retail 30 Generic	74.0%	(94,726.90)
Retail 90 Generic	23.0%	189,497.12
Retail 90 Generic	74.0%	259,347.89
Mail Order Generic	23.0%	3,853.46
Mail Order Generic	75.0%	(58.39)
Dispense Fees	\$ 1.30	67,577.64
Total		464,961.43

**FISCAL IMPACT/FINANCING:**

Refund of \$464,961.43 received.

**ADMINISTRATIVE SIGN-OFF:**



Rhonda Sjostrom  
SJVIA Manager



Paul Nerland  
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS  
SAN JOAQUIN VALLEY INSURANCE  
AUTHORITY**

**IN THE MATTER OF** Receive and File Update Regarding US Script Guaranteed Pricing

**RESOLUTION NO.** \_\_\_\_\_  
**AGREEMENT NO.** \_\_\_\_\_

UPON MOTION OF DIRECTOR \_\_\_\_\_, SECONDED BY  
DIRECTOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY  
THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_  
\_\_\_\_\_, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST:

BY: \_\_\_\_\_

\* \* \* \* \*

That the Board of Directors received and filed an update regarding US Script Guaranteed Pricing