

July 17, 2020

SJVIA Board Meeting: Consultant's Report - EmpiRx 2019 Utilization and Year-End Accounting Report, Keenan Pharmacy Audit and Performance Review

SJVIA- EmpiRx 2019 Plan Overview:

- 2019 PMPM plan spend was **\$144.55**, which is a 1.08% decrease from 2018 (2018 PMPM plan spend was \$146.13)
 - The overall 2019 plan spend was **\$17,851,549**. Specialty plan spend was \$5,690,691
- 4,906 savings interventions were completed in 2019 generating \$4,205,652 in Clinical Savings
- Generic dispensing rate increased in 2019 to 84.5%.
- Although there was an overall decrease in plan spend for 2019, specialty utilization is continuing to grow. The specialty plan cost increased by \$420,523 (7.92%) in 2019 compared to 2018
 - 1,867 specialty claims in 2019 compared to 1,569 specialty claims in 2018 (19% volume increase)

Top Therapeutic Categories:

- Anti-diabetic \$3.77 million
- Analgesic Anti-Inflammatory \$1.95 million
- Dermatological \$1.25 million
- Anti-Asthmatic / Bronchodilator \$0.92 million

Clinical Cost Drivers:

- The top five drugs by ingredient cost (2018 & 2019):
 - Humira (Analgesics-Anti-Inflammatory): Total ingredient cost of \$1,728,999.14
 - Trulicity (Antidiabetics): Total ingredient cost of \$1,015,005.11
 - Latuda (Antipsychotics/Antimanic Agents): Total ingredient cost of \$733,770.66
 - Embrel (Analgesics-Anti-Inflammatory): Total ingredient cost of \$661,585.88
 - Januvia (Antidiabetics): Total ingredient cost of \$647,733.22
- Antiemetics and Analgesics/Anti-Inflammatory medications account for 14 of the top 25 top drugs by spend.

KPS Audit

KPS conducts a yearly financial audit of EmpiRx Clinical savings, Average Wholesale Price (AWP) discounts and Rebate performance against the client's aggregate contractual guarantees.

KPS 2019 audit findings resulted in a revised reconciliation from EmpiRx to adjust the AWP discount performance. The clinical guarantee overperformed by \$3,103,543, offsetting the discount shortfall of \$1,415,348 and rebate withheld of \$445,915.

EmpiRx has met their contractual obligations for 2019 and no money is due to SJVIA for the 2019 contract year.



Client: SJVIA
Time Period: 1/1/2019 - 12/31/2019

2019 Reconciliation Summary	
Clinical Guarantee	\$1,110,000
Net Clinical Savings	\$4,213,543.36
Clinical Guarantee Overperformance	\$3,103,543.36
Total Channel Shortfalls	(\$1,415,348.19)
Total Rebates Earned	\$2,229,577.00
Rebate % Withhold	20%
Total Rebates Paid	\$1,783,661.60
Reconciliation Settlement	\$0

19027 - Overall Performance	
2018 Plan Paid PMPM	\$166.92
2019 Plan Paid PMPM	\$164.24
Net Trend with EmpiRx	-1.6%

19028 - Overall Performance	
2018 Plan Paid PMPM	\$134.11
2019 Plan Paid PMPM	\$132.50
Net Trend with EmpiRx	-1.2%

19029 - Overall Performance	
2018 Plan Paid PMPM	\$116.38
2019 Plan Paid PMPM	\$49.77
Net Trend with EmpiRx	-57.2%

2021 EmpiRx Renewal

At the September 4, 2020 Board meeting, plan design recommendations, 2021 vendor renewals and contracts will be presented.

KPS 2021 renewal negotiations with EmpiRx Health (EH) will potentially provide \$4.2 million in saving for SJVIA over the next 3.5 years. KPS negotiated:

- Rebates will now be paid 120 days after the end of each applicable quarter (was previously 180 days)
 - The change of term and termination to reflect no auto-renewal and 120 days' notice of intent not to renew (was previously an auto-renewal and 90 days' notice of intent not to renew)
- Increased Rebate Guarantees that will reflect a larger rebate payment to SJVIA

	EH Renewal Offer	Previous Contract
Rebates		
Retail Rebate Year 1	\$110.00	\$57.00
Retail Rebate Year 2	\$121.00	\$69.00
Retail Rebate Year 3	\$132.00	\$82.00
Retail 90 Rebate Year 1	\$275.00	\$144.00
Retail 90 Rebate Year 2	\$286.00	\$173.00
Retail 90 Rebate Year 3	\$297.00	\$210.00
Mail Rebate Year 1	\$302.50	\$172.00
Mail Rebate Year 2	\$313.50	\$210.00
Mail Rebate Year 3	\$324.50	\$249.00
Specialty Mail Rebate Year 1	\$1,430.00	\$853.00
Specialty Mail Rebate Year 2	\$1,485.00	\$1,020.00
Specialty Mail Rebate Year 3	\$1,545.00	\$1,226.00

- Discount and Dispensing Fee Guarantees

	EH Renewal Offer	Previous Contract
Mail Pricing		
Mail Brand Discount	24.50%	24.00%
Mail Generic Discount	90.00%	89.00%
Mail Dispensing Fee	\$0.00	\$0.00
Retail Network Pricing		
Retail Brand Discount Year	17.00%	16.75%
Retail Generic Discount	81.00%	80.00%
Retail Dispensing Fee	\$1.00	\$1.00
	EH Renewal Offer	Previous Contract
Retail 90 Network Pricing		
Retail 90 Brand Discount	23.00%	22.50%
Retail 90 Generic Discount	84.00%	83.00%
Retail 90 Dispensing Fee	\$0.50	\$0.50
Specialty Mail Pricing		
Mail Brand Discount	21.00%	21.00%
Mail Generic Discount	21.00%	21.00%
Mail Dispensing Fee	\$0.00	\$0.00

EmpiRx Health	2nd Half 2020	2021	2022	2023	Total
Rebate Payment Improvement	\$425,163	\$850,326	\$1,016,674	\$1,186,578	\$3,478,740
Additional Discount Value	\$109,110	\$218,220	\$218,220	\$218,220	\$763,769
Total Value (Rebate Improv. + Discount Value)	\$534,273	\$1,068,545	\$1,234,893	\$1,404,797	\$4,242,508

Plan Recommendations

At the September 4, 2020 Board meeting, SJVIA will return with recommendations

- SJVIA already implemented the Opioid Starter Dose Program. It is recommended SJVIA implement the Starter Dose Program for Oncology, Benzodiazepines, Sleep Aids and Contraceptives:
 - **Oncology (Cancer medications) Starter Dose Program** requires members to fill two 14-day supplies before getting a 30-day supply. This helps keep costs down for members who may not respond favorably to the treatment.
 - **Benzodiazepines (Anxiety medications) Starter Dose Program** requires members to fill two 14-day supplies before getting a 30-day supply. Benzodiazepines (Valium, Xanax) have a high potential for abuse and addiction. This program helps mitigate or reduce that risk altogether.
 - **Sleep Aids Starter Dose Program** requires members to fill two 10-day supplies before they can get a 30-day supply. Most sleep aid medications indicate they should be used for no longer than 10 days, as patients often grow dependent on them to sleep so this helps control and evaluate the need for the patient.
 - **Contraceptives Starter Dose Program** requires members to fill one 28-day supply before they can get an 84-day supply. This helps control costs associated with a patient not responding well to the first brand of contraceptive and needing to switch to another.
- **EmpiRx Population Health Management**- A program that focuses on clinical risk, predicted cost and gaps in care.
 - The availability of medical claim data will allow for greater precision in population risk profiling and associated predicted modeling.
 - The EmpiRx program is at no cost to the SJVIA.