



SJVIA

2019 Pharmacy Audit Results

July 9, 2020

EXECUTIVE SUMMARY

Keenan Pharmacy Services (KPS) conducted a financial audit of the clinical savings, discount performance, and rebates earned for SJVIA's 2019 contract year.

KPS 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%

AUDIT OBJECTIVE

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.

METHODOLOGY

- ◆ KPS conducts its financial analysis utilizing EmpiRx data feed received monthly.
- ◆ Claims and cost were assessed for a one-year period 1/1/2019 – 12/31/2019.
- ◆ EmpiRx contractual exclusions were excluded from calculations for the AWP and Rebate review.
- ◆ Per the contractual terms, any clinical savings achieved over the clinical guarantee can be used to offset any shortfalls in the performance of AWP discounts and dispensing fees.

AUDIT COMPONENTS

A. CLINICAL AUDIT

Audit Parameters:

- ◆ EmpiRx provided a clinical tracker with the details of claims, savings, and type of clinical intervention.
- ◆ KPS validated the cost savings using the following methodology for each intervention type*.
 - Verified claims provided in clinical tracker existed within KPS data records.
 - Identified calculated savings versus discontinued claims.
 - Calculated savings was conducted at each claim level to ensure the savings illustrated from EmpiRx were accurate.

Audit Result:

- ◆ Variance of \$4.89 attributed to rounding.

EmpiRx Clinical Type	Claims	KPPC Clinical Savings	EmpiRx Clinical Savings	Clinical Savings Variance
CR	1	\$453.60	\$453.60	\$0.00
DUR	478	\$109,148.34	\$109,147.97	\$0.41
PA	843	\$1,953,642.57	\$1,953,640.73	\$1.93
QL	2,458	\$1,181,163.00	\$1,181,161.85	\$1.25
ST	1,148	\$969,140.35	\$969,139.21	\$1.30
Total	4,928	\$4,213,547.87	\$4,213,543.36	\$4.89

*Interventions: Clinical Review (CR), Drug Utilization Review (DUR), Prior Authorization (PA), Quantity Limit (QL), Step Therapy (ST).

EmpiRx Adjustment:

- ◆ None

B. AWP DISCOUNT AUDIT

Audit Parameters:

- ◆ Categorized claims by channel and brand/generic status
- ◆ EmpiRx Brand/Generic validated against Medispan multi-source code
- ◆ EmpiRx exclusion list provided was audited against contractual exclusion parameters for each category
 - Compound
 - Direct Member Reimbursement
 - Dosage Form
 - Drug Not Covered
 - Limited Distribution Drugs
 - Medicaid
 - Most Favored Nation
 - OTC or Device (Non-Diabetic)
- ◆ Acute Medications (non-annualized) with manual adjustments
- ◆ Clinical Savings (non-annualized) with manual adjustments
- ◆ Contractual guaranteed discounts calculated to determine overage/shortfall dollars for each category

Audit Result:

- ◆ Variance of 134 claims and \$89,599 identified
- ◆ Claims filed in 2019 and paid in 2020 were previously excluded

Channel	Type	Claims	AWP	Ingredient Cost	Discount Achieved	Guaranteed Discount	Guarantee Overage/Shortfall \$	EmpiRx Reported \$	KPS vs. EmpiRx Difference \$	EmpiRx Reported Claims	Claims Difference
Retail	Brand	11,738	\$5,544,022.46	\$4,691,289.52	15.38%	16.75%	(\$75,890.82)	(\$75,866.40)	(\$24.42)	11,717	(21)
Retail	Generic	66,401	\$8,137,103.08	\$2,463,707.68	69.72%	80.00%	(\$836,287.06)	(\$832,199.17)	(\$4,087.89)	66,297	(104)
Retail 90	Brand	3,557	\$4,069,663.52	\$3,217,766.32	20.93%	22.50%	(\$63,777.09)	(\$63,798.41)	\$21.32	3,556	(1)
Retail 90	Generic	25,218	\$8,381,152.21	\$1,773,477.18	78.84%	83.00%	(\$348,681.30)	(\$345,482.39)	(\$3,198.91)	25,213	(5)
Specialty Retail	Brand	399	\$1,678,149.37	\$1,459,753.45	13.01%	21.00%	(\$134,015.45)	(\$62,605.48)	(\$71,409.97)	398	(1)
Specialty Retail	Generic	238	\$242,161.12	\$88,249.29	63.56%	21.00%	\$103,057.99	\$113,349.75	(\$10,291.76)	238	-
Mail	Brand	123	\$181,179.43	\$144,943.57	20.00%	24.00%	(\$7,247.20)	(\$7,247.20)	(\$0.00)	123	-
Mail	Generic	712	\$305,978.62	\$79,867.65	73.90%	89.00%	(\$46,210.00)	(\$46,191.79)	(\$18.21)	712	-
Specialty Mail	Brand	825	\$3,543,293.37	\$2,940,933.77	17.00%	21.00%	(\$141,732.01)	(\$141,142.39)	(\$589.62)	823	(2)
Specialty Mail	Generic	278	\$544,217.59	\$294,497.13	45.89%	21.00%	\$135,434.76	\$135,434.76	\$0.00	278	-
Grand Total		109,489	\$32,626,920.76	\$17,154,485.56			(\$1,415,348.19)	(\$1,325,748.72)	(\$89,599.47)	109,355	(134)

EmpiRx Adjustment:

- ◆ EmpiRx adjusted reconciliation to account for KPS findings

C. REBATE AUDIT

Audit Parameters:

- ◆ Claims were categorized by channel and brand/generic status
- ◆ EmpiRx Brand/Generic validated against Medispan multi-source code
- ◆ EmpiRx exclusion list provided was audited against contractual exclusion parameters for each category
 - Compound
 - Dosage Form
 - Drug Not Covered
 - Limited Distribution Drugs
 - Medicaid
 - OTC or Device (Non-Diabetic)
- ◆ Contractual guaranteed rebates calculated to determine earned amount

Audit Result:

- ◆ Review and approved

Channel	Type	Q1	Q2	Q3	Q4	Total Claims	Rebate Guarantee	Rebates Earned
Retail	Brand	2,647	2,580	2,722	2,854	10,803	\$69.00	\$745,407.00
Specialty Retail	Brand	98	103	92	99	392	\$69.00	\$27,048.00
Retail 90	Brand	822	877	857	878	3,434	\$173.00	\$594,082.00
Mail	Brand	27	28	35	32	122	\$210.00	\$25,620.00
Specialty Mail	Brand	160	209	227	225	821	\$1,020.00	\$837,420.00
Total		3,754	3,797	3,933	4,088	15,572		\$2,229,577.00

EmpiRx Adjustment:

- ◆ None