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SJVIA Board Meeting: Consultant’s Report - EmpiRx 2021 Renewal Contract and Plan Recommendations

2021 EmpiRx Renewal

It is recommended that SJVIA enter into a new contract with EmpiRx and KPS for 2-years (January 1, 2021 through December 31, 2022).

KPS 2021 renewal negotiations with EmpiRx Health (EH) will potentially provide \$2.8 million in saving for SJVIA over the next 2.5 years. KPS negotiated:

- Rebates will now be paid 120 days after the end of each applicable quarter (was previously 180 days)
- 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 enhancements 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

The projected value of the contract enhancements in the EmpiRx contract amount to \$2.8 million over 2.5 years as illustrated in the chart below:

EmpiRx Health	2nd Half 2020	2021	2022	Total
Rebate Payment Improvement	\$425,163	\$850,326	\$1,016,674	\$2,292,163
Additional Discount Value	\$109,110	\$218,220	\$218,220	\$545,550
Total Value (Rebate Improv. + Discount Value)	\$534,273	\$1,068,545	\$1,234,893	\$2,837,713

Plan Recommendations

- SJVIA has already implemented the Opioid Starter Dose Program.
- Staff recommends not implementing the starter dosage programs at this time. EmpiRx offered SJVIA the following Starter Dose Program for Oncology, Benzodiazepines, Sleep Aids and Contraceptives as follows:
 - **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.
- It is recommended SJVIA implement **EmpiRx's 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.