

SJVIA Board Meeting: Consultant's Report - EmpiRx 2020 Utilization and Year-Over-Year Report, Keenan Pharmacy Audit (KPS), and Renewal Review

SJVIA- EmpiRx 2020 Plan Overview:

- 2020 PMPM plan spend was **\$154.37**, which is an increase from 2019
 - 2019 PMPM Plan spend \$144.58
 - 2018 PMPM Plan spend \$146.13
 - The County of Tulare's PMPM decreased in 2020 and County of Fresno's increased; this was due to new specialty utilization
 - The overall increased PMPM plan spend of the about 5.6% over the last two years is low compared to the industry year-over-year trend of about 10-12%
- The overall 2020 Plan spend was **\$19,187,865**
 - Specialty plan spend: \$6,127,050 (31.93%)
- Specialty spend is continuing to grow with new utilization; the specialty plan cost increased by \$394,409 (6.88%) in 2020 compared to 2019
 - There was a 7.92 % increase from 2018 to 2019
 - 2,013 specialty claims in 2020 compared to 1,867 specialty claims in 2019 (7.82% volume increase)

2020 Top Therapeutic Categories:

- Antidiabetics contributed to the largest percentage of plan spend. Antidiabetic medications account for 8 of the top 25 top drugs by spend
 - SJVIA has the appropriate quantity limits and step therapy programs in place for this indication. Additionally, the EmpiRx Population Health Management program does investigate gaps of care and adherence, which mitigates complications and expenses overall
 - Across the EmpiRx book of business, Antidiabetics are typically the top drug group by plan spend
- Analgesics/Anti-Inflammatory medications account for 4 of the top 25 top drugs by spend

2020 Clinical Cost Drivers:

- The top five drugs by ingredient cost:
 - HUMIRA PEN (ANALGESICS - ANTI-INFLAMMATORY)
 - 2020 (Q1-Q4) ingredient costs: \$928,313.24
 - TRULICITY (ANTIDIABETICS)
 - 2020 (Q1-Q4) ingredient costs: \$721,785.44
 - JANUVIA (ANTIDIABETICS)
 - 2020 (Q1-Q4) ingredient costs: \$414,040.47
 - JARDIANCE (ANTIDIABETICS)
 - 2020 (Q1-Q4) ingredient costs: \$368,209.49
 - OZEMPIC (ANTIDIABETICS)
 - 2020 (Q1-Q4) ingredient costs: \$360,334.00

Rebates:

- Total 2020 Q1-Q3 net rebate estimate: **\$1,877,304**
 - Q1 net rebate amount is \$546,922 total
 - Q2 net rebate amount is \$578,620
 - Q3 estimated net rebate amount is \$751,762
 - Q4 estimate is pending
- Prior Net Rebate Amounts:
 - 2019- Total rebate amount earned in 2019 is **\$1,783,661**
 - 2018- Total rebate amount earned in 2018 is **\$1,561,796**

*Beginning with the fourth quarter of 2020, Rebates will be paid within 120 days at the end of the applicable quarter.

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.

*Final reconciliation is completed by EmpiRx clinicians 120 days post contract year

2021 EmpiRx Renewal

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:

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

- 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 the 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