



San Joaquin Valley Insurance Authority PBM RFP Consultant Report

Date: September 12, 2025

EXECUTIVE SUMMARY

PBM RFP Proposals

PBM Responses

Seven PBMs were invited to submit bids; Six PBMs provided proposals.



- Optum Rx declined to quote.
- After the preliminary results were presented to SJVIA staff, CarelonRx and CVS Caremark were selected as finalists.
 - The finalist report includes the incumbent EmpiRx for comparative purposes only.
 - Due to the confidentiality and proprietary nature of the financial content for each PBM, Keenan used a rank system between CarelonRx and CVS Caremark to determine our recommendation for the SJVIA.

Executive Summary - Ranking

- Keenan Ranked each PBM based on:
 - Ingredient Cost
 - Dispensing Fee
 - Rx Rebate
 - Net Claim Cost
 - Administration Fees
 - Other Fees
 - Total Cost
 - References
 - Guaranteed Minimum Discounts
 - Guaranteed Minimum Rebates
 - Performance Guarantees
 - PBM Credits
 - Questionnaire Responses
- CarelonRx ranked first with the lower score of 18
- CVS Caremark ranked second with a score of 21

PBM Ranking	CarelonRx	CVS Caremark
Ingredient Cost	1	2
Dispensing Fee	2	1
Rx Rebate	2	1
Net Claim Cost	1	2
Administration Fees	1	2
Other Fees	1	2
Total Cost	1	2
References	1.5	1.5
Guaranteed Minimum Discounts	1	2
Guaranteed Minimum Rebates	2	1
Performance Guarantees	2	1
PBM Credits	1	2
Questionnaire Responses	1.5	1.5
Total Rank	18	21
Final Placing	1	2

Executive Summary

- Keenan reviewed the financial Cost for each PBM including:
 - Projected 2026 Claim Cost
 - Administration Fee
 - Other Fees
 - Projected 2026 Total Cost
- Based on the 2026 Projected overall cost, CarelonRx offers a \$770,314 savings over CVS Caremark

2026 RX Cost Projection	EmpiRx	CarelonRx	CVS Caremark
2026 Renewal Cost Projection*	\$ 32,726,268	\$ 32,726,268	\$ 32,726,268
Claim Cost Adjustment**	1.0000	0.9068	0.9237
Adjusted Claim Cost	\$ 32,726,268	\$ 29,677,649	\$ 30,227,902
Administration Fee	\$ 565,296	\$ 317,979	\$ 227,236
Anthem Medical ASO Fee Credit	\$ -	\$ (58,320)	\$ -
Coalition Fees	\$ -	\$ -	\$ 252,484
Total 2026 Cost	\$ 33,291,564	\$ 29,937,308	\$ 30,707,621
\$ Difference		\$ (3,354,256)	\$ (2,583,943)
% Difference		-10.1%	-7.8%

* based on 2026 SJVIA Renewal

** based on 2024 Claim Cost Repricing Exercises

2026 Projected Monthly Employee Enrollment

-

2026 Projected Monthly Member Enrollment

-

2026 Projected Scripts (2024 scripts (119,581 * 1.0557 Utilization Factor))

-

FINALIST ANALYSIS

2024 Re-Pricing Exercise

- As part of the 2026 RFP proposal request, Keenan requested each PBM reprice SJVIA's 2024 prescription drug plan experience.
- The 2024 data included detailed information on 119,581 scripts including the full Average Wholesale Price (AWP) of all scripts (\$54,354,561).
- Each PBM was asked to reprice the data file using a common valuation date of April 1, 2025.

2024 Claim File Repricing	CarelonRx	CVS Caremark
Ingredient Cost	1	2
Dispensing Fee	2	1
Rx Rebate	2	1
Net Claim Cost	1	2

From the repricing exercise, Keenan was able to compare:

- Ingredient Cost
- Dispensing fees
- Prescription Drug Rebate Value including:
 - Number of eligible Scripts
 - Number of eligible Scripts based on Formulary Tier (1, 2, or 3)
 - Prescription Drug Rebate Dollar Value

Note: CVS Caremark repriced their exercise after the preliminary report was presented due to changes in their list of Specialty Drugs; this analysis uses the updated repricing.

2026 Proposed AWP Discount Guarantees

- PBMs have their own unique contracted discount arrangements with pharmacy drug manufacturers.
- Based on these contracted discount arrangements, each PBM has provided SJVIA with their schedule of guaranteed minimum discounts from the full AWP price.
- Each PBM reconciles their performance annually. Should SJVIA's PBM not achieve these minimum discount values upon reconciliation, the difference would be paid to SJVIA.
- CarelonRx ranked first with higher Guaranteed Minimum Discounts

Guaranteed Minimum Discounts	CarelonRx	CVS Caremark
Retail 30		
Generic	1	2
Brand	1	2
Retail 90		
Generic	1.5	1.5
Brand	1	2
Mail Order		
Generic	2	1
Brand	1	2
Specialty		
Retail - Generic	2	1
Retail - Brand	1	2
Total	10.5	13.5
Guaranteed Minimum Discounts	1	2

2026 RX Rebate Guaranteed Minimum Rebates

- 2026 guaranteed minimum rebates are competitively priced between CarelonRx and CVS Caremark.
- Although the total Rank system yielded a tie, CVS Caremark ranks first due to its performance in the 2024 repricing exercises which yielded a higher rebate.
- CVS Caremark clarified in our August 26, 2025 meeting that 100% of the rebates will be sent to the Coalition; SJVIA will receive the minimum rebate guarantee.
- Any excess rebate (rebates above the minimum rebate guarantee) will be distributed at the Coalition's discretion.
- SJVIA may want to redline page 33, item vii to reflect that understanding should CVS Caremark be selected.

Guaranteed Minimum Rebates	CarelonRx	CVS Caremark
Retail 30	2	1
Retail 90	1	2
Mail Order	1	2
Specialty	2	1
Total	6	6
Guaranteed Minimum Rebates	2	1

- (vii) Pricing guarantees are measured and reconciled as four separate components with the components defined as retail network, CVS Caremark mail pharmacy, CVS Specialty Pharmacies, and Rebates. Pricing guarantees will be reconciled across all Participating Groups within the Coalition. AWP discounts and MAC, if applicable, are managed to achieve pricing guarantees within each component. If selected, Maintenance Choice will be reconciled as part of the mail pharmacy channel.

2024 Re-Pricing Exercise Results – Administration Fees

- CVS Caremark had the lowest cost for administration fee but requires a coalition fee making their cost over \$200,000 more per year than CarelonRx.
- CarelonRx provides a \$0.60 per employee per month credit to the Anthem medical ASO fee; the credit is earned because CarelonRx is Anthem's PBM and would not need to work with an outside PBM.

2026 Administration Fee Cost	EmpiRx	CarelonRx	CVS Caremark (Revised)
Administration Fee	\$ 4.00	\$ 2.25	\$ 1.80
Administration Fee (mode)	pmpm	pmpm	per script
Mode Count	11,777	11,777	126,242
Total Administrative Fee	\$ 565,296	\$ 317,979	\$ 227,236
2026 Other Fee Cost	EmpiRx	CarelonRx	CVS Caremark (Revised)
Administration Fee		\$ (0.60)	\$ 2.00
Administration Fee (mode)		pepm	per script
Mode Count		8,100	126,242
Total Administrative Fee		\$ (58,320)	\$ 252,484

Note 1) CarelonRx Proposal included a standard pass-through expense of \$2.00 pmpm for Keenan. This fee does not apply since SJVIA has a direct contract with Keenan for Keenan Pharmacy Services.

Note 2) Keenan Consulting discovered on Wednesday, September 3 that the CarelonRx/Keenan preferred partnership included indirect compensation between CarelonRx and Keenan for a \$2.00 per script claim audit fee. This fee is not in the proposal nor was it previously disclosed. Keenan Pharmacy agreed not accept the indirect compensation for SJVIA.

2026 RX Performance Guarantees & Credits

PBM Credits

CarelonRx

- Pharmacy Management Allowance Credit: \$120,000 per year

CVS Caremark

- Implementation Credit: \$5.00 per net new member \$58,885
- General Credit: \$3.00 per member per year \$35,331

Performance Guarantees

CarelonRx

- Total Financial Risk: Up to 51% of based medical administrative fees \$162,169 per year
- Implementation: combined with first year fee at risk

CVS Caremark

- Total Financial Risk: Up to \$10.50 per member per year \$123,659
- Implementation: a one-time implementation fee at risk of \$10.50 per member \$123,659

Performance Guarantees & Credits	CarelonRx	CVS Caremark
Performance Guarantees	2	1
Implementation	2	1
Annual	1	2
Credits	1	2
Implementation	2	1
Annual	1	2

2026 RX Performance Guarantees – CarelonRx

This comparative overview outlines the performance guarantees proposed by CarelonRx for your pharmacy program. This analysis focuses on the scope of guarantees, measurement criteria, and financial accountability.

CarelonRx

- Total Financial Risk: Up to 51% of based medical administrative fees (\$162,169), broken down as:
 - Operations: 13%
 - Network: 22%
 - Care Management: 12%
 - Privacy: 1%
 - Other: 3%
- Operations Guarantees:
 - Claims processing timeliness and accuracy
 - ID card issuance
 - Call center performance (ASA ≤ 45 sec, abandonment $\leq 5\%$, FCR $\geq 85\%$)
 - Member satisfaction via Net Promoter Score (≥ 40 or improvement)

2026 RX Performance Guarantees – CarelonRx (cont.)

CarelonRx

- Network Guarantees:
 - Provider discount $\geq 63.5\%$
 - In-network utilization $\geq 96.5\%$
 - Provider accessibility and alert communication
- Care Management Guarantees:
 - Enrollment and engagement in chronic condition programs
 - Clinical outcomes for diabetes, heart failure, asthma, and CAD
- Penalty Structure:
 - Tiered penalties (25%-100%) based on the performance thresholds.

2026 Pharmacy Management Credits

This summary provides a comparison of the pharmacy management credits proposed by CVS Caremark and CarelonRx. These credits reflect each carrier's financial commitment to uphold the performance standards defined in the contract, reinforcing their accountability and dedication to service excellence within your pharmacy program.

PBM Credits

CarelonRx

- Pharmacy Management Allowance Credit: \$120,000 each year

CVS Caremark

- Implementation Credit: \$5.00 per net new Member (\$58,885)
- General Credit: \$3.00 per Member, available during the term of the agreement (\$35,331)

APPENDIX

Prescription Drug Plan Design

All Proposers were asked to replicate the current prescription drug benefit plans.

Employee Enrollment:

- Tulare County – 3,310 (39 HDPPO)
- Fresno County – 4,829 (460 HDPPO)
- SJVIA Total – 8,353 (499 HDPPO)

* High-Deductible PPO (HDPPPO) plans require the deductible be met before the copayments and/or coinsurance apply (until the Out-of-Pocket maximum is reached).

Prescription Drug Plan Designs	COT – PPO	COF – EPO	COT *- HDPPO	COF* - HDPPO 3300	COF* – Retirees 1650
<u>Retail (30 Days)</u>					
Generic	\$10	\$10	\$7	0%	20%
Brand Formulary	\$20	\$20	\$25	0%	20%
Brand Non-Formulary	\$35	\$35	N/A	0%	20%
<u>Mail Order (90 Days)</u>					
Generic	\$15	\$15	\$14	0%	20%
Brand Formulary	\$30	\$30	\$50	0%	20%
Brand Non-Formulary	\$50	\$60	N/A	0%	20%
<u>Retail (90 Days)</u>					
Generic	\$20	\$20	\$14	0%	20%
Brand Formulary	\$40	\$40	\$50	0%	20%
Brand Non-Formulary	\$60	\$70	N/A	0%	20%

Prescription Drug Repricing Information

Keenan requested that each PBM reprice the 2024 SJVIA prescription drugs usage with a common valuation date of April 1, 2025.

- In 2024 a total of 119,581 prescriptions were filled.
- These prescriptions (scripts) represent an Average Wholesale Price (AWP) of \$54,384,561.

# of Scripts	Retail	Retail 90	Mail Order	Total
Brand	15,001	3,990	1,974	20,965
Generic	63,916	33,194	1,506	98,616
Total	78,917	37,184	3,480	119,581
AWP \$ Cost	Retail	Retail 90	Mail Order	Total
Brand	\$17,095,141	\$ 6,508,283	\$8,936,957	\$32,540,380
Generic	\$ 8,766,154	\$12,046,483	\$1,031,544	\$21,844,181
Total	\$25,861,294	\$18,554,766	\$9,968,501	\$54,384,561



THANK YOU