Pharmacy Benefits Management

NAEP Great Plains Regional Conference

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E&I Cooperative Services assists our members in creating supply-chain efficiencies, lowering costs and reducing risks by collaborating with our members, suppliers and strategic partners. We deliver exceptional value to higher education, K-12 and related communities by making it easy for them to access high-quality contracts, strategic sourcing expertise, insights and unrivaled customer service.
E&I Offers more than 130 Contracts across Categories

- Construction, Energy & Facilities
- Research & Academic Healthcare
- Technology & Telecom
- Interiors & Furniture
- Culinary
- Travel
- Financial Services
- Athletics
- General Services
- General Products
- Technology & Telecom
E&I 2018 Fast Facts

$2.8+ Billion
In Member Purchases

$200+ Million
Average Annual Savings with E&I Contracts

$16+ Million
Member Rebates/ Financial Growth Incentives

130+ Competitively Awarded Contracts
20+ Categories, ranging from technology to furniture to facilities
NIGP validated competitive process

99% Competitively Solicited Contracts

$0
What it Costs to Join E&I

Over 5,000 Members

Member Satisfaction
99%

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Research & Academic Healthcare

Pharmacy Benefits Management

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SourceRx
Pharmacy Benefits Management Program for Self-Insured Employers
Purpose of Today’s Session

- Introduce SourceRx Program and partnership with E&I
- Establish a baseline understanding of the pharmacy benefits management (PBM) industry
- Review the Member Market Check
The Players

SourceRX

Sourcing Alliance
Design Procure Comply Manage

CVS caremark

OPTUMRx

health action council
Enhancing Business, Enlivening Lives, Enriching Communities.
About Our Partners

Sourcing Alliance
Design Procure Comply Manage

health action council
How Does Health Insurance Work?

Medical Administration
• Hospital
• Urgent care & emergency
• Doctor visits

Two Financial Options

<table>
<thead>
<tr>
<th>Fully Insured</th>
<th>Self-Insured</th>
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<tbody>
<tr>
<td>Select insurance carrier</td>
<td>Select third-party administrator</td>
</tr>
<tr>
<td>Pay defined monthly premium</td>
<td>Pay actual costs incurred</td>
</tr>
<tr>
<td>Transfer risk to carrier</td>
<td>Assume risk</td>
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Prescriptions

70%

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Program considerations

Factors to consider when determining if SourceRX PBM program is right for you:

- Type of health benefits plan
- Employees with existing institution-provided coverage
- PBM carved out
SourceRx: Value Proposition

25% Savings

Average savings

Pricing Guarantee, per claim

Flexible Plan Design Options...for Schools regardless of Size

- Transparent
- Traditional
- Average Script Price

Stable Discounts on Specialty Drugs
SourceRx: Value Proposition

Budget Certainty

- Free Member Market Review
- Quarterly Reviews
- Annual Audit

Publicly procured... adoptable in all 50 states
The Power of Compounded Savings

Without SourceRx:
- Year One Spend: $10 million
- Annual Cost Increase (Trend): 10%

With SourceRx:
- Average Savings: 25%
- Year One Spend: $7.5 million
- Annual Cost Increase (Trend): 5%

10-year Savings
- 40.81%
- $65,040,052
SourceRx Supplier Partners

CVS caremark®

- 80 million plan Members
- More than 9,600 retail pharmacies and 1,100 walk-in medical clinics
- Dedicated senior pharmacy care business serving more than one million patients per year
- Integrated model increases access to quality care, delivers better health outcomes, and lowers overall health care costs

OPTUMRx®

- Serves more than 13.5 million people
- State-of-the-art mail service pharmacies
- National network of more than 67,000 community pharmacies
- Manages prescription drug benefits of commercial and government health plans
Typical SourceRx Evaluation Process

1. **E&I**
   - Qualify Member Fit

2. **HAC**
   - Complete Member Market Check

3. **HAC, E&I, SA**
   - Review Member Market Check findings with E&I Member

4. **E&I Member**
   - Decide whether to join SourceRx PBM coalition

5. **HAC**
   - Implement SourceRx & manage Program going forward

1A. **E&I**
   - Review Member Market Check process and outcomes

1B. **E&I Member**
   - Secure claims data & plan info required for Member Market Check

1C. **E&I Member**
   - Provide claims data and required plan info to E&I
Key Self-Qualifying Questions

Determine the answers to the following questions:
• Is your organization fully insured or self-insured?
• Do you carve-out your PBM spend?
• Who is your current PBM provider?
• When does your current PBM contract expire?
• How many employees do you have?

Initiate the Member Market Check 9 – 12 months in advance of typical contract start date: July 1 / January 1 / March 1
What is a “Member Market Check”?

- An apples-to-apples comparison of what your current plan costs vs. what you would pay for the same plan under SourceRx
- It includes an analysis of the disruption caused by moving from your current plan to SourceRx
Data Required for your Member Market Check

- 12-month claims data file from current PBM
- Employee census file
- Your financial mode (PBM contract structure):
  - Pass-through/transparent contract; or
  - Traditional/spread contract.
- Does you currently receive rebates from their PBM?
  - If so, what was the total dollar value of rebates received from the last plan year?
- Do you have a formulary for covered drugs?
- What utilization management procedures are in place, if any?
- Do you have any onsite pharmacies that dispense prescription drugs to employees?
Three Scenarios – Which Applies to You?

There are three potential scenarios & outcomes – you are:

- **Mid-contract**
  - Validate your current pricing is excellent; or
  - Identify significant savings

- **Preparing to publish an RFP**
  - Validate savings opportunity
  - Leverage already-procured SourceRx instead of publishing RFP
  - Save time and money

- **Already with CVS or Optum**
  - Stay with current provider without publishing RFP
  - Transition to coalition pricing and contract terms
  - Save time and money
SourceRx Participant Experience

- Apples-to-apples Member Market Check
- Managed Program implementation
- Annual Member audit with 100% recovery
- Annual audit of entire Program
- Annual Program Market Check

$0
Additional Member Cost
Thank you!