

To: Dr. Michael Riggle
From: Alice Raflares
Date: August 22, 2016
Re: SSCRMP Pharmacy Bid

Recommendation

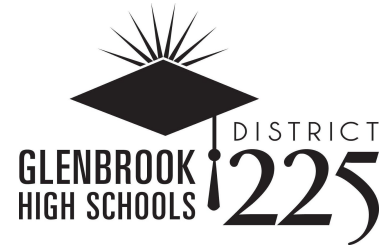
It is recommended that District 225 select RxBenefits as the new Prescription Benefit Manager (PBM), effective 1/1/2017. In addition, it is recommended that District 225 change pharmacy providers from OptumRx to Express Scripts. There will be a vote from the SSCRMP Districts to finalize this action at the September SSCRMP Board Meeting.

Background

OptumRX is the current PBM for District 225 and the members of the SSCRMP Cooperative. OptumRX provides the following services to District 225: claims administration, plan analysis and consultation, and District support. SSCRMP Districts 207, 211, and 214 each have separate contracts with OptumRX but participate in one Plan Renewal process.. Each District has unique Plan structures and manners in which pharmacy enrollment and administration are handled. District 225 utilizes OptumRX as a carve-out pharmacy benefit with the Glenbrook PPO Plan. The High Deductible PPO Plan does not have a carve-out pharmacy benefit. The HMO - Illinois and Blue Advantage HMO Plan utilize Prime Therapeutics through Blue Cross Blue Shield of Illinois.

In Spring 2016, the SSCRMP Board elected to seek bids for a new PBM, effective January 1, 2017. On the recommendation of HUB, two Request for Proposals were sought - RXBenefits and Keenan Associates. Both entities are firms that combine employers together in an effort to negotiate on behalf of a much larger group. The HUB International final recommendation to the SSCRMP Group was the selection of RxBenefits as the new PBM. RxBenefits represents potentially over 800,000 lives versus the present 3,000 lives in SSCRMP.

A majority of enrollment, administration, and employee support for all pharmacy regardless of Plan is handled internally by our staff in lieu of a Third Party Administrator. RxBenefits provides services to assist with administration, consulting analysis, and an employee customer service support center. On August 9, 2016, SSCRMP members were presented with three bids from RXBenefits for pharmacy providers which included OptumRX, CVS/Caremark, and



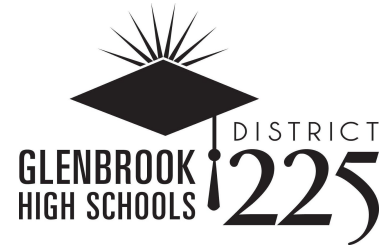
Express Scripts. RxBenefits, in conjunction with our HUB consultants, negotiated on behalf of each District in the SSCRMP Group.

Result from Pharmacy Bid Process

RxBenefits provided an analysis of potential savings for District 225 through each pharmacy provider utilizing claims data from 6/1/15 - 5/31/16. This process was used to provide a comparison on administrative fees, rebates, and claim costs.

Financial Overview

Glenbrook 225	Claim Dates Analyzed 6/1/2015 to 5/31/2016			
	Current PBM OptumRx	RxBenefits CVS/Caremark	RxBenefits Optum Rx	RxBenefits Express Scripts
Overview of Plan Cost				
Gross Claim Amount Paid by Employer	\$2,340,150	\$2,102,208	\$2,108,571	\$2,099,913
Less Member Copay	-\$131,805	-\$131,805	-\$131,805	-\$131,805
Claims Amount Paid by Employer	\$2,208,345	\$1,970,403	\$1,976,766	\$1,968,108
Plus UM Package Fee PMPM (1,200 Members x \$0.51 x 12 Months)	\$0	\$0	\$0	\$7,344
Plus Administrative / Transaction Fees	\$0	\$6,244	\$6,244	\$6,244
Less Inflation Protection Credit (\$2.00 x 1,671 Formulary Brand Claims)	\$0	\$0	\$0	-\$3,342
Less Rebate Credits from PBM	-\$47,848	-\$300,030	-\$267,524	-\$342,855
Net Amount Paid by Employer	\$2,160,497	\$1,676,618	\$1,715,485	\$1,635,499
Average Amount Paid				
Average Net Cost Per Claim	\$224.16	\$174.54	\$178.58	\$170.26
Net Amount Paid PEPM	\$360.80	\$280.00	\$286.49	\$273.13
Savings Summary				
Savings Compared to Incumbent	N/A	\$483,879	\$445,011	\$524,998
Percentage Savings Compared to Incumbent	N/A	22.40%	20.60%	24.30%



Disruption

The change to RxBenefits/Express Scripts, will result in minimal disruption to employees. Per an evaluation of our pharmacy usage between 6/1/15 - 5/31/16, the following disruptions would occur to our staff:

Prepared for: Glenbrook 225
Time Period: June 2015 through May 2016

Formulary Disruption with RxBenefits-ESI Preferred			
Current Tier	New Tier	Total Rxs	% Rxs
1	1	7,332	76.1%
2	2	1,119	11.6%
2	3	61	0.6%
3	2	552	5.7%
3	3	499	5.2%
C	NC	75	0.8%

Tier 1 Generic
Tier 2 Formulary Brand
Tier 3 Non-Formulary Brand
C Covered
NC Not Covered

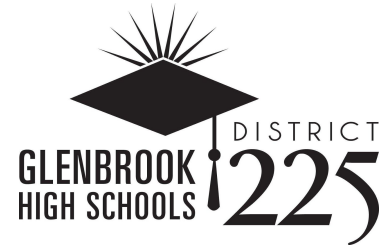
Notes

a: Every effort is made by RxBenefits-ESI and its advisors to maintain the highest level of accuracy in its projections; however, in lieu of and because of the variability of numerous factors, which are not under the control of RxBenefits-ESI, we cannot guarantee the estimated results shown.

b: This report contains confidential and proprietary information of RxBenefits-ESI and cannot be reproduced, distributed, or reprinted without written permission from RxBenefits-ESI.



- 61 Prescription Fills would move from a Tier 2 (\$35) co-pay level to a Tier 3 (\$50) co-pay level
- 552 Prescription Fills would move from a Tier 3 (\$50) co-pay level to a Tier 2 (\$35) co-pay level
- 75 Prescription Fills would no longer be covered. Multiple brand alternatives are available.



Employees will receive a new Prescription Card, effective January 1, 2017. There will be no change in buying locations for our employees.

The implementation of the change is scheduled to begin approximately 60-90 days prior to January 1, 2017. This will allow proper notification to impacted employees. For reference, minor disruptions are expected and anticipated annually based on changes within the PBM and drug manufacturers.