

Alliance Alert

Pharmacy Benefit Management (PBM) Services

The Public Employee Benefits Alliance (PEBA) was created by a group of Texas Government leaders working together for over a year to develop strategies to manage the rising costs of healthcare benefits. PEBA was established in January 2006 and was created pursuant to Chapter 791 of the Texas Local Government Code, the Purchasing Program Chapter 271 of the Texas Local Government Code and all other applicable provisions of Texas Law. PEBA membership is open to all Texas Local Governments who pay an annual membership fee and execute a PEBA Participating Interlocal Agreement. However, Local Governments who are members of one of the political subdivision Pools will obtain automatic annual PEBA membership through the participating Pool. An additional per proposal fee is established for proposal participants for all non-Pool members.

PEBA's mission is to support the individual members by providing: negotiation services to manage the spiraling cost of healthcare and related benefits, work through the alliance procurement model to purchase healthcare and related benefits a competitive price, and contractual negotiations which will include vendor service accountability requirements. In order to accomplish this mission, PEBA makes a commitment to negotiate on behalf of the membership affordable, high-quality healthcare and related benefits and services.

The PEBA Board met December 19, 2014 and made the decision to approve the PEBA Administrative Services staff recommendation to execute a three year contract with OptumRx and Wells Fargo for Pharmacy Benefit Management Services bundled with an external quarterly prescription drug price audit.

The term of the contract will commence on January 1, 2015 through December 31, 2017. To be eligible for the new PEBA PBM contract, the membership will be required to sign a Letter of Intent.

OptumRx Pharmacy Benefit Management Fee with Wells Fargo \$0.75 Claim Repricing Quarterly Audit

OptumRx Services

- OptumRx Broad Network
- OptumRx Mail Service
- OptumRx Specialty Pharmacy

Clinical/Prior Authorization (PA) Services

- OptumRx Prior Authorization and Step Therapy
- Clinical Prior Authorization
 - Physician Reviewed PA performed by OptumRx \$50 per case
 - Appeals requiring physician \$225 per authorization
 - Appeals not requiring physician \$550 per level
 - Appeals not requiring physician \$180 per level

Formulary Management

- OptumRx Political Subdivision - Updates to formulary occur September 1st. New drugs are added to formulary and drugs removed from market will be the only changes per plan year.
- OptumRx - Updates to formulary occur throughout plan year.

Administrative Fees

	Brand	Generic
Retail		
Dispensing Fee	\$0.90	\$0.90
AWP Discount	17%	MAC
Mail Order		
Administrative Fee	\$1.75	\$1.75
Dispensing Fee	\$0.00	\$0.00
AWP Discount	23.5%	MAC
Biotech Mail		
Administrative Fee	\$1.75	\$1.75
Dispensing Fee	\$0.00	\$0.00
AWP Discount	Varies by drug	MAC

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Pricing Summary

	OptumRx Broad Network
Admin fee	\$1.00
Retail Discounts	
Brand	17.0%
Generic	MAC
Retail 90 Discounts	
Brand	20.0%
Generic	MAC
Mail Discounts	
Brand	23.5%
Generic	MAC
Specialty	Drug specific
Retail Dispense Fee	
Brand	\$0.90
Generic	\$0.90
Retail Dispense 90 Fee	
Brand	\$0.50
Generic	\$0.50
Mail Dispense Fee	
Brand	\$0.00
Generic	\$0.00
Specialty	\$0.00
Rebate Refunds Year 1	\$20.59/\$80.82

Specialty Pricing

Top specialty medications based on ingredient cost. Post AWP lawsuit, exclusive pricing has been listed. Note that Catamaran submitted a drug specific pricing list for specialty but guaranteed a single discount (15.1%) for specialty overall.

Medication	OptumRx
Enbrel	16.0%
Humira	16.0%
Copaxone	16.0%
Avonex	16.0%
Tarceva	16.0%
Revlimid	16.0%
Cimzia	16.0%
Atripla	16.0%
Gilenya	16.0%
Aubagio	16.0%

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OptumRx Fee Schedule Negotiations

After implementation and commencement of the IEBP prescription program on January 1, 2015, there will be additional Non-Risk IEBP Political Subdivisions and PEBA membership that will seek a PBM engagement with OptumRx and Wells Fargo. Due to the expanded Political Subdivision business, IEBP would like to negotiate a census tiered fee schedule for IEBP and PEBA membership.

	30,001-60K Employee Lives		0-10K Lives		10K-25K Lives		25K-40K Lives	
	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo
Admin Fee		\$0.75 per claim						
Clinical Prior Authorization	\$50 per case							
Physician Reviewed PA performed by OptumRx	\$225 per auth.							
Appeals requiring physician	\$550 per level							
Appeals not requiring physician	\$180 per level							
Admin Fee	\$1.50							
Retail Discounts								
Brand	17%							
Generic	MAC List							
Retail 90 Day Maintenance								
Brand	20%							
Generic	MAC							
Mail								
Brand	23.5%							
Generic	MAC							
SpecialtyRx/Biotech	Drug Specific							
Retail Dispensing Fee								
Brand	\$0.90							
Generic	\$0.90							
Retail 90 Day Maintenance Dispensing Fee								
Brand	\$0.50							
Generic	\$0.50							
Mail Dispensing Fee								
Brand	\$0.00							
Generic	\$0.00							
SpecialtyRx/Biotech	\$0.00							
Rebate Refunds	\$20.59/\$80.82							

	40K-80K Lives		80K-125K Lives		125K-175K Lives		175K-250K Lives	
	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo
Admin Fee								
Clinical Prior Authorization								
Physician Reviewed PA performed by OptumRx								
Appeals requiring physician								
Appeals not requiring physician								
Admin Fee								
Retail Discounts								
Brand								
Generic								
Retail 90 Day Maintenance								
Brand								
Generic								
Mail								
Brand								
Generic								
SpecialtyRx/Biotech								
Retail Dispensing Fee								
Brand								
Generic								
Retail 90 Day Maintenance Dispensing Fee								
Brand								
Generic								

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	40K-80K Lives		80K-125K Lives		125K-175K Lives		175K-250K Lives	
	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo	OptumRx	Wells Fargo
Mail Dispensing Fee								
Brand								
Generic								
SpecialtyRx/Biotech								
Rebate Refunds								

The overall program will be described to and negotiated with OptumRx as a package. This will establish the lowest possible pricing from OptumRx.

To learn more about PEBA Membership or how to access PBM services, contact PEBA:
 Nickie Bischoff (512) 719-6768 or (800) 348-7879, ext. 6768

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Public Employee Benefits Alliance
www.BuyPEBA.org

LETTER OF INTENT

Enter your group's name here intends to access the PEBA Alliance Agreement with TML MultiState Intergovernmental Employee Benefits Pool (IEBP). Enter your group's name here realizes the Alliance Agreement is a three year term and to access the IEBP and PEBA Alliance Agreement, the employer must continue to be an active member of PEBA with appropriate annual membership and proposal fees paid in full. Each group will be required to enter into a separate agreement with IEBP.

Contact information for the person that IEBP should contact to begin implementation:

Name: _____

E-mail: _____

Phone #: _____

Letter of Intent Approved by:

Signature: _____

Printed Name: _____

Title: _____

Employer: _____