



2023 Financial Pharmacy Analysis Review Conducted by MMA

	Keenan ESI Carve-Out 2022 terms	Keenan ESI Carve-Out 2023 terms	Negotiated BCBSM/Optum Carve-In 2023 terms
Gross Claims - Approved	\$ 9,323,790	\$ 9,090,695	\$ 8,964,688
Cost Adjustment (value of integration)	\$ -	\$ -	\$ (173,838)
Member Cost Share	\$ (440,012)	\$ (440,012)	\$ (440,012)
Rebates	\$ (2,442,130)	\$ (2,564,237)	\$ (3,291,175)
Fees ¹	\$ 71,400	\$ 71,400	\$ 82,650
Net Plan Cost	\$ 6,513,048	\$ 6,157,847	\$ 5,142,313
Net Change to Current		\$ (355,201)	\$ (1,370,736)
Net Percentage Improvement		-5.5%	-21.0%

¹Fees include, but are not limited to - PBM and TPA, MMA RxSolutions, admin, UM packaging, connectivity, transition, and carve-out fees.

²2023 Projections and terms are based on claims data from 4/1/2021 - 3/31/2022.

RFP Results – Impact Analysis

Active and Retired Members

- Plan design to be constant / unchanged '22 to '23; pharmacy network access to be unchanged or improved
- Current Active and Retired member costs will remain unchanged or improved
- Expected cost reduction under the BCBSM/Optum proposal – between ingredient/claims cost reductions and improvements in rebates – contractual financial performance is guaranteed
- Added BCBSM fee waivers through 2025 deliver over \$500k in cost offsets above and beyond value of the negotiated Rx contract terms
- Expectations for favorable stoploss bidding (TBD November for 2023)
- Early [and ongoing] communication by BCBSM/Optum and the City to members beginning mid-November in effort to (a) educate and engage, (b) ensure continuity of care, and (c) assist in transitioning 'open fills' for ongoing maintenance medications

City of Ann Arbor Prescription Drug Pricing 2023

The below pharmacy pricing and rebate guarantees constitute the final agreed upon offer made to the City of Ann Arbor for the 2023 contract year resulting from the 2022 bidding process.

AWP Discount and Dispensing Fee Guarantees. BCBSM guarantees the average AWP discount (“Guaranteed AWP Discount”) and Dispensing Fees (“Guaranteed Dispensing Fee”) for the retail, mail order, and specialty Participating Pharmacies will be as follows:

Retail-30 Network Discounts and Dispensing Fee Guarantee

Type of Drug	Discount	Dispensing Fees
Brand	AWP – 19.00%	\$0.55
Generic	AWP – 84.20%	\$0.55

Mail Order Discounts and Dispensing Fee Guarantee

Type of Drug	Discount	Dispensing Fees
Brand	AWP – 27.00.%	\$0.00
Generic	AWP – 88.75%	\$0.00

Overall Specialty Drug Discounts and Dispensing Fee Guarantee – Exclusive.

Discount	Dispensing Fees
AWP – 21.00%	\$0.00

Claim Level Rebates. For each Plan paid Covered Brand Drug dispensed by a pharmacy provider to an Enrollee and paid by Group, BCBSM guarantees that Group’s average Rebates will be at least the following amounts net of the Rebate Administrator Fees and BCBSM Rebate Service Fee:

	Average Rebate
Standard Retail	\$238.35
Mail Order	\$752.65
Specialty Drugs	\$3,000.00

Quarterly and Annual Reporting. BCBSM shall monitor and track AWP Discounts and Dispensing Fees on a quarterly basis and provide a written report within ninety (90) days following the end of each quarter in a format determined by BCBSM. BCBSM shall provide an annual report of Group’s performance against the AWP Discount and Dispensing Fee Guarantees in a format determined by BCBSM within ninety (90) days following the end of the Contract Year. BCBSM shall also provide an annual report of Group’s performance against the Claim Level Rebate Guarantees in a format determined by BCBSM within six (6) to nine (9) months after the end of the Contract Year.