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JACK ROBB
Board Chair

Date: May 25, 2023

Item Number: IX

Title: Express Scripts Performance Guarantees Summary for Plan Year 2020 and 2022

SUMMARY

This report provides the PEBP Board and members of the public with supplemental information regarding CTI's audit of PEBP's Pharmacy Benefit Manager, Express Scripts (ESI), and the performance guarantees that were not part of the audit results. The information illustrates the additional penalties for self-reported, unmet performance guarantees not specifically audited for plan year 2020 and 2022. These are broken down by years and performance guarantee categories.

REPORT

2020

When implementing the new auditor contract with Claim Technologies, the audit for plan year 2020 was omitted. The audit authority for plan year 2020 was captured in a contract adjustment approved by the board on May 26, 2022.

Of the performance guarantees, the Member Satisfaction Survey was reported to be "Not Met" and incurred a penalty in the amount of \$17,556.00.

2022

Of the performance guarantees, the Member Satisfaction Survey was reported to be "Not Met" and incurred a penalty in the amount of \$78,559.54.

CONCLUSION

These penalties are automatically assessed by PEBP independently of the audit determinations.

DRAFT 05/12/2023

Prescription Benefit Management Audit

ANNUAL FINDINGS REPORT

State of Nevada Public Employee Benefit Program Plans

Administered by Express Scripts

Audit Period: July 1, 2019 – June 30, 2020

Audit Number 2. FY2020

Presented to

State of Nevada Public Employee Benefit Program

Prepared by



Subcontractor to



**CLAIM TECHNOLOGIES
INCORPORATED**

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EXECUTIVE SUMMARY

This **Specific Findings Report** contains detailed information, findings, and conclusions that the PillarRx Consulting, LLC's (PillarRx) audit team has drawn from our Prescription Benefit Management Audit of Express Scripts' (ESI's) administration of State of Nevada Public Employee Benefit Program's (PEBP's) pharmacy plan.

Scope

PillarRx performed an audit for the Fiscal Year (FY) July 1, 2019, through June 30, 2020. The population of claims and amount paid during the audit period reported by ESI:

Pharmacy	
Number of Prescriptions Paid	480,714
Net Plan Paid	\$55,600,607.89

The audit included the following components which are described in more detail in the following pages.

- Pricing and Fees Audit
- Reconciliation of Pricing Guarantees
- Benefit Payment Accuracy Review
- Rebate Review
- Performance Guarantee Review

Auditor's Findings

PillarRx has the following opinion/recommendations based on the FY2020 audit of ESI:

1. Financial Accuracy is defined by the discount and dispensing fee in the PBM contract, versus actual PBM performance. ESI's overall performance in both Retail and Mail order met PEBP's contractual financial accuracy guarantee.
2. Processing accuracy is measured comparing the intended plan benefit as listed in the summary Plan Description (SPD) with the claim processed by the PBM. ESI's overall performance in both Retail and Mail order met PEBP's contractual processing accuracy guarantee.

Summary of ESI's Guarantee Measurements

Annual Metric	Guarantee	Met/Not Met	Penalty	Calculated Penalty
Retail				
Claim Financial Accuracy	99% of all claims paid with NO errors.	Met – 100%	0%	\$0
Processing Accuracy		Met – 100%	0%	\$0
Mail Order				
Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	Met – 100%	\$0	\$0
Claim Processing Accuracy		Met – 100%	0%	\$0
Total Penalty				\$0

AUDIT OBJECTIVES

This *Specific Findings Report* contains detailed information, findings, and conclusions that the PillarRx audit team has drawn from their Audit of ESI's administration of PEBP's pharmacy plan. This report is provided to PEBP, the plan sponsor, and ESI the pharmacy benefit manager (PBM).

The findings in this report are based on data and information ESI and PEBP provided to PillarRx, and the report's validity relies upon the accuracy and completeness of that information.

The audit was planned and performed to obtain a reasonable assurance that prescription drug claims were adjudicated according to the terms of the contract between ESI and PEBP as well as Client approved benefit descriptions (summary plan descriptions, plan documents or other communications).

PillarRx is a firm specializing in audit and control of pharmacy benefit plan administration. The statements made by PillarRx in this report relate narrowly and specifically to the overall efficacy of ESI's policies, processes, and systems relative to PEBP's paid claims during the audit period. While performing the audit, PillarRx complied with applicable confidentiality, non-disclosure, and conflict of interest requirements and did not receive anything of value or any benefit of any kind other than agreed upon audit fees.

The objectives of the PillarRx audit of ESI's pharmacy benefit management were to:

- verify that claims were processed in accordance with the pricing terms specified in the contract;
- verify that claims adjudicated according to plan provisions;
- review minimum rebate guarantees and verified payment was made;
- validate that ESI is meeting contractually approved Performance Guarantees.

PRICING AND FEES AUDIT

Pricing and Fees Audit Objective

The Pricing and Fees Audit verified that claims were processed in compliance with the discounts and fees specified in ESI's contract with PEBP.

Pricing and Fees Audit Scope

After verification of the electronic claim data provided by ESI, PillarRx systematically repriced 100% of prescription drug claims paid during the audit period to determine that:

- Discounts were applied correctly based on the lesser of MAC, Average Wholesale Price (AWP), and Usual and Customary (U&C); and
- Pharmacy dispensing and administrative fees were applied correctly.

Pricing and Fees Audit Methodology

Contract Document Review

PillarRx requested and received from PEBP and ESI each contract, amendment, formulary drug list, and reconciliation document required to conduct the audit.

Claim Validation

We mapped and validated the raw claim data provided by ESI to our standard layout. Raw claim data represented the successive pharmacy claim transactions that included both paid and reversed claims and was critical to our understanding of ESI's processing and adjudication rules. Once mapped, the data was reconciled against control totals and put through a rigorous process referred to at PillarRx as "data forensics" – or the verification of claim data by assessing appropriate patterns and relationships. The data forensics included comparing the mapped data to the following benchmarks:

- Prior authorizations
- Rejections
- Reversals
- National Provider Identifier (NPI)
- National Drug Code (NDC)

To complete the claim validation, we conducted a conference call with ESI to verify that:

- Pharmacy benefit claims data provided for this audit was complete and accurate;
- Claims were loaded correctly into the PillarRx system; and
- Claim counts and total paid claim amounts were accurate.

Pricing and Fees Analysis

The analysis of pricing and fees included electronic comparison of the pharmacy reimbursements for brand, generic and specialty drugs, or products.

The allowance for brand drugs compared the contracted guaranteed reimbursement rate to the ingredient cost. For this audit of ESI, the ingredient cost allowance was determined using the Blue Book AWP from the MediSpan Drug Database or the pharmacy's U&C listed on the claim for the date each

prescription was dispensed. ESI utilizes MediSpan as well as First Data Bank for generic or brand drug classification.

PillarRx also verified electronically that dispensing fees for each drug type, distribution channel and service fees (e.g., compound drug service fees) were paid in accordance with ESI’s contract.

Pricing and Fees Audit Findings

Pricing Findings

ESI applied applicable adjudication methods for determining the correct allowance for prescriptions drugs by type and distribution method during the audit period.

Dispensing Fee Findings

The dispensing fee was the amount contractually agreed upon by PEBP and ESI as the amount to be paid by the plan to the pharmacy for dispensing a prescription.

As shown in the following table, the dispensing fee analysis identified fees were not in alignment based on the contract for FY2020.

Note: In the following chart, a **negative** variance indicates a higher than contracted dispensing fee collected. A **positive** variance indicates a lower than contracted dispensing fee collected.

Dispensing Fees (7/1/2019 – 6/30/2020)					
Component Description*	Contracted Dispensing Fee	Number of Claims	Total Actual Dispensing Fee	Total Contracted Dispensing Fee	Total Overage/ (Shortfall)
Retail Brand (1-83DS) STD	\$0.60	9,556	\$3,657.87	\$5,733.60	\$2,075.73
Retail Brand (84-90 DS) STD	\$0.10	1,796	\$486.57	\$179.60	(\$306.97)
Mail Brand	\$0.00	4,628	\$0.00	\$0.00	\$0.00
Mail Generic	\$0.00	32,341	\$0.00	\$0.00	\$0.00
Retail Generic (1-83 DS) STD	\$0.60	55,811	\$34,625.52	\$33,486.60	(\$1,138.92)
Retail Generic (84-90 DS)	\$0.10	21,759	\$2,920.02	\$2,175.90	(\$744.12)
Retail Brand (1-83 DS)	\$0.60	22,501	\$8,809.50	\$13,500.60	\$4,691.10
Retail Brand (84-90 DS)	\$0.00	3,403	\$24.59	\$0.00	(\$24.59)
Retail Generic (1-83 DS)	\$0.60	221,476	\$149,050.39	\$132,885.60	(\$16,164.79)
Retail Generic (84-90 DS Fee)	\$0.00	33,590	\$839.77	\$0.00	(\$839.77)
TOTAL		406,861	\$200,414.23	\$187,961.90	(\$12,452.33)

*Compound, Over the Counter, Retail Usual and Customary, Vaccines, Subscriber, and Coordination of Benefits claims were excluded from contract guarantees, PillarRx reviewed claims for reasonableness and found no outliers.

In conclusion, ESI overcharged PEBP for dispensing fees in the amount of \$12,452.33. This amount has been included in the total pricing and fees reconciliation.

RECONCILIATION OF PRICING GUARANTEES

Reconciliation of Pricing Guarantees Objective

The Reconciliation of Pricing Guarantees determined if the discount savings and other price controls with guaranteed performance levels in ESI's contract with PEBP were met, and if those performance levels were not met, that accurate credit or payment was made to PEBP within the timeframe specified in the contract.

Reconciliation of Pricing Guarantees Scope

Using the terms of PEBP's contract with ESI, we accumulated prescription claims by type and distribution method for the period specified in the contract and balanced the total discount savings against the specified minimum discount guarantees. Similarly, other performance guarantees were mapped against the actual prescription claims as adjudicated during the prescribed contract periods for performance guarantees. This reconciliation included the following contractual guarantees:

- AWP discounts applied for each drug against third party pricing sources;
- MAC allowance for generic;
- Specialty drug allowance; and
- Dispensing fees.

Reconciliation of Pricing Guarantees Methodology

PillarRx used its proprietary AccuCAST® system to electronically compile total discount savings by silo (drug type and distribution method) and compare them to the contract guarantees in the ESI contract. If ESI's performance fell short of any of the guarantees, we validated that ESI recognized the shortfall and credited or paid the difference to PEBP on a timely basis.

Reconciliation of Pricing Guarantees Findings

The following tables demonstrate our findings relative to pricing guarantees.

Key	Over Performance > Greater Than Contracted Rates	Acceptable Performance — Same as Contracted Rates	Underperformance < Less Than Contracted Rates
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FY2020							
Component Description*	Number of Claims	Contracted Discount Rate	Actual Discount Rate	Difference (Contracted vs Actual)	Contracted Claim Ingredient Cost	Actual Claim Ingredient Cost	Variance Total Overage/ (Shortfall)
Retail Brand (1-83 DS) STD	9,556	18.50%	19.16%	- 0.66%	\$3,767,256.48	\$3,736,583.88	\$30,672.60 >
Retail Brand (84-90 DS) STD	1,797	22.50%	22.01%	+ 0.49%	\$1,673,447.95	\$1,683,934.32	(\$10,486.37) <
Retail Generic STD	77,570	83.25%	82.59%	+ 0.66%	\$2,379,744.55	\$2,473,403.37	(\$93,658.82) <
Retail Brand (1-83 DS) STD	22,553	18.50%	26.23%	-7.73%	\$6,604,703.23	\$5,978,509.44	\$626,193.79 >
Retail Brand (84-90 DS)	3,403	24.50%	25.97%	- 1.47%	\$2,904,360.20	\$2,847,996.32	\$56,363.88 >
Retail Generic (1-83 DS)	221,490	83.75%	84.01%	0.26%	\$3,610,605.59	\$3,552,109.85	\$58,495.74 >
Retail Generic (84-90 DS)	33,591	87.00%	87.89%	-0.89%	\$1,236,317.28	\$1,151,747.25	\$84,570.03 >
Mail Brand	4,628	24.50%	24.50%	0.00%	\$4,392,592.36	\$4,392,591.04	\$1.32 >
Mail Generic	32,342	87.00%	83.38%	+ 3.62%	\$1,369,577.25	\$1,751,471.19	(\$381,893.94) <
ESI Specialty	4,149	19.25%	19.49%	- 0.24%	\$17,769,209.09	\$17,716,712.90	\$52,496.19 >
TOTAL				- 5.96%	\$45,707,813.98	\$45,285,059.56	\$422,754.42 >

*Compound, Over the Counter, Retail Usual and Customary, Vaccines, Subscriber, and Coordination of Benefits claims were excluded from contract guarantees, PillarRx reviewed claims for reasonableness and found no outliers.

The aggregate total for each standard is calculated separately (retail, mail, and specialty) and then combined to determine the total over or underperformance.

In summary, when aggregating the pricing guarantee discounts with the dispensing fee outcome, ESI's calculated a reconciliation of \$320.41. See chart below for breakout.

	PillarRx s and Dispensing Fee Guarantees	ESI Combined Discounts and Dispensing Fee Guarantee Reconciliation
Discounts	\$422,745.42	\$851,870.44
Dispensing Fees	(\$12,452.33)	(\$320.41)
FY2020	\$410,293.09	(\$320.41)

PillarRx found an underperformance in retail generic STD, mail generic and retail brand STD channels totaling \$486,039.14, this means less than the contracted rate. However, this amount was offset by overperformances in the other channels (mail brand, ESI Specialty, etc) which resulted in an adjusted overperformance amount of \$422,745.42. This is considered plan savings because the contract allows for offsetting.

PillarRx also found an underperformance of dispensing fees in the amount of \$12,452.33 which resulted in an aggregate total overperformance or plan savings of \$410,293.09.

No additional money is owed to PEBP due to underperformance, this was recognized throughout the year as claims were processed.

BENEFIT PAYMENT ACCURACY REVIEW

Benefit Payment Accuracy Review Objective

The objective of the Benefit Payment Accuracy Review was to verify correct adjudication of plan design provisions and quantify potential opportunities for recovery and/or cost savings.

Benefit Payment Accuracy Review Scope

PillarRx created an exact model of the benefit plan parameters of PEBP’s pharmacy plan in AccuCAST and systematically re-adjudicated 100% of paid prescription drug claim. Benefit plan parameters analyzed included, but were not limited to:

- Age and gender
- Copay/coinsurance
- Day supply maximums
- Excluded drugs
- Prior authorizations
- Quantity limits
- Refill limits
- Zero balance claims

Identified exceptions that could not be explained were provided to ESI for an explanation. When adequate documentation was provided to support exceptions were adjudicated correctly, AccuCAST was reset to represent the revised plan parameters and the claims were electronically re-adjudicated again to ensure consistency.

Benefit Payment Accuracy Review Methodology

After receiving the plan documentation from PEBP and ESI including member cost share, coverage rules, and summary plan descriptions and/or plan documents, PillarRx programmed the PEBP’s plan design in AccuCAST. Each claim was then readjudicated and exceptions were identified. The exceptions were aggregated by category and our benefit analysts reviewed each category. Exceptions that could not be explained were submitted to ESI for review.

Benefit Payment Accuracy Review Findings

Member Cost Share

Cost share indicates the dollar amount required to be paid by the member when a prescription drug is purchased. A PillarRx cost share audit compares the plan design received from ESI to the plan design received from PEBP. Benefit plan design rules are created to ensure members’ claims have been properly adjudicated at the pharmacy.

Cost share (copay, deductible, or coinsurance) represented the dollar amount required to be paid by the member when a prescription drug was purchased. Our observations and conclusions relative to cost share application are shown in the following chart.

Member Cost Share (7/1/2019 – 6/30/2020)	
Total Claims	Cost Share Collected
480,714	\$15,630,782.08

PillarRx submitted 94 commercial claims based on eight different scenarios to ESI that represented potential exceptions to the member cost share requirements for FY2020. ESI’s response provided adequate explanation and documentation for each category of exception for each scenario except for one which allowed PillarRx to conclude copayments may not have been applied correctly.

Scenario	ESI Response
Diabetes Care Management Medications	
Applying \$0 Cost Share.	Claim is correct. ESI notes these adjustments were part of a pricing issue found and corrected in 2020. Members were not impacted, and the adjustments were applied to make the plan whole.

Drug Exclusions/Prior Authorizations

Exclusions specify the drugs and products that a plan would not cover unless there was a Prior Authorization (PA) on file. Based on documentation provided by ESI, PillarRx created excluded drug and PA drug listings and re-adjudicated the claims for these non-covered and prior authorized medications.

The claim data and documentation provided by ESI allowed PillarRx to confirm that drug exclusions and prior authorizations were administered correctly. No further action is required.

Administration of Age Rules

Age rules specify that a participant must be within a specific age group for a specific medication to be covered. PillarRx noted no issues related to age rules.

Administration of Quantity Limits

Quantity limits are included in plans to ensure safety and appropriate utilization. PillarRx noted that based on the language in the drug coverage documents provided by ESI, claims were adjudicated within plan parameters. No further action is required.

PERFORMANCE GUARANTEE REVIEW

Performance Standard		Description of Standard	PBM Performance/Penalty	Met/ Not Met
Financial and Processing Accuracy				
I.B	Retail Claim Financial Accuracy	99% of all claims paid with NO errors	100% – PillarRx noted no additional financial accuracy errors, other than the ESI self-reported underperformance amount of \$320. 100%	Met
	Retail Processing Accuracy			Met
I.C	Mail Order Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	100%	Met
	Mail Order Claim Processing Accuracy			Met
I.F	Rebate Amounts	PEBP shall receive 100% of rebate dollars due to PEBP for PEBP utilization for retail drugs, mail order drugs and specialty drugs.	100%	Met
I.G	Rebate Remittance Time to PEBP	100% of rebate dollars received by the PBM or pharmacy network or specialty drug vendor shall be remitted to PEBP within 90 calendar days after the last calendar day of the quarter in which such rebates were received.	100%	Met
Claim Processing Turnaround				
I.D	Mail Order Claims Processing Time, Normal	95% of prescriptions shipped within 2 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), excluding prescriptions requiring intervention.	1.1 business days	Met
I.D	Mail Order Claims, Processing Time, Intervention	95% of prescriptions shipped within 5 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), for prescriptions requiring intervention.	0.7 business days	Met
Telephone Services				
II.A	Customer Service Response Time	Average time to answer all calls should be 30 seconds or less.	8.3 seconds	Met
II.B	Abandonment Rate	3% or less calls abandoned.	0.7%	Met
Member Satisfaction				
II.D	Member Satisfaction Survey	One random sample member survey completed annually on PEBP specific basis or PEBP specific responses to a book of business survey.	Target – 90% or greater ESI Score – 83% ESI did not meet the target for member satisfaction and has provided proof of payment to PEBP in the amount of \$17,556 (0.25% of admin fees). Credit was made on 3/9/21.	Not Met

REBATE REVIEW

Rebate Audit Objective

The Rebate Review provides confirmation that ESI has reimbursed PEBP the minimum amount per brand claim as outlined in the PBM contract.

Rebate Review Scope

PillarRx's Rebate Review assessed whether the minimum per claim rebates listed within the PEBP's contract with ESI were met. The review assessed whether there were any differences between the rebates contractually agreed upon between PEBP and ESI and the rebate amounts that were actually paid to the PEBP.

Rebate Review Methodology

PillarRx identified each brand claim per distribution channel and calculated the minimum rebate amount owed to PEBP based on its contract terms with ESI. These amounts were then reconciled against the rebate reports provided by ESI.

Rebate Review Findings

PillarRx has found that differences can occur in the rebate amounts billed to manufacturers by a PBM and the rebate amount calculated by PillarRx for an individual health plan. The primary reason for this difference lies in the common practice by PBMs of submitting rebate-eligible claims to a manufacturer for the PBM's book of business rather than for each plan sponsor individually.

This typically works to the advantage of the plans, as the amount of rebates paid by the manufacturer will be based on a larger pool of claims. The PBM then pays rebates to each plan sponsor separately based on the plan's claims.

Rebate Calculations FY2020		
Component Description	Number of Claims	Total Minimum Contract Rebate
Brand 1 - 83 DS	33,522	\$3,100,785.00
Brand 84 - 90 DS	5,566	\$1,765,813.50
Specialty Accredo	4,564	\$3,468,640.00
Specialty	1,238	\$3,468,640.00
Mail Brand	6,770	\$2,147,782.50
TOTAL	51,660	\$13,951,661.00

PillarRx’s Rebate Review shows, based on the minimum rebates stipulated within the contract between PEBP and ESI, that ESI exceeded the minimum rebates owed.

ESI Rebate Payments FY 2020		
Allocation Period	Payment Date	Total Amount
FY19 Q1: 7/1/19 - 9/30/19	October 30,2019	\$3,967,614.07
FY19 Q2: 10/1/19 - 12/31/19	January 30, 2020	\$143,695.07
	February 21, 2020	\$3,236,500.95
FY19 Q3: 1/1/20 - 3/31/20	April 28, 2020	\$3,303,286.62
FY19 Q4: 4/1/20 - 6/30/20	July 28,2020	\$3,463,175.60
TOTAL		\$14,114,272.31

ESI paid out total rebates of \$14,114,272.21 to PEBP. No additional monies are owed to PEBP.

CONCLUSION

We consider it a privilege to have worked for, and with, your staff and administrator. Thank you for choosing CTI and PillarRx.

APPENDIX – PBM RESPONSE TO DRAFT REPORT



April 5, 2023

Shaidikia DeVaughn
PillarRx Consulting
shaidikia.devaughn@pillarrx.com

RE: State of Nevada FY 2020 - DRAFT Report- Additional Information Needed

Dear Shaidikia DeVaughn:

Please find enclosed ESI's responses to the pharmacy audit report received on 2/10/2023, and additional questions received on 3/22/2023, from the audit that was performed on behalf of Nevada Public Employees Benefit Program for the audit period 7/1/2019 - 6/30/2020. ESI has provided responses as well as excerpts from the PillarRx report to provide context.

If you have any questions after reviewing the enclosed information, please let me know.

Sincerely,

Tony Nowacki
Client Audit Advisor
AMNowacki@express-scripts.com



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RECONCILIATION OF PRICING GUARANTEES

Reconciliation of Pricing Guarantees Findings

In summary, when aggregating the pricing guarantee discounts with the dispensing fee outcome, ESI's calculated a reconciliation of \$320.41. See chart below for breakout.

PillarRx found an underperformance in both the retail generic and mail generic channels totaling \$77,594.48. PillarRx also found an underperformance, or over collection of dispensing fees in the amount of \$12,454.03 resulting in a total underperformance of \$90,048.51 which is due to PEBP.

	PillarRx Combined Discounts and Dispensing Fee Guarantees	ESI Combined Discounts and Dispensing Fee Guarantee Reconciliation
Discounts	(\$77,594.48)	\$851,870.44
Dispensing Fees	(\$12,454.03)	(\$320.41)
FY2020	(\$90,048.51)	(\$320.41)

ESI Response (3/2/23)

ESI maintains that the pricing guarantee was reconciled in accordance with the PBM Agreement, resulting in a shortfall amount of \$320.41. ESI provided responses to the issues submitted by PillarRx during the sample phase of the audit, aside from two open issues. Regarding guarantee key 138652, ESI notes all of the claims in question were included in the guarantee appropriately, resulting in the totals reported by ESI in the Settlement Report. Regarding the OTC samples, ESI is finalizing the review to confirm whether these products were OTCs at the time of adjudication and should have been excluded. If determined that these were OTC products, ESI will re-reconcile the guarantee to exclude these claims.

Post Draft Question #1

Due to the recommendations from Pillar on the Pricing & Guarantees, will ESI re-reconcile? Or will additional payment be issued.

ESI Response (4/5/23)

ESI maintains that the pricing guarantee was reconciled in accordance with the PBM Agreement, resulting in a shortfall amount of \$320.41 and will not be re-reconciled.

Post Draft Questions #2



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Additionally, when will the research be completed the OTC claims?

ESI Response (4/5/23)

ESI has confirmed the OTC claims in question were not considered to be OTC at the time of adjudication and were appropriately included in the guarantee.

	PillarRx Combined Discounts and Dispensing Fee Guarantees	ESI Combined Discounts and Dispensing Fee Guarantee Reconciliation
Discounts	\$422,755.41	\$851,870.44
Dispensing Fees	(\$12,452.33)	(\$320.41)
FY2020	\$410,303.08	(\$320.41)

BENEFIT PAYMENT ACCURACY REVIEW

Benefit Payment Accuracy Review Findings

Scenario - Diabetes Care Management Medications- Applying a \$0 Cost Share.

ESI Response- Claim is correct. ESI notes the claim in question is an adjustment. Please note impact related to this issue would have been discussed and shared with the client at the time the adjustment was completed. The ESI Account Team is available to further discuss this issue directly with the client should they wish to do so.

PillarRx recommends PEBP follow up with ESI on the adjudication of Diabetes Care Management Medications to ensure that copays are being applied correctly.



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ESI Response (3/2/23)

ESI will review the scenario directly with the client should they wish to do so.

PERFORMANCE GUARANTEE REVIEW

Performance Standard	Description of Standard	PBM Performance/Penalty	Met/ Not Met
Financial and Processing Accuracy			
Retail Claim Financial Accuracy	99% of all claims paid with NO errors	98.92%- ESI reported an over performance in the Retail standard, however, PillarRx reported an over performance for Retail Financial Accuracy of \$262,844 and an under performance (over charge) of \$12,454,03 in dispensing fees.	Not Met
Retail Processing Accuracy			Met
Mail Order Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	93.37% – ESI reported an under performance in the Mail standard of \$381,206, and PillarRx reported an under performance of \$381,885 and \$0 for dispensing fees	Not Met
Mail Order Claim Processing Accuracy			Met
Member Satisfaction			
Member Satisfaction Survey	One random sample member survey completed annually on PEBP specific basis or PEBP specific responses to a book of business survey.	Target- 90% or greater ESI Score- 83%	Not Met

ESI Response (3/2/23)

ESI notes that our reporting indicates that the Claim Adjudication Accuracy and Claim Financial Accuracy metrics were met. The shortfalls noted under PBM Performance in the grid above relate to pricing guarantees which are reconciled separately and addressed in the pricing guarantees section of this report. Additional reporting has been provided to address the rebate sections of this grid. ESI does



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agree that the member satisfaction survey metric was missed, with a penalty of \$17,556 which was credited to the 3/9/21 claims invoice.

Post Draft Question #1

A complete breakdown of how the Member Satisfaction payment was calculated as well as a check number to confirm payment has been made.

ESI Response (4/5/23)

The penalty is calculated as 0.25% of Admin fees for the year, per percentage point the metric was missed by. For the audit period, the total admin fees (with the credit line for prior penalties removed) was \$991,770.22. The metric was failed by 7 percent, so the total penalty is $(\$991,770.22 * 0.25\%) * 7 = \$17,355.98$. Additionally it was found that the prior penalty payment was off by \$200, so the total payment was \$17,556. The payment was submitted 3/9/21 and was made through an invoice credit on 3/15/21, and not paid by a check. Support has been provided alongside these responses.

REBATE REVIEW

PillarRx has found that differences can occur in the rebate amounts billed to manufacturers by a PBM and the rebate amount calculated by PillarRx for an individual health plan. The primary reason for this difference lies in the common practice by PBMs of submitting rebate-eligible claims to a manufacturer for the PBM’s book of business rather than for each plan sponsor individually.

This typically works to the advantage of the plans, as the amount of rebates paid by the manufacturer will be based on a larger pool of claims. The PBM then pays rebates to each plan sponsor separately based on the plan’s claims.

Rebate Calculations FY2020		
Component Description	Number of Claims	Total Minimum Contract Rebate
Brand 1-83 DS	33,522	\$3,100,785.00
Brand 84-90 DS	5,566	\$1,765,813.50
Specialty Accredo	4,564	\$3,468,640.00
Specialty	1,238	\$3,468,640.00
Mail Brand	6,770	\$2,147,782.50
Total	51,660	\$13,951,661.00

Pending Review- Rebate Invoices needed from PBM for review.



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Rebate Payments		
Allocation Period	Payment Date	Total Amount
FY19 Q1: 7/1/19-9/30/19		
FY19 Q2: 10/1/19-12/31/19		
FY19 Q3: 1/1/20-3/31/20		
FY19 Q4: 4/1/20-6/30/20		

ESI Response (3/2/23)

ESI's reconciliation shows that total rebates owed for the period of 7/1/19 – 6/30/20 was \$13,604,854.82 based on the collected rebates, which exceeded the calculated per Rx amount of \$12,543,838.96. The payment for these rebates were included in the payments noted below. If there are discrepancies on which claims were included in the guarantee, ESI requests that PillarRx provide discrepant claims for review.

Rebate Payments		
Allocation Period	Payment Date	Total Amount
FY19 Q1: 7/1/19-9/30/19	10/30/2019	\$3,967,614.07
	1/30/2020	\$143,695.07
FY19 Q2: 10/1/19-12/31/19	2/21/2020	\$3,236,500.95
FY19 Q3: 1/1/20-3/31/20	4/28/2020	\$3,303,286.62
FY19 Q4: 4/1/20-6/30/20	7/28/2020	\$3,463,175.50

Express Scripts has completed the research for the findings presented above. The Account Team will work directly with Nevada PEBP and is available to discuss plan benefit set-up directly with Nevada PEBP should any questions remain.

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DRAFT 05/11/2023

Prescription Benefit Management Audit

ANNUAL FINDINGS REPORT

State of Nevada Public Employee Benefit Program Plans

Administered by Express Scripts

Audit Period: July 1, 2021 – June 30, 2022

Audit Number 2. FY2022

Presented to

State of Nevada Public Employee Benefit Program

Prepared by



Subcontractor to



**CLAIM TECHNOLOGIES
INCORPORATED**

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EXECUTIVE SUMMARY

This **Specific Findings Report** contains detailed information, findings, and conclusions that the PillarRx Consulting, LLC's (PillarRx) audit team has drawn from our Prescription Benefit Management Audit of Express Scripts' (ESI's) administration of State of Nevada Public Employee Benefit Program's (PEBP's) pharmacy plan.

Scope

PillarRx performed an audit of ESI's administration of PEBP's pharmacy plan for the Fiscal Year (FY) July 1, 2021, through June 30, 2022 (FY2022). The population of claims and amount paid during the audit period reported by ESI:

Pharmacy	
Number of Prescriptions Paid	463,998
Net Plan Paid	\$61,712,280.96

The audit included the following components which are described in more detail in the following pages.

- Pricing and Fees Audit
- Reconciliation of Pricing Guarantees
- Benefit Payment Accuracy Review
- Rebate Review
- Performance Guarantee Review

Auditor's Findings

PillarRx has the following opinion/recommendations based on the FY2022 audit of ESI:

1. Mail Order Claim Financial Accuracy improved in this audit period.
2. The Member Satisfaction Survey results continued to miss the minimum performance guarantee and a penalty is owed as indicated below.

Summary of ESI's Guarantee Measurements

Annual Metric	Guarantee	Met/Not Met	Penalty	Calculated Penalty
Retail				
Claim Financial Accuracy	99% of all claims paid with NO errors.	Met – 100%	0%	\$0
Processing Accuracy		Met – 99.82%	0%	\$0
Mail Order				
Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	Met – 100%	0%	\$0
Claim Processing Accuracy		Met – 100%	0%	\$0
Member Satisfaction Survey	Customer Satisfaction: One random sample member survey will be completed on annually on a PEBP specific basis, or PEBP specific responses to a book of business survey. Express Scripts guarantees a participant satisfaction rate of 90% or greater.	Not Met – 80%	0.25% of annual admin fees for every percent or fraction thereof below 90%	\$78,559.54
Total Penalty			(0.25%*\$3,142,381.69)*10	\$78,559.54

AUDIT OBJECTIVES

This ***Specific Findings Report*** contains detailed information, findings, and conclusions that the PillarRx audit team has drawn from their Audit of ESI's administration of PEBP's pharmacy plan. This report is provided to PEBP, the plan sponsor, and ESI the pharmacy benefit manager (PBM).

The findings in this report are based on data and information ESI and PEBP provided to PillarRx, and the report's validity relies upon the accuracy and completeness of that information.

The audit was planned and performed to obtain a reasonable assurance that prescription drug claims were adjudicated according to the terms of the contract between ESI and PEBP as well as Client approved benefit descriptions (summary plan descriptions, plan documents or other communications).

PillarRx is a firm specializing in audit and control of pharmacy benefit plan administration. The statements made by PillarRx in this report relate narrowly and specifically to the overall efficacy of ESI's policies, processes, and systems relative to PEBP's paid claims during the audit period. While performing the audit, PillarRx complied with confidentiality, non-disclosure, and conflict of interest requirements and did not receive anything of value or any benefit of any kind other than agreed upon audit fees.

The objectives of the PillarRx audit of ESI's pharmacy benefit management were to:

- verify that claims were processed in accordance with the pricing terms specified in the contract;
- verify that claims adjudicated according to plan provisions;
- review minimum rebate guarantees and verified payment was made;
- validate that ESI is meeting contractually approved Performance Guarantees.

PRICING AND FEES AUDIT

Pricing and Fees Audit Objective

The Pricing and Fees Audit verified that claims were processed in compliance with the discounts and fees specified in ESI's contract with PEBP.

Pricing and Fees Audit Scope

After verification of the electronic claim data provided by ESI, PillarRx systematically repriced 100% of prescription drug claims paid during the audit period to determine that:

- Discounts were applied correctly based on the lesser of MAC, Average Wholesale Price (AWP), and Usual and Customary (U&C); and
- Pharmacy dispensing and administrative fees were applied correctly.

Pricing and Fees Audit Methodology

Contract Document Review

PillarRx requested and received from PEBP and ESI each contract, amendments, formulary drug lists, and reconciliation documents.

Claim Validation

We mapped and validated the raw claim data provided by ESI to our standard layout. Raw claim data represented the successive pharmacy claim transactions that included both paid and reversed claims and was critical to our understanding of ESI's processing and adjudication rules. Once mapped, the data was reconciled against control totals and put through a rigorous process referred to at PillarRx as "data forensics" – or the verification of claim data by assessing appropriate patterns and relationships. The data forensics included comparing the mapped data to the following benchmarks:

- Prior authorizations
- Rejections
- Reversals
- National Provider Identifier (NPI)
- National Drug Code (NDC)

To complete the claim validation, we conducted a conference call with ESI to verify that:

- Pharmacy benefit claims data provided for this audit was complete and accurate;
- Claims were loaded correctly into the PillarRx system; and
- Claim counts and total paid claim amounts were accurate.

Pricing and Fees Analysis

The analysis of pricing and fees included electronic comparison of the pharmacy reimbursements for brand, generic and specialty drugs, or products.

The allowance for brand drugs compared the contracted guaranteed reimbursement rate to the ingredient cost. For this audit of ESI, the ingredient cost allowance was determined using the Blue Book AWP from the MediSpan Drug Database or the pharmacy's U&C listed on the claim for the date each

prescription was dispensed. ESI utilizes MediSpan as well as First Data Bank for generic or brand drug classification.

PillarRx also verified electronically that dispensing fees for each drug type, distribution channel and service fees (e.g., compound drug service fees) were paid in accordance with ESI’s contract.

Pricing and Fees Audit Findings

Pricing Findings

ESI applied applicable adjudication methods for determining the correct allowance for prescriptions drugs by type and distribution method during the audit period.

Dispensing Fee Findings

The dispensing fee was the amount contractually agreed upon by PEBP and ESI as the amount to be paid by the plan to the pharmacy for dispensing a prescription.

As shown in the following table, the dispensing fee analysis identified fees were not in alignment based on the contract for FY2022.

Note: In the following chart, a **negative** variance indicates a higher than contracted dispensing fee collected. A **positive** variance indicates a lower than contracted dispensing fee collected.

Dispensing Fees (7/1/2021 – 6/30/2022)					
Component Description*	Contracted Dispensing Fee	Number of Claims	Total Actual Dispensing Fee	Total Contracted Dispensing Fee	Total Overage/ (Shortfall)
Retail Brand (1-83DS)	\$0.55	15,020	\$9,155.54	\$8,261.00	(\$894.54)
Retail Brand (84-90 DS)	\$0.00	5,512	\$50.35	\$0.00	(\$50.35)
Retail Generic (1-83 DS)	\$0.55	258,432	\$104,137.74	\$142,137.60	\$37,999.86
Retail Generic (84-90 DS Fee)	\$0.00	46,986	\$958.59	\$0.00	(\$958.59)
Mail Brand	\$0.00	6,497	\$0.00	\$0.00	\$0.00
Mail Generic	\$0.00	51,014	\$0.00	\$0.00	\$0.00
TOTAL		383,461	\$114,302.22	\$150,398.60	\$36,096.38

*Compound, Over the Counter, Retail Usual and Customary, Vaccines, Subscriber, and Coordination of Benefits claims were excluded from contract guarantees, PillarRx reviewed claims for reasonableness and found no outliers.

ESI overperformed in this category. No further action is required.

RECONCILIATION OF PRICING GUARANTEES

Reconciliation of Pricing Guarantees Objective

The Reconciliation of Pricing Guarantees determined if the discount savings and other price controls with guaranteed performance levels in ESI’s contract with PEBP were met, and if and if those performance levels were not met, that accurate credit or payment was made to PEBP within the timeframe specified in the contract.

Reconciliation of Pricing Guarantees Scope

Using the terms of PEBP’s contract with ESI, we accumulated prescription claims by type and distribution method for the period specified in the contract and balanced the total discount savings against the specified minimum discount guarantees. Similarly, other performance guarantees were mapped against the actual prescription claims as adjudicated during the prescribed contract periods for performance guarantees. This reconciliation included the following contractual guarantees:

- AWP discounts applied for each drug against third party pricing sources;
- MAC allowance for generic;
- Specialty drug allowance; and
- Dispensing fees.

Reconciliation of Pricing Guarantees Methodology

PillarRx used its proprietary AccuCAST® system to electronically compile total discount savings by silo (drug type and distribution method) and compare them to the contract guarantees in the ESI contract. If ESI’s performance fell short of any of the guarantees, we validated that ESI recognized the shortfall and credited or paid the difference to PEBP on a timely basis.

Reconciliation of Pricing Guarantees Findings

The following tables demonstrate our findings relative to pricing guarantees.

Key	Over Performance > Greater Than Contracted Rates	Acceptable Performance — Same as Contracted Rates	Underperformance < Less Than Contracted Rates
-----	---	--	--

Discounts FY2022								
Component Description*	Number of Claims	Contracted Discount Rate	Actual Discount Rate	Difference in Rate (Contracted vs Actual)	Contracted Claim Ingredient Cost	Actual Claim Ingredient Cost	Variance	
							Total Overage/(Shortfall)	
Retail Brand (1-83 DS) STD	15,020	19.50%	21.08%	+1.58%	\$7,795,728.81	\$7,642,597.37	\$153,131.44	>
Retail Brand (84-90 DS) STD	5,512	24.75%	24.75%	0.00%	\$7,232,075.71	\$7,156,702.28	\$75,373.43	>
Retail Generic (1-83 DS)	258,432	84.50%	84.15%	-0.35%	\$4,303,917.22	\$4,401,167.80	(\$97,250.58)	<
Retail Generic (84-90 DS)	46,986	87.75%	86.95%	-0.80%	\$1,968,732.90	\$2,097,145.34	(\$128,412.44)	<
Mail Brand	6,497	24.50%	24.50%	0.00%	\$7,916,783.51	\$7,943,086.28	(\$26,302.77)	<
Mail Generic	51,014	88.08%	88.09%	+ 0.01%	\$2,082,842.80	\$2,024,299.40	\$58,543.10	>
ESI Specialty	4,260	21.50%	19.59%	- 1.91%	\$21,176,101.55	\$21,692,261.77	(\$516,160.22)	<
TOTAL				+ 1.47%	\$52,476,182.50	\$52,957,260.24	(\$481,078.05)	<

*Compound, Over the Counter, Retail Usual and Customary, Vaccines, Subscriber, and Coordination of Benefits claims were excluded from contract guarantees, PillarRx reviewed claims for reasonableness and found no outliers.

The aggregate total for each standard is calculated separately (retail, mail, and specialty) and then combined to determine the total over or underperformance.

In summary, when aggregating the pricing guarantee discounts with the dispensing fee outcome, ESI's calculated a reconciliation of (\$495,962.06). See chart below for breakout.

	PillarRx Combined Discounts and Dispensing Fee Guarantees	ESI Combined Discounts and Dispensing Fee Guarantee Reconciliation
Discounts	(\$481,078.05)	(\$495,962.06)
Dispensing Fees	\$36,096.38	\$39,940.07
FY2022	(\$481,078.05)	(\$495,962.06)

The calculated shortfall of \$495,962.06 was paid to PEBP on 11/15/22.

BENEFIT PAYMENT ACCURACY REVIEW

Benefit Payment Accuracy Review Objective

The objective of the Benefit Payment Accuracy Review was to verify correct adjudication of plan design provisions and quantify potential opportunities for recovery and/or cost savings.

Benefit Payment Accuracy Review Scope

PillarRx created an exact model of the benefit plan parameters of PEBP’s pharmacy plan in AccuCAST and systematically re-adjudicated 100% of paid prescription drug claim. Benefit plan parameters analyzed included, but were not limited to:

- Age and gender
- Copay/coinsurance
- Day supply maximums
- Excluded drugs
- Prior authorizations
- Quantity limits
- Refill limits
- Zero balance claims

Identified exceptions that could not be explained were provided to ESI for an explanation. When adequate documentation was provided to support exceptions were adjudicated correctly, AccuCAST was reset to represent the revised plan parameters and the claims were electronically re-adjudicated again to ensure consistency.

Benefit Payment Accuracy Review Methodology

After receiving the plan documentation from PEBP and ESI including member cost share, accumulators, and coverage rules, and summary plan descriptions and/or plan documents, PillarRx programmed the PEBP’s plan design in AccuCAST. Each claim was then readjudicated and exceptions were identified. The exceptions were aggregated by category and our benefit analysts reviewed each category. Exceptions that could not be explained were submitted to ESI for review.

Benefit Payment Accuracy Review Findings

Cost share indicates the dollar amount required to be paid by the member when a prescription drug is purchased. A PillarRx cost share audit compares the plan design received from ESI to the plan design received from PEBP. Benefit plan design rules are created to ensure members’ claims have been properly adjudicated at the pharmacy.

Cost share (copay, deductible, or coinsurance) represented the dollar amount required to be paid by the member when a prescription drug was purchased. Our observations and conclusions relative to cost share application are shown in the following chart.

Member Cost Share (7/1/2021 – 6/30/2022)	
Total Claims	Cost Share Collected
463,998	\$17,291,807.78

PillarRx submitted 130 claims based on 12 different scenarios to ESI that represented potential exceptions to the member cost share requirements for FY2022. ESI's response provided adequate explanation and documentation for each category of exception for each scenario. No further action is required.

Exclusions specify the drugs and products that a plan would not cover unless there was a Prior Authorization (PA) on file. Based on documentation provided by ESI, PillarRx created excluded drug and PA drug listings and re-adjudicated the claims for these non-covered and prior authorized medications.

The claim data and documentation provided by ESI allowed PillarRx to confirm that drug exclusions and prior authorizations were administered correctly. No further action is required.

Administration of Age Rules

Age rules specify that a participant must be within a specific age group for a specific medication to be covered. PillarRx noted no issues related to age rules.

Administration of Quantity Limits

Quantity limits are included in plans to ensure safety and appropriate utilization. PillarRx noted that based on the language in the drug coverage documents provided by ESI, claims were adjudicated within plan parameters. No further action is required.

PERFORMANCE GUARANTEE REVIEW

Performance Standard		Description of Standard	PBM Performance/ Penalty	Met/ Not Met
Financial and Processing Accuracy				
I.B	Retail Claim Financial Accuracy	99% of all claims paid with NO errors.	100%	Met
	Retail Processing Accuracy		99.82%	Met
I.C	Mail Order Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	100%	Met
	Mail Order Claim Processing Accuracy		100%	Met
I.F	Rebate Amounts	PEBP shall receive 100% of rebate dollars due to PEBP for PEBP utilization for retail drugs, mail order drugs and specialty drugs.	100%	Met
I.G	Rebate Remittance Time to PEBP	100% of rebate dollars received by the PBM or pharmacy network or specialty drug vendor shall be remitted to PEBP within 90 calendar days after the last calendar day of the quarter in which such rebates were received.	100%	Met
Claim Processing Turnaround				
I.D	Mail Order Claims Processing Time, Normal	95% of prescriptions shipped within 2 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), excluding prescriptions requiring intervention.	0.7 business days	Met
I.D	Mail Order Claims, Processing Time, Intervention	95% of prescriptions shipped within 5 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), for prescriptions requiring intervention.	1.0 business days	Met
Telephone Services				
II.A	Customer Service Response Time	Average time to answer all calls should be 30 seconds or less.	8.3 seconds	Met
II.B	Abandonment Rate	3% or less calls abandoned.	0.7%	Met
Member Satisfaction				
II.D	Member Satisfaction Survey	One random sample member survey completed annually on PEBP specific basis or PEBP specific responses to a book of business survey.	Target – 90% or greater ESI Score – 80% ESI did not meet the target for member satisfaction. A penalty is due in the amount of \$78,559.54 (0.25% of admin fees for each percentage below target) Admin Fees for FY 2022 = \$3,142,381.69.	Not Met

REBATE REVIEW

Rebate Audit Objective

The Rebate Review provides confirmation that ESI has reimbursed PEBP the minimum amount per brand claim as outlined in the PBM contract.

Rebate Review Scope

PillarRx's Rebate Review assessed whether the minimum per claim rebates listed within PEBP's contract with ESI were met. The review assessed whether there were any differences between the rebates contractually agreed upon between PEBP and ESI and the rebate amounts that were actually paid to PEBP.

Rebate Review Methodology

PillarRx identified each brand claim per distribution channel and calculated the minimum rebate amount owed to PEBP based on its contract terms with ESI. These amounts were then reconciled against the rebate reports provided by ESI.

Rebate Review Findings

PillarRx has found that differences can occur in the rebate amounts billed to manufacturers by a PBM and the rebate amount calculated by PillarRx for an individual health plan. The primary reason for this difference lies in the common practice by PBMs of submitting rebate-eligible claims to a manufacturer for the PBM's book of business rather than for each plan sponsor individually.

This typically works to the advantage of the plans, as the amount of rebates paid by the manufacturer will be based on a larger pool of claims. The PBM then pays rebates to each plan sponsor separately based on the plan's claims.

Rebate Calculations FY2022		
Component Description	Number of Claims	Total Minimum Contract Rebate
Brand 1-83 DS	14,346	\$2,797,470.00
Brand 84-90 DS	5,244	\$3,067,740.00
Specialty Accredo	3,274	\$4,501,750.00
Specialty	897	\$22,425.00
Mail Brand	5,834	\$3,412,890.00
TOTAL	29,595	\$13,802,890.00

PillarRx's Rebate Review shows, based on the minimum rebates stipulated within the contract between PEBP and ESI, that ESI exceeded the minimum rebates owed.

ESI Rebate Payments FY 2022		
Allocation Period	Payment Date	Total Amount
FY22 Q1: 7/1/21-9/30/21	10/28/2021	\$4,543,186.83
FY22 Q2: 10/1/21-12/31/21	1/28/2022	\$3,266,255.84
FY22 Q3: 1/1/22-3/31/22	4/28/2022	\$3,434,141.52
FY22 Q4: 4/1/22-6/30/22	8/28/2022	\$8,396,429.01
TOTAL		\$19,640,013.20

ESI paid out total rebates of \$19,640,013.20 to PEBP. No additional monies are owed to PEBP.

RECOMMENDATION

PillarRx has the following opinion/recommendations based on the FY2022 audit of ESI:

ESI did not meet the member satisfaction survey target for FY2022, therefore, a payment for the penalty is due to PEBP in the amount of \$78,559.54. ESI indicated this penalty will be remitted to PEBP post-audit.

APPENDIX – PBM RESPONSE TO DRAFT REPORT



May 9, 2023

Shaidikia DeVaughn
PillarRx Consulting
shaidikia.devaughn@pillarrx.com

RE: State of Nevada Specific Findings DRAFT Report FY 2022

Dear Shaidikia DeVaughn:

Please find enclosed ESI's responses to the pharmacy audit report received on 4/24/2023 that was performed on behalf of Nevada Public Employees Benefit Program for the audit period 7/1/2021 - 6/30/2022. ESI has provided responses as well as excerpts from the PillarRx report to provide context.

If you have any questions after reviewing the enclosed information, please let me know.

Sincerely,

Marcia Corredor
Client Audit Senior Advisor



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RECONCILIATION OF PRICING GUARANTEES

Reconciliation of Pricing Guarantees Findings

The following tables demonstrate our findings relative to pricing guarantees.

Key	Over Performance > Greater Than Contracted Rates	Acceptable Performance — Same as Contracted Rates	Underperformance < Less Than Contracted Rates
-----	---	--	--

Discounts FY2022								
Component Description*	Number of Claims	Contracted Discount Rate	Actual Discount Rate	Difference in Rate (Contracted vs Actual)	Contracted Claim Ingredient Cost	Actual Claim Ingredient Cost	Variance	
							Total Overage/ (Shortfall)	
Retail Brand (1-83 DS) STD	15,020	19.50%	21.08%	+1.58%	\$7,795,728.81	\$7,642,597.37	\$153,131.44	>
Retail Brand (84-90 DS) STD	5,512	24.75%	24.75%	0.00%	\$7,232,075.71	\$7,156,702.28	\$75,373.43	>
Retail Generic (1-83 DS)	258,432	84.50%	84.15%	-0.35%	\$4,303,917.22	\$4,401,167.80	(\$97,250.58)	<
Retail Generic (84-90 DS)	46,986	87.75%	86.95%	-0.80%	\$1,968,732.90	\$2,097,145.34	(\$128,412.44)	<
Mail Brand	6,497	24.50%	24.50%	0.00%	\$7,916,783.51	\$7,943,086.28	(\$26,302.77)	<
Mail Generic	51,014	88.08%	88.09%	+ 0.01%	\$2,082,842.80	\$2,024,299.40	\$58,543.10	>
ESI Specialty	4,260	21.50%	19.59%	- 1.91%	\$21,176,101.55	\$21,692,261.77	(\$516,160.22)	<
TOTAL				+ 1.47%	\$52,476,182.50	\$52,957,260.24	(\$481,078.05)	<

*Compound, Over the Counter, Retail Usual and Customary, Vaccines, Subscriber, and Coordination of Benefits claims were excluded from all contract guarantees, PillarRx reviewed claims for reasonableness and found no outliers.

The aggregate total for each standard is calculated separately (retail, mail, and specialty) and then combined to determine the total over or underperformance.

In summary, when aggregating the pricing guarantee discounts with the dispensing fee outcome, ESI's calculated a reconciliation of (\$495,962.06). See chart below for breakout.

	PillarRx Combined Discounts and Dispensing Fee Guarantees	ESI Combined Discounts and Dispensing Fee Guarantee Reconciliation
Discounts	(\$481,078.05)	(\$495,962.06)
Dispensing Fees	\$36,096.38	\$39,940.07
FY2022	(\$481,078.05)	(\$495,962.06)

ESI Response – Reconciliation of Pricing Guarantees:

ESI calculated a shortfall of \$495,962.06, which was paid to the client on 11/15/2022.

Confidential Information

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BENEFIT PAYMENT ACCURACY REVIEW

Benefit Payment Accuracy Review Findings

Cost share indicates the dollar amount required to be paid by the member when a prescription drug is purchased. A PillarRx cost share audit compares the plan design received from ESI to the plan design received from PEBP. Benefit plan design rules are created to ensure members' claims have been properly adjudicated at the pharmacy.

Member Cost Share

Cost share (copay, deductible, or coinsurance) represented the dollar amount required to be paid by the member when a prescription drug was purchased. Our observations and conclusions relative to cost share application are shown in the following chart.

Member Cost Share (7/1/2021 – 6/30/2022)	
Total Claims	Cost Share Collected
463,998	\$17,291,807.78

PillarRx submitted 130 claims based on 12 different scenarios to ESI that represented potential exceptions to the copayment requirements for FY2022. ESI's response provided adequate explanation and documentation for each category of exception for each scenario. No further action is required.

Exclusions specify the drugs and products that a plan would not cover unless there was a Prior Authorization (PA) on file. Based on documentation provided by ESI, PillarRx created excluded drug and PA drug listings and re-adjudicated the claims for these non-covered and prior authorized medications.

The claim data and documentation provided by ESI allowed PillarRx to confirm that drug exclusions and prior authorizations were administered correctly. No further action is required.

Administration of Age Rules

Age rules specify that a participant must be within a specific age group for a specific medication to be covered. PillarRx noted no issues related to age rules.

Administration of Quantity Limits

Quantity limits are included in plans to ensure safety and appropriate utilization. PillarRx noted that based on the language in the drug coverage documents provided by ESI, claims were adjudicated within plan parameters. No further action is required.

ESI Response – Benefit Payment Accuracy:

ESI notes no further action is required.



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PERFORMANCE GUARANTEE REVIEW

Performance Standard	Description of Standard	PBM Performance/Penalty	Met/ Not Met
Financial and Processing Accuracy			
Retail Claim Financial Accuracy	99% of all claims paid with NO errors	100% - ESI noted no errors for Retail Claim Financial, and Retail Processing Accuracy.	Met
Retail Processing Accuracy		100% - PillarRx noted no errors for Retail Claim Financial, and Retail Processing Accuracy.	Met
Mail Order Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	100% - ESI noted no errors for Mail Order Processing Accuracy.	Met
Mail Order Claim Processing Accuracy		100% - PillarRx noted no errors for Mail Order Processing Accuracy.	Met
Specialty Claim Financial Accuracy	99% of all claims paid with NO errors unless subject to intervention.	100% - PillarRx noted no errors for Specialty Financial Accuracy.	Met
Specialty Claim Processing Accuracy		100% - PillarRx noted no errors for Specialty Claim Processing Accuracy.	Met
Rebate Amounts	PEBP shall receive 100% of rebate dollars due to PEBP for PEBP utilization for retail drugs, mail order drugs and specialty drugs.	100% - PillarRx noted no errors for Rebate Amounts Accuracy.	Met
Rebate Remittance Time to PEBP	100% of rebate dollars received by the PBM or pharmacy network or specialty drug vendor shall be remitted to PEBP within 90 calendar days after the last calendar day of the quarter in which such rebates were received.	100% - PillarRx noted no errors for Rebate Remittance.	Met
Claim Processing Turnaround			
Mail Order Claims Processing Time, Normal	95% of prescriptions shipped within 2 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), excluding prescriptions requiring intervention.	0.7 business days	Met
Mail Order Claims, Processing Time, Intervention	95% of prescriptions shipped within 5 business days of receiving prescription (as measured from date order received at the PBM to date order shipped), for prescriptions requiring intervention.	1.0 business days	Met

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Telephone Services			
Customer Service Response Time	Average time to answer all calls should be 30 seconds or less.	8.3 seconds	Met
Abandonment Rate	3% or less calls abandoned.	0.7%	Met
Member Satisfaction			
Member Satisfaction Survey	One random sample member survey completed annually on PEBP specific basis or PEBP specific responses to a book of business survey.	Target- 90% or greater ESI Score- 80% ESI did not meet the target for member satisfaction and has not provided proof of payment to PEBP or has not indicated if a penalty applies.	Not Met

ESI Response – Performance Guarantee Review:

ESI agrees that the Member Satisfaction Survey metric was missed and a penalty is applicable. The State of Nevada Public Employee Benefit Program’s (PEBP’s) pharmacy plan will provide ESI with a payment request upon completion of the audit which has not yet been received. ESI notes the penalty is based on the admin fees for the year.

REBATE REVIEW

Rebate Audit Objective

The Rebate Review provides confirmation that ESI has reimbursed the PEBP the minimum amount per brand claim as outlined in the PBM contract.

Rebate Review Scope

PillarRx’s Rebate Review assessed whether the minimum per claim rebates listed within the PEBP’s contract with ESI were met. The review assessed whether there were any differences between the rebates contractually agreed upon between the PEBP and ESI and the rebate amounts that were actually paid to the PEBP.

Rebate Review Methodology

PillarRx identified all brand claims per distribution channel and calculated the minimum rebate amount owed to the PEBP based on its contract terms with ESI. These amounts were then reconciled against the rebate reports provided by ESI.



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Rebate Review Findings

PillarRx has found that differences can occur in the rebate amounts billed to manufacturers by a PBM and the rebate amount calculated by PillarRx for an individual health plan. The primary reason for this difference lies in the common practice by PBMs of submitting rebate-eligible claims to a manufacturer for the PBM’s book of business rather than for each plan sponsor individually.

This typically works to the advantage of the plans, as the amount of rebates paid by the manufacturer will be based on a larger pool of claims. The PBM then pays rebates to each plan sponsor separately based on the plan’s claims.

Rebate Calculations FY2022		
Component Description	Number of Claims	Total Minimum Contract Rebate
Brand 1-83 DS	14,346	\$2,797,470.00
Brand 84-90 DS	5,244	\$3,067,740.00
Specialty Accredo	3,274	\$4,501,750.00
Specialty	897	\$22,425.00
Mail Brand	5,834	\$3,412,890.00
TOTAL	29,595	\$13,802,890.00

PillarRx’s Rebate Review shows, based on the minimum rebates stipulated within the contract between PEBP and ESI, that ESI met and exceeded the minimum rebates owed. No further action is required.

ESI Rebate Payments FY 2022		
Allocation Period	Payment Date	Total Amount
FY22 Q1: 7/1/21-9/30/21	10/28/2021	\$4,543,186.83
FY22 Q2: 10/1/21-12/31/21	1/28/2022	\$3,266,255.84
FY22 Q3: 1/1/22-3/31/22	4/28/2022	\$3,434,141.52
FY22 Q4: 4/1/22-6/30/22	8/28/2022	\$8,396,429.01
TOTAL		\$19,640,013.20

ESI Response – Rebate Review:

ESI agrees the minimum rebates owed was exceeded and no further action is required.

Express Scripts has completed the research for the findings presented above. The Account Team will work directly with Nevada PEBP and is available to discuss plan benefit set-up directly with Nevada PEBP should any questions remain.



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May 16, 2023

Public Employees' Benefits Program
3427 Goni Road, Suite 109
Carson City, NV 89706

Dear Mr. Lindley,

After our last miss on the Member Satisfaction PG we took quite a few steps to try and identify meaningful trends that could be turned over to our Service Delivery Team (*Service Delivery Team offers deep operational knowledge, expertise and execution to deliver a superior member experience*) to work with the call center on an action plan. Some things that were done are as follows:

- We had a dedicated Service Delivery Manager assigned to help us identify and track any PEBP service related complaints and be our liaison into the call center experience
- Based on the results of prior Member Satisfaction Surveys that showed complaints of high wait times, we engaged our Call Center Routing Team to ensure calls were being efficiently directed to available call center teams and that there were no unnecessary long hold times; results showed call wait times between 5-48 seconds.
 - Additional comments included:
 - Coverage of Medications (members don't like going through PA process, mbrs want a better understanding of which meds are covered, access to more covered drugs)
 - How to use the benefits (members want to better understand the PA process, how mail order works, reimbursement for out of pocket expenses/submitting a direct claim)
 - Price of Medication (members want lower prices)
- Account Team did a full review of PEBP specific Client Page to identify any opportunities to make content more user friendly and easily accessible for call center staff.
- We engaged our Quality team for targeted call listening sessions to try and identify trends and areas of common concern; No specific trends were identified as opportunities.
 - Top three drivers of calls were 1) Order Status 2) Refills/Renewals 3) Verify drug coverage
- Account Manager created complaint/escalation tracking reports to identify any ongoing trends.
- Acct Team scheduled ongoing quarterly calls with PEBP staff to discuss any specific member issues and share ongoing customer service reports. These calls continue today.

Based on the most recent survey results, we have re-engaged our Service Delivery Team to re-visit some of these activities to see if any new concerns are identified. We will continue to share those findings as they are known.

Unfortunately, overall survey response rates are typically less than 10%, and are often a contributing factor to the final outcome of the PG.

Should you have any questions regarding this letter, please do not hesitate to contact me.

Respectfully,

Nancy Langeland

Senior Account Executive