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Ohio Department of Medicaid

Executive Summary Report on MCP Pharmacy Benefit Manager Performance

June 15th, 2018



To: Director Sears, Ohio Department of Medicaid
Patrick Stephan, Director of Managed Care - Ohio Department of Medicaid
Dr. Donald Wharton, Assistant Medical Director - Ohio Department of Medicaid

Re: Executive Summary of Report on MCP Pharmacy Benefit Manager Performance

From: HealthPlan Data Solutions, LLC

Date: June 15th, 2018

Thank you for the opportunity to provide this executive summary of our report on the performance of Pharmacy Benefit Managers (PBM) in their management of the pharmacy benefit plans for the Managed Care Providers (MCPs) servicing the Ohio Department of Medicaid (ODM). HealthPlan Data Solutions (HDS) provides transparency to the prescription benefit data and gives the plan sponsors and managed care providers the ability to measure performance and contract terms against competitive benchmarks.

The results of the HDS analysis for the following benefit components are included in the executive summary of the report:

1. Amount of "PBM Spread" between the prices billed to the MCPs by their PBMs and the amount paid to the pharmacy providers
2. Analysis of the provider payments; looking for any anti-competitive pricing that is biased against the independent pharmacy providers
3. Financial impact of a cost-neutral, pass-through PBM pricing option for ODM, which may resolve the challenges associated with the current traditional pricing PBM-MCP pricing model
4. Financial comparison of the current MCP managed model to a Fee-for-service model for all ODM prescription services

Summary of Results

The analysis of the current benefit structure was performed on data matching ODM Encounter data to the Managed Care Plans (MCP) provided data. The HDS Claims Insight system identified the following:

Total Calculated Spread for MCP Prescription Claims matched to Medicaid Encounter Data

The HDS Claims Insight system matched the prescription claims data provided by the Managed Care Plans (MCP) to the ODM Encounter data. HDS excluded MCP claims data that could not be matched to ODM Encounter data in this analysis. The total calculated spread between what was billed to the MCPs by the PBMs and paid to the pharmacy providers for matched claims is **\$223,711,075.37**.

- This is **8.78%** of the total amount billed to the MCPs by the PBMs for matched claims
- The total spread for matched claims administered by CVS is **\$197,330,048.71**
 - This is **8.70%** of the total amount billed to the MCPs by CVS for matched claims
- The total spread for matched claims administered by OptumRx is **\$26,381,026.66**
 - This is **9.41%** of the total amount billed to the MCP by OptumRx for matched claims

Table: Spread in the MCP Claims Data Matched to ODM Encounter Data*

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Price Billed to MCP by PBM	Spread Between Total Price Billed to MCP by PBM and Total Price Paid to Pharmacy+	Percent Spread of Total Price Billed to MCP by PBM
Buckeye Community Health Plan	4,570,618	\$268,014,861.22	\$300,953,989.46	\$32,939,128.24	10.94%
Caresource	22,277,984	\$1,289,174,706.61	\$1,403,459,575.04	\$114,284,868.43	8.14%
Molina Healthcare of Ohio	4,889,609	\$286,187,123.03	\$313,460,929.73	\$27,273,806.70	8.70%
Paramount Advantage	3,468,464	\$227,008,099.53	\$249,840,344.87	\$22,832,245.34	9.14%
United Healthcare Community Plan	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	9.41%
Totals	39,267,983	\$2,324,357,352.14	\$2,548,068,427.51	\$223,711,075.37	8.78%
Totals: CVS Administered Plans	35,206,675	\$2,070,384,790.39	\$2,267,714,839.10	\$197,330,048.71	8.70%
Totals: OptumRx Administered Plans	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	9.41%

*Results based on 98.88% of MCP claims matched to ODM Encounter Data

+Calculated spread does not equal PBM profitability

Data Validation through the Comparison of Ingredient Cost and Dispensing Fees

During the validation of the data provided by the MCPs, the HDS Claims Insight System identified inconsistencies on **6.96%** of the claims provided by the MCPs. HDS defined an inconsistency where the total price billed or paid did not equal the ingredient cost plus dispensing fee. The ingredient cost and dispensing fee usually equals the total amount billed or paid for most claims. Without a complete data set from the PBMs, HDS could not determine the specific reasons for these inconsistencies. Some of the common reasons include:

- Coordination of benefit (COB) or secondary coverage claims
- Vaccine claims with additional dispensing fee or incentive fees to the pharmacy provider
- Sales tax charged on prescriptions filled in states that charge sales tax on prescriptions
- Claims submitted manually by the member
- Subrogation claims

Since the calculation of spread is based on the difference between the price billed to the MCP by the PBM and the price paid to the pharmacy provider, HDS included these claims in the calculation of the spread.

Table: Ingredient Cost and Dispensing Fees for MCP Claims Matched to ODM Encounter Data

Managed Care Plan	Rx Count	Total Ingredient Cost Paid to Pharmacy	Total Ingredient Cost Billed to MCP by PBM	Total Dispensing Fee Paid to Pharmacy	Total Dispensing Fee Billed to MCP by PBM
Buckeye Community Health Plan	4,570,618	\$269,510,125.59	\$298,584,042.93	\$1,840,631.44	\$2,358,898.18
Caresource	22,277,984	\$1,291,705,837.09	\$1,402,704,233.32	\$11,770,693.27	\$15,425,384.29
Molina Healthcare of Ohio	4,889,609	\$286,966,690.81	\$313,813,700.19	\$2,033,836.65	\$2,558,044.83
Paramount Advantage	3,468,464	\$228,400,715.39	\$250,914,832.34	\$1,494,203.15	\$1,909,709.27
United Healthcare Community Plan	4,061,308	\$253,372,283.36	\$277,516,774.01	\$2,765,797.14	\$5,002,423.15
Totals	39,267,983	\$2,329,955,652.24	\$2,543,533,582.79	\$19,905,161.65	\$27,254,459.72
Totals: CVS Administered Plans	35,206,675	\$2,076,583,368.88	\$2,266,016,808.78	\$17,139,364.51	\$22,252,036.57
Totals: OptumRx Administered Plans	4,061,308	\$253,372,283.36	\$277,516,774.01	\$2,765,797.14	\$5,002,423.15

Identification of Potentially Anti-Competitive Pricing by CVS against Independent Pharmacies

HDS did not identify preferential pricing paid to CVS-owned pharmacies by CVS that would create an anti-competitive advantage over independent pharmacies

- A pharmacy was classified as independent based on publicly available data in combination with the number of pharmacies under common ownership
- In the aggregate, CVS paid independent pharmacies more than they paid CVS pharmacies
 - Independent pharmacies would have been reimbursed **3.61%** less for traditional brand drugs if reimbursed at the rates paid to CVS pharmacies
 - Independent pharmacies would have been reimbursed **3.36%** less for traditional generic drugs if reimbursed at the rates paid to CVS pharmacies

Pharmacy Group	Retail/Mail Order Indicator	Brand/Generic Indicator	Aggregate Pricing Discount Paid to Independent pharmacies by CVS	Dispensing Fee/Rx Paid to Independent pharmacies by CVS	Aggregated Pricing Discount Paid to CVS pharmacies by CVS	Dispensing Fee/Rx Paid to CVS pharmacies by CVS	Percent Change in Reimbursement if Independent pharmacies were paid at rates CVS paid CVS pharmacies: Increase (+) / Decrease (-)
Independent	Retail	Brand	15.07%	\$1.23	17.80%	\$0.37	-3.61%*
Independent	Retail	Generic	86.53%	\$0.48	86.91%	\$0.38	-3.36%*

*Percent change in reimbursement is measured by calculating the percent change in the amount paid to independent pharmacies if CVS had paid independent pharmacies the same rates CVS paid its own pharmacies: Percent change in reimbursement = (Price paid using CVS rates – Current price paid)/Current Price Paid x 100%

Summary of Recommendations

Implementation of Pass-Through Pricing Model PBM Contracts for MCPs

Based on analysis by the HDS Claims Insight system of the current benefit structure after matching ODM Encounter data to the Managed Care Plans (MCP) provided data, **HDS is recommending that the MCPs move to a pass-through pricing option with their PBM in place of the traditional PBM contract with spread pricing.** HDS considered the following four factors before recommending moving to a pass-through pricing model PBM contract:

1. Increased administrative fees charged in a pass-through model
2. Negotiating the appropriate AWP discount based on historical pricing performance and market benchmarks
3. Remaining cost neutral to the Ohio Department of Medicaid
4. Improving reimbursement to the pharmacy providers

Based on our analysis of the current PBM contracts signed by the MCPs, a solution in which increased administrative fees paid to the PBM for administering a pass-through pricing model can be offset with more competitive pricing discounts and dispensing fee guarantees. In the pass-

through pricing model, the guaranteed discount rates are the same for the MCP and pharmacy providers. The HDS suggested discounts would result in improved payments to the pharmacies while offsetting the increased administrative fees and keeping the pass-through model cost neutral to ODM and the MCPs. Based on information in the PBM contracts provided and HDS market intelligence, the fees should be in the range of \$0.95 to \$1.90 per prescription. This will result in an increase in the administrative cost to the MCPs of **\$43,414,533.15**. This can be offset by increasing the pricing discounts and reducing the dispensing fee rates guaranteed to the MCPs. With the suggested discounts, the overall **net decrease** in prescription plan costs for the MCPs would be **\$16,154,557.17** while **increasing** the pharmacy reimbursement by **\$191,038,145.91**.

Fee-for-Service Pricing Comparison

The HDS Claims Insight system calculated prescription pricing if MCP matched prescription claims had been paid under the Medicaid Fee-For-Service (FFS) methodology utilizing NADAC to estimate acquisition cost. HDS ran two separate dispensing fee models to estimate the total billed price that would be paid under the Fee-for-Service model.

- **Dispensing Fee Model 1:** if the professional dispensing fee paid to pharmacies with no assigned dispensing fee tier is assumed to be **\$9.79** per prescription, the NADAC plus dispensing fee price would increase the cost of pharmacy claims by **\$145,778,114.92**
- **Dispensing Fee Model 2:** if the professional dispensing fee paid to pharmacies with no assigned dispensing fee tier is assumed to be the default dispensing fee formulas used by ODM, the NADAC plus dispensing fee price would increase the cost of pharmacy claims by **\$145,146,577.97**
 - In both models HDS applied the tiered dispensing fee if the pharmacy was assigned a tier by ODM

Table: Estimated Pricing for MCP Claims if paid under the Medicaid-Fee-for-Service Methodology

Managed Care Plan	Total Price Billed to MCP by PBM	Estimated Medicaid Fee-For-Service Price Paid Dispensing Fee Model 1	Increase in Estimated Price Paid Dispensing Fee Model 1	Estimated Medicaid Fee-For-Service Price Paid Dispensing Fee Model 2	Increase in Estimated Price Paid Dispensing Fee Model 2
Buckeye Community Health Plan	\$300,993,309.56	\$312,348,117.25	\$11,354,807.69	\$312,726,009.49	\$11,732,699.93
Caresource	\$1,403,459,575.04	\$1,501,923,869.31	\$98,464,294.27	\$1,503,336,631.32	\$99,877,056.28
Molina Healthcare of Ohio	\$313,460,929.73	\$337,128,960.78	\$23,668,031.05	\$337,514,236.66	\$24,053,306.93
Paramount Advantage	\$249,840,344.87	\$262,077,602.75	\$12,237,257.88	\$259,072,590.74	\$9,232,245.87
United Healthcare Community Plan	\$280,353,588.41	\$280,407,312.44	\$53,724.03	\$280,604,857.37	\$251,268.96
Totals	\$2,548,107,747.61	\$2,693,885,862.53	\$145,778,114.92	\$2,693,254,325.58	\$145,146,577.97

HDS would recommend a follow up analysis to determine if the potential increase in rebates would offset the increase in prescription claim costs in the FFS model and the prescription claims were carved out of the Managed Care Program. This analysis will provide a net quantification of the potential savings for ODM.

The HDS Report on MCP Pharmacy Benefit Manager Performance

Introduction

The following report provides the background, explanation and detail to support the proceeding executive summary on pages 1 through 7. The individual sections support the presentation and findings in the executive summary and can be located using the table of contents following this introduction. When appropriate an explanation of the HDS approach and calculations were provided. Some of the analysis depended on the use of HDS proprietary information and values based on market experience, proprietary algorithms and market intelligence supplied by HDS business partners in the pharmacy distribution channel. Many of the tables supporting the findings of the HDS analysis are found in the Appendix. The Appendix has a separate table of contents.

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Data Validation

Summary of MCP Data Matched to ODM Encounter Data

After receiving the ODM Encounter Data and MCP pharmacy claims data, the HDS Claims Insight system completed the following process to import the data for analysis:

1. File headers, data dictionary, and data values were validated for completeness, accuracy, and format
2. Files were mapped for alignment with the HDS system
3. Files were uploaded into the HDS system
4. Compared data in the uploaded files against the HDS analytics engine using proprietary algorithms

After completing the data importation process, the HDS Claims Insight system matched the PBM data provided by the MCPs to the ODM Encounter data. The data in the files provided were matched utilizing the unique Internal Control Number (ICN) assigned to each prescription claim transaction. The HDS Claims Insight system was able to match a high percentage of MCP provided claims to the ODM Encounter data. The results of this matching process are summarized in the tables below. HDS identified the following highlights from the matching process:

- HDS Claims Insight system matched >99% of the MCP provided claims to the ODM Encounter Data for the following MCPs
 - Buckeye Community Health Plan
 - Caresource
 - Molina Healthcare of Ohio
 - Paramount Advantage
- HDS Claims Insight system only matched 90.63% of the MCP provided claims by United Healthcare Community Plan
 - HDS was not able to determine the cause for this relatively high number of claims that could not be matched because the MCP provided data did not include any dates

Table 1: Summary of MCP Provided Claims Data Matched to ODM Encounter Data

Managed Care Plan	Total Rx Count Provided by MCP	Total Count of Rx Matched to ODM Encounter Data	Rx Count Claims Not Matched	Percent Claims Matched	Last Prescription Fill Date Matched to ODM Encounter Data
Buckeye Community Health Plan	4,571,367	4,570,618	749	99.98%	3/19/2018
Caresource	22,292,282	22,277,984	14,298	99.94%	3/1/2018
Molina Healthcare of Ohio	4,899,895	4,889,609	10,286	99.79%	3/15/2018
Paramount Advantage	3,468,466	3,468,464	2	100.00%	3/8/2018
United Healthcare Community Plan	4,481,060	4,061,308	419,752	90.63%	3/1/2018
Totals	39,713,070	39,267,983	445,087	98.88%	

Table 2: Summary of Prices Billed to MCPs from Claims Data Matched to ODM Encounter Data

Managed Care Plan	Rx Count	Total Ingredient Cost Billed to MCP	Total Dispensing Fee Billed to MCP	Total Price Billed to MCP
Buckeye Community Health Plan	4,570,618	\$316,152,207.12	\$8,436,636.22	\$321,017,306.99
Caresource	22,277,984	\$1,402,704,233.32	\$15,425,384.29	\$1,403,459,575.04
Molina Healthcare of Ohio	4,889,609	\$313,813,700.19	\$2,558,044.83	\$313,460,929.73
Paramount Advantage	3,468,464	\$250,914,832.34	\$1,909,709.27	\$249,840,344.87
United Healthcare Community Plan	4,061,308	\$277,516,774.01	\$5,002,423.15	\$280,353,588.41
Totals	39,267,983	\$2,561,101,746.98	\$33,332,197.76	\$2,568,131,745.04

Table 3: Summary of Prices Paid to Pharmacies from MCP Provided Claims Data Matched to ODM Encounter Data

Managed Care Plan	Rx Count	Total Ingredient Cost Paid to Pharmacy	Total Dispensing Fee Paid to Pharmacy	Total Price Paid to Pharmacy
Buckeye Community Health Plan	4,570,618	\$269,510,125.59	\$1,840,631.44	\$268,014,861.22
Caresource	22,277,984	\$1,291,705,837.09	\$11,770,693.27	\$1,289,174,706.61
Molina Healthcare of Ohio	4,889,609	\$286,966,690.81	\$2,033,836.65	\$286,187,123.03
Paramount Advantage	3,468,464	\$228,400,715.39	\$1,494,203.15	\$227,008,099.53
United Healthcare Community Plan	4,061,308	\$253,372,283.36	\$2,765,797.14	\$253,972,561.75
Totals	39,267,983	\$2,329,955,652.24	\$19,905,161.65	\$2,324,357,352.14

HDS provides the total price billed, total ingredient cost billed, and the total dispensing fee paid for all MCP provided claims in **Appendix Tables 1-2**.

Data Validation through the Comparison of Ingredient Cost and Dispensing Fees

During the validation of the data provided by the MCPs, the HDS Claims Insight System identified inconsistencies on **6.96%** of the claims provided by the MCPs matched to the ODM Encounter data. HDS defined an inconsistency where the total price billed or paid did not equal the ingredient cost plus dispensing fee. The ingredient cost and dispensing fee usually equals the total amount billed or paid for most claims. Without a complete data set from the PBMs, HDS could not determine the specific reasons for these inconsistencies. Some of the common reasons include:

- Coordination of benefit (COB) or secondary coverage claims
- Vaccine claims with additional dispensing fee or incentive fees to the pharmacy provider
- Sales tax charged on prescriptions filled in states that charge sales tax on prescriptions
- Claims submitted manually by the member
- Subrogation claims
- [REDACTED]

Since the calculation of spread is based on the difference between the price billed by the PBM to the MCP and the price paid to the pharmacy provider. HDS included these claims in the calculation of the spread and are broken down into three categories below.

1. Total Price Billed to MCP is less than the Ingredient Cost plus Dispensing Fee Billed to MCP

HDS believes that these claims were likely billed to and paid by a primary insurance carrier prior to being billed for secondary payment to the MCP (COB claim). HDS included these claims in the calculation of spread but excluded from the calculations of PBM performance against the contract guarantees.

- The total price billed to the **MCP** is **\$26,983,872** less than the sum of the dispensing fees and the ingredient cost billed to the MCP
- The total price paid to **pharmacy** is **\$26,185,214** less than the sum of the dispensing fees and total ingredient cost paid to pharmacy

Table 4: Match Claims where Total Price Billed to MCP < Ingredient Cost + Dispensing Fee Billed to MCP

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Dispensing Fee Paid to Pharmacy	Total Ingredient Cost Paid to Pharmacy	Total Price Billed to MCP	Total Dispensing Fee Billed to MCP	Total Ingredient Cost Billed to MCP
Buckeye Community Health Plan	55,007	\$834,448.47	\$23,061.54	\$4,197,734.40	\$1,631,054.35	\$95,422.29	\$5,157,630.36
Caresource	170,594	\$3,887,510.58	\$83,091.61	\$18,506,961.04	\$5,102,743.39	\$111,090.66	\$20,062,413.62
Molina Healthcare of Ohio	32,276	\$698,815.05	\$12,646.79	\$3,571,145.02	\$939,571.86	\$15,868.45	\$3,906,091.03
Paramount Advantage	33,078	\$748,106.72	\$13,467.78	\$3,655,268.18	\$1,105,446.63	\$17,701.26	\$4,105,752.34
United Healthcare Community Plan	17,276	\$303,687.40	\$14,102.36	\$2,580,303.49	\$604,458.37	\$25,233.42	\$2,869,943.40
Totals	308,231	\$6,472,568.22	\$146,370.08	\$32,511,412.13	\$9,383,274.60	\$265,316.08	\$36,101,830.75

2. Total Price Billed to MCP is equal to the Ingredient Cost plus Dispensing Fee Billed to MCP

The ingredient cost and dispensing fee equals the total amount billed or paid for this set of claims. HDS included these claims in the calculation of spread and the calculations of PBM performance against the contract guarantees unless a claim was specifically excluded in the PBM contract.

Table 5: Match Claims where Total Price Billed to MCP = Ingredient Cost + Dispensing Fee Billed to MCP

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Dispensing Fee Paid to Pharmacy	Total Ingredient Cost Paid to Pharmacy	Total Price Billed to MCP	Total Dispensing Fee Billed to MCP	Total Ingredient Cost Billed to MCP
Buckeye Community Health Plan	4,303,741	\$259,229,312.32	\$1,744,439.49	\$257,484,872.83	\$308,782,997.42	\$7,943,999.08	\$300,838,998.34
Caresource	20,702,659	\$1,226,748,386.59	\$11,194,979.29	\$1,215,553,407.30	\$1,331,714,978.04	\$14,415,541.64	\$1,317,299,436.40
Molina Healthcare of Ohio	4,356,654	\$266,501,337.61	\$1,848,348.52	\$264,652,989.09	\$290,284,371.97	\$2,293,725.75	\$287,990,646.22
Paramount Advantage	3,142,870	\$214,074,520.93	\$1,379,473.79	\$212,695,047.14	\$234,478,213.68	\$1,740,374.78	\$232,737,838.90
United Healthcare Community Plan	4,030,813	\$253,004,096.81	\$2,743,061.91	\$250,261,034.90	\$279,061,793.61	\$4,960,659.33	\$274,101,134.28
Totals	36,536,737	\$2,219,557,654.26	\$18,910,303.00	\$2,200,647,351.26	\$2,444,322,354.72	\$31,354,300.58	\$2,412,968,054.14

3. Total Price Billed to MCP is greater than the Ingredient Cost plus Dispensing Fee Billed to MCP

HDS identified examples of several claims types when the priced billed or paid is greater than sum of the ingredient cost and dispensing fee billed or paid. Without additional data from the PBMs HDS is unable to identify the specific reasons for these claims discrepancies. Some of the common examples HDS has identified include:

- Vaccine claims with additional dispensing fees or incentive fees paid to the pharmacy provider
- Sales tax charged on prescriptions filled in states that charge sales tax on prescriptions
- Claims submitted manually by the member
- Subrogation claims

Table 6: Match Claims where Total Price Billed to MCP > Ingredient Cost + Dispensing Fee Billed to MCP

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Dispensing Fee Paid to Pharmacy	Total Ingredient Cost Paid to Pharmacy	Total Price Billed to MCP	Total Dispensing Fee Billed to MCP	Total Ingredient Cost Billed to MCP
Buckeye Community Health Plan	211,870	\$7,951,100.43	\$73,130.41	\$7,827,518.36	\$10,603,255.22	\$397,214.85	\$10,155,578.42
Caresource	1,404,731	\$58,538,809.44	\$492,622.37	\$57,645,468.75	\$66,641,853.61	\$898,751.99	\$65,342,383.30
Molina Healthcare of Ohio	500,679	\$18,986,970.37	\$172,841.34	\$18,742,556.70	\$22,236,985.90	\$248,450.63	\$21,916,962.94
Paramount Advantage	292,516	\$12,185,471.88	\$101,261.58	\$12,050,400.07	\$14,256,684.56	\$151,633.23	\$14,071,241.10
United Healthcare Community Plan	13,219	\$664,777.54	\$8,632.87	\$530,944.97	\$687,336.43	\$16,530.40	\$545,696.33
Totals	2,423,015	\$98,327,129.66	\$848,488.57	\$96,796,888.85	\$114,426,115.72	\$1,712,581.10	\$112,031,862.09

Calculation of Spread

The analysis of the current benefit structure was performed on MCP provided data matching ODM Encounter data. The HDS Claims Insight system identified the following in regard to spread pricing:

1. Spread Calculation: (Prices billed to MCPs by PBMs) minus (Total price paid to the pharmacy providers)

The HDS Claims Insight system matched the prescription claims data provided by the Managed Care Plans (MCP) to the ODM Encounter data. HDS excluded MCP claims data that could not be matched to ODM Encounter data in this analysis. The total calculated spread between what was billed to the MCPs by the PBMs and paid to the pharmacy providers for matched claims is **\$223,711,075.37**.

- This is **8.78%** of the total amount billed to the MCPs by the PBMs for matched claims
- The total spread for matched claims administered by CVS is **\$197,330,048.71**
 - This is **8.70%** of the total amount billed to the MCPs by CVS for matched claims
- The total spread for matched claims administered by OptumRx is **\$26,381,026.66**
 - This is **9.41%** of the total amount billed to the MCP by OptumRx for matched claims

Table 7: Spread in the MCP Claims Data Matched to ODM Encounter Data*

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Price Billed to MCP by PBM	Spread Between Total Price Billed to MCP by PBM and Total Price Paid to Pharmacy	Spread per Rx	Percent Spread of Total Price Billed to MCP by PBM
Buckeye Community Health Plan	4,570,618	\$268,014,861.22	\$300,953,989.46	\$32,939,128.24	\$7.21	10.94%
Caresource	22,277,984	\$1,289,174,706.61	\$1,403,459,575.04	\$114,284,868.43	\$5.13	8.14%
Molina Healthcare of Ohio	4,889,609	\$286,187,123.03	\$313,460,929.73	\$27,273,806.70	\$5.58	8.70%
Paramount Advantage	3,468,464	\$227,008,099.53	\$249,840,344.87	\$22,832,245.34	\$6.58	9.14%
United Healthcare Community Plan	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	\$6.50	9.41%
Totals	39,267,983	\$2,324,357,352.14	\$2,548,068,427.51	\$223,711,075.37	\$5.70	8.78%
Totals: CVS Administered Plans	35,206,675	\$2,070,384,790.39	\$2,267,714,839.10	\$197,330,048.71	\$5.60	8.70%
Totals: OptumRx Administered Plans	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	\$6.50	9.41%

*Results based on 98.88% of MCP claims matched to ODM Encounter Data

2. Spread Calculation: Prices billed by both the PBMs and the Pharmacy Benefit Administrators

The total spread between what was billed by the PBMs to the MCPs and paid to the pharmacy providers for matched claims is **\$243,774,392.90**

- This is **9.49%** of the total amount billed to the MCPs by the PBMs for matched claims
- The total spread paid on matched claims by MCPs with pharmacy benefits administered by CVS is **\$217,393,366.24**
 - This is **9.50%** of the total amount billed to the MCPs by CVS for matched claims
- The total spread paid on matched claims by the MCP with pharmacy benefits administered by OptumRx is **\$26,381,026.66**
 - This is **9.41%** of the total amount billed to the MCP by OptumRx for matched claims

Table 8: Spread in the MCP Claims Data Matched to ODM Encounter Data in PBA Spread

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Price Billed to MCP	Spread Between Total MCP Billed Amount to Total Pharmacy Paid Amount	Spread per Rx	Percent Spread of Total Price Billed to MCP
Buckeye Community Health Plan	4,570,618	\$268,014,861.22	\$321,017,306.99	\$53,002,445.77	\$11.60	16.51%
Caresource	22,277,984	\$1,289,174,706.61	\$1,403,459,575.04	\$114,284,868.43	\$5.13	8.14%
Molina Healthcare of Ohio	4,889,609	\$286,187,123.03	\$313,460,929.73	\$27,273,806.70	\$5.58	8.70%
Paramount Advantage	3,468,464	\$227,008,099.53	\$249,840,344.87	\$22,832,245.34	\$6.58	9.14%
United Healthcare Community Plan	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	\$6.50	9.41%
Totals	39,267,983	\$2,324,357,352.14	\$2,568,131,745.04	\$243,774,392.90	\$6.21	9.49%
Totals: CVS Administered Plans	35,206,675	\$2,070,384,790.39	\$2,287,778,156.63	\$217,393,366.24	\$6.17	9.50%
Totals: OptumRx Administered Plans	4,061,308	\$253,972,561.75	\$280,353,588.41	\$26,381,026.66	\$6.50	9.41%

Buckeye Community Health Plan has a high percent spread of 16.51%. This relatively high percent is explained by the spread between what Buckeye was billed by its Pharmacy Benefit Administrator (PBA), Envolve Pharmacy Solutions (Envolve), and what was paid to CVS by Envolve. This spread further inflates the difference between the amount billed to the MCP and the amount paid to the pharmacy providers. Buckeye Community Health Plan and Envolve are both owned by Centene Corporation. The additional spread paid to Envolve is **\$20,063,317.53**.

Managed Care Plan	Rx Count	Total Price Reported Paid to CVS by Envolve Pharmacy Solutions	Total Billed to Buckeye Community Health Plan by Envolve Pharmacy Solutions	Spread
Buckeye Community Health Plan	4,571,367	\$300,993,309.56	\$321,056,627.09	\$20,063,317.53

HDS provides the spread calculated for all MCP provided claims in **Appendix Tables 3-4**.

Comparison of CVS Spread Pricing rate to market trends

HDS was asked to analyze the \$6.21 per Rx spread charged by CVS and determine if it was appropriate for the market based on HDS client experience and available market intelligence. HDS was unable to compare the MCP experience to our client experience since all HDS' clients have been moved to a pass-through pricing model. The pass-through pricing model improves transparency into prescription drug spending and allows for PBM accountability. HDS could not identify any market intelligence that quantified the average spread earned per prescription or what a PBM expects to earn on spread for a traditional pricing model.

Since HDS was not able to locate any information on the average spread earned by PBMs per prescription, HDS analyzed the prices paid to the pharmacy providers by comparing it to the HDS BenchmarkTM pricing, which is a proprietary market price that is competitive in the marketplace. The HDS Claims Insight system identifies both excessive charges and underpayment when compared to our BenchmarkTM price. The BenchmarkTM price is a dynamic and survey-based market average price for medications with the same GPI code. It is most applicable when paired with a pass-through model. Based on our analysis, HDS identified the following:

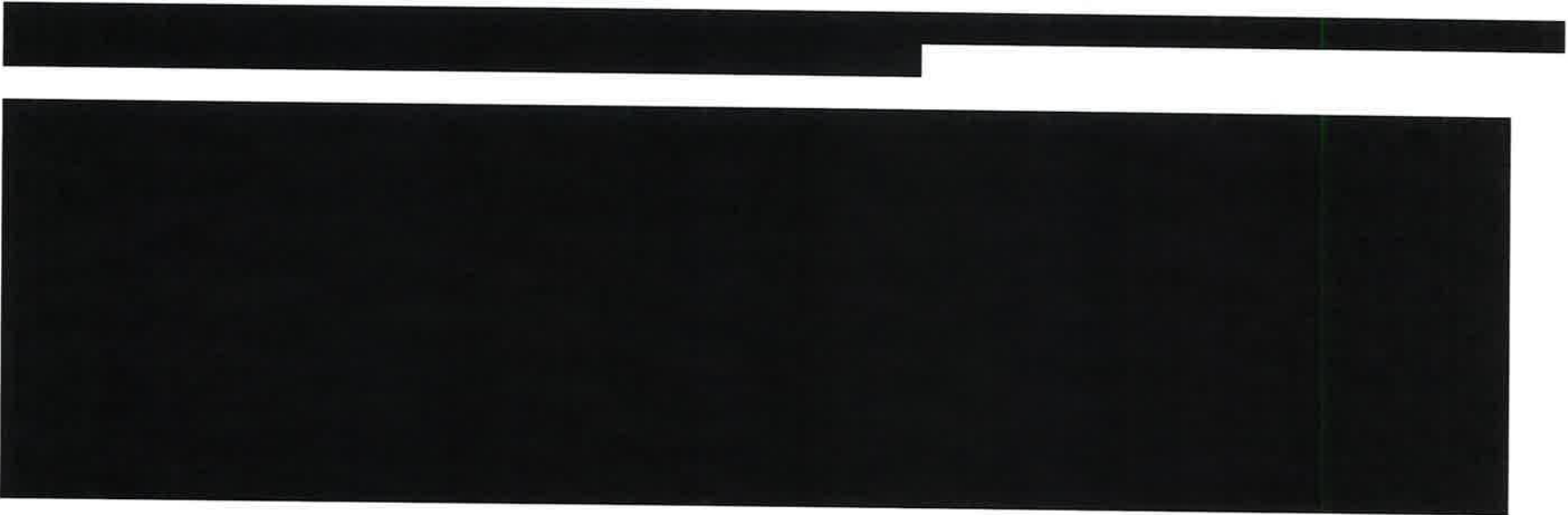
- When compared to the HDS BenchmarkTM price, CVS **underpaid** the pharmacy providers a net **\$335,780,462** on generic drugs
- When compared to the HDS BenchmarkTM price, OptumRx **underpaid** the pharmacy providers a net **\$21,263,155** on generic drugs

Since the PBMs outperformed the market on the pricing discounts and dispensing fees billed to the MCPs and the PBMs significantly underpaid the pharmacy providers on generics beyond what was billed to the MCPs, the results of this analysis could make the case that the \$6.21 per Rx spread is excessive.

Table 9: Summary of HDS BenchmarkTM Analysis on Prices Paid to Pharmacy Providers

Managed Care Plan	Total Price Higher than Benchmark	Total Price Lower than Benchmark	Net Compared to Market
Buckeye Community Health Plan	\$3,269,570	\$51,218,389	-\$47,948,819
Caresource	\$12,887,293	\$215,333,439	-\$202,446,146
Molina Healthcare of Ohio	\$1,698,620	\$54,375,538	-\$52,676,918
Paramount Advantage	\$1,702,588	\$34,411,167	-\$32,708,579
United Healthcare Community Plan	\$4,141,061	\$25,404,216	-\$21,263,155
Total	\$23,699,132	\$380,742,749	-\$357,043,617
CVS Administered Total	\$19,558,071	\$355,338,533	-\$335,780,462
OptumRx Administered Total	\$4,141,061	\$25,404,216	-\$21,263,155

Based on our experience with the pass-through pricing model, HDS interprets the administration charge per Rx as the margin the PBM needs to earn a profit administering the prescription drug benefit. [REDACTED]



Analysis of Pharmacy Provider Payments

HDS analyzed the payment data to the pharmacy providers in aggregate to identify any preferential pricing given to CVS-owned pharmacies over independent retail pharmacies by CVS. HDS did not identify preferential pricing paid to CVS-owned pharmacies that would create an anti-competitive advantage over independent pharmacies. CVS paid the independent pharmacies more than they paid the CVS pharmacies for both brand and generic traditional medications. Independent pharmacies would have been reimbursed **3.61%** less for traditional brand drugs and **3.36%** less for traditional generic drugs if reimbursed at the rates paid to CVS pharmacies.

Table 10: Comparison of Rates Paid to Pharmacy Providers by CVS

Pharmacy Group	Retail/Mail Order Indicator	Brand/Generic Indicator	Aggregate Pricing Discount Paid pharmacies by CVS	Dispensing Fee/Rx Paid to pharmacies by CVS	Percent Change in Reimbursement if pharmacies were paid at rates paid to CVS pharmacies: Increase (+) / Decrease (-)*
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
Independent	Retail	Brand	15.07%	\$1.23	-3.61%
Independent	Retail	Generic	86.53%	\$0.48	-3.36%
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			
	Retail	Brand			
	Retail	Generic			

Table continued onto next page

Pharmacy Group	Retail/Mail Order Indicator	Brand/Generic Indicator	Aggregate Pricing Discount Paid pharmacies by CVS	Dispensing Fee/Rx Paid to pharmacies by CVS	Aggregated Pricing Discount Paid to CVS pharmacies	Dispensing Fee/Rx Paid to CVS pharmacies	Percent Change in Reimbursement if pharmacies were paid at rates paid to CVS pharmacies: Increase (+) / Decrease (-)*
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					
	Retail	Brand					
	Retail	Generic					

*Percent change in reimbursement is measured by calculating the percent change in the amount paid to independent pharmacies if CVS had paid independent pharmacies the same rates CVS paid its own pharmacies: $\text{Percent change in reimbursement} = (\text{Price paid using CVS rates} - \text{Current price paid}) / \text{Current Price Paid} \times 100\%$

The following HDS notes are relevant to the results of the pharmacy provider payments analysis:

- Pharmacy was classified as retail independent based on publicly available data in combination with the number of pharmacies under common ownership
- Findings do not indicate that the pharmacies were reimbursed adequately to be profitable
- OptumRx was excluded from this analysis because it does not own retail pharmacies

Managed Care Plan Pass-Through Contract Pricing

Calculation of Pass-Through Contract Administration Fees

All five MCPs currently have traditional PBM contract pricing agreements. Under a traditional pricing model, the amount billed to the MCP for the drugs dispensed by the pharmacy is not necessarily the same amount the PBM pays the pharmacy. The difference is the spread, which the PBM retains as revenue. Most traditional pricing arrangements waive the administration fees in exchange for the PBM retention of spread in the pricing model. In the pass-through pricing model, the PBM charges the MCP the same price paid to the pharmacy plus an administrative fee charged on a per prescription basis. The administration fee is the profit margin for the PBM in providing its services. Other revenue can be generated by the PBM through optional clinical services. The PBM pricing discounts paid to the pharmacy are disclosed and reflected in the MCP pricing.

As a part of the HDS analysis of the current MCP pharmacy benefit, the HDS Claims Insight system calculated the additional administrative costs to the MCPs if they opted for pass-through pricing model. HDS identified pass-through administration fee offered by CVS to one of the MCPs and used this information to suggest an estimated pass-through administration fee for all five MCPs. Based on estimated pass-through administration fees, the HDS Claims Insight system calculated that implementing a pass-through agreement with administrative fees would cost the MCPs an additional **\$43,414,533.15**. HDS estimated the following per claim administration fee for the five MCPs:

- Buckeye Community Health Plan: \$
- Caresource: \$
- Molina Healthcare of Ohio: \$
- Paramount Advantage: \$
- United Healthcare Community Plan: \$

Table 11: Pass-Through Administration Fee Calculations

Prescription Plan Factors and Categories	Buckeye Community Health Plan	Caresource	Molina Healthcare of Ohio	Paramount Advantage	United Healthcare Community Plan
Total Rx Count	4,571,367	22,292,282	4,899,895	3,468,466	4,481,060
Traditional Admin Fee					
Estimated Pass-Through Admin Fee					
Pass-Through Admin Fee Increase					
Pass-Through Admin Fee Payment	\$8,685,597.30	\$21,177,667.90	\$4,654,900.25	\$3,295,042.70	\$5,601,325.00

*Includes payment to the PBA

Implementation of a *Cost Neutral* Pass-Through Pricing Model for MCPs

Based on HDS calculations, the potential savings for the MCPs and improved reimbursement for the pharmacy providers in implementing a pass-through agreement, HDS is recommending that the MCPs move to a pass-through pricing agreement with their PBM. HDS considered the following four factors before recommending moving to a pass-through pricing model PBM contract:

1. Increased administrative fees charged in a pass-through model
2. Negotiating the appropriate AWP discount based on historical pricing performance and market benchmarks
3. Remaining cost neutral to the Ohio Department of Medicaid
4. Improving reimbursement to the pharmacy providers

Analysis of the current PBM contracted pricing guarantees with the MCPs, showed that the increased administrative fee paid to the PBM in a pass-through pricing model can be offset with more competitive pricing discounts and dispensing fee guarantees. In this pass-through pricing model, the suggested MCP guaranteed rates would be an improvement in rates for the pharmacy providers resulting in improved provider reimbursement while remaining cost neutral to ODM and the MCPs. These improved discounts would offset the calculated increase in the administrative cost to the MCPs of **\$43,414,533.15**. If the MCPs are able to negotiate the recommended pricing discounts and dispensing fee rates in the table below, the overall **net decrease** in prescription plan costs for the MCPs would be **\$16,154,557.17** while **increasing** the pharmacy reimbursement by **\$191,038,145.91**.

Table 12: Suggested Pricing Discounts and Dispensing Fee Rates for Pass-Through Model

Suggested Discount and Rates	Buckeye Community Health Plan	Caresource	Molina Healthcare of Ohio	Paramount Advantage	United Healthcare Community Plan
Brand Mail Order Pricing Discount					23.00%
Brand Retail Pricing Discount					17.00%
Brand 90 Retail Pricing Discount					19.00%
Generic Mail Order Pricing Discount					85.00%
Generic Retail Pricing Discount					82.00%
Brand Mail Order Dispensing Fee					\$0.00
Brand Retail Dispensing Fee					\$0.65
Brand 90 Retail Dispensing Fee					\$0.65
Generic Mail Order Dispensing Fee					\$0.00
Generic Retail Dispensing Fee					\$0.65

HDS provided a summary table of the costs and savings by MCP and in aggregate associated with moving to a pass-through pricing model in **Appendix Table 5**.

ODM Fee-for-Service Pricing Comparison

Fee-for-Service Pricing Comparison Calculations

The price paid to pharmacy providers for prescription drug claims administered through the ODM Fee-for-Service (FFS) program is based on a logic that estimates the acquisition cost of the medication dispensed and a tier-based professional dispensing fee. The pricing paid to the pharmacy providers is passed through to ODM. HDS was not provided with, and thus, did not analyze the contract between ODM and Change Healthcare to determine if ODM has a true pass-through pricing contract. As a part of our analysis of the current MCP pharmacy benefit, the HDS Claims Insight system calculated the prescription pricing if the MCP matched prescriptions claims had been paid under the ODM FFS methodology.

The estimated acquisition cost was calculated by the HDS Claims Insight system based on the availability of National Drug Acquisition Cost (NADAC), Wholesale Acquisition Cost (WAC), and Average Wholesale Price (AWP) on the date prescription claim was dispensed by the pharmacy. If an active NADAC was available on the prescription data, then the NADAC was used to estimate the acquisition cost. If no active NADAC price exists on the prescription date, then estimated acquisition cost is calculated at WAC-0%. If no active WAC price exists on the prescription date, then estimated acquisition cost is calculated at AWP – 16.67%. If no active AWP price exists on the prescription data, then estimated acquisition cost is calculated using the MCP ingredient cost.

The professional dispensing fee was calculated by the HDS Claims Insight system based on the standard dispensing fee tier assigned by ODM to pharmacy providers in the FFS system. The HDS Claims Insight system calculated the professional dispensing fee using two different models. In Model 1, the HDS Claims Insight system assumed the professional dispensing fee paid to pharmacies with no assigned dispensing fee tier to be \$9.79 per prescription. In Model 2, the HDS Claims Insight system assumed the professional dispensing fee paid to pharmacies with no assigned dispensing fee tier to be \$9.79 per prescription if the pharmacy has a physical location in Ohio or \$8.30 if the pharmacy has an outside Ohio address.

Fee-for-Service Pricing Comparison

The HDS Claims Insight system calculated prescription pricing if MCP matched prescription claims had been paid under the ODM Fee-For-Service using the methodology detailed above. Based on our analysis, HDS estimates the following:

- Dispensing Fee **Model 1**: the ODM FFS pricing logic would increase the cost of pharmacy claims by **\$145,778,114.92**
 - This is a **5.72%** increase over the prices billed to the MCPs
- Dispensing Fee **Model 2**: the ODM FFS pricing logic would increase the cost of pharmacy claims by **\$145,146,577.97**
 - This is a **5.70%** increase over the prices billed to the MCPs

Table 13: Estimated Pricing for MCP Claims if paid under the Medicaid-Fee-for-Service Methodology

Managed Care Plan	Total Price Billed to MCP by PBM	Estimated Medicaid Fee-For-Service Price Paid Dispensing Fee Model 1	Increase in Estimated Price Paid Dispensing Fee Model 1	Estimated Medicaid Fee-For-Service Price Paid Dispensing Fee Model 2	Increase in Estimated Price Paid Dispensing Fee Model 2
Buckeye Community Health Plan	\$300,993,309.56	\$312,348,117.25	\$11,354,807.69	\$312,726,009.49	\$11,732,699.93
Caresource	\$1,403,459,575.04	\$1,501,923,869.31	\$98,464,294.27	\$1,503,336,631.32	\$99,877,056.28
Molina Healthcare of Ohio	\$313,460,929.73	\$337,128,960.78	\$23,668,031.05	\$337,514,236.66	\$24,053,306.93
Paramount Advantage	\$249,840,344.87	\$262,077,602.75	\$12,237,257.88	\$259,072,590.74	\$9,232,245.87
United Healthcare Community Plan	\$280,353,588.41	\$280,407,312.44	\$53,724.03	\$280,604,857.37	\$251,268.96
Totals	\$2,548,107,747.61	\$2,693,885,862.53	\$145,778,114.92	\$2,693,254,325.58	\$145,146,577.97

Follow Up Recommendation for analyzing the FFS Model

HDS would recommend a follow up analysis to determine if the potential increase in rebates would offset the increase in prescription claim costs in the FFS model and the prescription claims were carved out of the Managed Care Program. This analysis will provide a net quantification of the potential savings for ODM.

PBM Performance Measured Against Contract Terms

Comparison of PBM Contract Guarantees

HDS reviewed and analyzed the Pharmacy Benefits Manager (PBM) contracts and amendments provided by the Managed Care Plans (MCPs) to identify the pricing discount and dispensing fee guarantees and the claim types excluded from those guarantees. Pricing discounts are guaranteed as a discount off the aggregate AWP and the discounts vary by brand/generic designation and dispensing channel (e.g. generic retail). Dispensing fees are guaranteed as a per claim rate for all claims within the same brand/generic designation and dispensing channel (e.g. brand retail). HDS provided a comparison of PBM contract guarantees and PBM performance against the contract pricing discount and dispensing fee guarantees for both the amounts billed to the MCP and the pricing discounts and dispensing fees paid to the pharmacy providers in **Appendix Tables 6-11**.

PBM contracts specify the claims types that are excluded from the pricing discount and dispensing fee guarantees. HDS provided the claims types excluded from the guarantees for each MCP in **Appendix Table 12**. Some of the exclusions identified could not be applied because HDS did not have access to the data elements necessary to apply the exclusions correctly. HDS included the claims types exclusions that could not be applied in **Appendix Table 12**.

Based on our review of the PBM contracts and comparing the PBM performance the pricing discount and dispensing fee guarantees, HDS identified the following:

- Pricing discounts and dispensing fee guarantees for the following MCPs were in line with HDS' market intelligence for Medicaid Managed Care plans:
 - Caresource
 - Molina Healthcare of Ohio
 - Paramount Advantage
 - United Healthcare Community Plan
- Claims types excluded from the pricing discount and dispensing fee guarantees were standard claim types excluded from most PBM contracts
- HDS was unable to determine the pricing discount and dispensing fee guarantees and claims types excluded from the guarantees in the documents provided by Buckeye Community Health Plan
 - HDS consulted with Buckeye Community Health Plan and Envolve Pharmacy Solutions and was provided with pricing discount and dispensing fee “**targets**” and the claim types excluded from these “**targets**”
 - **No pricing discount or dispensing fee guarantees between Buckeye Community Health Plan and Envolve Pharmacy Solutions exist**

PBM Performance Against Contract Guarantees

The HDS Claims Insight system utilizes an automated and proprietary contract adherence program that measures PBM adherence to the pricing discount and dispensing fee guarantees in the PBM contract. The adherence is assessed by analyzing the prescription drug claims with the same brand or generic classification and dispensing channel such as retail or mail order. The totals are an aggregate measure for all prescriptions included in the same classification and dispensing channel. The HDS Claims Insight system measured contract adherence against the prices billed to the MCPs and the prices paid to the pharmacies. HDS did not report on PBM performance on specialty drugs because specialty drug pricing was not guaranteed in aggregate in any of the PBM contracts. HDS provided the summary tables of PBM performance against the prices billed to the MCPs and prices paid to the pharmacies in **Appendix Tables 13-32**. Based on the results of our analysis, HDS calculated the following for each MCP:

- **Buckeye Community Health Plan**

- PBM performance against prices billed to MCP

- **Net under performance** against the traditional drug pricing discount and dispensing fee “targets”: \$ [REDACTED]
 - Net under performance against the traditional pricing discount “targets”: \$ [REDACTED]
 - Net overperformance against the traditional dispensing fee “targets”: \$ [REDACTED]
 - If the pricing discount and dispensing fees were guaranteed, Envolve Pharmacy Solutions would owe Buckeye Community Health Plan \$ [REDACTED]

- PBM performance against prices paid to the pharmacy

- **Net overperformance** against the traditional drug pricing discount and dispensing fee “targets”: \$ [REDACTED]
 - Net overperformance against the traditional pricing discount “targets”: \$ [REDACTED]
 - Net overperformance against the traditional dispensing fee “targets”: \$ [REDACTED]

- **Caresource**

- PBM performance against prices billed to MCP

- **Net overperformance** against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]
 - Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]
 - Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- PBM performance against prices paid to the pharmacy

- **Net overperformance** against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]
 - Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]
 - Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- **Molina Healthcare of Ohio**

- PBM performance against prices billed to MCP

- Net **overperformance** against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- PBM performance against prices paid to the pharmacy

- Net overperformance against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- **Paramount Advantage**

- PBM performance against prices billed to MCP

- Net **overperformance** against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- PBM performance against prices paid to the pharmacy

- Net overperformance against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- **United Healthcare Community Plan**

- PBM performance against prices billed to MCP

- Net **overperformance** against the traditional drug pricing discount and dispensing fee guarantees: [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

- PBM performance against prices paid to the pharmacy

- Net overperformance against the traditional drug pricing discount and dispensing fee guarantees: \$ [REDACTED]

- Net overperformance against the traditional pricing discount guarantees: \$ [REDACTED]

- Net overperformance against the traditional dispensing fee guarantees: \$ [REDACTED]

Summary

The findings in the HDS analysis show clearly a few key points for consideration by the Ohio Department of Medicaid:

1. The PBMs generally met their contractual obligations to the Managed Care Plans
2. The traditional pricing model puts the profitability of the PBM on the shoulders of the pharmacy providers while providing no transparency on prescription drug spending to the Managed Care Plans
3. HDS could not identify preferential pricing for CVS owned pharmacies
4. The prices paid to the pharmacy providers by the PBMs are significantly below a competitive market price
5. Changing to a pass-through pricing model with the HDS suggested pricing discounts could result in savings to ODM and a significant increase in revenue for the pharmacy providers
6. Moving the MCP pharmacy benefits to a Fee-for-Service model could increase costs to ODM, HDS is recommending that further analysis be completed to account for any increase in rebate revenue that could offset the potential increase in drug costs

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Appendix

Summary of Data Totals Provided

After completing the importation process detailed in the data validation section, the HDS Claims Insight system calculated the totals billed to the MCPs and prices paid to the pharmacies by the PBMs reported in the tables below.

Appendix Table 1: Summary of Total Amounts Billed to MCPs

Managed Care Plan	Rx Count	Total Ingredient Cost Billed to MCP	Total Dispensing Fee Billed to MCP	Total Price Billed to MCP
Buckeye Community Health Plan	4,571,367	\$316,179,729.78	\$8,444,854.28	\$321,056,627.09
Caresource	22,292,282	\$1,403,248,827.22	\$15,668,259.19	\$1,404,245,598.21
Molina Healthcare of Ohio	4,899,895	\$314,900,768.41	\$2,578,812.00	\$313,508,121.18
Paramount Advantage	3,468,466	\$250,914,979.99	\$1,909,710.47	\$249,840,362.32
United Healthcare Community Plan	4,481,060	\$306,491,138.52	\$5,519,464.13	\$309,644,988.70
Total	39,713,070	\$2,591,735,443.92	\$34,121,100.07	\$2,598,295,697.50

Appendix Table 2: Summary of Total Amounts Paid to Pharmacies

Managed Care Plan	Rx Count	Total Ingredient Cost Paid to Pharmacy	Total Dispensing Fee Paid to Pharmacy	Total Price Paid to Pharmacy*
Buckeye Community Health Plan	4,571,367	\$269,524,507.40	\$1,849,833.31	\$268,041,960.06
Caresource	22,292,282	\$1,292,235,893.80	\$12,018,252.61	\$1,289,950,949.53
Molina Healthcare of Ohio	4,899,895	\$288,000,977.54	\$2,053,767.36	\$286,239,159.93
Paramount Advantage	3,468,466	\$228,400,862.54	\$1,494,203.85	\$227,008,111.53
United Healthcare Community Plan	4,481,060	\$279,852,249.12	\$3,051,993.23	\$280,538,728.40
Total	39,713,070	\$2,358,014,490.40	\$20,468,050.36	\$2,351,778,909.45

*The amounts paid to the pharmacies are values provided by the MCPs and have not been confirmed independently by HDS

Calculation of Spread

Calculation of Spread: Prices Billed to MCP by PBM/PBA

The Claims Insight system calculated the amount of spread between what was billed to the MCP by the PBM and pharmacy benefits administrator (PBA) and what was paid to the pharmacy providers for the entire file provided by the MCPs.

Total spread between what was billed to the MCPs by the PBM/PBA and paid to the pharmacy providers in the entire MCP provided claims file is **\$246,516,788.05**

- This is **9.49%** of the total amount billed to the MCPs by the PBMs
- The total spread paid by MCPs with pharmacy benefits administered by CVS is **\$217,410,527.75**
 - This is **9.50%** of the total amount billed to the MCPs by CVS
- The total spread paid by the MCP with pharmacy benefits administered by OptumRx is **\$29,106,260.30**
 - This is **9.40%** of the total amount billed to the MCP by OptumRx

Appendix Table 3: Spread in the Data Reported by the MCPs (PBM/PBA Billed)

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Price Billed to MCP	Spread Between Total Price Billed to MCP and Total Price Paid to Pharmacy	Percent Spread of Total Price Billed to MCP
Buckeye Community Health Plan	4,571,367	\$268,041,960.06	\$321,056,627.09	\$53,014,667.03	16.51%
Caresource	22,292,282	\$1,289,950,949.53	\$1,404,245,598.21	\$114,294,648.68	8.14%
Molina Healthcare of Ohio	4,899,895	\$286,239,159.93	\$313,508,121.18	\$27,268,961.25	8.70%
Paramount Advantage	3,468,466	\$227,008,111.53	\$249,840,362.32	\$22,832,250.79	9.14%
United Healthcare Community Plan	4,481,060	\$280,538,728.40	\$309,644,988.70	\$29,106,260.30	9.40%
Totals	39,713,070	\$2,351,778,909.45	\$2,598,295,697.50	\$246,516,788.05	9.49%
Totals: CVS Administered Plans	35,232,010	\$2,071,240,181.05	\$2,288,650,708.80	\$217,410,527.75	9.50%
Totals: OptumRx Administered Plans	4,481,060	\$280,538,728.40	\$309,644,988.70	\$29,106,260.30	9.40%

Total Calculated Spread for Prescription Claims Reported by the MCPs

The HDS Claims Insight system calculated the amount of spread between what was billed to the MCP by the PBMs and what was paid to the pharmacy providers for the entire file provided by the MCPs.

HDS analyzed the prescription claims data provided by the MCPs and calculated that the total pricing spread between what was billed to the MCPs by the PBMs and paid to the pharmacy providers is **\$226,453,470.52**

- The spread amount is **8.78%** of the total amount billed to the MCPs by the PBMs
- The total spread paid for claims administered by CVS is **\$197,347,210.22**
 - This is **8.70%** of the total amount billed to the MCPs by CVS
- The total spread paid by the MCP with pharmacy benefits administered by OptumRx is **\$29,106,260.30**
 - This is **9.40%** of the total amount billed to the MCP by OptumRx

Appendix Table 4: Spread in the Data Reported by the MCPs

Managed Care Plan	Rx Count	Total Price Paid to Pharmacy	Total Price Billed to MCP by PBM	Spread Between Total Price Billed to MCP by PBM and Total Price Paid to Pharmacy	Percent Spread of Total Price Billed to MCP by PBM
Buckeye Community Health Plan	4,571,367	\$268,041,960.06	\$300,993,309.56	\$32,951,349.50	10.95%
Caresource	22,292,282	\$1,289,950,949.53	\$1,404,245,598.21	\$114,294,648.68	8.14%
Molina Healthcare of Ohio	4,899,895	\$286,239,159.93	\$313,508,121.18	\$27,268,961.25	8.70%
Paramount Advantage	3,468,466	\$227,008,111.53	\$249,840,362.32	\$22,832,250.79	9.14%
United Healthcare Community Plan	4,481,060	\$280,538,728.40	\$309,644,988.70	\$29,106,260.30	9.40%
Totals	39,713,070	\$2,351,778,909.45	\$2,578,232,379.97	\$226,453,470.52	8.78%
Totals: CVS Administered Plans	35,232,010	\$2,071,240,181.05	\$2,268,587,391.27	\$197,347,210.22	8.70%
Totals: OptumRx Administered Plans	4,481,060	\$280,538,728.40	\$309,644,988.70	\$29,106,260.30	9.40%

Pass-Through Pricing Costs and Savings

Appendix Table 5: Costs and Savings Associated with Pass-Through Model

Costs and Savings	Buckeye Community Health Plan	Caresource	Molina Healthcare of Ohio	Paramount Advantage	United Healthcare Community Plan	Totals
Pass-Through Administration Fees					\$5,601,325.00	
Current Traditional Ingredient Cost Billed to MCP					\$197,133,825.18	
Current Dispensing Fee Billed to MCP	\$8,173,285.71	\$14,441,416.77	\$2,275,008.30	\$1,875,404.90	\$4,815,418.85	\$31,580,534.53
Ingredient Cost Based on Suggested Discounts	\$194,850,324.32	\$1,054,033,620.88	\$224,405,405.43	\$181,739,363.81	\$192,380,173.89	\$1,847,408,888.33
Dispensing Fee Paid Based on Suggested Rates	\$4,112,490.80	\$11,009,091.50	\$1,851,317.60	\$1,544,702.85	\$2,598,798.80	\$21,116,401.55
MCP Prescription Claim Savings Based on Suggested Discounts and Rates	\$14,251,969.73	\$28,328,536.84	\$5,863,987.39	\$4,154,325.02	\$6,970,271.34	\$59,569,090.32
MCP Savings - Pass-Through Admin Fees	\$5,566,372.43	\$7,150,868.94	\$1,209,087.14	\$859,282.32	\$1,368,946.34	\$16,154,557.17
Current Pharmacy Paid Traditional Ingredient Cost					\$174,075,780.35	
Current Pharmacy Paid Dispensing Fee					\$2,604,241.03	
Improved Pharmacy Reimbursement	\$35,792,435.35	\$94,525,811.48	\$22,126,670.20	\$20,294,277.57	\$18,298,951.31	\$191,038,145.91
Traditional Drug Pharmacy Reimbursement Percent Improvement	21.94%	9.74%	10.84%	12.45%	10.36%	

Pricing Discount Comparison and Aggregate Performance by the PBM

Appendix Table 6: Mail Order Aggregate AWP Pricing Discount Guarantees and Performance Comparison Table

Managed Care Plan	Network	Effective Dates	Brand Mail Order Guarantee	Brand Mail to MCP Performance	Brand Mail Paid to Pharmacy Performance	Generic Mail Order Guarantee	Generic Mail to MCP Performance	Generic Mail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Appendix Table 7: Brand Retail Aggregate AWP Pricing Discount Guarantees and Performance Comparison Table

Managed Care Plan	Network	Effective Dates	Brand 30 Retail Guarantee	Brand 30 Retail MCP Performance	Brand 30 Retail Paid to Pharmacy Performance	Brand 90 Retail Guarantee	Brand 90 Retail MCP Performance	Brand 90 Retail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Appendix Table 8: Generic Retail Aggregate AWP Pricing Discount Guarantees and Performance Comparison Table

Managed Care Plan	Network	Effective Dates	Generic 30 Retail Guarantee	Generic 30 Retail MCP Performance	Generic 30 Retail Paid to Pharmacy Performance	Generic 90 Retail Guarantee	Generic 90 Retail MCP Performance	Generic 90 Retail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Dispensing Fee Comparison and Aggregate Dispensing Fee Rate by the PBM**Appendix Table 9: Mail Order Dispensing Fee Guarantees and Performance Comparison Table**

Managed Care Plan	Network	Effective Dates	Brand Mail Order Guarantee	Brand Mail MCP Performance	Brand Mail Paid to Pharmacy Performance	Generic Mail Order Guarantee	Generic Mail MCP Performance	Generic Mail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Appendix Table 10: Brand Retail Dispensing Fee Guarantees and Performance Comparison Table

Managed Care Plan	Network	Effective Dates	Brand 30 Retail Guarantee	Brand 30 Retail MCP Performance	Brand 30 Retail Paid to Pharmacy Performance	Brand 90 Retail Guarantee	Brand 90 Retail MCP Performance	Brand 90 Retail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Appendix Table 11: Generic Retail Dispensing Fee Guarantees and Performance Comparison Table

Managed Care Plan	Network	Effective Dates	Generic 30 Retail Guarantee	Generic 30 Retail MCP Performance	Generic 30 Retail Paid to Pharmacy Performance	Generic 90 Retail Guarantee	Generic 90 Retail MCP Performance	Generic 90 Retail Paid to Pharmacy Performance
Buckeye Community Health Plan		01/01/18 - 03/31/18						
Buckeye Community Health Plan		04/01/17-12/31/17						
Caresource		04/01/17 - 07/31/17						
Caresource		08/01/17 - 10/31/17						
Caresource		11/01/17 - 03/01/18						
Molina Healthcare of Ohio		01/01/18 - 03/31/18						
Molina Healthcare of Ohio		04/01/17-12/31/17						
Paramount Advantage		04/01/17 -03/01/18						
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18						

Claims Types Exclusions

Appendix Table 12: Claims Types Excluded from Aggregate AWP Pricing Discount and Dispensing Fee Guarantees Tables

Managed Care Plan	Network	Effective Dates	340b Claim		Brand Claims Paid at U&C		COB		Compounds		Direct Member Reimbursement	
			Contracted	Applied	Contracted	Applied	Contracted	Applied	Contracted	Applied	Contracted	Applied
Buckeye Community Health Plan		04/01/17-03/31/18										
Caresource		04/01/17 - 03/31/18										
Molina Healthcare of Ohio		04/01/17 - 03/31/18										
Paramount Advantage		04/01/17 -03/01/18										
United Healthcare Community Plan	Pharmacy Value	04/01/17 -03/01/18										

Managed Care Plan	Network	Effective Dates	Indian/Tribal/Indian Urban		Mail Order		VA/Military Pharmacies		Vaccines	
			Contracted	Applied	Contracted	Applied	Contracted	Applied	Contracted	Applied
Buckeye Community Health Plan		04/01/17-03/31/18								
Caresource		04/01/17-03/31/18								
Molina Healthcare of Ohio		04/01/17-03/31/18								
Paramount Advantage		04/01/17-03/31/18								
United Healthcare Community Plan	Pharmacy Value	04/01/17-03/31/18								

PBM Performance Against Contract Guarantees

Buckeye Community Health Plan

Appendix Table 13: Prices Billed to Buckeye Community Health Plan PBM Pricing Discount Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	12/31/2017		\$86,181,611.97			
Brand 90	Retail	4/1/2017	12/31/2017		\$1,756,053.48			
Generic 30	Retail	4/1/2017	12/31/2017		\$64,158,265.62			
Generic 90	Retail	4/1/2017	12/31/2017		\$2,906,111.67			
Brand 30	Retail	1/1/2018	3/31/2018		\$29,555,845.88			
Brand 90	Retail	1/1/2018	3/31/2018		\$105,186.10			
Generic 30	Retail	1/1/2018	3/31/2018		\$19,502,582.40			
Generic 90	Retail	1/1/2018	3/31/2018		\$875,842.02			
Totals					\$205,041,499.14			

Appendix Table 14: Prices Billed to Buckeye Community Health Plan PBM Dispensing Fee Rate Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	12/31/2017		\$769,364.41		
Brand 90	Retail	4/1/2017	12/31/2017		\$8,684.11		
Generic 30	Retail	4/1/2017	12/31/2017		\$5,239,759.19		
Generic 90	Retail	4/1/2017	12/31/2017		\$163,188.94		
Brand 30	Retail	1/1/2018	3/31/2018		\$252,278.99		
Brand 90	Retail	1/1/2018	3/31/2018		\$1,168.33		
Generic 30	Retail	1/1/2018	3/31/2018		\$1,687,995.88		
Generic 90	Retail	1/1/2018	3/31/2018		\$50,845.86		
Totals					\$8,173,285.71		

Appendix Table 15: Buckeye Community Health Plan PBM Pricing Discount Performance on Prices Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	12/31/2017		\$84,584,397.42			
Brand 90	Retail	4/1/2017	12/31/2017		\$1,686,149.35			
Generic 30	Retail	4/1/2017	12/31/2017		\$33,952,433.82			
Generic 90	Retail	4/1/2017	12/31/2017		\$1,484,833.06			
Brand 30	Retail	1/1/2018	3/31/2018		\$29,008,550.51			
Brand 90	Retail	1/1/2018	3/31/2018		\$100,893.65			
Generic 30	Retail	1/1/2018	3/31/2018		\$10,262,385.96			
Generic 90	Retail	1/1/2018	3/31/2018		\$410,401.59			
Totals					\$161,490,045.36			

Appendix Table 16: Buckeye Community Health Plan PBM Dispensing Fee Rate Performance on Dispensing Fees Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	12/31/2017		\$157,463.95		
Brand 90	Retail	4/1/2017	12/31/2017		\$135.75		
Generic 30	Retail	4/1/2017	12/31/2017		\$1,111,761.53		
Generic 90	Retail	4/1/2017	12/31/2017		\$120.19		
Brand 30	Retail	1/1/2018	3/31/2018		\$51,740.28		
Brand 90	Retail	1/1/2018	3/31/2018		\$7.35		
Generic 30	Retail	1/1/2018	3/31/2018		\$359,105.01		
Generic 90	Retail	1/1/2018	3/31/2018		\$0.35		
Totals					\$1,680,334.41		

Caresource

Appendix Table 17: Prices Billed to Caresource PBM Pricing Discount Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	7/31/2017		\$19,522.81			
Brand 30	Retail	4/1/2017	7/31/2017		\$269,681,269.01			
Brand 90	Retail	4/1/2017	7/31/2017		\$1,406,764.31			
Generic	Mail Order	4/1/2017	7/31/2017		\$2,934.97			
Generic 30	Retail	4/1/2017	7/31/2017		\$144,389,907.73			
Generic 90	Retail	4/1/2017	7/31/2017		\$903,684.99			
Brand	Mail Order	8/1/2017	10/31/2017		\$11,129.72			
Brand 30	Retail	8/1/2017	10/31/2017		\$198,035,943.92			
Brand 90	Retail	8/1/2017	10/31/2017		\$1,278,093.42			
Generic	Mail Order	8/1/2017	10/31/2017		\$3,062.79			
Generic 30	Retail	8/1/2017	10/31/2017		\$98,881,035.72			
Generic 90	Retail	8/1/2017	10/31/2017		\$605,426.79			
Brand	Mail Order	11/1/2017	3/31/2018		\$7,479.47			
Brand 30	Retail	11/1/2017	3/31/2018		\$240,710,639.10			
Brand 90	Retail	11/1/2017	3/31/2018		\$1,628,127.08			
Generic	Mail Order	11/1/2017	3/31/2018		\$10,938.80			
Generic 30	Retail	11/1/2017	3/31/2018		\$120,589,778.96			
Generic 90	Retail	11/1/2017	3/31/2018		\$764,092.86			
Totals					\$1,078,929,832.45			

Appendix Table 18: Prices Billed to Caresource PBM Dispensing Fee Rate Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	7/31/2017		\$6.30		
Brand 30	Retail	4/1/2017	7/31/2017		\$759,509.30		
Brand 90	Retail	4/1/2017	7/31/2017		\$256.20		
Generic	Mail Order	4/1/2017	7/31/2017		\$52.56		
Generic 30	Retail	4/1/2017	7/31/2017		\$4,901,848.44		
Generic 90	Retail	4/1/2017	7/31/2017		\$6,907.58		
Brand	Mail Order	8/1/2017	10/31/2017		\$5.60		
Brand 30	Retail	8/1/2017	10/31/2017		\$556,603.74		
Brand 90	Retail	8/1/2017	10/31/2017		\$218.40		
Generic	Mail Order	8/1/2017	10/31/2017		\$46.28		
Generic 30	Retail	8/1/2017	10/31/2017		\$3,621,719.89		
Generic 90	Retail	8/1/2017	10/31/2017		\$4,905.50		
Brand	Mail Order	11/1/2017	3/31/2018		\$5.40		
Brand 30	Retail	11/1/2017	3/31/2018		\$582,076.77		
Brand 90	Retail	11/1/2017	3/31/2018		\$238.80		
Generic	Mail Order	11/1/2017	3/31/2018		\$37.65		
Generic 30	Retail	11/1/2017	3/31/2018		\$4,001,700.69		
Generic 90	Retail	11/1/2017	3/31/2018		\$5,277.67		
Totals					\$14,441,416.77		

Appendix Table 19: Caresource PBM Pricing Discount Performance on Prices Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	7/31/2017		\$19,467.00			
Brand 30	Retail	4/1/2017	7/31/2017		\$263,328,245.00			
Brand 90	Retail	4/1/2017	7/31/2017		\$1,376,218.26			
Generic	Mail Order	4/1/2017	7/31/2017		\$2,918.70			
Generic 30	Retail	4/1/2017	7/31/2017		\$108,826,363.57			
Generic 90	Retail	4/1/2017	7/31/2017		\$765,058.12			
Brand	Mail Order	8/1/2017	10/31/2017		\$11,116.02			
Brand 30	Retail	8/1/2017	10/31/2017		\$193,695,073.81			
Brand 90	Retail	8/1/2017	10/31/2017		\$1,259,839.15			
Generic	Mail Order	8/1/2017	10/31/2017		\$3,041.06			
Generic 30	Retail	8/1/2017	10/31/2017		\$70,040,424.81			
Generic 90	Retail	8/1/2017	10/31/2017		\$481,456.77			
Brand	Mail Order	11/1/2017	3/31/2018		\$7,469.81			
Brand 30	Retail	11/1/2017	3/31/2018		\$236,980,122.42			
Brand 90	Retail	11/1/2017	3/31/2018		\$1,612,326.40			
Generic	Mail Order	11/1/2017	3/31/2018		\$10,854.85			
Generic 30	Retail	11/1/2017	3/31/2018		\$80,733,364.66			
Generic 90	Retail	11/1/2017	3/31/2018		\$576,008.47			
Totals					\$959,729,368.88			

Appendix Table 20: Caresource PBM Dispensing Fee Rate Performance on Dispensing Fees Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	7/31/2017		\$3.15		
Brand 30	Retail	4/1/2017	7/31/2017		\$551,306.56		
Brand 90	Retail	4/1/2017	7/31/2017		\$159.60		
Generic	Mail Order	4/1/2017	7/31/2017		\$26.60		
Generic 30	Retail	4/1/2017	7/31/2017		\$3,580,107.26		
Generic 90	Retail	4/1/2017	7/31/2017		\$5,371.40		
Brand	Mail Order	8/1/2017	10/31/2017		\$2.80		
Brand 30	Retail	8/1/2017	10/31/2017		\$404,915.33		
Brand 90	Retail	8/1/2017	10/31/2017		\$124.45		
Generic	Mail Order	8/1/2017	10/31/2017		\$23.73		
Generic 30	Retail	8/1/2017	10/31/2017		\$2,631,312.77		
Generic 90	Retail	8/1/2017	10/31/2017		\$3,741.45		
Brand	Mail Order	11/1/2017	3/31/2018		\$3.15		
Brand 30	Retail	11/1/2017	3/31/2018		\$457,751.88		
Brand 90	Retail	11/1/2017	3/31/2018		\$176.40		
Generic	Mail Order	11/1/2017	3/31/2018		\$22.19		
Generic 30	Retail	11/1/2017	3/31/2018		\$3,148,204.10		
Generic 90	Retail	11/1/2017	3/31/2018		\$4,279.20		
Totals					\$10,787,532.02		

Molina Healthcare of Ohio

Appendix Table 21: Prices Billed to Molina Healthcare of Ohio PBM Pricing Discount Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	12/31/2017		\$90,280.21			
Brand 30	Retail	4/1/2017	12/31/2017		\$126,084,218.25			
Brand 90	Retail	4/1/2017	12/31/2017		\$1,177,056.42			
Generic	Mail Order	4/1/2017	12/31/2017		\$24,932.19			
Generic 30	Retail	4/1/2017	12/31/2017		\$60,513,060.50			
Generic 90	Retail	4/1/2017	12/31/2017		\$313,227.13			
Brand	Mail Order	1/1/2018	3/31/2018		\$19,058.64			
Brand 30	Retail	1/1/2018	3/31/2018		\$27,989,536.26			
Brand 90	Retail	1/1/2018	3/31/2018		\$323,695.07			
Generic	Mail Order	1/1/2018	3/31/2018		\$6,576.10			
Generic 30	Retail	1/1/2018	3/31/2018		\$13,242,074.02			
Generic 90	Retail	1/1/2018	3/31/2018		\$61,987.33			
Totals					\$229,845,702.12			

Appendix Table 22: Prices Billed to Molina Healthcare of Ohio PBM Dispensing Fee Rate Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	12/31/2017		\$0.00		
Brand 30	Retail	4/1/2017	12/31/2017		\$236,384.02		
Brand 90	Retail	4/1/2017	12/31/2017		\$702.50		
Generic	Mail Order	4/1/2017	12/31/2017		\$0.00		
Generic 30	Retail	4/1/2017	12/31/2017		\$1,626,055.79		
Generic 90	Retail	4/1/2017	12/31/2017		\$1,719.50		
Brand	Mail Order	1/1/2018	3/31/2018		\$0.00		
Brand 30	Retail	1/1/2018	3/31/2018		\$50,665.63		
Brand 90	Retail	1/1/2018	3/31/2018		\$146.00		
Generic	Mail Order	1/1/2018	3/31/2018		\$0.00		
Generic 30	Retail	1/1/2018	3/31/2018		\$358,952.36		
Generic 90	Retail	1/1/2018	3/31/2018		\$382.50		
Totals					\$2,275,008.30		

Appendix Table 23: Molina Healthcare of Ohio PBM Pricing Discount Performance on Prices Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	12/31/2017		\$90,280.21			
Brand 30	Retail	4/1/2017	12/31/2017		\$126,079,088.48			
Brand 90	Retail	4/1/2017	12/31/2017		\$1,186,716.07			
Generic	Mail Order	4/1/2017	12/31/2017		\$24,932.19			
Generic 30	Retail	4/1/2017	12/31/2017		\$37,823,198.07			
Generic 90	Retail	4/1/2017	12/31/2017		\$257,552.53			
Brand	Mail Order	1/1/2018	3/31/2018		\$19,058.64			
Brand 30	Retail	1/1/2018	3/31/2018		\$27,910,450.07			
Brand 90	Retail	1/1/2018	3/31/2018		\$327,169.76			
Generic	Mail Order	1/1/2018	3/31/2018		\$6,576.10			
Generic 30	Retail	1/1/2018	3/31/2018		\$8,580,018.52			
Generic 90	Retail	1/1/2018	3/31/2018		\$50,754.75			
Totals					\$202,355,795.39			

Appendix Table 24: Molina Healthcare of Ohio PBM Dispensing Fee Rate Performance on Dispensing Fees Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	12/31/2017	\$0.00		
Brand 30	Retail	4/1/2017	12/31/2017	\$181,336.86		
Brand 90	Retail	4/1/2017	12/31/2017	\$524.85		
Generic	Mail Order	4/1/2017	12/31/2017	\$0.00		
Generic 30	Retail	4/1/2017	12/31/2017	\$1,270,211.24		
Generic 90	Retail	4/1/2017	12/31/2017	\$1,458.30		
Brand	Mail Order	1/1/2018	3/31/2018	\$0.00		
Brand 30	Retail	1/1/2018	3/31/2018	\$39,144.38		
Brand 90	Retail	1/1/2018	3/31/2018	\$108.75		
Generic	Mail Order	1/1/2018	3/31/2018	\$0.00		
Generic 30	Retail	1/1/2018	3/31/2018	\$281,177.01		
Generic 90	Retail	1/1/2018	3/31/2018	\$296.05		
Totals				\$1,774,257.44		

Paramount Advantage

Appendix Table 25: Prices Billed to Paramount Advantage PBM Pricing Discount Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	3/31/2018		\$126,910,888.59			
Brand 90	Retail	4/1/2017	3/31/2018		\$519,602.48			
Generic 30	Retail	4/1/2017	3/31/2018		\$57,874,172.36			
Generic 90	Retail	4/1/2017	3/31/2018		\$258,323.35			
Totals					\$185,562,986.78			

Appendix Table 26: Prices Billed to Paramount Advantage PBM Dispensing Fee Rate Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	3/31/2018		\$259,475.33		
Brand 90	Retail	4/1/2017	3/31/2018		\$84.90		
Generic 30	Retail	4/1/2017	3/31/2018		\$1,614,179.22		
Generic 90	Retail	4/1/2017	3/31/2018		\$1,665.45		
Totals					\$1,875,404.90		

Appendix Table 27: Paramount Advantage PBM Pricing Discount Performance on Prices Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	3/31/2018		\$125,428,587.73			
Brand 90	Retail	4/1/2017	3/31/2018		\$516,093.20			
Generic 30	Retail	4/1/2017	3/31/2018		\$35,364,055.70			
Generic 90	Retail	4/1/2017	3/31/2018		\$219,773.35			
Totals					\$161,528,509.98			

Appendix Table 28: Paramount Advantage PBM Dispensing Fee Rate Performance on Dispensing Fees Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand 30	Retail	4/1/2017	3/31/2018		\$200,059.06		
Brand 90	Retail	4/1/2017	3/31/2018		\$62.80		
Generic 30	Retail	4/1/2017	3/31/2018		\$1,259,824.15		
Generic 90	Retail	4/1/2017	3/31/2018		\$1,333.10		
Totals					\$1,461,279.11		

United Healthcare Community Plan

Appendix Table 29: Prices Billed to United Healthcare Community Plan PBM Pricing Discount Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	3/31/2018		\$7,338.36			
Brand 30	Retail	4/1/2017	3/31/2018		\$130,006,123.13			
Brand 90	Retail	4/1/2017	3/31/2018		\$956,146.49			
Generic	Mail Order	4/1/2017	3/31/2018		\$2,588.37			
Generic 30	Retail	4/1/2017	3/31/2018		\$65,762,375.71			
Generic 90	Retail	4/1/2017	3/31/2018		\$399,253.12			
Totals								

Appendix Table 30: Prices Billed to United Healthcare Community Plan PBM Dispensing Fee Rate Performance

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Dispensing Fee Rate Guarantee	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	3/31/2018		\$13.75		
Brand 30	Retail	4/1/2017	3/31/2018		\$663,478.37		
Brand 90	Retail	4/1/2017	3/31/2018		\$665.65		
Generic	Mail Order	4/1/2017	3/31/2018		\$214.00		
Generic 30	Retail	4/1/2017	3/31/2018		\$4,144,099.58		
Generic 90	Retail	4/1/2017	3/31/2018		\$6,947.50		
Totals					\$4,815,418.85		

Appendix Table 31: United Healthcare Community Plan PBM Pricing Discount Performance on Prices Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Contracted Pricing Discount Percentage	Ingredient Cost Paid	Calculated Pricing Discount Percentage	Contracted Ingredient Cost	Pricing Discount Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	3/1/2018		\$7,220.58			
Brand 30	Retail	4/1/2017	3/1/2018		\$127,269,493.50			
Brand 90	Retail	4/1/2017	3/1/2018		\$940,279.44			
Generic	Mail Order	4/1/2017	3/1/2018		\$2,429.00			
Generic 30	Retail	4/1/2017	3/1/2018		\$45,598,173.76			
Generic 90	Retail	4/1/2017	3/1/2018		\$258,184.07			
Totals					\$174,075,780.35			

Appendix Table 32: United Healthcare Community Plan PBM Dispensing Fee Rate Performance on Dispensing Fees Paid to Pharmacy

Brand/Generic Indicator	Dispensing Channel	Contract Terms Effective Date	Contract Terms End Date	Dispensing Fee Paid	Contracted Dispensing Fee	Dispensing Fee Guarantee Overperformance (+) / Underperformance (-)
Brand	Mail Order	4/1/2017	3/1/2018	\$0.00		
Brand 30	Retail	4/1/2017	3/1/2018	\$352,147.03		
Brand 90	Retail	4/1/2017	3/1/2018	\$331.33		
Generic	Mail Order	4/1/2017	3/1/2018	\$8.50		
Generic 30	Retail	4/1/2017	3/1/2018	\$2,248,855.90		
Generic 90	Retail	4/1/2017	3/1/2018	\$2,898.27		
Totals				\$2,604,241.03		