State Employee Benefits Committee
Group Health Program
Maintenance Network Change for Medicare Retirees
August 21, 2017
Medicare EGWP Maintenance Network Change

• Centers for Medicare and Medicaid (CMS) has approved the utilization of narrow networks for maintenance medications in Medicare Part D Employer Group Waiver (EGWP) plans effective for calendar year 2018.

• The maintenance network only applies to medications being filled for a 90 day supply.

• The objective of this change is to offer EGWP sponsors higher Average Wholesale Pricing (AWP) discounts on 90 day fills.

• Express Scripts has contracted a narrow maintenance medication network for the State’s EGWP plan that provides the least disruption in terms of members and distance to travel to a network pharmacy.

• Adoption of this network is mandatory for the State no later than 12/31/2018.
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• The narrow network includes Walgreen’s, independent pharmacies and ESI mail order.

• EGWP members are not required to obtain maintenance medications for a 90 day supply; however both members and the plan see greater savings when using 90 day maintenance network pharmacies.

• All other pharmacies would remain in the network to fill medications for a 30 day supply.

• Federal guidelines indicating the narrow network is in compliance with the Any Willing Provider statute in Delaware are being vetted by Delaware’s Department of Justice

• Annualized savings is estimated at $490K.
Member Impact

- 8771 total members would be impacted by this change.

- In Delaware, for 6575 members, the average distance from home to a pharmacy in the maintenance network is 1.9 miles.

- Outside of Delaware, for 2196 members, the average distance from home to a pharmacy in the maintenance network is 3.0 miles.

- Members choosing not to change to a participating pharmacy can continue to get their maintenance medications at a pharmacy not in the maintenance network but only for a 30 day supply.
## Member Impact Examples

<table>
<thead>
<tr>
<th>Tier</th>
<th>Retail One-Month (31-day) Supply</th>
<th>Maintenance Network One Three-Month (90-day) Supply</th>
<th>Non Maintenance Network Pharmacy Three 30 day Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1: Generic Drugs</td>
<td>$8 copayment</td>
<td>$16 copayment</td>
<td>$24 copayment</td>
</tr>
<tr>
<td>Tier 2: Preferred Brand Drugs</td>
<td>$28 copayment</td>
<td>$56 copayment</td>
<td>$84 copayment</td>
</tr>
<tr>
<td>Tier 3: Non-Preferred Brand Drugs</td>
<td>$50 copayment</td>
<td>$100 copayment</td>
<td>$150 copayment</td>
</tr>
</tbody>
</table>

No penalty will be assessed for members filling a 90 day supply by filling three 30 day fills as opposed to a 90 day supply. Currently in the active/non-Medicare plan a penalty is assessed and the member pays a copay equivalent to the applicable 90 day copay when filling a 90 day supply via three 30 day supplies when the fourth 30 day supply is obtained.
Member Communications

• All members will be notified of this change regardless if they have had a previous 90 day fill at a nonparticipating pharmacy.

• Members identified as previously filling a 90 day script at a nonparticipating maintenance medication pharmacy will receive a targeted communication in advance of the start of this change.

• Members who attempt to refill a prescription for a 90 day supply at a nonparticipating maintenance medication pharmacy will receive a 30 day supply and will subsequently receive a letter reminding them of the pharmacies where they can fill a 90 day supply.
Next steps

- Continue discussion on adoption of EGWP Maintenance network for 2018