



BHCG/Navitus Partnership Announcement Meetings

Presentations by:

Kristen Putnam, Director, Global Benefits, Praxair, Inc.

Jeff Borgardus, Pharmacy Benefits Program Manager, Wisconsin Department of Employee Trust Funds

Terry Seligman, R.Ph, President & CEO, Navitus Health Solutions

Mike Krause, Regional Vice President, Northeast Sales, Navitus Health Solutions

Tom Radloff, R.Ph., Senior Director, Account Management, Navitus Health Solutions

Audrey Paukner, Director, Analytics, Navitus Health Solutions

Jill Thompson, Director, Implementation, Navitus Health Solutions

David Osterndorf, Partner & Chief Actuary, Health Exchange Resources

Chris Robbins, Principal & CEO, Arxcel, Inc.

July 10 & 11, 2018

BMO Institute for Learning

Executive Summary

On July 10 & 11, employers, brokers and consultants gathered to learn more about the new and transformative pharmacy management partnership between Navitus Health Solutions, a Wisconsin-based, full pass-through pharmacy benefit manager (PBM), and Business Health Care Group (BHC Group). The partnership offers employers a premier level of pharmacy benefit management and pricing, offering both local and national market solutions. Attendees heard enthusiastic accounts about the new partnership from BHC Group's pharmacy management and strategic consultants, executives from Navitus, and one major employer and a representative of the State of Wisconsin Employee Trust Funds who utilize Navitus' standout business model and best in class practices.

- The new BHCG/Navitus PBM partnership offers employers another innovative and cost effective solution that aligns with employer needs
- It is available to employers and their plan participants, both locally and nationally (even outside the 22-county BHCG market)
- Navitus has a 100% successful implementation track record and a 90-day process to implement (has the capability to implement in a shorter time period if necessary)

The Navitus Experience – A Client’s Perspective

Kristen Putnam, Director, Global Benefits, Praxair, Inc.

- Praxair has 9,000 employees in the US (*“Our road to find pharmacy benefits management value was a long one”*)
 - *“Traditional PBMs make money on every single prescription”*
 - Requested all their data in 2000 – saw that every “game” PBMs were purported to play was actually occurring
 - Questioned formulary decisions and kept customizing to get a lowest net cost approach, ran into considerable obstacles
 - Intense management did yield results but not without a lot of work and data
- Moved to Navitus in July, 2015
 - *“Best vendor of any we have”*
 - *“Customer service is incredible – one and done”; “The first vendor we hear great things about, not just good things – no member noise”*
 - Contracting took only three weeks (*“not nine months”*)
 - *“Zero spread, transparent and full pass through is on the first page of the contract and not taken away on the last page”*
 - Transition was *“crazy smooth”*
 - Gives employees information and education to show them how to save money by using correct drug (data-driven)
 - *“Navitus does not work just to minimum guarantees, they give you all the rest too”*
- Results since the move to Navitus have been exceptional
 - 2016-2017 traditional pharmacy gross costs were \$55.70 per member per month (PMPM) compared to the national average of more than \$89 PMPM
 - Data vendor’s analysis did not see any waste
- **Advice for other employers:**
 - **Look for a transparent PBM – the data is so important**
 - **Ask questions – “The higher the rebates, the more suspicious you should be”**
 - **It is a fallacy to think big PBMs get better deals; read earnings reports**
 - **In this industry, small is best (“Navitus is completely honest and it comes from the top – it’s like night and day from the traditional PBM”)**

Jeff Bogardus – Pharmacy Benefits Program Manager, Wisconsin Department of Employee Trust Funds

- Needed an evidence-based formulary and complete transparency as a public entity
 - Frustrated with traditional PBM models
- **Have been with Navitus since 2006**
 - *“Everything they say is true and I have 25 audits to prove it”*
 - **Appreciates Navitus’ partnership culture and aligned goals (“We firmly believe in this business model”)**
 - **Transparency extends to all things (claims, contracts, operations, etc.)**
 - **Minimal complaints (“and we are very cognizant of disruption”)**
 - *“Accessibility is tremendous – they’re there to help us anytime”; “Members get everything they need”*
- Achieved \$157 million in pharmacy spend savings in the first three years with Navitus
 - Trend has been at negative or single digit
 - Performed audits on \$400 million of claims with no discrepancies or issues (*“They are doing what they say they are doing”*)
 - Have gone out with 2 RFPs since, but true transparency and lowest net cost model won out both times

Navitus Executive Overview

Terry Seligman, R.Ph., President & CEO, Navitus Health Solutions

- Navitus is the result of two health systems (Touchpoint and Dean Health) coming together in 2003 to service State of Wisconsin’s Department of Employee Trust Funds
 - Fully owned by SSM Health
 - Over 600 clients nationally; expected growth exceeding 6 million members by 1/1/19
 - 800 employees in offices in Madison & Appleton, WI, Austin, TX and Phoenix, AZ
 - 100% pass-through, transparent business model – no hidden revenue, no conflicts of interest, 100% audit capabilities at the claim level
 - The Navitus high touch specialty pharmacy (Lumicera) utilizes a fully transparent FIFO cost plus pricing model that is virtually unheard of in the industry
 - Committed to evidence-based clinical care and high touch service
 - Proven year-over-year lowest net cost trend management in the industry
 - 5-Star Employer Group Waiver Plans (EGWP) rating by CMS; first PBM with URAC accreditation
- **Traditional PBMs are being paid both by manufacturers and health plans, making it unclear who they are aligned with (“If a PBM is not truly 100% pass-through, you don’t know what you are spending your money on – check your contract”)**
 - **Only source of revenue is an administrative fee (PMPM), they “don’t take spreads anywhere, anyplace”**
 - **Uses lowest net cost strategy – all discounts and rebates are passed through – “You spend less and only on drugs that are needed”**

- Discounts are automatically passed through as market prices change – no need for market checks
- *“How can we be more transparent and serve needs rather than profits?”*
- Navitus’ five-year cumulative impact on PMPM is leading the industry
 - 2017 \$76 PMPM is 15.5% lower than the national average of \$90

Financial Analysis – Looking Beyond the Spreadsheet

Mike Krause, Regional Vice President, Northeast Sales & Tom Radloff, R.Ph., Senior Director, Account Management, Navitus Health Solutions

- Navitus’ lowest net cost drives greater value
 - Formulary design is important -- *“Optimizing drug mix yields more significant savings than maximizing rebates ever could”*
 - Rebates will be significantly less, but what matters is what you spend – *“what was your PMPM in relation to premium and are you willing to pay higher prices for more rebates?”*
 - *“In an administrative fee-only model, you are not juggling priorities and decisions and you can customize your formulary”*
- **Better formulary choices and generic mix matters**
 - **Traditional PBMs only manage to the guarantee and pocket any additional discounts they negotiate (*“Navitus’ guarantee is the floor, not the ceiling”*)**
- Lowest net cost will not work in a spreadsheet analysis that focuses on rebates and dispensing fees
 - However, Navitus’ PMPM model has proven to be significantly less than its competitors
 - Can be proven with employer data

Data Access/Member Portal

Audrey Paukner, Director, Analytics, Navitus Health Solutions

- **Member portal gives members the ability to make prescription drug buying decisions**
 - **Runs a “claim” within the system in real time; allows real time access to member financial responsibility and individual pharmacy pricing**
 - **Ability to give providers insight into highest quality patient-specific prescribing decisions**
 - **Diverse consumer information (e.g., can access prior authorizations)**
- Maintains a “first call resolution” call center focused on quality and resolution, not quantity
- Device-friendly application; can be accessed by providers
- Navi-Gate 3D reporting tool is based on client needs
 - Unlike other PBMs, totally transparent data with online access to employer and pharmacy claims transactions
 - 100% pass-through data; individual claim level available

Implementation – Transition Expectations/Timeframe

Jill Thompson, Director, Implementation, Navitus Health Solutions

- The Navitus implementation satisfaction survey has resulted in 100% overall satisfaction (2013-2017)
 - Works with all sizes of employers
 - Uses a project management approach (*“It’s all about the team who cares about and understands the process”*)
 - Team follows the client for the life of the contract
 - Performs an implementation readiness assessment to figure out *“where the heavy lifting is”*; *“What can you tell us to help better educate your folks?”*
 - External and internal kick-off meetings; then develops a project schedule that identifies deliverables
- Typical/optimum transition time period is 90 days but have done it in less time if necessary
- “Go live” day is a tried and true process:
 - Team monitors claims throughout the night to *“make sure things are paying the way they should”*
 - *“We always think of the member at the end of the road”*
- Post implementation review
 - Performs a 360 degree review of the process every year and incorporates client feedback

David Osterndorf, Partner & Chief Actuary, Health Exchange Resources

- It’s critical for BHCG and its member employers to have another opportunity to disrupt and transform the marketplace
- *“From an actuarial standpoint, you must utilize data to determine if you can believe the financial “promises” from traditional PBMs”*
- The Navitus Navi-gate 3D online reporting tool is available to consultants and clients in addition to the claims abstract (*“Query all the data you need”*)
- The BHCG/Navitus partnership will allow for the use of extensive data to work with health systems to improve provider prescribing patterns

Chris Robbins, Principal & CEO, Arxcel, Inc.

- Working with BHCG to find the best solution
- Many players are involved in the PBM space – employers don’t know where the money is going
 - If the PBM makes a percentage of drug spend, your interests are not aligned
 - Employers need to redefine how they look at things – big rebates and discounts are not the only things that matter (*“Rebates are like tax refunds – you are just getting back what you paid”*)

- The BHCG/Navitus pharmacy management partnership is based on a simple model that benefits employers and patients:
 - The right drug mix that can benefit, both clinically and cost-wise
 - Appropriate utilization – *“getting the right drug out of the door”*
 - Gives employers more control of their fiduciary responsibility – *“doing the right thing with the right assets”*
 - Offers formularies that are clinically-driven, not rebate-driven
 - Gives full access to data (transparency) that gives complete insight into costs:
price per unit x volume = costs
 - Ensures flexibility to launch other cutting edge initiatives
- *“A refreshing and unique industry model where all revenue comes through an administrative fee.”*
 - Navitus will pass through all pharmacy discounts and other forms of revenue

Slides from [Navitus](#) and [Praxair](#) are available for review.

For more information about the new BHCG/Navitus PBM solution, contact BHCG Executive Director Jeff Kluever at 262-875-3312 ext. 1 or jkluever@BHCGWI.org