



MAY 22 2023

AGENDA PLACEMENT FORM

(Submission Deadline – Monday, 5:00 PM before Regular Court Meetings)

Date: 5/10/23

Approved

Meeting Date: 5/22/23

Submitted By: CJO

Department/Office: CJO

Signature of Director/Official: _____

Agenda Title:

Consideration of Amendment to Pharmacy Benefit Management Services for Indigent Healthcare Services

Public Description (Description should be 2-4 sentences explaining to the Court and the public what action is recommended and why it is necessary):

(May attach additional sheets if necessary)

Person to Present: Judge Boedeker

(Presenter must be present for the item unless the item is on the Consent Agenda)

Supporting Documentation: (check one) PUBLIC CONFIDENTIAL

(PUBLIC documentation may be made available to the public prior to the Meeting)

Estimated Length of Presentation: _____ minutes

Session Requested: 2 minutes (Action Item, Workshop, Consent, Executive)

Check All Departments That Have Been Notified:

County Attorney IT Purchasing Auditor

Personnel Public Works Facilities Management

Other Department/Official (list) _____

Please Inter-Office All Original Documents to County Judge’s Office Prior to Deadline & List All External Persons Who Need a Copy of Signed Documents In Your Submission Email

Amendment To Pharmacy Benefit Management Services

Integrated Prescription Management, Inc. ("IPM") and Johnson County, Texas ("Client") entered into a Pharmacy Benefit Management Agreement with an Effective Date of March 1, 2016 (the "Agreement"). This Amendment to Pharmacy Benefit Management Agreement is made and entered into as of January 1, 2023.

WHEREAS, IPM and Client have entered into the Agreement in which IPM provides pharmacy benefit management services to Client; and

WHEREAS, the Parties desire to amend the Original Agreement rates to align with Texas Health Human Services rate standard requirement effective January 1, 2023;

NOW THEREFORE, in consideration of the mutual promises and conditions contained here under and for other good valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Rates: This agreement will initiate new program rates to align with Texas Health Human Services drug pricing standards; (Pharmacy Cost * Quantity Dispensed) + \$7.93) / .9804

The ingredient cost is equal to the National Average Drug Acquisition Cost (NADAC) price, or (WAC minus 2 percent) if NADAC pricing is not available. Billing for legend drug and non-legend drug (OTC) prescriptions are to be billed the lesser of the following:

1. Actual Acquisition Cost (AAC) plus a dispensing fee of \$7.93
2. The Usual and Customary (UAC) price charged the general public
3. The Gross Amount Due (GAD), if provided

IPM will ensure to capture the various pricing points to enforce compliance with the new rates standard. As a Pharmacy Benefits Manager (PBM) providing services with the new rate standard, a network fee to administer PBM services will be applied at invoicing:


Static Fee (monthly) by Membership (*EXCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$50
Tier 2	11-25	\$125
* Tier 3	26-50	\$450
Tier 4	51-100	\$650
Tier 5	101-250	\$850
Tier 6	251-500	\$1,050
Tier 7	500+	\$1,500

Static Fee (monthly) by Membership (*INCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$125
Tier 2	11-25	\$250
Tier 3	26-50	\$750
Tier 4	51-100	\$950
Tier 5	101-250	\$1,350
Tier 6	251-500	\$1,500
Tier 7	500+	\$2,050

Ingredient costs may differ by the type of pharmacy and the benchmark for drug pricing is primarily the National Average Drug Acquisition Cost (NADAC), the benchmark of retail pharmacy acquisition costs developed by CMS as previously discussed. HHSC uses a drug's wholesale acquisition cost (WAC) price when NADAC pricing is unavailable.

WITNESS WHEREOF, the Parties have caused this Addendum to be executed as of the Effective Date.

INTEGRATED PRESCRIPTION MANAGEMENT, INC.



 Signature

 Melissa Hawkins
 Name

 Chief Strategy Officer
 Title

 05/04/2023
 Date

JOHNSON COUNTY, TEXAS



 Signature

 Christopher Boedeker
 Name

 County Judge
 Title

 May 22, 2023
 Date

Narrative for Commissioners Court
Texas IHC Rate Changes



IPM received an announcement of CIHC rate change, but no specific actions: August 30, 2022

December 1, 2022, IPM received notification of rate changes by state with effective date of **January 1, 2023**

IHC History of rates: IPM representatives have worked with CIHCP since 2005 and in the history, the State has only decreased the “dispensing fee” on the claim and not the formula for the calculation of the medication ingredient costs.

Based on the IHC Handbook rates **prior to January 1, 2023:**

Brand Drugs: AWP – 15%; \$3 Dispense Fee

Generic Drugs: AWP – 50%; \$3 Dispense Fee

No distinction for OTC items; priced at Brand or Generic rates

Texas Health Human Services recently published an updated payment standard requirement for all County Indigent Health Care Programs(CIHCP) **effective January 1, 2023:**

The ingredient cost is equal to the National Average Drug Acquisition Cost (NADAC) price, or (WAC minus 2 percent) if NADAC pricing is not available. Billing for legend drug and non-legend drug (OTC) prescriptions are to be billed the lesser of the following:

1. Actual Acquisition Cost (AAC) plus a dispensing fee of \$7.93
2. The Usual and Customary (UAC) price charged the general public
3. The Gross Amount Due (GAD), if provided

IPM developed this program specific for the county indigent healthcare programs. IPM implemented this program for all CIHCP to utilize any network pharmacy in their county and provides access to full PBM services that ultimately has saved counties 40% to up to 79% on their prescription drug costs. With the new rates implemented and no ample notice, IPM did not have adequate time to review and analyze prior to the effective date. IPM worked diligently in December to get the new rates implemented by January 1, 2023, however, that did not provide enough time for us to review the impact of these new rates with our network. Below you will find a table showing you high level metrics to review for your specific county utilization.

IPM currently holds contract agreements with the counties to administer their prescription drugs offered under the County Indigent HealthCare program. IPM immediately accommodated the new rate structure and it went into effect January 1, 2023, however, IPM will be implementing a network fee to cover the costs of the administration of the program and continue to provide network access to the counties.

*Note: Billing totals below are based on original billing amounts of **January to November of 2022** and are intended to provide visibility to the difference between historical pricing and the new pricing. *Savings based off of current network usage*

Average Members	Monthly Fee	Estimated Pre-2023 Billing Based on Analysis	New Estimated Annualized Bill (inclusive of fees)	Estimated Annualized Savings (inclusive of fees)*
31	\$450.00	\$44,879.60	\$39,923.54	\$4,956.06

Static Fee (monthly) by Membership (*EXCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$50
Tier 2	11-25	\$125
Tier 3	26-50	\$450
Tier 4	51-100	\$650
Tier 5	101-250	\$850
Tier 6	251-500	\$1,050
Tier 7	500+	\$1,500

Average CVS/Walgreens Members	Monthly Fee	Estimated Pre-2023 Billing Based on Analysis	New Estimated Annualized Bill (inclusive of fees)	Estimated Annualized Savings (inclusive of fees)*
2	\$750.00	\$44,879.60	\$43,523.54	\$1,356.06

Static Fee (monthly) by Membership (*INCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$125
Tier 2	11-25	\$250
Tier 3	26-50	\$750
Tier 4	51-100	\$950
Tier 5	101-250	\$1,350
Tier 6	251-500	\$1,500
Tier 7	500+	\$2,050

****CVS and Walgreens require distinct reimbursement models and are priced separately to accommodate to their requirements****

With all other services unaffected, the new rates with the new IPM added administrative fee, your county will still be able to achieve cost savings represented in the last 2 columns of the above table.

As part of our analysis, we reviewed a 3 month data set of **RxOutreach** claims and discovered that the new rates achieved an aggregate of 30% savings. Any county utilizing **RxOutreach**, the county is able to obtain those prescriptions at the retail network under IPM, save money on those claims, and be compliant with the new rate structure.

On the following page, you will find more information on services provided to your county by IPM as well as information provided by HHS, which is now incorporated to the CIHCP Handbook. **Services provided to the county by IPM:**

In narrative, IPM provides county staff to system to **manage** the eligibility, plan design, and access to claim data. This platform allows for counties to enforce their individual county policy, i.e. 3 Rx's/month, Max cost, refills too soon, drug restrictions, pharmacy access, eligibility verification, electronic processing of prescription bills, and access to patient utilization and reporting. IPM has an integration with EMR vendors, such as IHS, Network Sciences, etc. to nightly sync eligibility and ability for county to electronically process prescription bills from 1 provider. County can utilize as many pharmacies as they choose with contracting with 1 provider, IPM.

IPM Behind the scenes	IPM Client Services
Network Pharmacy Contract Management & Access	Account Management Team
Adjudication Platform; Enhancements & Maintenance	Ongoing training, education & support
Client Portal Updates & Maintenance	Drug Price Comparison Requests
Contract Negotiations and Updates	Customized reporting and data access
Pricing & Analytics	Commissioner Court support
MAC management team	Enforcement of county policies with benefit design
Access to system to fully manage plan design	FREE Drug program consulting

How do I find out more information on the change?

Answer: Below, we've provided the steps taken directly from the Health Human Services notification, if you'd like to review pricing and formulary details. You may also reach out to them directly: *e-mail* CIHCP@hhs.texas.gov or call (512) 438-2350

If you'd like to review the details of the new requirements and search the formulary for pricing, follow the steps below:

1. Go to <https://www.txvendordrug.com/> and go to the pull-down menu, select "Formulary", and "Formulary Search."
2. Under "Formulary Search", "Drug search", type in the information of a drug and click on "Search."
3. From "Search Results: Formulary Drugs" screen, select the correct "Brand Name/Generic Name/Package Size."
4. From the "Drug Details" screen, obtain the package size and the retail pharmacy cost. (The package size can be found from the line named "Package size" under section "General". The retail pharmacy cost can be found from the line named "Retail Pharmacy Cost" under section "Drug Pricing").
5. Go to webpage "Professional Dispensing Fees" by clicking the link:
<https://www.txvendordrug.com/about/manuals/pharmacy-provider-procedure-manual/14-pricing-and-reimbursement/3-professional>.
6. Follow the instructions under "Professional Dispensing Fees" to calculate the reimbursed amount. At the bottom of this webpage, there is an example on how to calculate the total reimbursement amount.

Can a county pay an administrative fee for administration of this program?

Answer: IPM has discussed with the state and the answer is yes. A county can pay a fee to have a provider administer the program as long as the "cost" of the drug is calculated accurately according to the new rate standard.

If there are any further clarifications needed, please contact one of the IPM representatives below:

Dustin Murders, AVP Sales & Strategy Support

P: 830.388.8125 | dmurders@rxipm.com

Melissa Hawkins, Chief Strategy Officer

P: 877.846.3397 Ext: 8046 | Cell: 817.600.6413 | mhawkins@rxipm.com

State of Texas Anti-Boycott and Anti-Discrimination Verifications

Chapter 2270 of the Texas Government Code, Chapter 2252 of the Texas Government Code, Chapter 809 of the Texas Government Code, and Chapter 2274 of the Texas Government Code are statutes that prohibit certain vendors from contracting with governmental entities if they boycott Israel, are listed as a company that conducts business with terrorist organizations by the Texas Comptroller, boycott energy companies, or discriminate against firearm or ammunition entities or trade organizations, respectively. Such state laws require written verification (per the statement below) by a for-profit organization that is not a sole proprietor, has at least 10 full-time employees, and the contract with the governmental entity has a value of at least \$100,000 before a Texas governmental entity may enter into a contract with the company for goods or services involving the expenditure of public funds.

STATEMENT:

Company hereby certifies that:

- 1. It is not a company identified on the Texas Comptroller's list of companies (<https://comptroller.texas.gov>) known to have contracts with, or provide supplies or services to, a foreign organization designated as a Foreign Terrorist Organization by the U.S. Secretary of State;**
- 2. Neither Company, nor any affiliate, subsidiary, or parent company of Contractor, if any (the "Contractor Companies"), boycotts Israel;**
- 3. Neither Company, nor any affiliate, subsidiary, or parent Companies boycotts energy companies; and**
- 4. It does not discriminate against a firearm entity or firearm trade association.**

Company agrees that Company and affiliate, subsidiary, or parent Companies will not engage in the activities listed above during the term of this Agreement. For purposes of the Agreement, the term "boycott" shall have the meaning set forth in Chapter 2270 and Chapter 809 of the Government Code, as applicable.

Company certifies that pursuant to Section 231.006 of the Texas Family Code that the individual or business entity named in this contract is not ineligible to receive the specified payment(s) and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate. Company states that it is not ineligible to receive State or Federal funds due to child support arrearages.

Company Name: Integrated Prescription Management

Signature of Company's Authorized Official: 
Melissa Hawkins (May 4, 2023 17:17 CDT)

Print Name: Melissa Hawkins

Title: Chief Strategy Officer Date: 05/04/2023

STATE OF Texas VERIFICATION COUNTY OF Denton

BEFORE ME the undersigned authority, Melissa Hawkins appeared on behalf of Integrated Prescription Management (company), who did verify that the above Statement is true.


Melissa Hawkins (May 4, 2023 17:17 CDT)

Notary Public, State of Texas






2023_05_02_09_04_00 (002)

Final Audit Report

2023-05-04

Created:	2023-05-04
By:	Dustin Murders (dmurders@rxipm.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAYeKxifuSBeaY7_sasF9V9jPS5fe3Oi6x

"2023_05_02_09_04_00 (002)" History

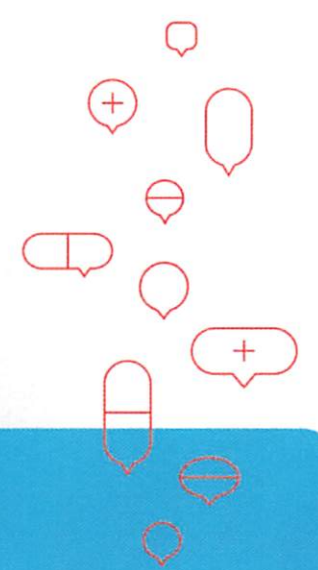
-  Document created by Dustin Murders (dmurders@rxipm.com)
2023-05-04 - 10:08:49 PM GMT
-  Document emailed to Melissa Hawkins (mhawkins@rxipm.com) for signature
2023-05-04 - 10:10:15 PM GMT
-  Email viewed by Melissa Hawkins (mhawkins@rxipm.com)
2023-05-04 - 10:14:55 PM GMT
-  Document e-signed by Melissa Hawkins (mhawkins@rxipm.com)
Signature Date: 2023-05-04 - 10:17:56 PM GMT - Time Source: server
-  Agreement completed.
2023-05-04 - 10:17:56 PM GMT

⊕ PHARMACY BENEFITS MANAGEMENT

New Texas Indigent Health Standard Rates



IPM



PREPARED FOR

IPM Customers

Q1 2023



RXIPM.COM

Definitions

IPM

The following are definitions intended to serve as a reference for pricing acronyms used throughout the discussion

NADAC (National Average Drug Acquisition Cost) – the estimated wholesale price retail community pharmacies pay to drug wholesalers. The NADAC data is calculated and published by the Centers for Medicare and Medicaid Services.

WAC (Wholesale Acquisition Cost) – the estimation of cost of a drug that a pharmacy purchases direct from primary wholesalers; doesn't include discounts or any negotiated rebates

AWP (Average Wholesale Price) – set by the manufacturer of the drug and can vary across manufacturers

MAC (Maximum Allowable Cost) – a payment model contractually agreed to in the marketplace by all participants. The model ensures that those purchasing health insurance benefits, including consumers, do not overpay for generic drugs; national trend of the industry cost of a medication

PAC (Predictive Acquisition Cost) – The drug pricing standard for the pharmacy industry. PAC is the most accurate tool available to track true acquisition cost and provide insightful analysis for drug price transparency, price setting, and cost containment



Pricing prior to: January 1, 2023



- Based on the IHC Handbook; rates prior to January 1:
Brand Drugs: AWP – 15%; \$3 Dispense Fee
Generic Drugs: AWP – 50%; \$3 Dispense Fee
*No distinction for OTC items; priced at Brand or Generic rates

IPM provided a solution to assist with lowering these costs and applying MAC rates to generics, where savings were realized of up to 74% utilizing the same pharmacy. IPM provided counties access to independent and chain networks, to include WalMart, HEB, CVS, WalGreens and other chain pharmacies, such as Kroger's, Cash Saver, etc..

Example:

OMEPRAZOLE CAP 20MG; #30; 30 Days Supply:

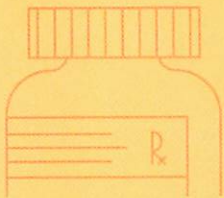
Handbook price: \$ 64.50

IPM Price: \$ 35.91; 44% savings

WalMart Price: \$ 4.00; 94% savings



What's Changing?



Announcement: August 30, 2022

Effective Date: January 1, 2023

- For prescription drugs, the payment standards will align with the HHSC Vendor Drug Program (VDP) formulary.

Brand & Generic Drugs:

- National Average Drug Acquisition Cost (NADAC)
- Wholesaler Acquisition Cost (WAC) minus 2% if NADAC is unavailable

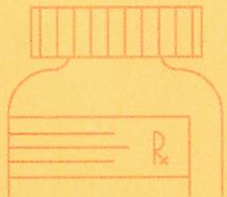
OTC's – the lesser of the following:

- Actual Acquisition Cost (AAC) plus a dispensing fee of \$7.93
- The Usual and Customary (UAC) price charged the general public
- The Gross Amount Due (GAD), if provided

Drug Name	B/G	Quantity	IPM 2022 Cost	2023 Pricing
BIKTARVY 50/200/2	B	30	\$ 3,612.47	\$ 3,760.50
GABAPENTIN 300MG	G	60	\$ 11.24	\$ 10.71
CARBAMAZEPIN 200 MG	G	120	\$ 96.07	\$ 26.84
LATUDA 40MG TAB	B	30	\$ 1,447.07	\$ 1,395.74



Administrative Services & Pricing Samples



IPM Behind the scenes

- Network Pharmacy Contract Management & Access
- Adjudication Platform; Enhancements & Maintenance
- Client Portal Updates & Maintenance
- Contract Negotiations and Updates
- Pricing & Analytics
- MAC management team
- EMR integrations management

IPM Client Services

- Account Management Team
- Ongoing training, education & support
- Drug Price Comparison Requests
- Customized reporting and data access
- Commissioner Court support
- Enforcement of county policies with benefit design



IPM Services

How does this affect the program services with IPM?



- 99.9% of IPM client costs will DECREASE by an average of 35+%
- Historically, IPM was able to negotiate costs to various networks specific to programs utilizing the pharmacies.
- In order for IPM to maintain the program offered to the counties, IPM will be implementing a transparent administrative fee with the outcome goal that counties realize savings with the new pricing.
- CVS and Walgreens will be outside of the rates offered and implemented; however, part of our assessment will have options for counties to continue their access to these chain stores.
- It has been confirmed with the state that a network admin fee can be applied over and above the drug cost to administer the program.



IPM Services

What to
expect
next?



- Each county will receive an email from IPM:
 - County utilization breakdown with the options for the network access
 - Amendment to the current contract agreement for review/approval
 - Narrative of the situation and the solution for commissioners, if needed
 - Copy of this PowerPoint
- IPM will be requesting a decision by the county on the solutions provided within 30 days of the email communication
- Once amendment and options have been reviewed/approved; IPM will implement the new fees to the account
- No further actions needed

IHS' Role



- Coordinated with the state on the new rollout.
- Coordinated with IPM on the rollout.
- Implemented new pricing into the software.
 - Retained old pricing as a fail-safe.
 - We ensure our software is always up to date and compliant with any changes the state issues.
- Kept users up to date with informative emails along the way.
- Your transition to the new rates within IHS should be seamless.



IPM

Thank you.

Frequently Asked Questions



What is IPM doing to ensure my program is compliant? | IPM has adjusted current customer billing and invoicing programming to maintain compliance with the new standard effective. Your IPM team is also reviewing potentially necessary updates to all contractual agreements to reflect the accurate pricing standard.

How does this affect my pharmacies? | This change establishes a standard for reimbursement of pharmacies for dispensing medications to your program's patients which reflects fair and consistent reimbursement methodologies state-wide, mainly with major chain stores, such as, CVS, WALGREENS, WALMART, etc.

How will this affect my eligible members? | Depending on the pharmacy utilization of your eligible members, most will likely experience zero impact associated with the change. We are currently assessing every account to review the pharmacy utilization and how it may impact the members.

Will this affect the way I'm billed? | For those using I.H.S. as an EMR vendor, IPM has already coordinated the necessary changes to ensure your billing process will not change. If you are using a vendor other than I.H.S., we can contact the vendor to ensure they are in compliance with the new rates.

How will this affect my other discount programs like RxOutreach, SCBN, etc...? | If you are currently utilizing these programs, please be aware that these programs will be affected by the new Texas pricing standard and they may not accept these new rates. WE have conducted an analysis on RxOutreach and the new rates are lower than the published pricing.

How do I find out more information on the change? | If you did not receive the email we sent out, we can provide you with more information to review the notices and how to get more information.

Should I expect IPM to contact me? | Yes! As your IPM team evaluates the necessary updates, your Account Manager will be contacting you with information that you may need to act on.