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AGENDA ITEM

Action Item

Information Only

Date: January 27, 2022
Item Number: VII
Title: Contract Status Report

Summary

This report addresses the status of PEBP contracts to include:

1. Contract Overview
2. New Contracts for approval
3. Contract Amendments for approval
4. Contract Solicitations for approval
5. Status of Current Solicitations

7.1 Contracts Overview

Below is a listing of the active PEBP contracts as of December 31, 2021.

PEBP Active Contracts Summary							
Vendor	Service	Contract #	Effective Date	Termination Date	Contract Max	Current Expenditures	Amount Remaining
Morneau Shepell LTD	Benefits Management System	15941	1/1/2015	12/31/2021	\$ 8,623,789.00	\$ 6,452,631.63	\$ 2,171,157.37
AON Consulting	Consulting Services	17596	7/1/2016	6/30/2022	\$ 3,651,585.00	\$ 3,214,998.21	\$ 436,586.79
HealthScope Benefits	Dental Claims	14574	7/9/2013	6/30/2022	\$ 6,100,000.00	\$ 5,427,521.94	\$ 672,478.06
The Standard	Group Basic Life Insurance	14276	7/1/2013	6/30/2022	\$ 80,587,091.00	\$ 78,015,590.67	\$ 2,571,500.33
Hometown Health Providers	In-state PPO Network	15510	7/1/2014	6/30/2022	\$ 9,955,139.00	\$ 8,564,330.59	\$ 1,390,808.41
HealthScope Benefits	National PPO	13330	7/1/2012	6/30/2022	\$ 15,455,000.00	\$ 12,300,101.21	\$ 3,154,898.79
HealthScope Benefits	TPA	11825	2/8/2011	6/30/2022	\$ 62,600,000.00	\$ -	\$ 62,600,000.00
HealthScope Benefits	Voluntary Flexible Spending Account	14465	7/1/2013	6/30/2022	\$ 125,000.00	\$ -	\$ 125,000.00
Express Scripts, Inc.	Pharmacy Benefit Manager	17551	4/12/2016	6/30/2022	\$291,134,666.00	\$263,689,850.95	\$ 27,444,815.05
American Health Holdings	PPO Utilization Management Case Management	21376	7/1/2019	6/30/2023	\$ 8,000,000.00	\$ 4,969,177.52	\$ 3,030,822.48
Standard Insurance Company	Voluntary Life Insurance	15503	7/1/2014	6/30/2023	\$ 80,587,091.00	\$ 78,015,590.67	\$ 2,571,500.33
CliftonLarsonAllen	Financial Auditor	24088	5/15/2021	12/31/2024	\$ 212,485.00	\$ 10,500.00	\$ 201,985.00
Extend Health, Inc	Medicare Exchange	16468	7/1/2012	6/30/2025	\$ 1,546,000.00	\$ 1,233,741.92	\$ 312,258.08
Health Plan of Nevada Inc	Southern Nevada HMO	23802	7/1/2021	6/30/2025	\$192,093,848.00	\$ 20,114,160.44	\$171,979,687.56
Diversified Dental Services Inc.	Dental Contract	23810	7/1/2021	6/30/2026	\$ 1,601,613.00	\$ 178,517.76	\$ 1,423,095.24
Aetna	PPO Network	23846	7/1/2021	6/30/2026	\$ 7,127,250.00	\$ 767,290.75	\$ 6,359,959.25
Labyrinth Solutions, Inc.	Benefits Management System	23678	12/8/2020	6/30/2027	\$ 7,328,667.00	\$ -	\$ 7,328,667.00
Claim Technologies	Health Plan Auditor	24030	4/13/2021	6/30/2027	\$ 1,551,662.00	\$ -	\$ 1,551,662.00

Recommendation

No action necessary

7.2 New Contracts

On July 29, 2021, the PEBP Board approved staff to release a solicitation for a Pharmacy Benefit Manager (PBM) while also concurrently negotiating with the Northwest Drug Consortium. Additionally, the decision of the Board requested staff to bring the results of the winning proposal from the solicitation to a future Board meeting where the negotiated PBM proposal would be compared against the Northwest Drug Consortium option and awarded at the decision of the Board.

7.2.1 EXPRESS SCRIPTS INC.

On September 1, 2021, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1711 for Pharmacy Benefit Manager (PBM) Services. The following were some items important to PEBP in the consideration of the award of this contract:

- Simultaneously to releasing this RFP, PEBP is evaluating the possibility of joining the Northwest Prescription Drug Consortium (<https://www.oregon.gov/oha/HPA/DSI-Pharmacy/Pages/Northwest-Prescription-Drug-Consortium.aspx>) to meet the States' pharmacy needs. The State reserves the right to cancel this solicitation and contract with the Northwest Prescription Drug Consortium pursuant to NRS 333.475 if determined to be in the best interest of the State.
- The Public Employees' Benefits Program (PEBP) is interested in partnering with a Pharmacy Benefit Manager (PBM) vendor who will work with PEBP and other PEBP vendors to assure the continued success of its self-funded program. The objective of this RFP is to acquire a PBM servicer that will be a strategic partner in providing the Services included in the scope of work identified in this RFP while being able to accommodate the current and possible future plan designs approved by the PEBP Board.

Vendor responses were scored based on the following criteria.

- Minimum Qualifications and Critical Items
- Technical
- Customer Service
- Financial (includes Fees, Credits, Performance Guarantees, and Network Discounts)
- Best and Final Offers

On October 1, 2021, PEBP received six (6) proposals in response to RFP 95PEBP-S1711. The evaluation period began on October 28, 2021 and ended on December 6, 2021. The eight-member evaluation committee included two PEBP Board members and other subject matter experts. Express Scripts Inc. received the highest score by the evaluation committee and PEBP has successfully negotiated a contract. Some of the highest scoring areas by the evaluators were:

- Vendor Experience
- Cost
- Network Access/Management

Express Scripts, Inc. is the current incumbent PBM so the transition is expected to be overall less disruptive to both members and staff and will require minimal implementation.

The effective date of the contract is anticipated to be April 12, 2021 (upon BOE approval) through June 30, 2026. Services and fees are expected to begin on June 1, 2022.

Recommendation

Approve a vendor to provide pharmacy services beginning July 1, 2022.

7.2.2 NORTHWEST PRESCRIPTION DRUG CONSORTIUM

Pursuant to NRS 333.475, PEBP is provided the option to enter into a contract with a governmental state entity that has used an open and competitive method similar to Nevada’s procurement practices. On July 29, 2021, the PEBP Board approved staff to release a solicitation for a Pharmacy Benefit Manager (PBM) while concurrently negotiating with the Northwest Drug Consortium. Additionally, the decision of the Board requested staff to bring the results of the winning proposal from the solicitation to a future Board meeting where the negotiated PBM proposal would be compared against the Northwest Drug Consortium option and awarded at the decision of the Board.

Recommendation

Approve a vendor to provide pharmacy services beginning July 1, 2022.

7.3 Contract Amendment Ratifications

Below are the contract amendment ratification requests.

7.3.1 EXPRESS SCRIPTS INC.

PEBP contracted with Express Scripts Inc. for Pharmacy Benefit Management services which became effective April 12, 2016 and has a termination date of June 30, 2022. This amendment increases the contract maximum from \$291,134,666 to \$302,920,638. This increase adds additional authority to pay claims through the remainder of the contract and to add authority to implement the optional Medicaid Subrogation program service.

The Medicaid Subrogation program is required pursuant to the State statutes implementing provisions of the Federal Deficit Reduction Act of 2005 pertaining to Medicaid third-party liability, which are now codified in Section 1902(a)(25)(I) of the Social Security Act, 42 USC 1396a(a)(25)(I), third-party insurers and their pharmacy benefit managers are required to furnish State Medicaid departments (or their contracted agents) with enrollment and eligibility information sufficient to enable Medicaid to

identify instances in which an individual is covered both by Medicaid and by private insurance, and where an insurer may therefore have third-party liability for a Medicaid claim.

Recommendation

PEBP recommends the Board authorize staff to amend the contract between PEBP and Express Scripts Inc. for Pharmacy Benefit Manager services in contract #17551 to add the Medicaid Subrogation Program, update the fee schedule, and increase the contract maximum.

7.4 Contract Solicitation Ratifications

PEBP does not currently have any contract solicitations for ratification.

7.5 Status of Current Solicitations

The chart below provides information on the status of PEBP’s in-progress solicitations:

Service	Anticipated/ Actual RFP release date	Anticipated/ Actual NOI	Winning Vendor	Anticipated Board Approval
Actuary	10/18/2021	11/17/2021	Segal	March 2022
Life Insurance	10/14/2021	12/01/2021	UMR, Inc.	March 2022

Recommendation

No action necessary