The challenge

State of New Jersey – by the numbers
• 700,000+ members
• Annual spend of $2.2b
• 11 million+ claims
• Long-term relationship with incumbent PBM

Pharmacy benefit plans
• Large plan with many stakeholders
• Multiple, complex plan design and formularies
• Expensive
• Hard to measure and manage
• It’s a black box!
Reverse Auction Legislation

“We are rooting out PBM profiteering at the expense of New Jersey taxpayers and public employees.”

We are achieving enormous savings without any cuts in public employee benefits and no compromises in the quality of health care for hard working public employees and their families.”
A fresh approach: The PBM reverse auction

• Innovative, forward-thinking approach
• Scalable reverse auction platform
• Granular analysis of 100% of claims
• Levelled playing field among bidders for objective comparison
• Dynamic, competitive PBM marketplace lowered prices
• Entire process: weeks not months

The process

SELLER AGREES TO CONTRACT TERMS
SELLERS SUBMIT BIDS
BUYER COMPARE ROUND 1 BIDS
SELLERS IMPROVE BASED ON BLINDED RESULTS
BUYER COMPARE ROUND 2 BIDS
BUYER AWARDS CONTRACT

Pre-Qualification Step
Creating a level playing field – terms

Terminology and definitions are set and agreed-to upfront

Helps state conduct side-by-side Contractual comparisons

*Sample, deidentified data

https://portal.truveris.com/ftp/accept_terms/30442149_id-147998
Ensuring consistent drug classification

The classification of drugs can unnecessarily increase spend and can impact rebate performance.

*Sample, deidentified data
Pricing proposals

PBM's input proposed discounts

This can be analysed on a claim-by-claim basis to give a more accurate proposal

*Sample, deidentified data
First round results

**Detailed comparisons by PBM**

**Forecasted total drug spend for easy side-by-side comparisons**

**Estimated savings by PBM**

Comparisons include readjudication of 100% of historical claim data against each proposed PBM contract

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**FINANCIAL SUMMARY: 3 YEAR**

<table>
<thead>
<tr>
<th>Status</th>
<th>Current Contract</th>
<th>Market Comp #3</th>
<th>Market Comp #1</th>
<th>Market Comp #2</th>
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<td>Rebates</td>
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<td>($6,093,385)</td>
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<td>$8</td>
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</table>

*Plan & Member spend/savings assume same level of member cost share % as historical claims data

Sample, deidentified data
Round 1 results: PBMs see how their bids compared and improve

Scores weighted by importance to the plan – configurable by plan

Objective, third party scoring – no misaligned incentives

*Sample, deidentified data
Second round results

Estimated savings by PBMs has improved from first round

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<th>Market Comp #2 Bid #14912</th>
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<td>Performance Guarantees Risk</td>
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<td>$0</td>
</tr>
</tbody>
</table>

*Sample, deidentified data*
Winner

PBM B

$8.3b  $6.69b

$1.6b Savings

Contract awarded

TruBid

Hello:

Please note that there is a new pending item posted regarding RFP #3042 for Sample State that requires your response by 11/01/2019 11:59 PM.

New Pending Item:
Congratulations! The Client has awarded their business to Sample PBM and has requested that Sample PBM provide an executable contract based on the final offer submitted in the TruBid platform. Please provide your ETA as we would appreciate a timely response to communicate to the client. Please provide contact information for your Implementation Manager, as well as for your Billing Contact (name, address and e-mail). Thank you for your continued assistance.

Please submit your responses through the portal here. Responses via e-mail will not be considered.

Thank you for your cooperation.
PBM reverse auction process: Bid results 2017

Review of round 1: Results and feedback is provided to sellers

$8.3b    $6.69b
1.6b

Winner
PBM B
$8.3b $6.69b
$1.6b
Savings
Beyond the RFP: ensuring ongoing PBM accountability and contract oversight

The state employs continual contract performance monitoring for PBM accountability

*Sample, deidentified data
Ongoing PBM accountability and oversight: sample results

Custom Specialty Drug List
$900,000+ Shortfall Impact

Specialty 30/90-day Supply
$42 Million

IV Fluid 2018-19
$2.2 Million

Multivitamin 2019
$800,000

Additional identified savings potential: $45.9m
Court Ordered Rebid:

With all three suppliers evenly matched on price, quality and technical expertise, Mark resorts to his last remaining selection tool.
PBM reverse auction process:
Bid results 2019

Round 1
Sellers submit 1st round of bids

Review of round 1
Results and feedback is provided to sellers

Round 2
Sellers submit 2nd round of bids

Review of round 2
Results and feedback is provided to sellers

Round 3
Sellers submit 3rd round of bids

Request for bids

Compare round 1 bids

Compare round 2 bids

Compare round 3 bids

Winner: PBM B
$6.1b ➤ $5.7b
$485m Savings
Accrued savings over the life of PBM contract

$1.6 Billion 2017 TruBid® RFP
$403 Million 2018 Savings Over Projected
$45.9 Million 2018 Identified Potential from Oversight
$485 Million 2019 TruBid® RFP

$2.53 Billion Total Projected Savings by 2022
Baseline from incumbent PBM, Truveris Projections, Actuals

### PMPM Savings

#### 2018
- **$277.59** (Baseline)
- **$185.58** (Actual)
  - **$92.01**

#### 2019
- **$325.25** (Baseline)
- **$191.65** (Actual)
  - **$133.60**
Cutting Costs Without Cutting Benefits

truveris.com/NJ