

City Of Milwaukee

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Benefits Team Recommendations Regarding 2006  
Contracts for HMOs, Self Insured Medical Plan  
Administration, UR, PPO Network and Prescription  
Drug Plan Management

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### **EXECUTIVE SUMMARY**

#### ***What are the Recommendations of the Benefits Team?***

##### **HMO Plans**

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the HMO plans:

Enter into a one-year contract in 2006 with CompCareBlue Aurora Family Network (AFN) HMO and the CompCareBlue Broad Network HMO. These are the incumbent HMOs. This combination offers the lowest cost to the City as well as the broadest network provider access to City employees and retirees.

##### **Self Insured Medical Plan Administration**

The Benefits Team recommends that the City accept Blue Cross Blue Shield Wisconsin's (BCBSWI) three-year proposal for self insured medical plans claims administration, utilization review services and preferred provider network, effective 1/1/06. This decision was based on provider network discounts that are projected to provide the greatest savings to the City, competitive administration fees, ability to administer the City's plan as well as a high qualitative score.

##### **Prescription Drug Plan Manager**

Based on having both the lowest projected cost to the City as well as receiving the highest qualitative score, the Benefits Team recommends that the City accept Navitus' three-year proposal for the self insured prescription drug management carve out plan, effective 1/1/06.

#### ***Who Was on the Benefits Team?***

The City staff members on the Benefits Team were:

- **Michael Brady**, Director – Employee Benefits, Department of Employee Relations
- **James Michalski, CPA**, Audit Manager – Office of the Comptroller
- **Mark Ramion**, Fiscal Review Analyst Senior – Legislative Reference Bureau
- **Edwin Reyes**, Management and Account Officer – Department of Employee Relations, Employee Benefits Division
- **Katrina Whittley**, Employee Benefit Analyst – Department of Employee Relations
- **Dennis Yaccarino**, City Economist – Budget Office of the Department of Administration

Assisting the City team were the following individuals:

- **Douglas Ley**, Vice President, Willis of Wisconsin, Inc.
- **Clete Anderson**, Assistant Vice President, Willis of Wisconsin, Inc.

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The City retained the services of Willis to assist in the following:

- Assist in the preparation of the RFP,
- assist the Benefits Team in evaluating the carrier responses and making recommendations,
- conduct financial analyses, and
- draft this final report.

### ***How Did the Benefits Team Reach These Recommendations?***

#### ***HMO Selection Process***

The City goals for its healthcare plans are to keep the cost as affordable as possible to the City while providing employees "choice." Meeting these goals led to the decision for 2006 to continue to offer two HMOs to City employees: the "broad network" CompcareBlue Traditional HMO and "narrow network" CompcareBlue AFN HMO.

Because the number of HMOs available in the City are limited and the City has had contracts with them in the past, an abbreviated RFP, focusing on the premium rates, was e-mailed to the following companies.

- Aetna
- CIGNA
- CompcareBlue (CCB)
- Humana
- Principal
- United Health Care (UHC)
- WPS

Responses were requested by May 6 and were received from CompcareBlue, Humana, UHC and WPS. The others declined to quote. However, vendors stated that they were still in negotiations with providers for 2006 fee schedules and would not be able to quote final rates by this date. Because of this circumstance, the City gave all the bidders until June 3 to give their final quotes. They were informed that no information or rates provided prior to June 3 would be shared outside the Team.

Included in the HMO RFP was a request that the HMOs attempt to "realign" their rates among the options so that the ratio of the single and family rates in the HMO plans be more consistent with the same ratios in the self insured basic plan. The goal was to have employee contributions for the respective plans also be more consistent. For example, if the ratio of the family rate is much higher in the HMO plan than the Basic plan, then the employee contribution would also be much higher than for the Basic plan, while the employee only coverage contribution would be lower.

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Proposals were received from CCB, Humana, UHC, and WPS. In the initial analysis, it was found that the realignment of the rates was adding to the City's cost. To avoid this result, all respondents were invited to set the rates for each of the active and retiree premium tiers at whatever ratio they deemed most appropriate.

The respondents were asked to provide quotes for both a lower cost, narrow network HMO as well as a higher cost, broad network HMO. Only CCB provided these options. Humana only offered its "Premier" HMO. UHC only offered its broad network HMO, which originally excluded Aurora. WPS's quote was for and insured, narrow network EPO, technically not an HMO.

A summary of the final 2006 annual premiums, City cost and employee/retiree contributions follow below. These are all based on annualized premiums using the current, non-changing enrollment.

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**2005****CompcareBlue**

	<u>Projected 2006 HMO Expenditures</u>	<u>Change from 2005</u>	
		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$91,225,709	\$19,877,208	28%
Less: Active HMO Trust	(\$13,117,668)	(\$8,672,921)	195%
Less: Retiree HMO Trust	(\$9,513,601)	(\$2,546,650)	37%
Less: Water & Prkg Credits	<u>(\$3,735,229)</u>	<u>(\$813,871)</u>	<u>28%</u>
Projected Net HMO 2006	\$64,859,210	\$7,843,766	14%

**Humana**

	<u>Projected 2006 HMO Expenditures</u>	<u>Change from 2005</u>	
		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$81,334,227	\$9,985,726	14%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$6,154,492)	\$812,459	-12%
Less: Water & Prkg Credits	<u>(\$3,330,223)</u>	<u>(\$408,865)</u>	<u>14%</u>
Projected Net HMO 2006	\$71,849,512	\$14,834,068	26%

**UHC**

	<u>Projected 2006 HMO Expenditures</u>	<u>Change from 2005</u>	
		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$82,813,661	\$11,465,160	16%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$6,266,442)	\$700,509	-10%
Less: Water & Prkg Credits	<u>(\$3,390,799)</u>	<u>(\$469,440)</u>	<u>16%</u>
Projected Net HMO 2006	\$73,156,420	\$16,140,976	28%

**WPS Limited Network Option**

	<u>Projected 2006 HMO Expenditures</u>	<u>Change from 2005</u>	
		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$76,369,470	\$5,020,968	7%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$5,778,785)	\$1,188,166	-17%
Less: Water & Prkg Credits	<u>(\$3,126,942)</u>	<u>(\$205,583)</u>	<u>7%</u>
Projected Net HMO 2006	\$67,463,743	\$10,448,299	18%

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As the table above shows, CCB's proposal, with the combination of the CompCareBlue and AFN HMOs, provides the lowest overall net cost to the City at roughly \$64.8 million. WPS proposal totaled \$67.4 million, Humana's totaled \$71.8 million, and UHC \$73.1 million. The WPS, Humana and UHC proposals were all made less competitive than CCB because they only offered one HMO option. Employer contributions for the HMOs are based on the low cost HMO, with the employee paying the difference for a more costly option. As a result, any of the other three HMOs would cost millions of dollars more than CCB.

In addition to having a higher cost to the City, the WPS proposal was turned down because it was a narrow network HMO only, which excluded Aurora. With all of the current AFN participants in Aurora and many of the CCB HMO participants as well, this network was seen as being disruptive to current participants. It also is not an HMO but an insured EPO. Perhaps this might seem like a technicality, but the City is required to offer an "HMO."

UHC was originally dismissed because of higher City cost and a network that excludes Aurora. At the eleventh hour UHC and Aurora announced that they had reached an agreement for Aurora to be in UHC's network. UHC was asked what impact this announcement would have on its proposed rates. The response was "none," so UHC, while adding Aurora, was still more costly to the City.

Humana, which in a prior RFP process had quoted broad and narrow network HMOs, only proposed a broad network HMO.

All of the HMOs were asked if other HMOs could be offered alongside theirs in a competitive model. Only WPS, as a narrow network, said yes.

While given limited weight, CCB scored the highest on their qualitative response to the RFP. The HMO scoring, financial summary and rates can be found in Appendix A. The CCB proposal represents a 9.5% increase to the City in 2006 for employees, and an overall 14% when retirees are factored in.

The lower cost to the City as well as network provider access and higher qualitative score, led the Team to select the CCB proposal.

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### **Self Insured Plan Administrator Selection Process**

The self insured plan administrator selection process was comprised of three major components:

- Claims administration, also call third party administrator services or TPA,
- Utilization review, or UR, and
- Preferred provider network, or PPO.

All of these services can be purchased individually or bundled with one company. However, to keep the process manageable, the Team decided that the all respondents would have to quote on all three components to be considered. It also recognizes that the coordination among the three components is more likely to be smoother through one company and that a company with the lowest cost network, for example, probably won't allow another TPA to administer it.

RFPs were e-mailed to the following companies:

WPS, the incumbent  
Aetna  
Aurora Health Care  
Blue Cross and Blue Shield Wisconsin  
CCN  
CIGNA  
HealthEOS/AHC/Multiplan, HCN,  
Humana  
IBS, Inc  
Midwest Security Administrators MSA  
Plan Vista  
Prairie States Administrators  
Principal  
United Health Care  
Wausau Benefits

Proposals were due on May 6, but for the same reason as with the HMO, incomplete negotiations with providers for 2006 fee schedules, bidders were allowed until June 3 to respond with final quotations. And as with the HMO, no proposal results received prior to June 3 would be shared outside the committed.

Proposals were received from the following bidders:

WPS  
BCBSWi  
Humana  
IBS/Wausau Benefits  
Prairie States Administrators  
UHC  
Wausau Benefits



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Each of the proposals was read and scored by the Team on the qualitative questions. The fees for TPA service, UR and network access were compared, as were the relative discounts for the respective PPO networks. Copies of the financial analysis, qualitative aspects scoring and overall scoring of the three components can be found in Appendix B.

In the final analysis and scoring, BCBSWi was recommended as the TPA, UR and PPO network because of the highest overall score. Qualitative scores are a summary of the scoring of the responses by the Team, with a 7.0 being the highest score. Quantitative scores are based on a 7.0 being awarded to the proposal with the best financial results for the City. The remainder of the scores are ratios based on the differences from the lowest. For example, if the financial results of the lowest bidder were 10% below the next bidder, then the next bidder's score would be 10% below the lowest bidder. In the Team's financial analysis, the best financial results would come from the combination of the lowest TPA and UR fees and highest PPO network discounts.

Comparing TPA and UR fees is a relatively straightforward process, since those fees are almost entirely charged on a per employee per month basis. A summary of fees and annual costs can be found in Appendix B. The annual totals were based on current enrollment and the services that were expected to be needed. For all bidders other than WPS, the incumbent, an additional \$300,000 was added to the 2006 fee total to reflect the estimated cost to the City for WPS to pay runout claims, claim incurred prior to 1/1/06 but paid thereafter.

The analysis of the relative PPO network discounts, which would become the financial determining factor for the successful vendor, is not a simple process. PPO network provider fee schedules typically are a patchwork quilt of different schedules with different provider groups for the same services, different payment approaches, such as per diems rather than discounts off of fee for service, and are not universally higher or lower than another network, but rather higher on some procedures and lower on others, on literally thousands of procedures.

We asked the respondents to give us their average network discounts for the following three major categories:

- Inpatient hospital services
- Outpatient hospital services
- Physician services

We also asked the respondents to provide fees for specific physician procedure codes as well as for in and outpatient day amounts for given conditions. Because much of this fee information is deemed proprietary by the PPOs, that information cannot be included in this report.

When our analysis of the PPO network discounts was complete, we would have estimated and compared the relative total medical claims cost to the City of the respective PPO networks based on the relative discounts of their networks. These discount differences would add up to a much greater differential than the differences in costs of in the TPA and UR fees alone.

The RFP asked for both average discount percentage and for specific fees as a means to cross check for reasonableness of the response. One would expect that the PPO with the lowest fee

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schedule would also state that it was getting the highest discounts, but this was not the case. Here are the self-reported average discounts for the respondents.

Major Area	Inpatient Hospital Discount	Outpatient Hospital Discount	Physician Discount
Humana	30.20%	32.00%	37.60%
WPS			
PPO	15.30%	16.80%	28.50%
Patient Choice	20.00%	20.00%	35.00%
CCB	35.83%	33.31%	30.07%
UHC	50.22%	41.30%	43.20%
Prairie States/HealthEOS	14.00%	14.00%	22.00%
Wausau Benefits/NPPN	10.98%	10.52%	18.30%

This exhibit would suggest that the physician fee schedules, from lowest to highest, should be:

- UHC
- Humana
- CCB
- WPS
- Prairie States/HealthEOS and
- Wausau Benefits/NPPN

(The WPS Patient Choice Plan was not considered because it is strictly a narrow network).

However, when comparing fees each bidder provided for a list of procedures in the RFP that the respondents provided in their proposals, the order from lowest to highest was:

- UHC
- CCB
- Humana
- WPS
- Wausau Benefits/NPPN, and
- Prairie States/HealthEOS

One gets a different result comparing the networks based on the discount percentages they provided versus the fee schedules they provided.

Two other factors helped contribute to the complexity of the PPO network discount analysis. First, when UHC submitted its proposal, UHC and Aurora had not completed their negotiations to work together again. Once their agreement was announced after June 3, it was also reported in the Journal Sentinel that other providers who were in UHC's network would expect to renegotiate their fees upward because their fees were based on the premise that Aurora was not in UHC's network. So, while UHC was showing the highest discounts and lowest fee schedule, it was now unclear whether those results even applied anymore or how different they might be.

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Second, as another means to crosscheck the PPO network fee responses, calls were made to Milwaukee providers asking them their opinion of the relative PPO fee schedules. We kept their comments in mind when reviewing the proposals.

Our initial analysis lead the Team to conclude that Wausau Benefits/NPPN and Prairie States/HealthEOS, though having competitive fees, would have a much higher cost to the City because of lower network discounts/higher claims cost. UHC was eliminated because of the great uncertainty of their fees and not offering a narrow network plan like the current Patient Choice options. WPS was eliminated due to lower discounts/higher fees. Humana would be eliminated for lower discounts and also not offering the narrow network plan. BCBSWi would be awarded the contract for the lowest net cost and a two-tiered network.

The Team, however, not taking lightly changing TPAs, especially when WPS has been doing a good job, and the complexity of comparing fee schedules, decided to ask for more fee information from BCBSWi, Humana, who was second lowest, and WPS, the incumbent. The team asked WPS to provide recent City claims information, including the top physician procedures as well as actual hospital claims (all de-identified for patient information). The top procedures and hospital claims were sent to these three vendors to complete and return. The response would provide information to either confirm or refute the Team's original financial analysis. The physician procedure amounts were received and incorporated into the analysis. Hospital charges are more difficult to assess because they are more complex than a physician's claim. To get the most accurate comparison of network fees, one would have to give the bidders all of the claims and ask for those claims to be re-priced. This solution is not practical, however, given the time available and constraints of HIPAA and Protected Health Information.

While waiting for the additional information for the updated financial analysis, two members of the Team, Mike Brady and Mark Ramion, and Doug Ley made an on site visit to BCBSWi's CMS facility in Green Bay, where claims for the City would be paid. This step was taken to assure the Team that BCBSWi would be ready and able to assume administration of the City's plan on 1/1/06 should it be necessary. The Team's conclusion from the site visit is that BCBSWi should be able to effectively administer the City's self insured health plans.

The Team attempted to obtain additional hospital claims data to supplement the hospital discount analysis but it was not available in time.

Based on the weighted average fee reported, the order of lowest fee schedule to highest of the three was:

- BCBSWi
- Humana
- WPS

The order for these three respondents was the same as before, and while the differences among them were not identical to the first comparison, they were consistent, with WPS being quite a bit higher from Humana and Humana higher than BCBSWi.

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UHC	Humana	WPS PPO	CCB	Prairie States/ HealthEOS	Wausau Benefits /NPPN
65.78%	49.82%	28.50%	54.44%	20.32%	28.09%

Based on the assumption that WPS's reported average physician fee discount is accurate at 28.5%, and comparing the fees that were reported, these are the relative discounts of the other networks based on the ratios of the average fees.

As a reminder, UHC's fee schedule was based on fees negotiated before Aurora was added and so cannot be considered reliable.

The hospital comparison was based in part on the self reported discounts illustrated earlier in this report as well as information from local hospital providers on relative fee schedules. This information, though we are not sharing the details, moved the financial results of the respective bidders closer together by "discounting" some of the discount information provided by the PPOs.

To compare the relative total claim cost of the bidders, we compared the relative discounts as the Team analyzed them and their resulting impact on total claims cost to the City. We started with the 2006 self insured plan claim projection provided by WPS. Prescription drug claims were removed, then the remaining claims were broken out among active, retirees under 65 and Medicare eligible retirees, and those claims broken down among inpatient hospital, outpatient hospital and physician claims, based on recent claims history for the City.

The relative discounts of the respective bidders were applied to those claims to provide expected claims under all networks. Note that in the analysis, medical claims for Medicare eligible retirees, about \$5 million, is the same for all networks. This result is based on the assumption that the claim cost for these participants is base on Medicare approved charges, not network fees, and therefore would be the same regardless of the PPO.

Please look in Appendix B for more detail of the summary below of the financial analysis.

	CCB	Humana	Prairie States/ HealthEOS	UHC	Wausau Benefits/ NPPN	WPS
Totals						
Inpatient Facility	\$16,499,777	\$16,698,261	\$18,185,662	\$16,547,346	\$18,468,355	\$19,069,844
Outpatient Facility	\$4,194,907	\$4,224,737	\$4,634,620	\$4,209,822	\$4,713,864	\$4,767,461
Professional	\$11,551,087	\$12,509,872	\$18,643,781	\$12,030,479	\$17,027,917	\$16,942,659
Total	\$32,245,771	\$33,432,870	\$41,464,064	\$32,787,647	\$40,210,137	\$40,779,964
Difference From Lowest	\$0	\$1,187,098	\$9,218,292	\$541,876	\$7,964,365	\$8,534,193

According to the analysis, CCB would have the lowest net claim cost, UHC would be second (but these results are pre-Aurora and not reliable), Humana third, NPPN fourth, WPS fifth and Prairie States sixth.

These saving are not just for one year, so we projected claims forward for each network at the same annual trend rate of 12%, and added in the TPA and UR fees that each would charge, and arrived at amounts for each year and the three-year total. More detail can be found in Appendix B. Here is the three-year fee and claims total.

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Grand Total	BCBS	Humana	Prairie States	UHC	Wausau Benefits/ IBS	Wausau Benefits	WPS
All Fees	\$4,044,312	\$5,105,990	\$3,916,585	\$4,699,488	\$3,765,562	\$3,456,864	\$3,610,454
Medical Claims	\$96,737,314	\$100,298,609	\$124,392,191	\$98,362,942	\$120,630,410	\$120,630,410	\$122,339,893
Total Cost	\$100,781,625	\$105,404,599	\$128,308,776	\$103,062,430	\$124,395,971	\$124,087,273	\$125,950,347
3-Year Difference From Lowest	\$0	\$4,622,974	\$27,527,150	\$2,280,605	\$23,614,346	\$23,305,648	\$25,168,722

BCBSWi has the lowest total cost over three years. UHC and Humana are next highest, then Wausau Benefits without and with IBS, then WPS and last Prairie States.

As stated before, networks are a complex mix of fee schedules interacting with thousands of claims each year, which will have a different mix in the next year, impacting the relativity of the schedules. Combine that with missing or conflicting information provided by various sources, and the need to make a number of assumptions on how this data is combined, and the result are numbers that are not exact.

The Team is convinced that though the absolute amounts shown in the financial analysis may be somewhat "soft," their relative places are still correct.

The three-year comparison was done to demonstrate that the savings are not one time, but can continue. The claims for all networks were increased each year at the same 12% trend rate. This assumption keeps the network discounts in the same relativity over the three-year period. However, the PPO provider fee schedules are not guaranteed for three years, so it is probable that the increase for any or all of them will grow at different rates based on the results of the new fee schedules, with the current lowest fees not necessarily staying lowest.

In addition to the best financial score, BCBSWi would offer a two-tier Basic Plan narrow network that Humana would not. Also, BCBSWi's rank on the qualitative scoring was second only to the incumbent, WPS. WPS, though providing good service with competitive fees, could not provide the network discount savings that BCBSWi can, so the Team chose BCBSWi for the three-year contract for TPA, UR and PPO network services.

Please note that RFPs for disease management services, a program the City does not have today, were sent to several firms just for this service, as a means to investigate this alternative for the City. However, those firms chose not to respond.

Also note that stand alone quotes for post-Medicare health plans would not be accepted for either the self insured plan or the HMOs. This issue could be addressed at a later date. All bidders were informed of this. Despite this warning one bidder sent in a post-Medicare only proposal, which was not evaluated.

Finally, the RFP asked respondents whether there would be any additional savings to the City for being awarded both the HMO and TPA/UR/Network services. None of the respondents indicated a savings for doing this.

***Prescription Drug Plan Manager Selection Process***

Prescription drug programs are routinely placed with firms other than TPAs, so in the request for proposal, in addition to sending the RFP to the TPAs to provide PBM, prescription benefit manager, services, the Team also sent the RFP to stand alone PBMs. Here is a list of the proposals the Team received:

Argus/Humana  
Express Scripts  
Innoviant/Wausau Benefits  
Labor Management Health Care Coalition of the Upper Midwest/Caremark  
Medco/WPS  
Navitus/Prescription Solutions Mail  
Pharmacare/Prairie States  
RxEDO/Wausau Benefits/IBS  
UHC  
Walgreens  
Wellpoint/BCBS  
Wisconsin Rx/Caremark

Since some of the bidders offered more than one proposal, the total number compared was fourteen.

“Transparency” is a watchword these days for PBMs. Concern has been growing over poorly disclosed amounts that PBMs are being paid primarily through some portion of the “rebate” that prescription drug manufacturers pay for use of certain of their drugs. The RFP asked the respondents to address this issue and close attention was paid to it.

The financial analysis of the PBMs is similar to that used for the TPA/network analysis. The PBM might charge an administrative fee, either per script or per employee per month. There may be a dispensing fee paid to the pharmacist. Annual fee amounts were determined for each proposal based on the expected number of prescriptions for 2006, roughly 186,000, which was based on the number of scripts WPS was expecting for 2005, about 180,000, or current plan enrollment, as appropriate.

The next step was to determine the relative values of their discounts, and the resulting impact on net claim cost to the City. Each bidder was asked to provide its discount off of average wholesale price, called AWP, for retail brand and retail generic drugs, and for mail order brand and mail order generic drug. To cross check the reported discounts, we asked for the PBMs to give their per pill prices for a list of common prescription drugs. Higher discounts should correlate to lower pill prices and vice versa. We compared the per pill prices, and confirmed for the lowest bids that they were consistent with the discounts that were being stated. Those per pill prices are not included in this report because of their proprietary nature.

The last step of the analysis regards rebates. The RFP asked the PBMs how much of the rebate that they would keep and whether the amounts of the rebate they provided in their proposals were estimates or guarantees.

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The relative saving of these programs is not one year only, so we projected the costs for the three-year period of the contract using the same cost and script trend factors for all proposals.

Details of the financial analysis can be found in Appendix C. Here is a summary of the three-year total results.

PBM	Results Excluding Rebates			Difference From Lowest	Rank
	3-Year Total Cost	Rebates	Net Cost		
Navitus/Prescription Solutions Mail	\$36,604,788	\$2,297,853	\$34,306,935	\$0	1
Innoviant/Wausau Benefits	\$37,368,004	\$1,292,542	\$36,075,462	\$763,216	2
Wellpoint/BCBS	\$39,231,511	\$1,723,390	\$37,508,121	\$2,626,723	3
UHC	\$39,195,407	\$1,531,902	\$37,663,505	\$2,590,619	4
Labor Management Health Care Coalition of the Upper Midwest/Caremark	\$39,023,563	\$1,148,927	\$37,874,636	\$2,418,775	5
Walgreens	\$39,510,124	\$1,236,819	\$38,273,304	\$2,905,336	6
Argus/Humana	\$39,534,820	\$1,077,119	\$38,457,701	\$2,930,032	7
Medco/WPS	\$40,023,177	\$1,436,158	\$38,587,018	\$3,418,389	8
Express Scripts					
Traditional Pricing	\$40,129,587	\$1,206,373	\$38,923,215	\$3,524,800	9
Pharmacare/Prairie States					
Preferred Pharmacy Network	\$39,761,808	\$746,802	\$39,015,006	\$3,157,020	10
RxEDO/Wausau Benefits/IBS	\$40,781,571	\$1,627,646	\$39,153,925	\$4,176,783	11
Wisconsin Rx/Caremark	\$40,421,691	\$1,177,650	\$39,244,041	\$3,816,903	12
Pharmacare/Prairie States					
Broad Pharmacy Network	\$39,997,914	\$746,802	\$39,251,112	\$3,393,126	13
Express Scripts					
Pass-Through Pricing	\$40,689,488	\$890,418	\$39,799,070	\$4,084,700	14

The team looked at the financial results both with and without the impact of rebates. This was done because many of the rebate amounts provided by the bidders were estimates, which would reward them in the standings the higher they made those estimates. The Navitus Retail/Prescription Solutions Mail Order proposal was lowest both with and without rebates factored in. This gave Navitus a score of 7.0 for the financial analysis, with the remaining scores based on the ratios to the lowest cost.

Based on the financial scores, plus possible selection on the TPA side, the Team reviewed and scored the proposal qualitative responses from the following finalists:

BCBS/Wellpoint  
 Medco/WPS  
 LMHCUM/Caremark  
 Navitus  
 Walgreens  
 Wausau/Innoviant

More detail can be found in Appendix C. Here is a summary of the qualitative scoring by the Team.

**City Of Milwaukee**

*Benefits Team Recommendations Regarding 2006 Contracts for HMOs, Self Insured Medical Plan Administration, UR, PPO Network and Prescription Drug Plan Management* June 28, 2005

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QUALITATIVE	Wausau/ Innoviant	Navitus	BCBS/ Wellpoint	LMHCUM/ Caremark	Walgreens	Medco/WPS
COMPOSITE QUALITATIVE SCORE	4.07	5.44	5.08	4.28	4.83	4.63

Navitus earned the highest qualitative score of the finalists.

Because of Navitus' best financial score, on the same day that the Team was doing the site visit of BCBSWi in Green Bay, a site visit was arranged and held at Navitus' office in Appleton to help assess whether Navitus was able and prepared to take on the City's program 1/1/06. The conclusion of the Team after the visit was "yes."

Base on both the best financial score and qualitative score, Navitus/Prescription Solutions was chosen as the PBM for the City's self insured prescription drug plans effective 1/1/06.



**City Of Milwaukee**

*Benefits Team Recommendations Regarding 2006 Contracts for HMOs, Self Insured Medical Plan Administration, UR, PPO Network and Prescription Drug Plan Management*

June 28, 2005

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**Appendix A**

HMO Analyses and Scoring

City of Milwaukee

2006 HMO Proposal Analysis

2005

Projected 2005 HMO Expenditures

Gross 2005 HMO Prem.	\$71,348,502
Less: Active HMO Trust	(\$4,444,748)
Less: Retiree HMO Trust	(\$6,966,951)
<u>Less: Water &amp; Prkg Credits</u>	<u>(\$2,921,359)</u>
Projected Net HMO 2005	\$57,015,444

2005

CompcareBlue

Projected 2006 HMO Expenditures

Change from 2005

		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$91,225,709	\$19,877,208	28%
Less: Active HMO Trust	(\$13,117,668)	(\$8,672,921)	195%
Less: Retiree HMO Trust	(\$9,513,601)	(\$2,546,650)	37%
<u>Less: Water &amp; Prkg Credits</u>	<u>(\$3,735,229)</u>	<u>(\$813,871)</u>	<u>28%</u>
Projected Net HMO 2006	\$64,859,210	\$7,843,766	14%

Humana

Projected 2006 HMO Expenditures

Change from 2005

		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$81,334,227	\$9,985,726	14%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$6,154,492)	\$812,459	-12%
<u>Less: Water &amp; Prkg Credits</u>	<u>(\$3,330,223)</u>	<u>(\$408,865)</u>	<u>14%</u>
Projected Net HMO 2006	\$71,849,512	\$14,834,068	26%

UHC

Projected 2006 HMO Expenditures

Change from 2005

		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$82,813,661	\$11,465,160	16%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$6,266,442)	\$700,509	-10%
<u>Less: Water &amp; Prkg Credits</u>	<u>(\$3,390,799)</u>	<u>(\$469,440)</u>	<u>16%</u>
Projected Net HMO 2006	\$73,156,420	\$16,140,976	28%

WPS Limited Network Option

Projected 2006 HMO Expenditures

Change from 2005

		<u>Annualized</u>	<u>%</u>
Gross 2006 HMO Prem.	\$76,369,470	\$5,020,968	7%
Less: Active HMO Trust	\$0	\$4,444,748	-100%
Less: Retiree HMO Trust	(\$5,778,785)	\$1,188,166	-17%
<u>Less: Water &amp; Prkg Credits</u>	<u>(\$3,126,942)</u>	<u>(\$205,583)</u>	<u>7%</u>
Projected Net HMO 2006	\$67,463,743	\$10,448,299	18%

2006 HMO Proposal Scoring Summary

**COMPOSITE SCORES**

QUALITATIVE	CCB	Humana	UHC	WPS	Weight
COMPOSITE QUALITATIVE SCORE	6.00	4.33	4.00		100.0%

QUANTITATIVE	CCB	Humana	UHC	WPS	Weight
TOTAL	7.00	6.32	6.21	6.73	100.0%

**TOTAL COMPOSITE SCORE**

SUMMARY RESULTS	CCB	Humana	UHC	WPS	Weight
QUALITATIVE	6.00	4.33	4.00	0.00	5.0%
QUANTITATIVE	7.00	6.32	6.21	6.73	95.0%
<b>TOTAL COMPOSITE SCORE</b>	<b>6.95</b>	<b>6.22</b>	<b>6.10</b>	<b>6.39</b>	<b>100.0%</b>

2006 HMO Rate Comparison

Rate	2005 Rates		2006 Rates		2006 Rates		2006 Rates		2006 Rates	
	CCB Broad Network	AFN Narrow Network	CCB Broad Network	AFN Narrow Network	Humana Broad Network	Humana Broad Network	UHC Broad Network	UHC Broad Network	WPS Narrow Network	WPS Narrow Network
Active Rates										
Single	\$440.77	\$355.28	\$641.32	\$388.95	\$490.87	\$490.87	\$499.80	\$499.80	\$460.91	\$460.91
Family	\$1,203.31	\$969.93	\$1,750.84	\$1,062.10	\$1,227.18	\$1,227.18	\$1,249.50	\$1,249.50	\$1,152.27	\$1,152.27
Retiree Rates										
Single without Medicare	\$551.89	\$496.71	\$827.85	\$620.90	\$736.30	\$736.30	\$749.70	\$749.70	\$691.36	\$691.36
Family without Medicare	\$1,506.65	\$1,356.00	\$2,259.95	\$1,695.00	\$1,472.61	\$1,472.61	\$1,499.40	\$1,499.40	\$1,382.72	\$1,382.72
One with Medicare	\$434.22	\$390.76	\$520.89	\$600.20	\$392.70	\$392.70	\$399.84	\$399.84	\$368.72	\$425.97
Two with Medicare	\$868.45	\$781.52	\$1,041.79	\$1,000.35	\$785.39	\$785.39	\$799.68	\$799.68	\$737.45	\$851.94
One with Medicare & One without Medicare	\$986.12	\$887.46	\$1,182.95	\$1,135.95	\$1,129.00	\$1,129.00	\$1,149.54	\$1,149.54	\$1,060.10	\$1,224.67
One with Medicare, One without Medicare & Dependent children	\$1,388.98	\$1,251.54	\$1,666.22	\$1,601.95	\$1,325.35	\$1,325.35	\$1,349.46	\$1,349.46	\$1,244.45	\$1,437.66
Two with Medicare & Dependent children	\$1,271.31	\$1,145.60	\$1,525.06	\$1,466.35	\$981.74	\$981.74	\$999.60	\$999.60	\$921.82	\$1,064.94
One without Medicare & Dependent children	\$1,506.65	\$1,356.00	\$1,807.38	\$1,735.70	\$1,472.61	\$1,472.61	\$1,499.40	\$1,499.40	\$1,382.72	\$1,600.00
One with Medicare & Dependent children	\$1,388.98	\$1,251.54	\$1,666.22	\$1,601.95	\$589.04	\$589.04	\$599.76	\$599.76	\$553.08	\$638.96

Note: CCB & AFN employee rates shown are composite of management and non management rates.

**City Of Milwaukee**

*Benefits Team Recommendations Regarding 2006 Contracts for HMOs, Self Insured Medical Plan  
Administration, UR, PPO Network and Prescription Drug Plan Management*

June 28, 2005

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**Appendix B**

TPA, UR and PPO Network Analysis and Scoring

City of Milwaukee

2006 Network Discount Analysis

	CCB	Humana	Prairie States/ HealthEOS	UHC	Wausau Benefits/ NPPN	WPS
<b>Active</b>						
Inpatient Facility	\$6,474,545	\$6,719,400	\$7,423,959	\$6,596,972	\$7,555,303	\$7,367,420
Outpatient Facility	\$1,659,109	\$1,673,609	\$1,872,848	\$1,666,359	\$1,911,367	\$1,841,855
Professional	\$4,171,219	\$4,593,457	\$7,294,761	\$4,382,338	\$6,583,153	\$6,545,606
Total	\$12,304,872	\$12,986,466	\$16,591,568	\$12,645,669	\$16,049,823	\$15,754,881
<b>Retired</b>						
<65						
Inpatient Facility	\$7,684,748	\$7,638,376	\$8,421,218	\$7,609,889	\$8,572,568	\$9,361,939
Outpatient Facility	\$1,950,677	\$1,966,007	\$2,176,651	\$1,958,342	\$2,217,375	\$2,340,485
Professional	\$5,300,458	\$5,837,004	\$9,269,610	\$5,568,731	\$8,365,354	\$8,317,642
Total	\$14,935,883	\$15,441,387	\$19,867,479	\$15,136,962	\$19,155,297	\$20,020,066
>65						
Inpatient Facility	\$2,340,485	\$2,340,485	\$2,340,485	\$2,340,485	\$2,340,485	\$2,340,485
Outpatient Facility	\$585,121	\$585,121	\$585,121	\$585,121	\$585,121	\$585,121
Professional	\$2,079,411	\$2,079,411	\$2,079,411	\$2,079,411	\$2,079,411	\$2,079,411
Total	\$5,005,017	\$5,005,017	\$5,005,017	\$5,005,017	\$5,005,017	\$5,005,017
<b>Totals</b>						
Inpatient Facility	\$16,499,777	\$16,698,261	\$18,185,662	\$16,547,346	\$18,468,355	\$19,069,844
Outpatient Facility	\$4,194,907	\$4,224,737	\$4,634,620	\$4,209,822	\$4,713,864	\$4,767,461
Professional	\$11,551,087	\$12,509,872	\$18,643,781	\$12,030,479	\$17,027,917	\$16,942,659
Total	\$32,245,771	\$33,432,870	\$41,464,064	\$32,787,647	\$40,210,137	\$40,779,964
Difference From Lowest	\$0	\$1,187,098	\$9,218,292	\$541,876	\$7,964,365	\$8,534,193

City of Milwaukee

2006 Network Discount Analysis

	BCBS	Humana	Prairie States	UHC	Wausau Benefits/			WPS
					IBS	Wausau Benefits	WPS	
2006								
All Fees	\$1,500,552	\$1,799,942	\$1,454,930	\$1,689,827	\$1,442,838	\$1,339,938	\$1,211,203	\$1,211,203
Medical Claims	\$32,245,771	\$33,432,870	\$41,464,064	\$32,787,647	\$40,210,137	\$40,210,137	\$40,779,964	\$40,779,964
Total Cost	\$33,746,323	\$35,232,812	\$42,918,993	\$34,477,474	\$41,652,974	\$41,550,075	\$41,991,168	\$41,991,168
2007								
All Fees	\$1,245,878	\$1,613,146	\$1,187,090	\$1,465,467	\$1,155,187	\$1,052,288	\$1,211,203	\$1,211,203
Medical Claims	\$32,245,771	\$33,432,870	\$41,464,064	\$32,787,647	\$40,210,137	\$40,210,137	\$40,779,964	\$40,779,964
Total Cost	\$33,491,650	\$35,046,015	\$42,651,153	\$34,253,114	\$41,365,324	\$41,262,424	\$41,991,168	\$41,991,168
2008								
All Fees	\$1,297,881	\$1,692,902	\$1,274,565	\$1,544,195	\$1,167,537	\$1,064,637	\$1,188,048	\$1,188,048
Medical Claims	\$32,245,771	\$33,432,870	\$41,464,064	\$32,787,647	\$40,210,137	\$40,210,137	\$40,779,964	\$40,779,964
Total Cost	\$33,543,652	\$35,125,772	\$42,738,629	\$34,331,842	\$41,377,673	\$41,274,774	\$41,968,012	\$41,968,012
Grand Total								
All Fees	\$4,044,312	\$5,105,990	\$3,916,585	\$4,699,488	\$3,765,562	\$3,456,864	\$3,610,454	\$3,610,454
Medical Claims	\$96,737,314	\$100,298,609	\$124,392,191	\$98,362,942	\$120,630,410	\$120,630,410	\$122,339,893	\$122,339,893
Total Cost	\$100,781,625	\$105,404,599	\$128,308,776	\$103,062,430	\$124,395,971	\$124,087,273	\$125,950,347	\$125,950,347
3-Year Difference From Lowest	\$0	\$4,622,974	\$27,527,150	\$2,280,805	\$23,614,346	\$23,305,648	\$25,168,722	\$25,168,722

2006 Self Insured Plan Claims Administration Proposal Scoring Summary

COMPOSITE SCORES

QUALITATIVE COMPOSITE QUALITATIVE SCORE	BCBS 4.83	Humana 3.50	IBS/Wausau Benefits 3.67	Prairie States 2.83	UHC 3.50	Wausau Benefits 3.67	WPS 5.83	Weight 100.0%
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QUANTITATIVE

TOTAL	BCBS 7.00	Humana 6.68	IBS/Wausau Benefits 5.67	Prairie States 5.50	UHC 6.85	Wausau Benefits 5.69	WPS 5.60	Weight 100.0%
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TOTAL COMPOSITE SCORE

SUMMARY RESULTS QUALITATIVE	BCBS 4.83	Humana 3.50	IBS/Wausau Benefits 3.67	Prairie States 2.83	UHC 3.50	Wausau Benefits 3.67	WPS 5.83	Weight 10.0%
QUANTITATIVE	7.00	6.89	5.67	5.50	6.85	5.69	5.60	90.0%
TOTAL COMPOSITE SCORE	6.78	6.37	6.47	6.23	6.61	6.48	6.62	100.0%



2006 UR Proposal Scoring Summary

COMPOSITE SCORES

QUALITATIVE	BCBS	Humana	IBS/ Wausau Benefits	Prairie States	UHC	Wausau Benefits	WPS	Weight
DEFINITION OF MANAGED CARE PROCESS	4.33	3.83	4.17	2.83	4.50	4.17	5.00	16.7%
ADMINISTRATIVE ISSUES	4.83	4.50	4.17	3.17	4.00	4.17	5.17	16.7%
DETERMINING MEDICAL NECESSITY	5.50	4.67	3.50	2.50	5.33	3.50	5.50	16.7%
DEMAND MANAGEMENT PROCESSES	5.50	4.67	3.50	2.50	5.33	3.50	5.50	16.7%
PRECERT/APPROPRIATE OR BOTH	4.33	4.83	3.67	4.17	4.33	3.67	5.00	16.7%
DISEASE MANAGEMENT	5.83	5.17	4.33	3.83	5.33	4.67	5.17	16.7%
COMPOSITE QUALITATIVE SCORE	5.06	4.61	3.89	3.17	4.81	3.94	5.22	100.0%

QUANTITATIVE

QUANTITATIVE	BCBS	Humana	IBS/ Wausau Benefits	Prairie States	UHC	Wausau Benefits	WPS	Weight
TOTAL	7.00	6.69	5.67	5.50	6.85	5.69	5.60	100.0%

TOTAL COMPOSITE SCORE

SUMMARY RESULTS	BCBS	Humana	IBS/ Wausau Benefits	Prairie States	UHC	Wausau Benefits	WPS	Weight
QUALITATIVE	5.06	4.61	3.89	3.17	4.81	3.94	5.22	80.0%
QUANTITATIVE	7.00	6.69	5.67	5.50	6.85	5.69	5.60	20.0%
TOTAL COMPOSITE SCORE	6.44	6.03	4.25	3.63	5.21	4.29	5.30	100.0%

2006 Self Insured Plans Administration and UR Proposal Analysis

	WPS			BCBS		
	2006	2007	2008	2006	2007	2008
	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month
Claims Administration	\$19.76	\$19.76	\$19.31	\$16.00	\$16.80	\$17.64
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$1.91	\$1.91	\$1.91	\$3.25	N/A	N/A
Case Management	\$0.82	\$0.82	\$0.82	\$0.00	N/A	N/A
*Hospital bill audit if per hour \$	\$1.03	\$1.03	\$1.03	25%	N/A	N/A
Disease management						
Disease Management	\$2.95	\$2.95	\$2.95	\$1.50	N/A	N/A
Less: Basic DM in Claims Administration	(\$0.45)	(\$0.45)	(\$0.45)	\$0.00	N/A	N/A
Net DM Cost	\$2.50	\$2.50	\$2.50	Prigm Fee	N/A	N/A
Standard Data Report	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A
Ad Hoc Data Reports						
WillisMed Data Feed		T&M > 10 hours				
Network Access Fee						
Ad Prescribing Physician	\$0.39	\$0.39	\$0.39	\$4.00	N/A	N/A
No Prescribing Physician Needed	\$0.20	\$0.20	\$0.20	\$3.50	N/A	N/A
Network Access Fee				% of svngs	N/A	N/A
Basic Health Plan	\$1.00	\$1.00	\$1.00	N/A	N/A	N/A
Patient choice	\$2.75	\$2.75	\$2.75			
Beech Street Wrap		30% of Savings		\$1,600.00	N/A	N/A
Patient Choice Interface	\$0.00	\$0.00	\$0.00	\$2,600.00	N/A	N/A
Miscellaneous Fees				\$1,000.00	N/A	N/A
24 Hour Nurse Line	\$0.43	\$0.43	\$0.43			
Off Anniversary Changes (Negotiable)	\$500/chg	\$500/chg	\$500/chg			
Subrogation	30%	30%	30%			
Claim Funding and Premium Wire Transfer Fees	.05%/day up to 1.5%/month					
Additional Invoice Billing Fee	TBD	TBD	TBD			
Claims Run-out Fee	TBD Upon Termination	TBD Upon Termination	TBD			

2006 Self Insured Plans Administration and UR Proposal Analysis

	Humana			UHC		
	2006	2007	2008	2006	2007	2008
	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month
Claims Administration	\$23.15	\$25.05	\$26.30	\$24.25	\$25.62	\$27.05
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$3.00	\$3.15	\$3.30	\$0.00	\$0.00	\$0.00
Case Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
*Hospital bill audit if per hour \$	TBD	TBD	TBD	35%	35%	35%
Disease Management	Fees based on conditions (see DM summary)			\$0.00	\$0.00	\$0.00
Standard Data Report	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ad Hoc Data Reports	TBD	TBD	TBD	Excluded	Excluded	Excluded
WillisMed Data Feed	\$0.10	\$0.10	\$0.10	\$0.29	\$0.30	\$0.32
Network Access Fee	\$3.00	\$3.15	\$3.30	\$0.00	\$0.00	\$0.00
Patient Choice Interface	N/A	N/A	N/A	Excluded	Excluded	Excluded
Miscellaneous Fees						
COBRA	\$0.75	TBD	TBD	\$2.02	\$2.12	\$2.22
HIPAA	\$0.25	TBD	TBD	\$0.74	\$0.74	\$0.74
Humana First	\$0.35	TBD	TBD			
Active Health Management	\$2.10	TBD	TBD			

2006 Self Insured Plans Administration and UR Proposal Analysis

	Wausau Benefits/IBS			Wausau Benefits		
	2006 per cc /month	2007 per cc /month	2008 per cc /month	2006 per cc /month	2007 per cc /month	2008 per cc /month
Claims Administration	\$13,86	\$14,10	\$14,34	\$13,86	\$14,10	\$14,34
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$2,85	\$2,85	\$2,85	\$2,85	\$2,85	\$2,85
Case Management	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
Commissions to IBS, Inc.	\$2,00	\$2,00	\$2,00			
*Hospital bill audit if per hour \$						
Disease Management	\$3,40	\$3,40	\$3,40	\$3,40	\$3,40	\$3,40
Standard Data Report	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
Ad Hoc Data Reports	\$100/hr	(25 hrs in admin fee)		\$100/hr	(25 hrs in admin fee)	
WillisMed Data Feed						
Network Access Fee						
HealthEOS High Performance	TBD	TBD	TBD	TBD	TBD	TBD
NPPN Overlay		30% of Savings			30% of Savings	
PHCS Healthy Directions		30% of Savings			30% of Savings	
Patient Choice Interface						
Miscellaneous Fees						
Birthline	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80
Medicare Utilization Review	\$1,00	\$1,00	\$1,00	\$1,00	\$1,00	\$1,00
COBRA Administration	\$1,00	\$1,00	\$1,00	\$1,00	\$1,00	\$1,00
HIPAA Administration	\$0,25	\$0,25	\$0,25	\$0,25	\$0,25	\$0,25
Retiree Billing - ACH Debit	\$4,00	\$4,00	\$4,00	\$4,00	\$4,00	\$4,00
Retiree Billing - Check Payment	\$5,60	\$5,60	\$5,60	\$5,60	\$5,60	\$5,60

2006 Self Insured Plans Administration and UR Proposal Analysis

	Prairie States			
	2006 per ce /month	2007 per ce /month	2008 per ce /month	2008 Per Hour
Claims Administration	\$13.50	\$14.75	\$15.95	
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$3.50	\$4.00	\$4.50	
Case Management	Per Hour	Per Hour	Per Hour	Per Hour
*Hospital bill audit if per hour \$	15%	15%	15%	15%
Disease Management	\$2.50	\$2.50	\$3.00	\$3.00
Standard Data Report	\$0.00	\$0.00	\$0.00	\$0.00
Ad Hoc Data Reports	\$0.00	\$0.00	\$0.00	\$0.00
WillisMed Data Feed	\$0.00	\$0.00	\$0.00	\$0.00
Network Access Fee	\$3.50	\$3.50	\$3.50	\$3.50
HealthEOS High Performance				
NPPN Overlay				
PHCS Healthy Directions				
Patient Choice Interface	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous Fees				
Optimal Health Program	\$9.95	\$9.95	\$9.95	\$9.95
Installation	1 Mo's Fee			
Run-in Claims (first 2,000 free)	\$8.50/claim			
Diagnosis Driven Subrogation	25%	25%	25%	25%

City of Milwaukee

2006 Self Insured Plans Administration and UR Proposal Analysis

Basic Plan	4,169	4,169	4,169	4,169	4,169	4,169
Patient Choice	119	119	119	119	119	119
Total Covered Employees	4,288	4,288	4,288	4,288	4,288	4,288

	WPS			BCBS		
	2006	2007	2008	2006	2007	2008
	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month
Claims Administration	\$1,016,771	\$1,016,771	\$993,615	\$823,296	\$864,461	\$907,684
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$98,281	\$98,281	\$98,281	\$167,232	\$175,594	\$184,373
Case Management	\$42,194	\$42,194	\$42,194	\$0	\$0	\$0
*Hospital bill audit if per hour \$	\$0	\$0	\$0	\$0	\$0	\$0
Disease Management	\$0	\$0	\$0	\$0	\$0	\$0
Less: Basic DM in Claims Administration	\$0	\$0	\$0	\$0	\$0	\$0
Net DM Cost	\$0	\$0	\$0	\$0	\$0	\$0
Standard Data Report	\$0	\$0	\$0	\$0	\$0	\$0
Ad Hoc Data Reports	\$0	\$0	\$0	\$0	\$0	\$0
WillisMed Data Feed	\$0	\$0	\$0	\$0	\$0	\$0
Add Prescribing Physician	\$0	\$0	\$0	\$205,824	\$205,824	\$205,824
No Prescribing Physician Needed	\$0	\$0	\$0	\$0	\$0	\$0
Network Access Fee	\$0	\$0	\$0	\$0	\$0	\$0
Basic Health Plan	\$50,028	\$50,028	\$50,028	\$0	\$0	\$0
Patient choice	\$3,927	\$3,927	\$3,927	\$1,600	\$0	\$0
Beech Street Wrap	\$0	\$0	\$0	\$2,600	\$0	\$0
Patient Choice Interface	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Fees	\$0	\$0	\$0	\$0	\$0	\$0
24 Hour Nurse Line	\$0	\$0	\$0	\$0	\$0	\$0
Off Anniversary Changes (Negotiable)	\$0	\$0	\$0	\$0	\$0	\$0
Subrogation	\$0	\$0	\$0	\$0	\$0	\$0
Claim Funding and Premium Wire Transfer Fees	\$0	\$0	\$0	\$0	\$0	\$0
Additional Invoice Billing Fee	\$0	\$0	\$0	\$0	\$0	\$0
Claims Run-out Fee	\$0	\$0	\$0	\$300,000	\$0	\$0
Totals	\$1,211,203	\$1,211,203	\$1,188,048	\$1,500,552	\$1,245,878	\$1,297,881
Three-Year Total		\$3,610,454		\$4,044,312		
Difference From Lowest		\$0		\$433,857		

2006 Self Insured Plans Administration and UR Proposal Analysis

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**Humana**  
**UHC**

	2006	2007	2008	2006	2007	2008
	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month
Claims Administration	\$1,191,206	\$1,288,973	\$1,353,293	\$1,247,808	\$1,318,303	\$1,391,885
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$154,368	\$162,086	\$169,805	\$0	\$0	\$0
Case Management	\$0	\$0	\$0	\$0	\$0	\$0
*Hospital bill audit if per hour \$	\$0	\$0	\$0	\$0	\$0	\$0
Discharge Management	\$0	\$0	\$0	\$0	\$0	\$0
Standard Data Report	\$0	\$0	\$0	\$0	\$0	\$0
Ad Hoc Data Reports	\$0	\$0	\$0	\$0	\$0	\$0
WillisMed Data Feed	\$0	\$0	\$0	\$0	\$0	\$0
Network Access Fee	\$154,368	\$162,086	\$169,805	\$0	\$0	\$0
Patient Choice Interface	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Fees	\$0	\$0	\$0	\$0	\$0	\$0
COBRA	\$0	\$0	\$0	\$103,941	\$109,087	\$114,232
HIPAA	\$0	\$0	\$0	\$38,077	\$38,077	\$38,077
Humana First	\$0	\$0	\$0			
Active Health Management	\$0	\$0	\$0			
Claims Run-out Fee	\$300,000			\$300,000		
	\$1,799,942	\$1,613,146	\$1,692,902	\$1,699,827	\$1,465,467	\$1,544,195
		\$5,105,990			\$4,699,488	
		\$1,495,536			\$1,089,034	

2006 Self Insured Plans Administration and UR Proposal Analysis

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	Wausau Benefits/IBS			Wausau Benefits		
	2006	2007	2008	2006	2007	2008
	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month	per ce /month
Claims Administration	\$713,180	\$725,530	\$737,879	\$713,180	\$725,530	\$737,879
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$146,650	\$146,650	\$146,650	\$146,650	\$146,650	\$146,650
Case Management	\$0	\$0	\$0	\$0	\$0	\$0
Commissions to IBS, Inc.	\$102,912	\$102,912	\$102,912	\$0	\$0	\$0
*Hospital bill audit if per hour \$	\$0	\$0	\$0	\$0	\$0	\$0
Disease Management	\$0	\$0	\$0	\$0	\$0	\$0
Standard Data Report	\$0	\$0	\$0	\$0	\$0	\$0
Ad Hoc Data Reports	\$0	\$0	\$0	\$0	\$0	\$0
WillisMed Data Feed	\$0	\$0	\$0	\$0	\$0	\$0
Network Access Fee	\$0	\$0	\$0	\$0	\$0	\$0
HealthEOS High Performance	\$180,096	\$180,096	\$180,096	\$180,096	\$180,096	\$180,096
NPPN Overlay	\$0	\$0	\$0	\$0	\$0	\$0
PHCS Healthy Directions	\$0	\$0	\$0	\$0	\$0	\$0
Patient Choice Interface	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Fees	\$0	\$0	\$0	\$0	\$0	\$0
Birthline	\$0	\$0	\$0	\$0	\$0	\$0
Medicare Utilization Review	\$0	\$0	\$0	\$0	\$0	\$0
COBRA Administration	\$0	\$0	\$0	\$1.00	\$1.00	\$1.00
HIPAA Administration	\$0	\$0	\$0	\$1.00	\$1.00	\$1.00
Retiree Billing - ACH Debit	\$0	\$0	\$0	\$0.25	\$0.25	\$0.25
Retiree Billing - Check Payment	\$0	\$0	\$0	\$4.00	\$4.00	\$4.00
	\$0	\$0	\$0	\$5.60	\$5.60	\$5.60
Claims Run-out Fee	\$300,000			\$300,000		
	\$1,442,838	\$1,155,187	\$1,167,537	\$1,339,938	\$1,052,288	\$1,064,637
		\$3,785,562			\$3,456,864	
		\$155,108			(\$153,591)	



2006 Self Insured Plans Administration and UR Proposal Analysis

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Prairie States

	2006 per ee./month	2007 per ee./month	2008 per ee./month
Claims Administration	\$694,656	\$758,976	\$820,723
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)	\$180,096	\$205,824	\$231,552
Case Management	\$42,194	\$42,194	\$42,194
*Hospital bill audit if per hour \$	\$0	\$0	\$0
Disease Management	\$0	\$0	\$0
Standard Data Report	\$0	\$0	\$0
Ad Hoc Data Reports	\$0	\$0	\$0
WillisMed Data Feed	\$0	\$0	\$0
Network Access Fee	\$180,096	\$180,096	\$180,096
HealthEOS High Performance			
NPPN Overlay			
PHCS Healthy Directions			
Patient Choice Interface	\$0	\$0	\$0
Miscellaneous Fees			
Optimal Health Program	\$0	\$0	\$0
Installation	\$57,888	\$0	\$0
Run-in Claims (first 2,000 free)	\$0	\$0	\$0
Diagnosis Driven Subrogation	\$0	\$0	\$0
Claims Run-out Fee	\$300,000		
	\$1,454,930	\$1,187,090	\$1,274,565
		\$3,916,585	
		\$306,131	

**City Of Milwaukee**

*Benefits Team Recommendations Regarding 2006 Contracts for HMOs, Self Insured Medical Plan Administration, UR, PPO Network and Prescription Drug Plan Management*

June 28, 2005

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**Appendix C**

Prescription Drug Plan Manager Analysis and Scoring

City of Milwaukee

2006 PBM Proposal Analysis Summary

PBM	Results Excluding Rebates				Difference From		Rank
	3-Year Total Cost	Rebates	Net Cost	Lowest			
Navitus/Prescription Solutions Mail	\$36,604,788	\$2,297,853	\$34,306,935	\$0	1		
Innoviant/Wausau Benefits	\$37,368,004	\$1,292,542	\$36,075,462	\$763,216	2		
Wellpoint/BCBS	\$39,231,511	\$1,723,390	\$37,508,121	\$2,626,723	3		
UHC	\$39,195,407	\$1,531,902	\$37,663,505	\$2,590,619	4		
Labor Management Health Care Coalition of the Upper Midwest/Caremark	\$39,023,563	\$1,148,927	\$37,874,636		5		
Walgreens	\$39,510,124	\$1,236,819	\$38,273,304	\$2,418,775	6		
Argus/Humana	\$39,534,820	\$1,077,119	\$38,457,701	\$2,905,336	7		
Medco/WPS Express Scripts	\$40,023,177	\$1,436,158	\$38,587,018	\$2,930,032	8		
Traditional Pricing Pharmicare/Prairie States	\$40,129,587	\$1,206,373	\$38,923,215	\$3,524,800	9		
Preferred Pharmacy Network	\$39,761,808	\$746,802	\$39,015,006	\$3,157,020	10		
RxEDO/Wausau Benefits/IBS	\$40,781,571	\$1,627,646	\$39,153,925	\$4,176,783	11		
Wisconsin Rx/Caremark Pharmicare/Prairie States	\$40,421,691	\$1,177,650	\$39,244,041	\$3,816,903	12		
Broad Pharmacy Network Express Scripts	\$39,997,914	\$746,802	\$39,251,112	\$3,393,126	13		
Pass-Through Pricing	\$40,689,488	\$890,418	\$39,799,070	\$4,084,700	14		

2006 Prescription Drug Manager Proposal Scoring Summary

COMPOSITE SCORES

	Wausau/ Innoviant	Navitus	BCBS/Wellpoint	LMHCUM/ Caremark	Walgreens	Medco/WPS	Weight
QUALITATIVE							
ELIGIBILITY & PERFORMANCE GUARANTEES	4.17	5.67	5.00	4.67	4.83	3.33	25.0%
PRICE & UM PROCESSES	4.17	5.83	5.33	3.00	4.33	4.50	25.0%
CLAIMS PROCESSING/PREPAY/RS OF OPER.	3.33	4.67	5.00	4.83	5.17	5.50	25.0%
DATA REPORTING AND ACCESS	4.60	5.60	5.00	4.60	5.00	5.20	25.0%
COMPOSITE QUALITATIVE SCORE	4.07	5.44	5.06	4.26	4.83	4.63	100.0%

QUANTITATIVE	Wausau/ Innoviant	Navitus	BCBS/Wellpoint	LMHCUM/ Caremark	Walgreens	Medco/WPS	Weight
TOTAL	6.66	7.00	6.40	6.34	6.27	6.27	100.0%

TOTAL COMPOSITE SCORE

	Wausau/ Innoviant	Navitus	BCBS/Wellpoint	LMHCUM/ Caremark	Walgreens	Medco/WPS	Weight
SUMMARY RESULTS							
QUALITATIVE	4.07	5.44	5.08	4.26	4.83	4.63	25.0%
QUANTITATIVE	6.66	7.00	6.40	6.34	6.27	6.27	75.0%
TOTAL COMPOSITE SCORE	6.01	6.61	6.07	5.82	5.91	5.86	100.0%

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Pharmicare/Prairie States Broad Pharmacy Network			Pharmicare/Prairie States Preferred Pharmacy Network			Wellpoint/BCBS			Argus/Humana		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
<b>Retail</b>												
Administrative fee per employee per month	N/A	N/A	N/A	N/A	N/A	N/A	\$0.43	\$0.43	\$0.43	Included in medical	N/A	N/A
Administrative fee per claim	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.29	\$0.29	\$0.29	N/A	N/A	N/A
Dispensing fee							Alternative pricing. Only pay one type.					
a. Brand legend	\$2.00	\$2.00	\$2.00	\$1.90	\$1.90	\$1.90	\$2.00	\$2.00	\$2.00	\$1.67	\$1.67	\$1.67
b. Generic legend	\$2.00	\$2.00	\$2.00	\$1.90	\$1.90	\$1.90	\$2.00	\$2.00	\$2.00	\$1.67	\$1.67	\$1.67
c. Compounded drugs	N/A	N/A	N/A	N/A	N/A	N/A	\$2.00	\$2.00	\$2.00	\$1.67	\$1.67	\$1.67
d. Non-legend	N/A	N/A	N/A	N/A	N/A	N/A	\$2.00	\$2.00	\$2.00	\$1.67	\$1.67	\$1.67
Basis of claim payment to retail pharmacy (% off AWP)*												
a. Brand legend	AWP-16.5%	AWP-16.5%	AWP-16.5%	AWP-17%	AWP-17%	AWP-17%	AWP-15.75%	AWP-15.75%	AWP-15.75%	AWP-15.85%	AWP-15.85%	AWP-15.85%
b. Generic legend	AWP-52%	AWP-52%	AWP-52%	AWP-52%	AWP-52%	AWP-52%	Non MAC-15.75% MAC AWP-58%	Non MAC-15.75% MAC AWP-58%	Non MAC-15.75% MAC AWP-58%	AWP-54.06%	AWP-54.06%	AWP-54.06%
c. Compounded drugs	N/A	N/A	N/A	N/A	N/A	N/A	U&C	U&C	U&C	AWP-15.85%	AWP-15.85%	AWP-15.85%
d. Non-legend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates												
Rebate Per Script	\$1.30 2-Tier	\$1.30 2-Tier	\$1.30 2-Tier	\$1.30 2-Tier	\$1.30 2-Tier	\$1.30 2-Tier	\$3.00	\$3.00	\$3.00	\$1.25-\$2.50/script		
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	\$2.00 3-Tier	\$2.00 3-Tier	\$2.00 3-Tier	\$2.00 3-Tier	\$2.00 3-Tier	\$2.00 3-Tier	100% pass-through	100% pass-through	100% pass-through	Will guarantee 80% of rebate.		

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Pharmcare/Prairie States Broad Pharmacy Network			Pharmcare/Prairie States Preferred Pharmacy Network			Wellpoint/BCBS			Argus/Humana		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Mail												
Administrative fee per employee per month	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00	\$0.00	Included in medical	N/A
Administrative fee per claim	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A
Dispensing fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
a. Brand legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Generic legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Compounded drugs	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Non-legend	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis of claim payment to retail pharmacy (% off AWP)*												
a. Brand legend	AWP-22%	AWP-22%	AWP-22%	AWP-22%	AWP-22%	AWP-22%	AWP-23%	AWP-23%	AWP-23%	AWP-24%	AWP-24%	AWP-24%
b. Generic legend	AWP-52%	AWP-52%	AWP-52%	AWP-52%	AWP-52%	AWP-52%	AWP-55%	AWP-55%	AWP-55%	AWP-64%	AWP-64%	AWP-64%
c. Compounded drugs							U&C	U&C	U&C	U&C	U&C	U&C
d. Non-legend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rebates												
Rebate Per Script	\$3.25 2-Tier	\$3.25 2-Tier	\$3.25 2-Tier	\$3.25 2-Tier	\$3.25 2-Tier	\$3.25 2-Tier	\$9.00	\$9.00	\$9.00	\$2.50-		
	\$7.00 3-Tier	\$7.00 3-Tier	\$7.00 3-Tier	\$7.00 3-Tier	\$7.00 3-Tier	\$7.00 3-Tier				\$5.00/script		
	Amounts are guaranteed.			Amounts are guaranteed.			100% pass-through			Will guarantee 80% of rebate.		
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City												

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Medco/WPS			UHC			RxEDO/Wausau Benefits/IBS			Innoviant/Wausau Benefits		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
<b>Retail</b>												
Administrative fee per employee per month	N/A	N/A	N/A	\$0.74	\$0.78	\$0.82	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A
Administrative fee per claim	\$0.95	\$0.95	\$0.95	N/A	N/A	N/A	\$2.50	\$2.50	\$2.50	\$2.25	\$2.34	\$2.43
Dispensing fee	\$2.00	\$2.00	\$2.00	\$1.71			\$1.75	\$2.00	\$1.75	\$0.00	\$0.00	\$0.00
a. Brand legend	\$2.50	\$2.50	\$2.50	\$1.75			\$1.75	\$2.50	\$1.75	\$0.00	\$0.00	\$0.00
b. Generic legend	\$2.00	\$2.00	\$2.00									
c. Compounded drugs	\$2.00	\$2.00	\$2.00									
d. Non-legend	\$2.00	\$2.00	\$2.00									
Basis of claim payment to retail pharmacy (% off AWP)*												
a. Brand legend	AWP-15%	AWP-15%	AWP-15%	AWP-15.8%			AWP-15.8%			AWP-16%	AWP-16%	AWP-16%
b. Generic legend	AWP-58%	AWP-58%	AWP-58%	Non MAC 15.8% MAC AWP-57%			Non MAC 15.8% MAC AWP-57%			AWP-68%	AWP-68%	AWP-68%
c. Compounded drugs	AWP-15%	AWP-15%	AWP-15%							AWP-16%	AWP-16%	AWP-16%
d. Non-legend	AWP-58%	AWP-58%	AWP-58%							AWP-68%	AWP-68%	AWP-68%
Rebates												
Rebate Per Script	\$2.50	\$2.50	\$2.50							\$2.25	\$2.25	\$2.25
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	Guarantee with 75% to City.			80% of overall Rx rebates are refunded. This is a guaranteed amount.			The rebate share to clients is 85% of the total rebates for that client.			Estimated rebates. 100% pass-through to City.		

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Medco/WPS			UHC			Rx/EDO/Wausau Benefits/IBS			Innoviant/Wausau Benefits					
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Mail															
Administrative fee per employee per month	N/A	N/A	N/A	In retail	administration	fee							N/A	N/A	N/A
Administrative fee per claim	\$0.95	\$0.95	\$0.95	N/A	N/A	N/A	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.25	\$2.34	\$2.43
Dispensing fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
a. Brand legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Generic legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Compounded drugs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Non-legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis of claim payment to retail pharmacy (% off AWP)*															
a. Brand legend	AWP-21%	AWP-21%	AWP-21%	AWP-24%			AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-24%	AWP-24%	AWP-24%
b. Generic legend	AWP-55%	AWP-55%	AWP-55%	AWP-56%			AWP-55%	AWP-55%	AWP-55%	AWP-55%	AWP-55%	AWP-55%	AWP-56%	AWP-56%	AWP-56%
c. Compounded drugs	AWP-21%	AWP-21%	AWP-21%				AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-24%	AWP-24%	AWP-24%
d. Non-legend	AWP-55%	AWP-55%	AWP-55%				AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-21%	AWP-56%	AWP-56%	AWP-56%
Rebates															
Rebate Per Script	\$6.00	\$6.00	\$6.00										\$8.55	\$8.55	\$8.55
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	Guarantee with 75% to City.			80% of overall Rx rebates are refunded. This is a guaranteed amount.			The rebate share to clients is 85% of the total rebates for that client.			Estimated rebates. 100% pass-through to City.					



2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Express Scripts Traditional Pricing				Express Scripts Pass-Through Pricing				Labor Management Health Care Coalition of the Upper Midwest/Caremark				Navitus/Prescription SolutionsMail			
	2006	2007	2008		2006	2007	2008		2006	2007	2008		2006	2007	2008	
<b>Retail</b>																
Administrative fee per employee per month	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.84	\$4.01	\$4.19	
Administrative fee per claim	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00
Dispensing fee																
a. Brand legend	\$1.55	\$1.55	\$1.55	Pass-through \$2.20 guaranteed overall max	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	
b. Generic legend	\$1.55	\$1.55	\$1.55	Pass-through \$2.05 guaranteed overall max	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.50	\$2.50	\$2.50	
c. Compounded drugs	\$1.55	\$1.55	\$1.55	Pass-through	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	N/A	N/A	N/A	
d. Non-legend	\$1.55	\$1.55	\$1.55	Pass-through \$2.05 guaranteed overall max	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	
Basis of claim payment to retail pharmacy (% off AWP)*																
a. Brand legend	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C
b. Generic legend	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C
c. Compounded drugs	AWP-16%	AWP-16%	AWP-16%	Pass-through	AWP-16%	AWP-16%	AWP-16%	Pass-through	AWP-16%	AWP-16%	AWP-16%	AWP-16%	AWP-16%	AWP-16%	AWP-16%	AWP-16%
d. Non-legend	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Pass through AWP-15.4% overall guaranteed	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Pass through AWP-15.4% overall guaranteed	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C	Lower of AWP-16%, AWP-16%, MAC or U&C
Rebates																
Rebate Per Script	\$2.10	\$2.10	\$2.10	\$1.55	\$1.55	\$1.55	\$1.55	\$2.00 2-Tier	\$2.00 2-Tier	\$2.00 2-Tier	\$2.00 2-Tier	\$2.00 2-Tier	\$4.00	\$4.00	\$4.00	\$4.00
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.	Estimated rebates. 100% pass-through to City.	Estimated rebates. 100% pass-through to City.	Estimated rebates. 100% pass-through to City.	Estimated rebates. 100% pass-through to City.

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Express Scripts Traditional Pricing				Express Scripts Pass-Through Pricing				Labor Management Health Care Coalition of the Upper Midwest/Caremark				Navitus/Prescription Solutions/Mail			
	2006	2007	2008		2006	2007	2008		2006	2007	2008		2006	2007	2008	
<b>Mail</b>																
Administrative fee per employee per month	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	Included in retail fee.	\$0.00	
Administrative fee per claim	\$0.00	\$0.00	\$0.00		\$2.45	\$2.45	\$2.45		\$0.10	\$0.10	\$0.10		\$0.00	\$0.00	\$0.00	
Dispensing fee																
a. Brand legend	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.50	\$0.50	\$0.50	
b. Generic legend	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.50	\$0.50	\$0.50	
c. Compounded drugs	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		No additional fees			
d. Non-legend	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.50	\$0.50	\$0.50	
Basis of claim payment to retail pharmacy (% off AWP)*																
a. Brand legend	AWP-24%	AWP-24%	AWP-24%		AWP-24%	AWP-24%	AWP-24%		AWP-23%	AWP-23%	AWP-23%		AWP-20%	AWP-20%	AWP-20%	
b. Generic legend	AWP-55%	AWP-55%	AWP-55%		Lower of AWP-24% or MRA	Lower of AWP-24% or MRA	Lower of AWP-24% or MRA		AWP-60%	AWP-60%	AWP-60%		AWP-80.88%	AWP-80.88%	AWP-80.88%	
c. Compounded drugs	AWP-24%	AWP-24%	AWP-24%		AWP-24%	AWP-24%	AWP-24%		Lower of submitted amount and U&C				N/A	No additional fees.		
d. Non-legend	AWP-24%	AWP-24%	AWP-24%		AWP-24%	AWP-24%	AWP-24%		Based on plan design	Based on plan design	Based on plan design		OTC contracted price varies by product.			
<b>Rebates</b>																
Rebate Per Script	\$7.00	\$7.00	\$7.00		\$5.85	\$5.85	\$5.85		\$5.00 2-Tier	\$5.00 2-Tier	\$5.00 2-Tier		\$12.00	\$12.00	\$12.00	
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City					Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.	Rebate equal to greater of 100% of actual or amount above.		This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.	This is a guarantee. City will receive 90% of rebate.		Estimated rebates 100% pass-through to City.			

2006 Prescription Drug Manager Proposal Analysis

BPM Name:

Walgreens Wisconsin Rx/Caremark

	2006	2007	2008	2006	2007	2008
<b>Retail</b>						
Administrative fee per employee per month	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00
Administrative fee per claim	\$0.45	\$0.45	\$0.45	\$0.10	\$0.10	\$0.10
Dispensing fee						
a. Brand legend	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
b. Generic legend	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
c. Compounded drugs	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
d. Non-legend	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
Basis of claim payment to retail pharmacy (% off AWP)*						
a. Brand legend	AWP-16% 16% or WHI MAC	AWP-16% 16% or WHI MAC	AWP-16% 16% or WHI MAC	AWP-15% MAC with guarantee of AWP-52%	AWP-15% MAC with guarantee of AWP-52%	AWP-15% MAC with guarantee of AWP-52%
b. Generic legend						
c. Compounded drugs	AWP Most Expensive Ingredient AWP-16%	AWP Most Expensive Ingredient AWP-16%	AWP Most Expensive Ingredient AWP-16%	AWP-15% Based on plan design	AWP-15% Based on plan design	AWP-15% Based on plan design
d. Non-legend						
Rebates						
Rebate Per Script	\$2.15 2-Tier \$2.60 3-Tier	\$2.15 2-Tier \$2.60 3-Tier	\$2.15 2-Tier \$2.60 3-Tier	\$2.05 for an open plan with no minimum copy	\$2.05 for an open plan with no minimum copy	\$2.05 for an open plan with no minimum copy
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	Not an estimate. 100% pass through to the City.					
	This is a guarantee. City will receive 90% of rebate.					

2006 Prescription Drug Manager Proposal Analysis

PBM Name:	Walgreens			Wisconsin Rx/Caremark		
	2006	2007	2008	2006	2007	2008
<b>Mail</b>						
Administrative fee per employee per month	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00
Administrative fee per claim	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dispensing fee						
a. Brand legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Generic legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Compounded drugs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Non-legend	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis of claim payment to retail pharmacy (% off AWP)*						
a. Brand legend	AWP-22%	AWP-22%	AWP-22%	AWP-22.5%	AWP-22.5%	AWP-22.5%
b. Generic legend	AWP-56%	AWP-56%	AWP-56%	MAC with guarantee of AWP-52%	MAC with guarantee of AWP-52%	MAC with guarantee of AWP-52%
c. Compounded drugs	AWP Most Expensive Ingredient	AWP Most Expensive Ingredient	AWP Most Expensive Ingredient	AWP-22.5%	AWP-22.5%	AWP-22.5%
d. Non-legend	AWP-22%	AWP-22%	AWP-22%	Based on plan design	Based on plan design	Based on plan design
<b>Rebates</b>						
Rebate Per Script	\$6.00 2-Tier	\$8.00 2-Tier	\$8.00 2-Tier	\$2.05 for an open plan with no minimum copay		
Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City	\$9.00 3-Tier 100% pass-through	\$9.00 3-Tier guarantee. Amounts above minimum	\$9.00 3-Tier minimum			This is a guarantee. City will receive 90% of rebate.