

(ATTACHMENT 20) ACTION ON THE AWARD OF PROFESSIONAL SERVICES CONTRACTS

AMENDMENT II TO PRESCRIPTION DRUG BENEFIT ADMINISTRATION AGREEMENT

This **AMENDMENT II TO PRESCRIPTION DRUG BENEFIT ADMINISTRATION AGREEMENT**, dated and effective as of January 1, 2017 ("Amendment"), is made and entered into by and between Milwaukee Public Schools ("Client") and OptumRx, Inc. ("Administrator"), with respect to the following facts:

RECITALS

WHEREAS, Administrator and Client entered into that certain Prescription Drug Benefit Administration Agreement ("Agreement") on January 1, 2015, and has been subsequently amended, pursuant to which Client engaged Administrator to provide certain of Administrator's services to assist Client in the administration of its Pharmacy Benefit Program;

WHEREAS, Client and Administrator desire to amend the Agreement as more fully described below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Administrator and Client hereby agree to amend the Agreement as follows:

1. Any capitalized terms used in this Amendment, which are not otherwise defined herein, shall have the same meanings ascribed to them in the Agreement. All other terms and conditions of the Agreement shall remain in full force and effect. In the event there is any inconsistency or conflict between the provisions in this Amendment and those in the Agreement, the provisions in this Amendment shall supersede and control.

2. Section 2.1, Term, shall be deleted in its entirety and restated as follows:

"2.1. **Term.** The initial term of this agreement begins on the Effective Date and expires on December 31, 2016. On January 1, 2017, this agreement shall be renewed for an additional three (3) year term (the "Renewal Term"). Upon expiration of the initial term and the Renewal Term, this agreement automatically renews for successive 12- month renewal periods on each applicable anniversary date (the Renewal Term together with the initial term, the "**Term**"), unless either party provides the other party with notice of non-renewal no later than 120 days before the end of the initial term or a renewal period."

3. Section 3, Compensation and Billing, shall be modified to add Section 3.9, Market Check, as follows:

"**3.9 Market Check.** On an annual basis, after the first year of the agreement, Client may conduct a market check analysis of the pricing in **Exhibits C or E** against the pricing then available to substantially similar clients and for substantially similar pharmacy benefit management services to confirm its pricing is competitive with that of similar clients. Client agrees that the market check shall be based upon the same financial assumptions of this Agreement, including plan design and that the market check will be based upon similar clients in size and market as Client. Client will submit to Administrator a market check report that evaluates and compares the multiple proposals and includes all pricing elements, associated terms, and other information in sufficient detail to identify whether the comparable clients and services identified in the report are substantially similar to Client and the Services. Substantially similar clients include those with a similar number of enrolled individuals and comparable demographics (e.g., age, sex, and geographic location), utilization patterns, claim volume, and call volume. Substantially similar pharmacy benefit management services include those covering similar lines of business (e.g., commercial, Medicaid, Medicare) and types of services (e.g., retail, mail, and specialty); those based upon similar assumptions (e.g., formulary and network attributes, service levels, and contract term comparable to the remaining Term of this Agreement); and those covering a similar structure, number and complexity of benefit plans. Administrator will review Client's market check

request and respond to Client within 30 days of receipt of the market check report. If the market check report validates an aggregate annualized savings of greater than 3%, the parties will discuss, in good faith, revisions to the pricing in **Exhibits C or E**. Any revisions to **Exhibits C or E** resulting from the parties' negotiations will be effective as of the next anniversary of the Effective Date unless otherwise agreed to by the parties, but no sooner than 30 days after completion of the market check report and upon execution of an Amendment to this Agreement. If the parties do not agree on any resulting revisions to **Exhibits C or E** after good faith negotiations, either party may terminate this Agreement upon 180 days prior notice of termination to the other party."

4. The administrative fees and compensation within Exhibit "E", Pharmacy Services, shall be deleted and replaced with the information in Attachment I, attached hereto and incorporated by reference.

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IN WITNESS WHEREOF, Client and Administrator have executed this Amendment as of the date first written above.

CLIENT
Milwaukee Public Schools

ADMINISTRATOR
OptumRx, Inc.

By: _____
Name: Kristen D. DeCato
Title: Dir., Procurement & Risk Mgmt.
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By:
Name: Darienne B. Driver, Ed.D.
Title: Superintendent of Schools
Date:

By:
Name: Mark A. Sain
Title: President, Milwaukee Board of School Directors
Date:

ATTACHMENT I

EXHIBIT E

PHARMACY SERVICES

[ADMINISTRATIVE FEES AND COMPENSATION]

Client: Milwaukee Public Schools		
Members: 24,000	Pricing Model: Traditional with Exclusive Specialty	Implementation Date: January 1, 2017

Administrative Fee

Administrative Fee	
Base Administrative Fee	\$0.00 PNPC
In House Administrative Fee	\$1.50 PNPC

PNPC = Per Net Paid Claim

Broad Retail Pharmacy Network

	Brand Drug Discount	Brand Drug Dispensing Fee	Generic Drug Discount	Generic Drug Dispensing Fee
Year 1	AWP-19.00%	\$0.60 PNPC	AWP-82.25%	\$0.60 PNPC
Year 2	AWP-19.00%	\$0.60 PNPC	AWP-82.25%	\$0.60 PNPC
Year 3	AWP-19.00%	\$0.60 PNPC	AWP-82.25%	\$0.60 PNPC

Mail Order/Home Delivery Pharmacy

	Brand Drug Discount	Brand Drug Dispensing Fee	Generic Drug Discount	Generic Drug Dispensing Fee
Year 1	AWP-26.15%	\$0.00 PNPC	AWP-85.75%	\$0.00 PNPC
Year 2	AWP-26.15%	\$0.00 PNPC	AWP-85.75%	\$0.00 PNPC
Year 3	AWP-26.15%	\$0.00 PNPC	AWP-85.75%	\$0.00 PNPC

Specialty Pharmacy

	Discount	Dispensing Fee
Aggregate Guarantee	AWP-19.75%	\$0.00 PNPC

Rebate Management - Premium

Fixed Rebates	Retail Pharmacy	Mail Order	Specialty
Year 1	\$90.00 PNPB	\$335.00 PNPB	\$725.00 PNPB
Year 2	\$90.00 PNPB	\$335.00 PNPB	\$725.00 PNPB
Year 3	\$90.00 PNPB	\$335.00 PNPB	\$725.00 PNPB

PNPB = Per Net Paid Brand

Rebate Management – Select Comprehensive

Fixed Rebates	Retail Pharmacy	Mail Order	Specialty
Year 1	\$70.00 PNPB	\$250.00 PNPB	\$525.00 PNPB
Year 2	\$70.00 PNPB	\$250.00 PNPB	\$525.00 PNPB
Year 3	\$70.00 PNPB	\$250.00 PNPB	\$525.00 PNPB

PNPB = Per Net Paid Brand

Rebate Management – Select Base

Fixed Rebates	Retail Pharmacy	Mail Order	Specialty
Year 1	\$43.00 PNPB	\$165.00 PNPB	\$300.00 PNPB
Year 2	\$43.00 PNPB	\$165.00 PNPB	\$300.00 PNPB
Year 3	\$43.00 PNPB	\$165.00 PNPB	\$300.00 PNPB

PNPB = Per Net Paid Brand

Rebate Terms

- **Premium Rebates:** The Premium formulary is OptumRx's lead national formulary, with a limited number of exclusions that drive stronger rebates and the lowest cost to the Client. Premium PDL rebates are contingent upon: Client's adoption, without deviation, of OptumRx's formulary and formulary exclusions, as well as any changes OptumRx makes to its formulary and formulary exclusions; and implementation of the step therapies required by OptumRx in the following therapeutic classes: Rheumatoid Arthritis, Ankylosing Spondylitis, Plaque Psoriasis, Psoriatic Arthritis, Hepatitis-C, Multiple Sclerosis, and PCSK9.
- **Select Base Rebates:** Client's adoption, without deviation, of OptumRx's formulary, as well as any changes OptumRx makes to its formulary; and a minimum of \$10 difference in copayment, or 10 percent difference in coinsurance between preferred and non-preferred Brand Drugs.
- **Select Comprehensive Rebates:** The Select Comprehensive formulary has an extensive list of utilization management programs, driving an improvement in rebate value as opposed to formularies with fewer formulary management requirements. Select Comprehensive rebates are contingent upon: Client's adoption, without deviation, of OptumRx's formulary and utilization management programs, as well as any changes OptumRx makes to its formulary or utilization management programs; and a minimum of \$10 difference in copayment, or 10 percent difference in coinsurance between preferred and non-preferred Brand Drugs.
- Rebate claims exclude ineligible claims, such as claims with invalid service provider identification or prescription numbers; claims where, after meeting the deductible, the Member's Cost-Sharing Amount under the applicable Benefit Plan requires the Member to pay more than 50 percent of the claim; claims for devices without a Prescription Drug component; claims for re-packaged NDCs; stale dated claims over 180 days old; compounds; claims from 340B which typically receive a discount or rebate directly from Drug Manufacturers under section 340B of the Public Health Service Act, or claims from entities eligible for federal supply schedule prices (for example, Department of Veterans Affairs, U.S. Public Health Service, Department of Defense); or claims that are not for Prescription Drugs (except for insulin or diabetic supplies).
- If Client makes any change to its formulary, not initiated by OptumRx, changes the Benefit Plan, or adopts any formulary or utilization management program other than one of the options offered by OptumRx under its formulary or utilization management programs, OptumRx may adjust the Rebate guarantees in this pricing summary, effective the date of the change.
- Rebate guarantees may be adjusted in proportion to the impact of unexpected releases of Generic Drugs to market or the withdrawal or recall of existing Brand Drugs.

General Terms

- Pricing proposal is valid for 90 days from the date of this proposal.
- Contract effective date of January 1st, 2017 with prior notice of award 120 days before the contract effective date.
- Pricing proposal is valid for a three (3) year contract term, subject to the terms and conditions herein.
- Pricing will be implemented on the contract effective date so long as the Agreement is signed by Milwaukee Public Schools and received sixty (60) days prior to the Effective Date or, if this Agreement is received after said timeframe, pricing will be implemented on the first day of the month sixty (60) days following PBM's receipt of a signed Agreement.



- Offer is valid for a minimum of 24,000 total members as of the contract effective date.
- Discounts are based on Published AWP.
- Discounted ingredient costs are based upon the actual 11 digit National Drug Code, specific to the quantity dispensed submitted by a participating network pharmacy at the time of adjudication.
- Compounds, specialty claims, 340B claims, Indian Health Services and Tribal claims, direct member reimbursement claims, coordination of benefit claims, long term care claims, home infusion claims, vaccines, in-house pharmacies (if applicable) and claims filled outside the OptumRx network will be excluded from the guarantees. Additionally, claims in Puerto Rico, Guam, Northern Mariana Islands, Virgin Islands, Hawaii, Massachusetts, Alaska, and rural pharmacies will be excluded from the guarantees.
- Pricing proposal assumes an exclusive specialty arrangement with BriovaRx Pharmacy. Under an exclusive arrangement, grace fills at retail will not be allowed.
- A minimum charge of \$7.99 shall apply for all mail orders.
- Generic Drug Discount includes single source generics.
- Usual & Customary claims are excluded in the discounts guarantees.
- Zero balance claims are included in the discount guarantees prior to the application of member copayment.
- Discount guarantees are reconciled at the component level.

OptumRx reserves the right to modify or amend the financial provisions of this document upon prior notice to Client in the event of (a) any government imposed change in federal, state or local laws or interpretation thereof or industry wide change that would make OptumRx's performance of its duties hereunder materially more burdensome or expensive, including changes made to the AWP benchmark or methodology; (b) a change in the scope of services to be performed under this document upon which the financial provisions included in this document are based, including a change in the plan design and the exclusion of a service line (i.e. retail, mail, specialty) from Client's service selection; (c) a reduction of greater than twenty percent in the total number of members from the number provided to OptumRx during pricing negotiations upon which the financial provisions included in this document are based; (d) unexpected movement of a branded product to off-patent or where there are generic or over-the-counter substitutes available; or (e) implementation or addition of 100 percent Member paid plans; or (f) OptumRx is no longer the exclusive specialty pharmacy provider; or (g) any substantive change in Client's custom formulary, which may impact Rebates from Covered Manufacturers.

Standard Services Included at no additional charge

Claims Processing Services

- Eligibility management
- Eligibility verification
- On-line electronic claims processing/administration
- Data retention – 15 months
- Operational On-line Data – 12 months
- Accumulator for deductibles and maximums data – batch method
- Real-Time Audit System – filters 100 percent of claims before payment
- Extended Benefits Program
- Lower Cost Alternatives
- Termination Services and File Transfer
 - Up to 12 files included in standard format, \$1,500 per additional file thereafter
- Broad Pharmacy Network Services
 - Administration of the Broad Pharmacy Network
 - Pharmacy Help Desk – available 24 hours a day, seven days a week
- Pharmaceutical Manufacturer Rebate Services
 - OptumRx Standard formularies



- Clinical Services
 - Administrative Prior Authorization, Step Therapy, Quantity Limits
 - Drug recall reporting
 - Concurrent Drug Utilization Review (DUR)
 - Administration of OptumRx formularies
 - Administration of OptumRx standard utilization management program
- Benefit Plan Administration
- Member Services
 - Toll-free Member Services Help Desk available 24 hours a day, seven days a week
 - Member website
 - Home Delivery Pharmacy
- Client Services
 - Account management
 - Implementation support
 - Standard reporting package
- Member Communications
 - Welcome booklet with ID cards (two per family) Postage, shipping & handling is not included
- Online Client Access to Member Eligibility
 - Verifying, entering, or updating member eligibility
 - Viewing member claims history
- Online Client Website Access
 - Member website for access to general and plan-specific information
 - Account setup and training for up to two users
 - \$400 per additional license each year
 - Website access through optumrx.com
 - Pharmacy locator, refill Home Delivery Pharmacy, claims history
 - Health, wellness and disease education
- Home Delivery and Specialty Pharmacy
 - Standard postage included
 - Member directed express shipments may incur additional charge

Clinical Program Fees as Applicable

Clinical Prior Authorizations	\$50 per review
Prior Authorization Appeals	
• First level internal clinical appeal	\$100 per appeal
• First level internal administrative appeal	\$75 per appeal
• Second level internal clinical appeal	\$325 per appeal
• Second level internal administrative appeal	\$244 per appeal
• External clinical appeal	Cost plus 20 percent
• External administrative appeal	Cost plus 20 percent
Medication Therapy Management Program	\$0.47 PMPM
RetroDUR	
• Safe & Appropriate Utilization	\$0.20 per claim
• Gaps in Care	\$0.05 Per claim

Adherence Program	
• Member outreach	\$0.23 PMPM
• Member and prescriber outreach	\$0.33 PMPM
Fraud Waste & Abuse Program	
• Basic Fraud, Waste & Abuse Audit	Included
• Clinical Fraud, Waste & Abuse Program	\$0.16 PMPM
• Comprehensive Fraud, Waste & Abuse Program	Additional 25 percent of all identified recoveries
ePrescribing	\$0.16 per eligibility and medication history transaction
Hospital Transition Program	\$150 per intervention
Clinical Analytics Services	Quoted upon request
Custom Formulary and Utilization Management Services	Quoted upon request
Pharmacy & Therapeutics (P&T) Support Services	Quoted upon request
Custom Publication Support Services	Quoted upon request

This is not an inclusive list. OptumRx may charge for any products or services not specifically represented herein.

Additional Fees as Applicable

Direct Member Reimbursement (DMR)	\$2.50 per processed paper claim plus the Administrative Fee
Ad-hoc Reporting	\$150 per hour, with a minimum of \$500
Manual Eligibility Maintenance	\$0.50 per record
ID cards - Subsequent mailings, replacements, or additional	\$2 per ID card plus postage, shipping and handling
Custom Mailings	Production plus postage, shipping and handling
• Onsite	25 percent of recovered amount
• Desktop	25 percent of recovered amount
Web Reporting Tool (On-line Access/Query)	Included for up to two users; \$250 per month for each additional user
Standard Reporting Tool (On-line Access / Reports)	Included for up to two users; \$150 per month for each additional user
Integrated Accumulator - Near Real Time Method	\$0.15 PMPM

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Credits and Allowances

DeepView Credit	OptumRx is funding the DeepView services up to \$50,000 per year.
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