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January 27, 2016

Robert P. Kukla  
Director of Benefit Contracts  
Employees Retirement System of Texas  
200 E. 18<sup>th</sup> Street  
Austin, TX 78701

**Subject: OptumRx, Inc.'s Response to RFP No. 327-95856-151211, the Employees Retirement System of Texas Request for Proposal for Pharmacy Benefit Management Services**

Dear Mr. Kukla:

OptumRx is pleased to offer the Employees Retirement System of Texas (ERS) the "next generation" of pharmacy management for both the HealthSelect of Texas Prescription Drug Program and the HealthSelect of Texas Medicare Pharmacy Drug Program.

Our proposal responds to ERS's key imperatives to deliver superior and expert implementation; provide specialty pharmacy expertise that manages trend while focusing on the ERS member; have technologically-advanced pharmacy management processes; support safe and effective clinical and utilization management rules and programs; focus on responsive account management and quality customer service; coordinate with our Optum and UnitedHealthcare disease and case management partners; and offer ERS other critical areas to support day-to-day patient care and intelligent medical management.

Together with our sister company UnitedHealthcare, OptumRx offers a full spectrum of pharmacy management services including specialty pharmacy and medical spend care and trends. The following advantages highlight some of the features our combined companies can offer ERS actives and retirees:

- Single health management solution
- Clinical synchronization
- OptumRx value proposition
- Coordinated implementation and plan management
- Specialty pharmacy: BriovaRx
- Experience in providing EGWP to employer groups
- PBM scale, experience and expertise

These innovations and strengths are outlined below.

## THE VALUE OF A SINGLE HEALTH MANAGEMENT SOLUTION

ERS can build on the robust set of services already being delivered by UnitedHealthcare by selecting OptumRx as its PBM vendor—together we can unlock our shared potential to improve care and reduce your costs. As the PBM for the ERS HealthSelect members, we can deliver a fully integrated health management program aligning medical, clinical and pharmacy services in a way that delivers a better member experience and additional savings through program integration and clinical synchronization:

- **OptumRx will guarantee an additional \$1.65 PMPM in savings for ERS** when our services are delivered in alignment with the medical and clinical programming currently being delivered by UnitedHealthcare. This equates to over **\$7.9 million dollars in savings per year**.

The strength of an integrated model for ERS lies in the complete alignment of programming that eliminates the typical silos and fragmentation of multiple-vendor models. And with the synchronized data and analytics UnitedHealthcare and OptumRx share, it enables a deep, 360-degree insight into clinical opportunities no matter where a member is in the health management environment.

By selecting OptumRx, ERS will benefit from a fully integrated health management program, including:

- Consistent member engagement and advocacy services across your entire population for all programs, eliminating complexity and guesswork, increasing satisfaction and engagement.
- Simplified billing and administration.
- Clinical Synchronization: The connection of pharmacy and care management systems through our proprietary technology platform, eSync, as well as shared clinical protocols and aligned staffing, all of which allows for deeper clinical insights and better member outcomes and savings.

Because clinical synchronization is such a crucial advantage, its benefits to ERS are highlighted below.

### CLINICAL SYNCHRONIZATION: CONNECTION AND ALIGNMENT

Optum and UnitedHealthcare have eliminated the barriers between a health plan's medical, clinical and pharmacy benefit solutions with historically separated data, systems, staff and processes connected and aligned to deliver value to both members and employers, helping to improve medication adherence, identify possible drug interactions and maximize cost-saving opportunities.

The connection enables us to engage members faster through a single clinical system and care team with access to a 360-degree view of total health for each member to speed critical decision-making. The integration of medical, pharmacy, behavioral and lab data results in a robust and actionable data available in as little as one day compared to as long as 30 days with an external PBM.

Key clinical synchronization components are:

- **Pharmacist interventions.** Pharmacists are integral members of our clinical teams that also include personal nurses and medical directors, providing multifaceted care management interventions closely coordinated, highly efficient, resulting in better, more holistic member care management.
- **Better data.** Population data accessible in the clinical care platform is of higher quality and more immediately accessible due to our combined relationship. This includes the ability to review medical conditions, risk scores, medication history, current medications, and even insights into medication pricing and the availability of lower cost alternative medications—all of which can be viewed without having to consult an external vendor's portal.
- **Innovative analytics.** Better data, along with close collaboration of pharmacy and clinical resources, make possible innovations in medication-focused population risk scoring and gap-in-care analysis, including a proprietary model for predicting medication compliance issues, as well as a scoring model for a member's medication adherence.

- **Lower Cost Alternatives.** Our Lower Cost Alternative (LCA) program delivers savings opportunities by offering messages to members at various touch-points such as interactions with health advocates, pharmacist consultations or web interactions, communicating LCA options, such as real-time pricing information. All alerts are clinically appropriate and consistent with the member's benefit structure.
- **Value-driven referrals.** Referrals make the most of every member engagement. A member calling into the home delivery pharmacy may learn of an available condition management program; a member working with a nurse may learn which medications are available by mail, with support options including our staff reaching out the member's physician to obtain the prescription in home delivery quantity (90 days).

## **THE OPTUMRX VALUE PROPOSITION**

We know integrating pharmacy touch points with medical care management can transform results—after all, 80 percent of health interactions members have occur through their pharmacy benefit. That statistic makes the OptumRx value proposition a game-changing approach offering a fully comprehensive PBM with the ability to integrate the power of Optum's total health services through a blended team of diverse experts.

This ground-breaking approach incorporates the full value of integrating management, trend stabilization and cost control linking medical and pharmacy data to provide guaranteed net bottom-line savings through the advantages of our synchronization guarantee detailed above.

Health care reform has established a new era of access and quality. OptumRx is the only partner that can offer ERS the depth and breadth of services that encompass strategic analytics and insights, connected health care partnerships, management of population health, clinical synchronization backed by guarantees, and ultimately better care for your members at a lower cost.

This begins with an effective implementation and continues throughout our relationship with ERS. Below we outline our implementation approach in conjunction with UnitedHealthcare, and highlight our exceptional specialty pharmacy approach:

## **EFFECTIVE IMPLEMENTATION AND ONGOING PLAN MANAGEMENT**

ERS has our commitment to an immediate and efficient implementation for both actives and retirees, enhanced by your current relationship with UnitedHealthcare: The underlying infrastructure that currently supports your plans, eligibility, banking, reporting, billing and other administrative provisions are already in place. Accordingly, your implementation for a new plan year will focus on any changes to these provisions, such as plan design, eligibility structure updates, new product adoptions, vendor interfaces or open enrollment needs. As UnitedHealthcare is your current partner, there will be minimal disruption in services for ERS employees and their family members as well as a reduction in work impact for your benefits staff. One of our major goals throughout the implementation process is to minimize disruption for members while providing them with all of the information necessary to understand and maximize their new benefits.

Immediately following notification of changes to your current plan; our account representatives will meet with you to expedite a smooth benefit implementation process. In addition to a dedicated pharmacy implementation manager, the representatives may include Kimberly McLeod, your strategic account executive (SAE), and Kim Daniel, implementation manager and benefit consultant. Our goal is to detail the services we plan to provide and the expected timeline to make sure they align with ERS's expectations. We work with you to communicate the changes to your benefits strategy to your employees and their dependents.

In addition, we recognize a smooth implementation is also critical to the success of any new retiree health program. We will help achieve a smooth implementation by clearly defining roles, responsibilities and benchmarks throughout the process to carefully considering the unique needs of your members. An essential element in any transition is easy access to health care professionals who are readily available to discuss day-to-day operational issues as well as implementation strategies throughout the process; therefore, we assign an experienced implementation and account management team, with years of retiree-specific experience to provide ongoing support before and after the coverage effective date. With your strategic goals in mind, our professionals make sure every part of the transition process is carefully crafted and monitored to meet your expectations and the needs of your members.

From the initial implementation checklists, milestones and meetings to ongoing maintenance and support, we focus on quality and efficiency. You can expect a “no shades” view of the work we are performing on your behalf, including detailed documentation of client intent for both actives and retirees. Moreover, we maintain that focus on quality and efficiency even after the pharmacy and retiree implementations are complete. OptumRX is offering ERS a **Pharmacy Management Allowance of \$4.00 per transitioned member** to assist ERS with a PBM transition and assist with rolling out future clinical programs or communication strategies. This Pharmacy Management Allowance has an estimated value of **\$1.68 million to be used throughout the contract period.**

### **SPECIALTY PHARMACY: BRIOVARX**

Specialty pharmacy trend is one of the greatest threats to health care sustainability across the nation. OptumRx responds to this risk by offering a cost-effective specialty program: BriovaRx. Its scale, flexibility and leverage to navigate the financial challenges associated with complex and high-cost therapies, while helping members stay adherent with their chronic conditions helps make us a leader in specialty drug management.

Our service model offers care management, medication distribution, program referrals, utilization and disease management programs, outcomes analysis and reporting and member education to provide comprehensive care. This includes BriovaLive, specialty pharmacy’s only live video consultation program, offering members personal contact with BriovaRx clinical pharmacists with face-to-face interaction that promotes adherence and provides member engagement, hands-on counseling services, and assistance to master medication administration, which improves member confidence and satisfaction, and facilitates better management of high-cost specialty medication.

Additionally, our specialty pharmacy program takes advantage of the expertise that UnitedHealth Group’s family of health care companies has to offer. Members in need of additional support—clinically or otherwise—are referred to our case or disease management nurses who coordinate additional care and support, as necessary. These services provide the high-touch support required for chronic and complex conditions. As an example, our hepatitis C and multiple sclerosis clinical management programs include screening for depression and, if necessary, referrals to the appropriate health care service. Similarly, referrals to our oncology disease management program are provided for members receiving oral oncolytics.

### **EGWP PART D EXPERIENCE**

With more than 30 years of experience in Medicare, UnitedHealthcare is the largest and longest-tenured Medicare retiree business partner in the United States. Our core focus is supporting our customers with a knowledgeable, retiree focused team that delivers consistent performance to exceed expectations with solid fundamental operations and personal and convenient service. As the nation’s largest Medicare Part D insurer, with nearly eight million enrolled members, we offer a diverse range of CMS-compliant Medicare Part D programs and services to save money and take care of your retirees.

## **OPTUMRX: MORE THAN A TRADITIONAL PBM**

ERS seeks an industry-leading PBM that has a proven track record with large, complex clients. We understand and respect the lifelong commitment ERS makes to its career employees, and understand the unique position of ERS to balance commitments within the confines of a strict budget.

Every day, OptumRx strives to blend operational experience with strategic innovation. Not only do we deliver the core competencies of pharmacy benefits management, we focus on the future with a strategic lens. We are always improving, bringing our full portfolio of expertise and specialists to you in a professional, collaborative and flexible manner.

Our approach from implementation to our ongoing relationship is to work as a blended team with your employees, stakeholders and your other vendors—especially with our UnitedHealth Group sister companies—to bring you innovative, integrated and well-executed solutions. We couple this to top-notch account management that is both professional and engaged, superior technology, insightful analytics, clinical expertise, and a member-centric focus at a competitive cost with better outcomes and simple administration.

We understand that ERS seeks innovative solutions and a trusted and strategic partnership. This requires a capable partner with foresight to provide intelligent and innovative solutions to emerging challenges. One solution we offer in our proposal is our **synchronization guarantee**, an exciting and important care-improvement and cost-containment option for ERS to consider. Only OptumRx has the capability to offer ERS a bottom-line savings guarantee that balances patient health, patient access, and prescription and medical trend management. This approach aligns the full plan incentives, integrating and performing across the combined health benefit bottom line.

ERS needs a PBM with the necessary scale and scope to understand and improve the health care and wellness of its employees, retirees and dependents in a financially sustainable manner. Having recently joined forces with legacy Catamaran, the PBM market leader in technology, innovation and flexibility, OptumRx is now the third-largest PBM in the country thanks to our companies' combination. As an affiliate company of Optum, we can provide ERS enhanced intelligence, analytics that combine pharmacy and medical and the new capability to offer a synchronization guarantee.

Moreover, OptumRx, unlike its competitors, is not incentivized to escalate volume or to drive to specific channels such as mail or retail. We are offering ERS a true "next generation" shift from a traditional PBM model focused on prescription volume, management and utilization to a comprehensive and integrated model focused on health improvement and integrated medical and pharmacy trend management that includes your current relationship with UnitedHealthcare.

Many PBMs can do the basics. Others try to do more. Only one PBM exceeds expectations. That is OptumRx.

## **ABOUT OPTUMRX**

OptumRx is a wholly-owned subsidiary of UnitedHealth Group, Inc. UnitedHealth Group, Inc. is a publicly traded company on the New York Stock Exchange trading under the symbol "UNH," and is a Fortune 20 company. As a publicly traded company, UNH's financial results are published quarterly. In the publicly available financial results, OptumRx's financial results are separately reported for full transparency. OptumRx is rated by Dun & Bradstreet with a current rating of ER1. Our Dun & Bradstreet number is 86-866-7106. If OptumRx were an independent company, it would be Fortune 50 with annual revenues in excess of \$60B. Over the past 5-plus years, both UnitedHealth Group and separately OptumRx have reported increasing revenues and consistent profitability.

**SUMMARY**

ERS can be assured that OptumRx is a capable, flexible, and forward-thinking pharmacy benefits management organization. We are committed to exceeding your expectations. We have the breadth, depth and willingness to be ERS's "next generation" PBM.

OptumRx excels at the PBM basics while engaging at all levels, seeking to constantly improve our performance for you, your employees and your stakeholders. We are accountable for improving wellness while containing costs, managing trends and fully partnering on innovative strategies in the future, such as the added power of our synchronization guarantee. We are pleased to be considered as ERS's pharmacy care management vendor, and we are proud to offer much more than a traditional PBM. OptumRx is the "next generation" of pharmacy care and cost management for the Employees Retirement System of Texas. We trust our proposal satisfies your requirements, and we look forward to meeting your team and introducing the OptumRx team to you as well.

Sincerely,



Amy Vandervest  
Vice President of Sales

OptumRx



John Thompson  
National Vice President and Practice Leader

UnitedHealthcare

**Tab I**

**Instructions**

- A. Proposal Submission
- B. Deviation Responses
- C. Requested Materials
  - C-1 Executed RFP Signature Pages (Appendix A)
  - C-2 Confidential and Proprietary Schedule

**Tab II**

**Proposal Evaluation Criteria**

- A. Interrogatory Responses
- B. Requested Materials
  - B-1 Copy of Certificate of Registration, Certificate of Authority, or Certificate of Fact
  - B-2 Certification of Incorporation
  - B-3 Good Standing Documentation

**Tab III**

**Legal Requirements**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Requested Materials
  - C-1. Execution Incumbency Certificate (Appendix B)
  - C-2 Execution of the Contractual Agreement (Appendices C-1 and C-2)
  - C-3 Execution Business Associate Agreement (Appendix D)
  - C-4 Executed Data Security and Breach Notification Agreement (Appendix E)

**Tab IV**

**HealthSelect Prescription Drug Program Plan Design, Eligibility, Network and Program Requirements**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Interrogatory Requested Material
  - C-1 PBM's 2016 Formulary and Preferred Drug List
  - C-2 Proposed HealthSelect PDP Formulary and Side-by-Side Comparison of Proposed Formulary to Current Formulary
  - C-3 Specimen Copy – PBM's Contract with its Pharmacies
  - C-4 Prescription Drug and Pricing (Reimbursed Based on MAC)
  - C-5 PBM's Retail Pharmacy Audit Program
  - C-6 PBM's Mail Service Facility Audit
  - C-7 Specialty Medications Dispensed by the Specialty Pharmacies

**Tab V****EGWP Prescription Drug Program Plan Design, Eligibility, Network and Program Requirements**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Interrogatory Requested Material
  - C-1 PBM's 2016 Formulary and Preferred Drug List
  - C-2 Proposed EGWP Formulary and Side-by-Side Comparison of Proposed Formulary to Current Formulary
  - C-3 Specimen Copy – PBM's Contract with its Pharmacies
  - C-4 Prescription Drug and Pricing (Reimbursed Based on MAC)
  - C-5 PBM's Retail Pharmacy Audit Program
  - C-6 PBM's Mail Service Facility Audit
  - C-7 Specialty Medications Dispensed by the Specialty Pharmacies

**Tab VI****Communication Requirements**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Interrogatory Requested Materials
  - C-1 Written Materials to be Used in Administering the HealthSelect PDP and/or the EGWP PDP Coverage for the Participants (Including Marketing Materials/Welcome Packets)
  - C-2 Proposed ID Card Mock-Up
  - C-3 Formulary Change Example (Including Educational Pieces)
  - C-4 Report Evidencing Section 508 Compliance
  - C-5 Generic Communication Materials Sample

**Tab VII****Operational Specifications**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Interrogatory Requested Materials
  - C-1 Organizational Chart
  - C-2 PBM's Customer Satisfaction Survey Results
  - C-3 Fraud Plan
  - C-4 PBM's Ratings and Reports by Independent Insurance Rating Organizations
  - C-5 Data and Reports: PBM's Efficiency, Accuracy and Audit Results in Processing Rebate, Subsidies, Reinsurance and Discounts for its Existing Customers
  - C-6 HUB Designation Acknowledgement (If Applicable)
  - C-7 Documentation Verifying CMS Certification (If Applicable)
  - C-8 Sample of Financial Reporting for Rx Spending and, If Applicable, CMS Funding (Including Monthly Payment, Pharmacy Discounts and Reinsurance and Rebate Pass-Through to Plan Participant Reporting)



**Tab VIII****Project Management Requirements**

- A. Interrogatory Responses

**Tab IX****Information System Requirements**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Interrogatory Requested Materials
  - C-1 IT Dept. Organizational Chart
  - C-2 Standard Data and Claim Files
  - C-3 Documentation of Business Processes
  - C-4 PBM's SOC/SSAE 16 Report and Results
  - C-5 PBM's Sponsoring or Parent Company's SOC/SSAE 16 Report and Results (If Applicable)
  - C-6 PBM's Security Incident Policies and Procedures

**Tab X****Financial Requirements and Specifications**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Requested Materials
  - C-1 Audited Financial Statement and/or Sponsor or Parent Organization/Entity Information

**Tab XI****Price Proposal and Response Format**

- A. Interrogatory Responses
- B. Deviation Responses
- C. Price Proposal Responses
- D. Requested Materials
  - D-1 PBM's Current Retail Pharmacy Network (Appendix L)
  - D-2 PBM's Proposed Alternate Retail Pharmacy Network (Appendix M)
  - D-3 PBM's Specialty Drug Pricing (Appendix N)

**Tab XII****Additional Materials**

- A. ERSSync Guarantee
- B. Mail Order
- C. Litigation Disclosure
- D. Financial Exhibit