



State of Wisconsin
Department of Employee Trust Funds
 4822 Madison Yards Way
 Madison, WI 53705-9100
 P. O. Box 7931
 Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Compliance Audits for the State of Wisconsin
 Pharmacy Benefits Manager (PBM) Contract

Contract No./Request for Proposal No:

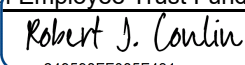
ETH0042

Authorized Board: State of Wisconsin Employee Trust Funds Board

Contract Period: January 1, 2020 and will extend unless and until either party gives the other one hundred eighty (180) days' notice of their intent to cancel this Contract.

1. This Contract is entered into by the State of Wisconsin Department of Employee Trust Funds (Department or ETF) on behalf of the State of Wisconsin Employee Trust Funds Board (Board), and PillarRx Consulting, LLC (Contractor), whose address and principal officer appear below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and Contractor agrees to supply the Contract requirements in accordance with the Department Terms and Conditions, and the documents specified in the order of precedence below, hereby made a part of this Contract by reference.
3. Contractor's audit of the State of Wisconsin Pharmacy Benefits Manager (PFM) Contract and shall not exceed \$113,000 per annual audit phase performed in accordance with services identified in this contract.
4. For purposes of administering this Contract, the order of precedence is:
 - (a) This Contract;
 - (b) Request for Proposal (RFP) ETH0042 dated October 17, 2018; and,
 - (c) Contractor's proposal dated November 21, 2018.

Contract Number & Service: ETH0042 Compliance Audits for the PBM Contract
 This Contract shall become effective upon the date of last signature below (the "Effective Date").

| | |
|--|---|
| State of Wisconsin Department of Employee Trust Funds | |
| Authorized Board: | State of Wisconsin Employee Trust Funds Board |
| By (Name): | Robert J. Conlin, Secretary Department of Employee Trust Funds |
| Signature: |  |
| Date of Signature: | 12/6/2019 |

| | |
|---|--|
| Contractor | |
| Legal Company Name: | PillarRx Consulting, LLC |
| Trade Name: | PillarRx Consulting, LLC |
| Taxpayer Identification Number: | 83-0714696 |
| Contractor Address (Street Address, City, State, Zip): | 10400 W. Innovation Dr. #105 Milwaukee, WI 53226 |
| Name & Title (print name and title of person authorized to legally sign for and bind Contractor): | Greg Rucinski, Executive Vice President |
| Signature: |  |
| Date of Signature: | 12/5/19 |
| Email: | greg.rucinski@pillarrx.com |
| Phone: | 414.302.9733 |

State of Wisconsin
Department of Employee Trust Funds
to the Contract for
Compliance Audit Services for Pharmacy Benefit Management (PBM)
ETH0042

The parties to this contract agree to the following:

I. Deliverables

- A. The Employer Group Waiver Plan (EGWP) Audit will be completed by Contractor fifteen (15) weeks from the receipt of the most recently submitted Prescription Drug Event (PDE) file provided by the PBM for the given Plan Year being Audited.
- B. Contractor will review 100% of the pharmacy and PDE claims processed during the specified project milestone timeline, including those claims associated with the High Deductible Health Plan (HDHP)
- C. Contractor will deliver an Annual Report of their audit findings to the Department to include at a minimum and as agreed to by the parties:
 - 1. An executive summary of audit findings
 - 2. A full report of audit findings
 - 3. All detailed documentation that supports each segment of the reported audit findings
- D. Communications between the Contractor and the Department
 - 1. The Contractor and the Department will conduct an official kick-off meeting prior to the start of a new plan year audit phase.
 - 2. The Contractor and the Department will conduct regularly scheduled check-in sessions to review audit status that will occur no less frequently than every two months.
- E. Fees invoiced by Contractor for the contracted PBM Audit Project and audit phase milestones are as follows:
 - 1. Calendar Year 2020 PBM audit. ETF Project Schedule and Fees
 - a) Start Date no later than 5/1/2020
 - b) End Date no later than 9/30/2020
 - c) Rebate Audit Reporting no later than 4/30/2021
 - d) Audit Segments:
 - (1) EGWP Program 2019
 - (2) Pricing and Plan Design Audit 2020 (ongoing), including:
 - a. Pricing (Rebates & Discounts) Guarantees Audit
 - b. Accumulator File Audit
 - (3) Pharmacy Network Audit 2019
 - (4) Rebate Audit 4th Quarter 2019
 - (5) Claims-To-Invoice Audit 2019
 - (6) Operation Review Audit 2019
 - e) Total Annual Fee of \$113,000 will be billed in quarterly installments of \$28,250, based on the following fee payment schedule:

| Quarter | Amount | Invoice Date | Payment Due Date |
|---------|----------|-------------------|--------------------|
| 1 | \$28,250 | March 1, 2020 | March 31, 2020 |
| 2 | \$28,250 | June 1, 2020 | June 30, 2020 |
| 3 | \$28,250 | September 1, 2020 | September 30, 2020 |
| 4 | \$28,250 | December 1, 2020 | December 31, 2020 |

- 2. Calendar Year 2021 PBM audit. ETF Project Schedule and Fees
 - a) Start Date no later than 5/1/2021
 - b) End Date no later than 9/30/2021
 - c) Rebate Audit Reporting no later than 4/30/2022
 - d) Audit Segments:
 - (1) EGWP Program 2020

- (2) Pricing and Plan Design Audit 2020 (ongoing), including:
 - a. Pricing (Rebates & Discounts) Guarantees Audit
 - b. Accumulator File Audit
- (3) Pharmacy Network Audit 2020
- (4) Rebate Audit 4th Quarter 2020
- (5) Claims-To-Invoice Audit 2020
- (6) Operation Review Audit 2020
- e) Total Annual Fee of \$113,000 will be billed in quarterly installments of \$28,250, based on the following fee payment schedule:

| Quarter | Amount | Invoice Date | Payment Due Date |
|---------|----------|-------------------|--------------------|
| 1 | \$28,250 | March 1, 2021 | March 31, 2021 |
| 2 | \$28,250 | June 1, 2021 | June 30, 2021 |
| 3 | \$28,250 | September 1, 2021 | September 30, 2021 |
| 4 | \$28,250 | December 1, 2021 | December 31, 2021 |

F. Pricing Guarantees Audit Segment

- 1. To aid the Department in determining whether pricing guarantees have been met, the Contractor will perform an audit of pricing guarantees that were agreed to by the PBM and the Department.
- 2. Pricing guarantees to be audited are associated with drug manufacturer rebates and drug pricing discounts.

G. Accumulator File Audit Segment

- 1. To ensure copays and accumulators associated with the HDHP are functioning in accordance with the benefit design, the Contractor will perform an audit of accumulator claims files provided by the PBM that shows when accumulators were credited with medical dollars and out-of-pocket limits (OOPs) were applied.
- 2. Contractor will also perform an audit of the accumulator files to check for compliance with Federal maximum out-of-pocket (MOOP) accumulations.

H. Contract Audit Segment Sampling Focus

- 1. Network Pharmacies – Contractor will audit the following network pharmacy contracts:
 - a) Top seven (7) chain pharmacies based on cost.
 - b) Top seven (7) chain pharmacies based on utilization.
 - c) Top seven (7) independent pharmacies based on cost.
 - d) Top seven (7) independent pharmacies based on utilization.
 - e) Eight (8) pharmacies that do not fall into one of the four categories above, selected by the Contractor, from a pool of pharmacies established by a review of cost and utilization trends, and as agreed to by the Department and the Contractor.
- 2. Manufacturer Rebates – Contractor will audit the following drug manufacturer rebate contracts:
 - a) Top three (3) drug manufacturer rebate contracts providing the greatest amount of rebate dollars for the commercial (non-Medicare) programs.
 - b) Top three (3) drug manufacturer rebate contracts providing the greatest amount of rebate dollars for the EGWP (Medicare) program.
 - c) Three (3) drug manufacturers that do not fall into one of the two categories above, selected by the Contractor, and as agreed to by the Department and the Contractor.

I. Claims-To-Invoice Audit Segment

- 1. Contractor will perform an audit of the accounting of invoices paid by the Department and the specific claims associated with the PBM's invoice.
- 2. The Contractor and the Department will mutually determine how invoices will be provided to the Contractor for this audit segment.

J. Operation Review Audit Segment

- 1. Contractor will perform an audit of the PBM's internal policies and procedures and review actual customer service results.
- 2. Contractor will report on PBM's ability to meet contractual performance standards and guarantees in a format agreed to by the Department and the Contractor.