

PEHP Report

Retirement & Independent Entity Report

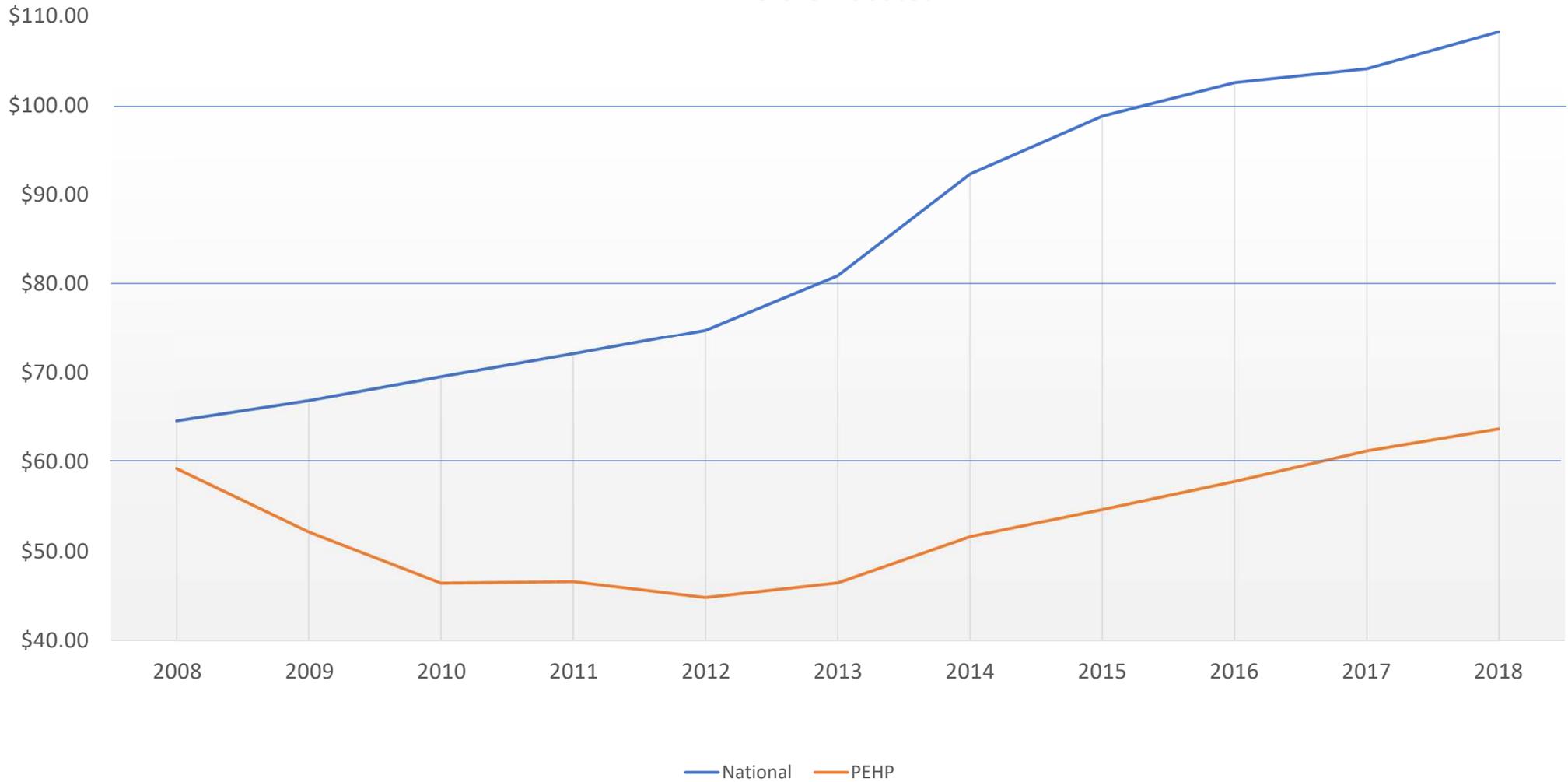
August 12, 2020

Audit Findings

- Traditional contract as lowest cost option
- Capturing & forwarding 100% of rebates
- Annual increase of 1.6% for audit period

PEHP vs. ESI Block of Business

PMPM Before Rebates



Total 10-Year Savings to the State



\$267,201,873

\$4,061,838

\$65.78

Audit Recommendations

1. Exercise onsite audit right & enhance other compliance activities
2. Strengthen contract terms
 - 340b pricing or rebate
 - Claim-level rebate transparency
 - Transparent bids on cost neutral basis
 - Eliminate first right of refusal
 - Point-of-sale rebates based on cost sharing