Pharmacy Benefit Manager (PBM)
Process Update

Tuesday, August 11, 2026

GASTON COUNTY

Agenda

- Historical Perspective
- Request for Proposal (RFP) Process
  - Notification
  - Evaluation
  - Recommendation
- Post-RFP
  - Revised Proposal
  - Challenges

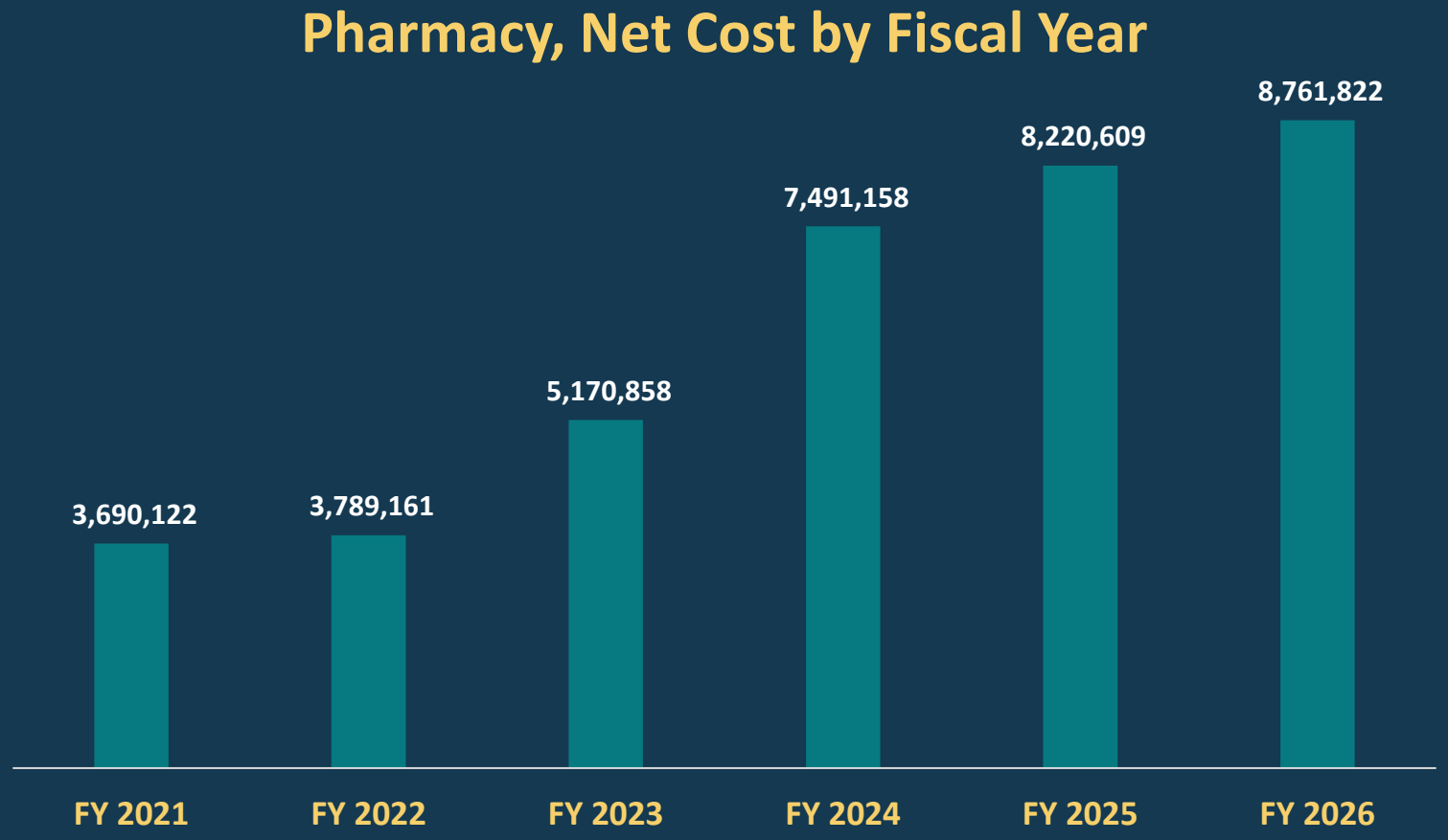
What is a PBM?

A PBM is a third-party company that acts as a middleman between health insurance plans, drug makers, and pharmacies. Primary duties include:

- Formulary creation
- Rebate negotiation
- Network setup
- Claim processing

Historical Perspective

Plan membership has remained steady since FY2021



Historical Perspective

What is driving the cost increase?

- FY 2024: Switch from Kintegra to Atrium
- Rising costs
  - High claimants
  - Specialty drug utilization
  - GLP-1 utilization

Historical Perspective – Rising Costs

Specialty Drugs

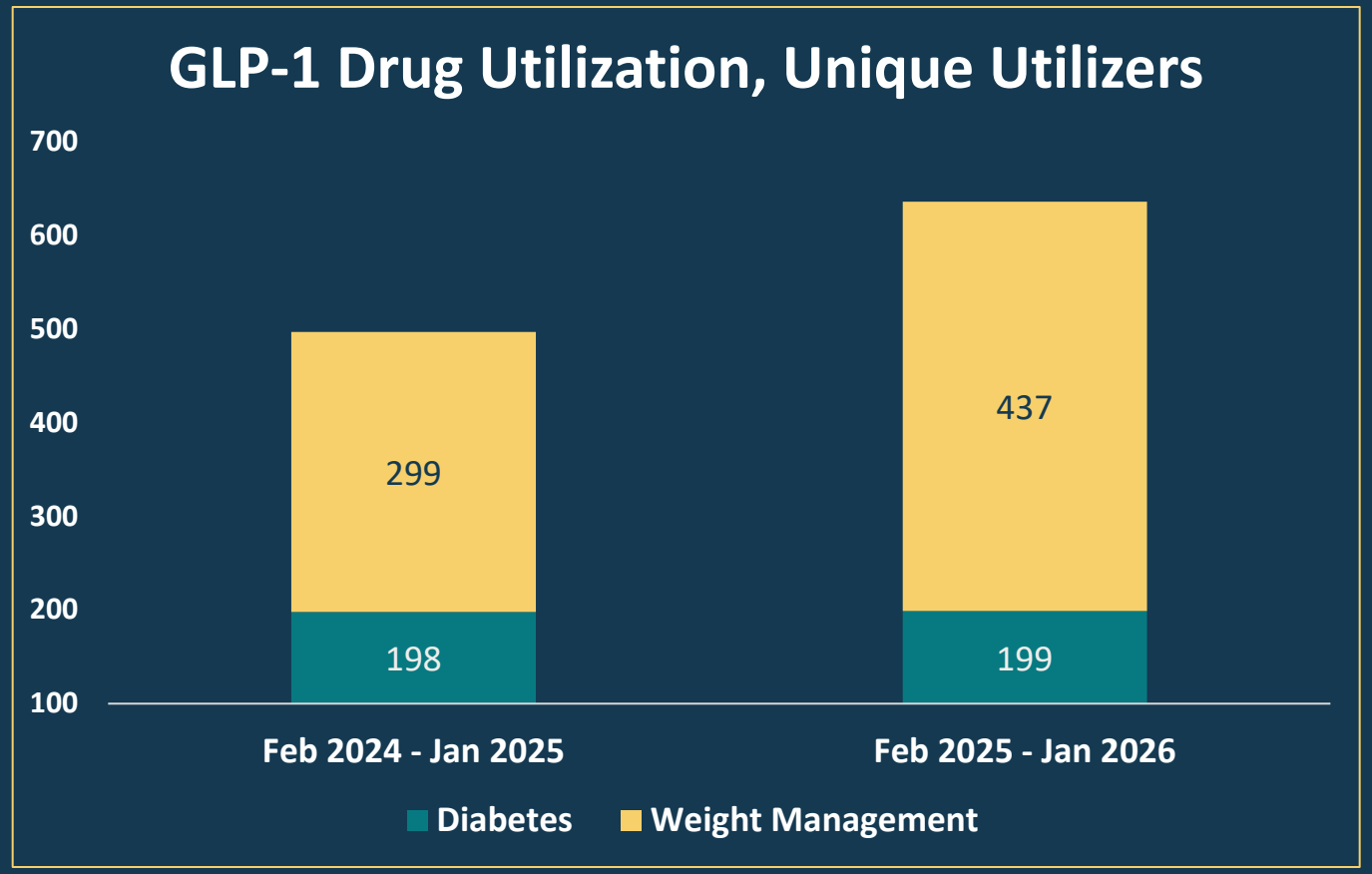
- 2.5% of our plan population had a prescription in most recent year
- 0.8% of all scripts; 33% of total drug costs
- Drug cost is the primary driver

Traditional Drugs

- Weight management and diabetes increases in most recent year
- 99.2% of all scripts; 67% of total drug costs
- Volume of scripts is the driver

Historical Perspective – Rising Costs

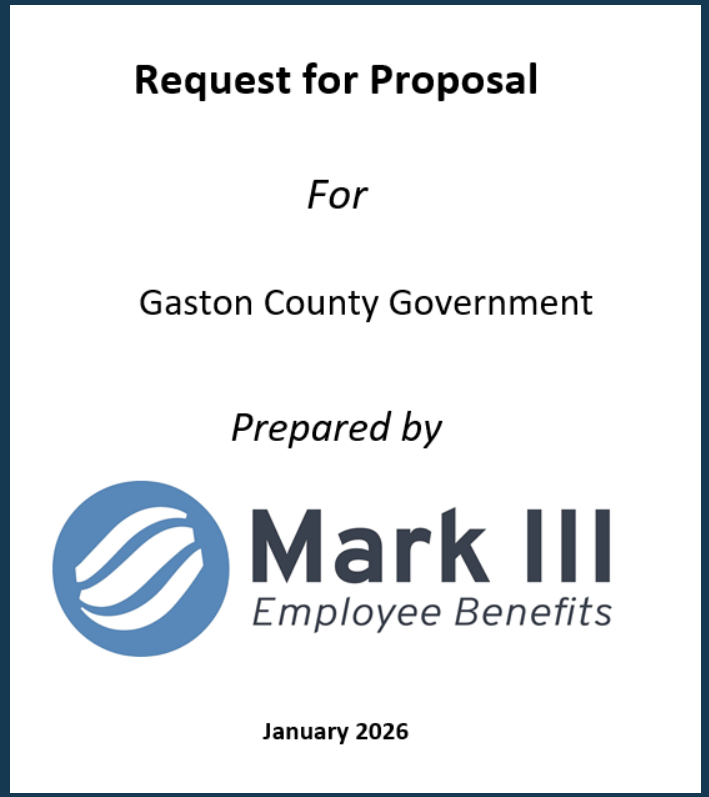
Review Period	Total Paid, GLP-1
Feb 2024 – Jan 2025	$2,825,259
Feb 2025 – Jan 2026	$5,427,754
Increase	**$2,602,495**



RFP Process - Notification

Mark III acts as the County's consultant related to our self-insurance plan

- Managed the PBM RFP process
- Issued RFP January 5, 2026
- Responses were due January 28, 2026
- Contract award: 3 years, two 1-year renewals



RFP Process - Evaluation

The County established a team to evaluate proposals from prospective vendors, with Mark III leading the process.

- Representatives: County Manager's Office, Human Resources, Public Health, Budget, and Finance
- First evaluation meeting was March 13, 2026
- Vendor presentations were March 31 – April 1, 2026

2026 – 2027 Pharmacy Contract Bid

PBM Repricing Summary		Prime Therapeutics - 2025 PY	Prime Therapeutics - 2026 PY	ESI - 2026 PY	CVS - 2026 PY	Liviniti - 2026 PY	Liviniti/RxCompass - 2026 PY*
Contract Type		**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**
Total Claims Gross Drug Cost (Repriced Claims 10/1/24 - 9/30/25)		$13,805,853	$13,667,794	$13,656,331	$13,369,556	$12,812,897	$12,812,897
PEPM		*$663.49*	*$656.85*	*$656.30*	*$642.52*	*$615.77*	*$615.77*
PMPM		*$375.24*	*$371.49*	*$371.18*	*$363.38*	*$348.25*	*$348.25*
(+) Dispensing fee (+) Admin Fees		$129,898	$131,210	$235,402	$267,840	$396,480	$708,600
(-) Member paid (Estimated Forecast)		$1,104,468	$1,093,424	$1,092,506	$1,069,564	$1,025,032	$1,025,032
(-) Variable Copay		$0	$0	$0	$0	$0	$482,733
(-) TeleSaver Rx		$0	$0	$0	$0	$0	$243,754
(-) Rebates (Estimated Forecast)		$5,445,754	$5,657,158	$5,237,991	$5,532,029	$4,260,570	$4,260,570
(-) International Sourcing		$0	$0	$0	$0	$0	$1,114,678
(-) PAP Sourcing		$0	$0	$0	$0	$0	$218,839
Historical Net Rx Spend (Less Member Cost, Less Rebates)		**$7,385,528**	**$7,048,422**	**$7,561,235**	**$7,035,802**	**$7,923,775**	**$6,175,891**
PEPM		*$354.94*	*$338.74*	*$363.38*	*$338.13*	*$380.80*	*$296.80*
PMPM		*$200.74*	*$191.57*	*$205.51*	*$191.23*	*$215.37*	*$167.86*
Predicted Net Rx Spend (Trended Claims, Less Member Cost, Less Rebates)	**13.00%**		**$9,467,429**	**$9,978,213**	**$9,402,025**	**$10,191,477**	**$8,443,593**
PEPM			*$454.99*	*$479.54*	*$451.85*	*$489.79*	*$405.79*
PMPM			*$257.32*	*$271.21*	*$255.55*	*$277.00*	*$229.50*
Rebate Credit Loss **Due to termination of Blue Cross NC Pharmacy Contract*				***$2,722,877***	***$2,722,877***	***$2,722,877***	***$2,722,877***
Total Net Forecasted Cost			**$9,467,429**	**$12,701,090**	**$12,124,902**	**$12,914,354**	**$11,166,470**

Eligible Employees	***1,734***
Eligible Members	***3,066***

**Liviniti RxCompass illustrated savings are net of rebate loss for alternative sourcing strategy.*
***ESI is offering a transition fund of $20 per member (~$60k).*
***CVS is offering a transition fund of $5 per member (~$15k).*
****Does not include any additional fees charged by Blue Cross NC due to carveout of pharmacy benefit services.*

RFP Process - Recommendation

RFP Evaluation Team recommended the County stay with current PBM, Prime, and reassess after new plan year

- Prime was lowest cost, when factoring in rebate credit loss
- Established relationship
- Uncertainty around plan changes (prior to budget adoption)
- Simultaneous broker RFP

Post RFP Process – Revised Proposal

Liviniti reached out to Mark III in late April 2026 with a revised proposal

- BCBSNC agreed to an integration concession
  - BCBSNC had to obtain special approval
  - Decision required by April 30, 2026
- Liviniti improved financial terms to offset fee increases
  - Liviniti funds integration cost
  - BCBSNC waived a contractual rebate loss provision

2026 – 2027 Pharmacy Contract Bid – Revision

PBM Repricing Summary		Prime Therapeutics - 2025 PY	Prime Therapeutics - 2026 PY	ESI - 2026 PY	CVS - 2026 PY	Liviniti - 2026 PY	Liviniti/RxCompass - 2026 PY*
Contract Type		**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**	**NDCLevelContract**
Total Claims Gross Drug Cost (Repriced Claims 10/1/24 - 9/30/25)		$13,805,853	$13,667,794	$13,656,331	$13,369,556	$12,300,381	$12,300,381
PEPM		*$663.49*	*$656.85*	*$656.30*	*$642.52*	*$591.14*	*$591.14*
PMPM		*$375.24*	*$371.49*	*$371.18*	*$363.38*	*$334.32*	*$334.32*
(+) Dispensing fee (+) Admin Fees		$141,926	$143,360	$235,402	$267,840	$441,280	$753,400
(-) Member paid (Estimated Forecast)		$1,104,468	$1,093,424	$1,092,506	$1,069,564	$1,076,283	$984,030
(-) Variable Copay		$0	$0	$0	$0	$0	$482,733
(-) TeleSaver Rx		$0	$0	$0	$0	$0	$243,754
(-) Rebates (Estimated Forecast)		$5,445,754	$5,657,158	$5,237,991	$5,532,029	$4,472,834	$4,472,834
(-) International Sourcing		$0	$0	$0	$0	$0	$1,114,678
(-) PAP Sourcing		$0	$0	$0	$0	$0	$218,839
Historical Net Rx Spend (Less Member Cost, Less Rebates)		**$7,397,556**	**$7,060,572**	**$7,561,235**	**$7,035,802**	**$7,192,544**	**$5,536,913**
PEPM		*$355.52*	*$339.32*	*$363.38*	*$338.13*	*$345.66*	*$266.10*
PMPM		*$201.06*	*$191.91*	*$205.51*	*$191.23*	*$195.49*	*$150.49*
Predicted Net Rx Spend (Trended Claims, Less Member Cost, Less Rebates, Other)	**13.00%**		**$9,479,579**	**$9,978,213**	**$9,402,025**	**$9,369,538**	**$7,713,907**
PEPM			*$455.57*	*$479.54*	*$451.85*	*$450.29*	*$370.72*
PMPM			*$257.65*	*$271.21*	*$255.55*	*$254.66*	*$209.66*
Rebate Credit Loss				***$0***	***$0***	***$0***	***$0***
**Due to termination of Blue Cross NC Pharmacy Contract*							
Blue Cross NC Rx Carveout Fee				***$208,080***	***$208,080***	***$208,080***	***$208,080***
**$10 PEPM*							
Total Net Forecasted Cost			**$9,479,579**	**$10,186,293**	**$9,610,105**	**$9,577,618**	**$7,921,987**

Eligible Employees	***1,734***
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Post RFP Process - Challenges

What are the current challenges?

- Integration Timeline
- Potential for major disruption to employees and retirees
- Proposals were based off prior formulary
  - Majority of GLP-1 excluded 10/1/2026

Questions?