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# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

25 Capitol Street

Concord, New Hampshire 03301

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Charles M. Arlinghaus  
Commissioner

Catherine A. Keane  
Deputy Commissioner

Sheri L. Rockburn  
Assistant Commissioner

August 28, 2025

Her Excellency, Governor Kelly A. Ayotte  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

### REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits (Risk), to amend an existing contract with Express Scripts, Inc., (Express Scripts) (VC# 169747), One Express Way, Saint Louis, Missouri 63121 in the approximate amount of \$4,100,000, decreasing the contract price limitation from \$386,790,000 to an amount not to exceed \$382,690,000 for the administration of the prescription drug benefits provided to state employees and retirees pursuant to RSA 21-I:30 and, with respect to employees, consistent with state collective bargaining agreements. The original contract was approved by Governor and Executive Council on October 13, 2021, (tabled item #89, tabled at 9/15/2021 G&C meeting) cover letter attached. The first amendment was approved by G&C on November 29, 2023, (Item #106) cover letter attached. The second amendment was approved by G&C on September 25, 2024, (Item #183) cover letter attached. This third amendment will become effective upon Governor and Executive Council approval through December 31, 2026. Approximately 38% General funds, 13% Federal Funds, 3% Enterprise funds, 11% Highway funds, 1% Turnpike funds and 34% Other.

Funds to support this request are available in FY2026 and are anticipated to be available in FY2027 upon the availability and continued appropriation of funds in the current operating budget, with the ability to adjust encumbrances between State Fiscal Years through the Budget Office, if needed and justified.

#### Pharmacy Costs

01-14-14-140560-66000000 – Actives; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment Increase/(Decrease) Amount	Total
2022	\$15,871,000		\$15,871,000
2023	\$32,536,000		\$32,536,000
2024	\$33,330,000		\$33,330,000
2025	\$49,345,000		\$49,345,000
2026	\$70,706,000	(\$1,777,000)	\$68,929,000
2027	\$37,839,000	(\$1,777,000)	\$36,062,000

<b>Total</b>	<b>\$239,627,000</b>	<b>(\$3,554,000)</b>	<b>\$236,073,000</b>
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01-14-14-140560-66600000 -Troopers; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment Increase/(Decrease) Amount	Total
2022	\$550,000		\$550,000
2023	\$1,130,000		\$1,130,000
2024	\$1,010,000		\$1,010,000
2025	\$648,000		\$648,000
2026	\$321,000	(\$14,000)	\$307,000
2027	\$172,000	(\$14,000)	\$158,000
<b>Total</b>	<b>\$3,831,000</b>	<b>(\$28,000)</b>	<b>\$3,803,000</b>

01-14-14-140560-66500000 - Retirees; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment Increase/(Decrease) Amount	Total
2022	\$18,638,000		\$18,638,000
2023	\$38,407,000		\$38,407,000
2024	\$40,718,000		\$40,718,000
2025	\$26,751,000		\$26,751,000
2026	\$12,268,000	(\$259,000)	\$12,009,000
2027	\$6,550,000	(\$259,000)	\$6,291,000
<b>Total</b>	<b>\$143,332,000</b>	<b>(\$518,000)</b>	<b>\$142,814,000</b>

Total All Groups

State Fiscal Year	Current Contract	Amendment Increase/(Decrease) Amount	Total
2022	\$35,059,000		\$35,059,000
2023	\$72,073,000		\$72,073,000
2024	\$75,058,000		\$75,058,000
2025	\$76,744,000		\$76,744,000
2026	\$83,295,000	(\$2,050,000)	\$81,245,000
2027	\$44,561,000	(\$2,050,000)	\$42,511,000
<b>Total</b>	<b>\$386,790,000</b>	<b>(\$4,100,000)</b>	<b>\$382,690,000</b>

**EXPLANATION**

The DAS Commissioner is authorized, pursuant to RSA 21-1:28, to enter into contracts with "any organization necessary to administer and provide a health plan." The original contract with Express Scripts

was the result of a reverse auction procurement and was approved by Governor and Executive Council on October 13, 2021, (tabled item #89, tabled at 9/15/2021 G&C meeting).

On November 29, 2023, the G&C approved (Item #106) the first amendment to the Express Scripts contract to decrease the contract price limitation by approximately \$2M as the result of a market check that refreshed terms and definitions related to rebate and discount guarantees for plan years 2023 and 2024. DAS performed the market check with assistance from the State Health Benefit Plan's (HBP) PBM technology services provider, Milliman, Inc (Milliman).

On September 25, 2024, the G&C approved (Item #183) the second amendment to the Express Scripts contract to extend the term of the contract two additional years adjusting the contract end date from December 31, 2024 to the current end date of December 31, 2026 and refine definitions to ensure rebate maximization. DAS added language in this amendment that permitted the State to conduct an annual review to assess whether its financial terms remain competitive with those available in the marketplace.

This third amendment to the Express Scripts (ESI) contract is for DAS to decrease the contract price limitation of the current PBM services contract by \$4.1M as a result of a market check. DAS exercised its option to perform a market check in response to ESI announcing two new programs: EnReachRx, a home-grown retail pharmacy solution and EnGuide, an ESI owned mail order pharmacy. Both programs address the national supply shortages of glucagon-like peptide-1 (GLP-1) medications currently FDA approved to treat Type-2 diabetes, and related cardiovascular (CV) disease, and liver disease (CKD) as well as metabolic dysfunction-associated steatohepatitis (MASH), and weight loss. The State HBP does not cover GLP-1 medications for weight loss. If the State opted out of the two ESI programs, 62% of the Type-2 diabetic patients taking GLP-1 medications would experience service disruption and could no longer use mail order to obtain their medications. If the State opted into the GLP-1 programs, the HBP is eligible for additional discount guarantees for GLP-1 medications filled at EnReachRx and EnGuide network pharmacies but is also subject to professional services fees to cover the cost of the enhanced patient outreach and education anticipated to contain costs through less waste and medication adherence.

By performing the market check and ensuring the most current and competitive contract terms, DAS was able to secure savings to more than offset the program fees for the final year of the PBM contract while continuing to provide the same quality pharmacy benefits to State employees and non-Medicare retirees. Based on the foregoing, I am respectfully recommending approval of the contract amendment with Express Scripts, Inc.

DAS has determined that Express Scripts, Inc. is in good standing with the Secretary of State's Office, has secured the required levels of insurance, and has provided evidence of authority to execute and be bound by the contract amendment. Documents supporting these assertions are available at DAS, for review upon request.

Respectfully submitted,



Charles M. Arlinghaus

**THIRD AMENDMENT TO THE AGREEMENT  
BETWEEN EXPRESS SCRIPTS, INC.  
AND  
THE STATE OF NEW HAMPSHIRE, DEPARTMENT OF ADMINISTRATIVE SERVICES,  
PHARMACY BENEFIT MANAGEMENT SERVICES**

This THIRD AMENDMENT (the "Amendment") is effective as of Governor and Executive Council approval with a start date of January 1, 2026, and is entered into by and between Express Scripts, Inc. ("ESI"), and State of New Hampshire ("Sponsor").

RECITALS

- A. WHEREAS, ESI and Sponsor are parties to a Pharmacy Benefit Management Agreement dated as of January 1, 2022, as amended from time to time (the "Agreement"), pursuant to which ESI provides certain prescription drug benefit management services to Sponsor; and
- B. WHEREAS, pursuant to Section 17 of the P-37, and Exhibit C-1 Section 3 of the Agreement, ESI and Sponsor may amend the Agreement by an instrument in writing signed by the parties hereto and only after approval by the Governor and Executive Council; and.
- C. WHEREAS, Sponsor and ESI desire to update and amend the Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and obligations contained herein, and for other good and valuable consideration, the parties hereto agree as follows:

TERMS OF AMENDMENT

- 1. Definitions. For purposes of this Amendment, any capitalized term not otherwise defined herein shall have the meaning set forth in the Agreement.
- 2. Definitions. The definition of "340B Claims" in paragraph 1.56 of Exhibit B-1 to the Agreement is hereby deleted in its entirety and replaced with the following definition:
  - 1.56 "340B Claims" means: (i) claims submitted by 340B contracted pharmacies that adjudicate at a 340B price or are submitted with a submission clarification code of "20" or such equivalent codes for such Participating Pharmacies under the applicable NCPDP format (or any successor format); or (ii) claims submitted by a 340B covered entity-owned or 340B contracted pharmacies which are categorized as Type 39 (or such equivalent codes) in the NCPDP DataQ database or otherwise identified as a 340B Claim by the dispensing pharmacy; or (iii) claims identified as a 340B Claim by a third party administrator.
- 3. Definitions. A new definition of "Over-the-Counter" or "OTC" Claims is hereby added to Article 1 of Exhibit B-1 to the Agreement.
  - 1.57 Over-the-Counter" or "OTC" Claim(s) means a Claim for items adjudicated under the prescription drug benefit that is identified as "O" and "Q" using industry standard coding through First Data Bank or has an RX required code of "O".

4. Pharmacy Management Fund ("PMF"). Section 3.a in Exhibit C-1 of the Agreement is hereby replaced and updated as follows:

**PHARMACY MANAGEMENT FUND ("PMF")**

- a. ESI will provide an additional \$150,000.00 implemented as of the Effective Date, to reimburse the actual, fair market value of: (i) expense items and services related to transitioning, administering, and implementing the pharmacy benefit with ESI initially and throughout the term, such as, custom ID Cards, IT programming, custom formulary letters, member communications, and benefit set-up quality assurance; and/or (ii) mutually agreed upon expense items and services related to implementation of additional clinical or other similar programs provided by ESI throughout the Term; in either case subject to submission of adequate documentation to support reimbursement within 180 days of incurring the applicable expense. Both Sponsor and ESI (upon agreement from Sponsor) may use the PMF to cover the fair market value of expenses for projects requiring joint resources. All reimbursement under the PMF is subject to ESI's standard PMF business practices for all clients.
5. Participating Pharmacy and ESI Mail Pharmacy Average Aggregate Annual Ingredient Cost and Dispensing Fee Guarantees (Does Not Apply to Specialty Products). The tables in Section 2 in Exhibit C-2 of the Agreement are hereby replaced and updated as follows:

**2.1 Ingredient Cost and Dispensing Fee Guarantees**

- a. ESI National Plus Network

National Plus Standard		1-83 Days' Supply	84-90 Days' Supply
Brands	Average Annual Ingredient Cost Guarantee	AWP-19.50%	AWP-21.00%
	Dispensing Fee/Rx Guarantee	\$0.50	\$0.50
Generics	Average Annual Ingredient Cost Guarantee	AWP-89.00%	AWP-90.00%
	Dispensing Fee/Rx Guarantee	\$0.50	\$0.50

**2.2 ESI Mail Pharmacy Ingredient Cost and Dispensing Fee Guarantees**

- a. Ingredient Cost and Dispensing Fee Guarantees

ESI Mail Pharmacy		
Brands	Average Annual Ingredient Cost Guarantee	AWP-25.15%
	Dispensing Fee/Rx Guarantee †	\$0.00
Generics	Average Annual Ingredient Cost Guarantee	AWP-91.00%
	Dispensing Fee/Rx Guarantee †	\$0.00

†Dispensing fee guarantees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the dispensing fee guarantee will not be increased to reflect such increase(s).

**2.3 EnReachRx<sup>(SM)</sup> Ingredient Cost Guarantees**

- a. EnReachRx<sup>(SM)</sup> - Retail Pharmacies (For Applicable Networks)

Ingredient Cost	AWP-19.75%
Dispensing Fee/Rx	\$0.00
Professional Service Fee / Rx	\$25.00

b. **Evernorth EnGuide<sup>(SM)</sup> Pharmacy**

<b>Ingredient Cost</b>	AWP-20.00%
<b>Dispensing Fee/Rx</b>	\$0.00
<b>Professional Service Fee / Rx</b>	\$25.00
<b>Shipping Fee / Rx <sup>†</sup></b>	\$10.00

<sup>†</sup>Shipping Fees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the Shipping Fee will not be increased to reflect such increase(s).

6. **Specialty Producing Pricing.** The tables in Section 3.2 in Exhibit C-2 of the Agreement are hereby replaced and updated as follows:

**Average Annual Ingredient Cost and Dispensing Fee Guarantees.** The following pricing guarantees shall apply to Specialty Products.

<b>ESI Specialty Pharmacy<sup>*</sup></b>	
<b>State of New Hampshire</b>	<b>Exclusive <sup>†</sup></b>
<b>Average Annual Ingredient Cost Guarantee</b>	AWP-22.50%
<b>Dispensing Fee/Rx Guarantee<sup>§</sup></b>	\$0.00

<sup>\*</sup> In addition to the general exclusions identified in this Agreement, all non-Specialty Products are excluded from this guarantee. Claims not dispensed through the ESI Specialty Pharmacy are also excluded from this guarantee.

<sup>†</sup>This guarantee shall only apply to Plans for which the ESI Specialty Pharmacy is the exclusive pharmacy that may fill Specialty Products for Members, other than Exclusive or Limited Distribution Products not available at the ESI Specialty Pharmacy.

<sup>§</sup>Dispensing fee guarantees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the dispensing fee guarantee will not be increased to reflect such increase(s).

<b>Participating Pharmacy<sup>*</sup></b>	
<b>State of New Hampshire</b>	<b>Exclusive <sup>†</sup></b>
<b>Average Annual Ingredient Cost Guarantee</b>	AWP-22.50%
<b>Dispensing Fee/Rx Guarantee</b>	\$0.50

<sup>\*</sup> In addition to the general exclusions identified in this Agreement, all non-Specialty Products are excluded from this guarantee.

<sup>†</sup>This guarantee shall only apply to Plans for which the ESI Specialty Pharmacy is the exclusive pharmacy that may fill Specialty Products for Members, other than Exclusive or Limited Distribution Products not available at the ESI Specialty Pharmacy.

7. **Calculation of Ingredient Cost Guarantees.** Section 5.1 in Exhibit C-2 of the Agreement is hereby updated and replaced as follows:

**Calculation of Ingredient Cost Guarantees.** ESI will guarantee an average aggregate annual discounts to the State to be calculated as follows:

[1-(total discounted AWP ingredient cost excluding dispensing fees and ancillary charges, and prior to application of Copayments and includes pharmacy performance payments) of applicable Prescription Drug Claims for the annual period divided by total undiscounted AWP ingredient cost (both amounts will be calculated as of the date of adjudication) for

ESI Initials: DB  
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Date: 08/11/2025 | 9:04 AM EDT

the annual period)]. Discounted ingredient cost will be the lesser of MAC (as applicable), U&C or AWP discount.

An ancillary charge, or member pay the difference claims, are claims filled with the Brand NDC. Although the ingredient cost is reflective of the brand, after the ancillary charge (or brand/generic difference) is assessed to the member, the Sponsor's cost share appropriately reflects the generic cost. As such, ESI reduces the ingredient cost by these ancillary claims in the guarantee calculations.

8. Exclusions. Section 5.5 in Exhibit C-2 of the Agreement is hereby replaced and updated as follows:

Exclusions
Specialty Product (other than Specialty guarantees, if any)
Coordination of Benefit Claims (COB)
No bill/no remit claims
340B Claims
COVID vaccines, test kits, and therapeutics (e.g., antivirals)
Subrogation Claims
Claims dispensed through Sponsor-owned, in-house, or on-site pharmacies
Member Submitted Claims
compounds
OTCs (except for insulin syringes and diabetic supplies (e.g., test strips)
Vaccine Claim
Veteran Claims
DMR Claims
Claims where pharmacy reimbursement is determined by law, not ESI's contract with the provider (applicable to dispensing fee guarantees only)

9. **Non-Specialty Rebate Amounts.** Section 1.1.a in Exhibit C-3 of the Agreement is hereby replaced and updated as follows:

- a. 100% of the Rebates and Manufacturer Administrative Fees received by ESI; or subject to Sponsor meeting the Plan design conditions identified in the table below, the following guaranteed amounts:

Formulary:	National Preferred (NPF) - NPF without encircle		
	Participating Pharmacies		ESI Mail Pharmacy
Days' Supply	1-83	84-90	All Days' Supply
per Brand Drug Claim (non-Specialty Products)	\$470.00	\$1,310.00	\$1,310.00

  

Formulary:	Evernorth EnGuide <sup>(SM)</sup> Pharmacy	
	1-34	35-90
per Brand Drug Claim (non-Specialty Products)	\$470.00	\$1,310.00

Formulary:	National Preferred (NPF) - NPF with encircle		
	Participating Pharmacies		ESI Mail Pharmacy
Days' Supply	1-83	84-90	All Days' Supply
per Brand Drug Claim (non-Specialty Products)	\$430.00	\$1,220.00	\$1,220.00

  

	Evernorth EnGuide <sup>(SM)</sup> Pharmacy	
Days' Supply	1-34	35-90
per Brand Drug Claim (non-Specialty Products)	\$430.00	\$1,220.00

10. **Rebate Payment Terms.** Section 1.2.a in Exhibit C-3 of the Agreement is hereby replaced and updated as follows:

- a. Subject to the conditions set forth herein, ESI shall pay Sponsor the guaranteed amounts set forth above reduced by the Rebate Credit (defined herein) for Covered Drugs impacted by the American Rescue Plan Act of 2021, during each calendar quarter hereunder within approximately ninety (90) days following the end of such calendar quarter.
  - i. Definitions applicable to 1.2(a)
    - a. "Affected Drugs" means drugs that have been subject to a price reduction as a result of implementation of the American Rescue Plan Act of 2021.
    - b. "Anchor Date Rebate" is defined as the Rebate (or the equivalent) for an impacted drug within the 30-day period preceding the change in price of such drug.
    - c. "Biosimilar Product" means a "biosimilar" biological product as defined in the Biologics Price Competition and Innovation Act of 2009 at 42 U.S.C. §262(i)(2) and approved under Section 351(k) of the Public Health Services Act, unless otherwise defined in the PBM Agreement.
    - d. "Inflationary Factor" is defined as the average year-over-year price increase of the applicable category for the impacted drug.
    - e. "Low List Price Biosimilar Product" means a Biosimilar Product with a wholesale acquisition cost that: (i) has decreased by at least 25%; or (ii) is at least 25% less than the Reference Product, or the Standard List Price Biosimilar Product, if applicable.
    - f. "New Rebate" is defined as the Rebate (or the equivalent) for an impacted drug within the 30-day period following the change in price of such drug.
    - g. "Rebate Credit" means:
      - i. The aggregate difference between the Anchor Date Rebate plus an Inflationary Factor, and the New Rebate, for the Affected Drugs; and
      - ii. The aggregate difference between (i) the Rebate (or the equivalent) applied to the Reference Product and (ii) the Rebate (or the equivalent) applied to the Low List Price Biosimilar Product; provided, however, that if the Reference Product exits the market, ceases contracting or is, or becomes, non-formulary, the Standard List Price Biosimilar Product (defined herein) will apply in lieu of the Reference Product in (i) above. "Reference Product" means a biological product as defined in 42 U.S.C. §262(i)(4).
    - h. "Reference Product" means a biological product as defined in 42 U.S.C. §262(i)(4).

- i. "Standard List Price Biosimilar Product" means a Biosimilar Product with a wholesale acquisition cost that is comparable to the wholesale acquisition cost of the Reference Product.
  - b. Following the close of 2026, within one-hundred twenty (120) days of the end of the contract year, ESI shall re-calculate and reconcile to the correct amount for actual manufacturer rebate loss that resulted from the implementation of the Encircle program to any rebate guarantee adjustments made during that contract year as a result of Encircle. The actual rebate loss is the difference between the manufacturer rebates received for the scripts dispensed or dropped with the Encircle program versus what the manufacturer rebates would have been for the scripts dispensed if the Encircle program had not been implemented. This step will be taken to ensure that the adjustments made were equitable to the amount of invoiced rebate dollars lost as a result of the change.
11. **Specialty Rebate Amounts.** Section 2.1.a in Exhibit C-3 of the Agreement is hereby replaced and updated as follows:

- a. 100% of the Rebates and Manufacturer Administrative Fees received by ESI; or subject to Sponsor meeting the Plan design conditions identified in the table below, the following guaranteed amounts:

Formulary:	National Preferred (NPF)	
	Participating Pharmacies	ESI Specialty Pharmacy
per Brand Drug Claim (Specialty Products)	\$7,100.00	\$7,100.00

12. **Rebate Payment Terms.** Section 2.2.a in Exhibit C-3 of the Agreement is hereby replaced and updated as follows:

- b. Subject to the conditions set forth herein, ESI shall pay Sponsor the guaranteed amounts set forth above reduced by the Rebate Credit (defined herein) for Covered Drugs impacted by the American Rescue Plan Act of 2021, during each calendar quarter hereunder within approximately ninety (90) days following the end of such calendar quarter.
  - i. Definitions applicable to 1.2(a)
    - a. "Affected Drugs" means drugs that have been subject to a price reduction as a result of implementation of the American Rescue Plan Act of 2021.
    - b. "Anchor Date Rebate" is defined as the Rebate (or the equivalent) for an impacted drug within the 30-day period preceding the change in price of such drug.
    - c. "Biosimilar Product" means a "biosimilar" biological product as defined in the Biologics Price Competition and Innovation Act of 2009 at 42 U.S.C. §262(i)(2) and approved under Section 351(k) of the Public Health Services Act, unless otherwise defined in the PBM Agreement.
    - d. "Inflationary Factor" is defined as the average year-over-year price increase of the applicable category for the impacted drug.
    - e. "Low List Price Biosimilar Product" means a Biosimilar Product with a wholesale acquisition cost that: (i) has decreased by at least 25%; or (ii) is at least 25% less than the Reference Product, or the Standard List Price Biosimilar Product, if applicable.
    - f. "New Rebate" is defined as the Rebate (or the equivalent) for an impacted drug within the 30-day period following the change in price of such drug.
    - g. "Rebate Credit" means:

- i. The aggregate difference between the Anchor Date Rebate plus an Inflationary Factor, and the New Rebate, for the Affected Drugs; and
- ii. The aggregate difference between (i) the Rebate (or the equivalent) applied to the Reference Product and (ii) the Rebate (or the equivalent) applied to the Low List Price Biosimilar Product; provided, however, that if the Reference Product exits the market, ceases contracting or is, or becomes, non-formulary, the Standard List Price Biosimilar Product (defined herein) will apply in lieu of the Reference Product in (i) above. "Reference Product" means a biological product as defined in 42 U.S.C. §262(i)(4).
- h. "Reference Product" means a biological product as defined in 42 U.S.C. §262(i)(4).
- i. "Standard List Price Biosimilar Product" means a Biosimilar Product with a wholesale acquisition cost that is comparable to the wholesale acquisition cost of the Reference Product.

13. Exclusions. Section 3.2 in Exhibit C-3 of the Agreement is hereby replaced and updated as follows:

Exclusions
Specialty Product (other than Specialty guarantees, if any)
Member Submitted Claims
Subrogation Claims
COVID vaccines, test kits, and therapeutics (e.g., antivirals)
Vaccine Claim
OTCs (except for insulin syringes and diabetic supplies (e.g., test strips)
Claims older than 180 days
Claims through Sponsor-owned, in-house, or on-site pharmacies
340B Claims
Coordination of Benefit Claims (COB)
Compounds
Claims pursuant to a 100% Member Copayment plan
DMR Claims

14. Administrative Services and Clinical Program – Additional Services. EnCircleRx pricing is hereby added to the Additional Services section of Exhibit C-4 as follows:

EncircleRx	Program Cost – Diabetes Only
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- 15. Financial Disclosure Statement. Addendum C of the Agreement is hereby replaced and updated with the Financial Disclosure to PBM Clients attached as Addendum C hereto.
- 16. EnReachRx<sup>SM</sup> Terms and Conditions. Addendum E is hereby added as a new addendum as attached hereto.
- 17. EnCircleRx<sup>SM</sup> Terms and Conditions. Addendum F is hereby added as a new addendum as attached hereto.
- 18. Effect of Amendment. Except as expressly provided herein, the terms and conditions of the Agreement shall remain in full force and effect. In the event of a conflict between this Amendment and the Agreement, the terms of this Amendment shall prevail.

IN WITNESS WHEREOF, the undersigned have executed this Pharmacy Benefit Management Agreement as of the day and year below set forth.

EXPRESS SCRIPTS, INC.

STATE OF NEW HAMPSHIRE

By: <sup>DocuSigned by:</sup> Frank Gentilella  
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By: Charles M. Arlinghaus

Printed Name: Frank Gentilella

Printed Name: Charles M. Arlinghaus

Title: Vice President/General Manager - Express-Scripts

Title: Commissioner, DAS

Date: 08/11/2025 | 9:04 AM EDT

Date: 8/26/25

Approved by the Attorney General (Form, Substance, and Execution)

Department of Justice Signature: Christen Lavers

Name and Title of DOJ Signatory: Christen Lavers, Sr. Assistant Attorney General

Date: 8/27/25

Approved by the Governor and Executive Council of the State of New Hampshire on: \_\_\_\_\_

item # \_\_\_\_\_

Office of the Secretary of State: \_\_\_\_\_

Title of SOS Signatory: \_\_\_\_\_

ESI Initials: <sup>DS</sup> FG  
Date: 08/11/2025 | 9:04 AM EDT

**ADDENDUM C**

**FINANCIAL DISCLOSURE TO ESI PBM CLIENTS**

This disclosure provides an overview of the principal revenue sources of Express Scripts, Inc. and Medco Health Solutions, Inc. (individually and collectively referred to herein as "ESI"), as well as ESI's affiliates. In addition to administrative and dispensing fees paid to ESI by our clients for pharmaceutical benefit management ("PBM") services, ESI and its affiliates derive revenue from other sources, including arrangements with pharmaceutical manufacturers, wholesale distributors, and retail pharmacies. Some of this revenue relates to utilization of prescription drugs by members of the clients receiving PBM services. ESI may pass through certain manufacturer payments to its clients or may retain those payments for itself, depending on the contract terms between ESI and the client.

**Relationship with The Cigna Group.** On December 20, 2018, ESI's parent company, Express Scripts Holding Company, was acquired by The Cigna Group.

**Relationship with Evernorth Health, Inc.** Evernorth Health, Inc., a wholly-owned subsidiary of The Cigna Group, is the parent company of ESI.

**Network Pharmacies** – ESI contracts for its own account with retail pharmacies to dispense prescription drugs to client members. Rates paid by ESI to these pharmacies may differ among networks (e.g., Medicare, Worker's Comp, open and limited), and among pharmacies within a network, and by client arrangements. PBM agreements generally provide that a client pays ESI an ingredient cost, plus dispensing fee, for drug claims. If the rate paid by a client exceeds the rate contracted with a particular pharmacy, ESI will realize a positive margin on the applicable claim. The reverse also may be true, resulting in negative margin for ESI. ESI also enters into pass-through arrangements where the client pays ESI the actual ingredient cost and dispensing fee amount paid by ESI for the particular claim when the claim is adjudicated to the pharmacy. In addition, when ESI receives payment from a client before payment to a pharmacy, ESI retains the benefit of the use of the funds between these payments. ESI may maintain non-client specific aggregate guarantees with pharmacies and may realize positive margin. ESI may charge pharmacies standard transaction fees to access ESI's pharmacy claims systems and for other related administrative purposes. ESI may also maintain certain preferred value or quality networks; pharmacies participating in those networks may pay or receive aggregated payments related to these networks.

**Brand/Generic Classifications** – Prescription drugs may be classified as either a "brand" or "generic;" however, the reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. For the purposes of pharmacy reimbursement, ESI distinguishes brands and generics through a proprietary algorithm ("BGA") that uses certain published elements provided by First DataBank (FDB), a third-party vendor, including price indicators, Generic Indicator, Generic Manufacturer Indicator, Generic Name Drug Indicator, Innovator, Drug Class and abbreviated new drug application (ANDA). The BGA uses these data elements in a hierarchical process to categorize the products as brand or generic. The BGA also has processes to resolve discrepancies and prevent "flipping" between brand and generic status due to price fluctuations and marketplace availability changes. The elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the BGA are available upon request. Brand or generic classification for client reimbursement purposes is either based on the BGA or specific code indicators from Medi-Span, a third-party vendor, or a combination of the two as reflected in the client's specific contract terms. Application of an alternative methodology based on specific client contract terms does not affect ESI's application of its BGA for ESI's other contracts.

**Maximum Allowable Cost ("MAC")/Maximum Reimbursement Amount ("MRA")** – As part of the administration of the PBM services, ESI maintains a MAC List of drug products identified as requiring pricing management due to the number of manufacturers, utilization and/or pricing volatility. The criteria for inclusion on the MAC List are based on whether the drug has readily available generic product(s), is generally equivalent to a brand drug, is cleared of any negative clinical implications, and has a cost basis that will allow for pricing below brand rates. ESI also maintains MRA price lists for drug products on the MAC List based on current price reference data provided by MediSpan or other nationally recognized pricing sources, market pricing and availability information from generic manufacturers and on-line research of national wholesale drug company files, and client arrangements. Similar to the BGA, the elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the MAC methodology are available upon request.

**Manufacturer Programs Formulary Rebates, Associated Administrative Fees, and PBM Service Fees** – ESI contracts with manufacturers and/or group purchasing organizations ("GPOs") for its own account to obtain formulary rebates attributable to the utilization of certain drugs and supplies. Formulary rebate amounts received vary based on client specific utilization, the volume of utilization as well as formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, claims volume, and other similar factors, and in certain instances also may

vary based on the product's market-share. ESI pays formulary rebates it receives to a client based on the client's PBM agreement terms and may realize positive margin. In addition, ESI provides administrative services to contracted manufacturers, which include, for example, maintenance and operation of systems and other infrastructure necessary for invoicing and processing rebates, pharmacy discount programs, access to drug utilization data, as allowed by law, for purposes of verifying and evaluating applicable payments, and for other purposes related to the manufacturer's products. ESI receives administrative fees directly from participating manufacturers and indirectly from GPOs. In its capacity as a PBM company, ESI may receive other compensation from manufacturers for the performance of various programs or services, including, for example, formulary compliance initiatives, clinical services, therapy management services, education services, inflation protection programs, medical benefit management services, cost containment programs, discount programs, and the sale of non-patient identifiable claim information. This compensation is not part of the formulary rebates or associated administrative fees, and ESI may realize positive margin between amounts paid to clients and amounts received. ESI retains the financial benefit of the use of any funds held until payment is made to the client.

Copies of ESI's standard formularies may be reviewed at <https://www.controlcenter.com/>.

**Third Party Offerings** - ESI partners with multiple third party vendors to provide clinical programs and other product offerings to clients. ESI may also charge such third party vendors fees for services ESI provides directly to those vendors. ESI may have an ownership interest in certain third party vendors.

**ESI Subsidiary Pharmacies** – ESI has several licensed pharmacy subsidiaries, including our specialty pharmacies. These entities may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers, wholesale distributors, and other health care providers. These subsidiary pharmacies contract for these arrangements on their own account in support of their various pharmacy operations. Many of these subsidiary arrangements relate to services provided outside of PBM arrangements, and may be entered into irrespective of whether the particular drug is on one of ESI's national formularies. Discounts and fee-for-service payments received by ESI's subsidiary pharmacies are not part of the PBM formulary rebates or associated administrative fees paid to ESI in connection with ESI's PBM formulary rebate programs. However, certain purchase discounts received by ESI's subsidiary pharmacies, whether directly or through ESI, may be considered for formulary purposes if the value of such purchase discounts is used by ESI to supplement the discount on the ingredient cost of the drug to the client based on the client's PBM agreement terms. From time to time, ESI and its affiliates also may pursue and maintain for its own account other supply chain sourcing relationships not described below as beneficial to maximize ESI's drug purchasing capabilities and efficiencies, and ESI or affiliates may realize an overall positive margin with regard to these initiatives.

The following provides additional information regarding examples of ESI subsidiary discount arrangements and fee-for-service arrangements with pharmaceutical manufacturers, and wholesale distributors:

**ESI Subsidiary Pharmacy Discount Arrangements** – ESI subsidiary pharmacies purchase prescription drug inventories, either from manufacturers or wholesalers, for dispensing to patients. Often, purchase discounts off the acquisition cost of these products are made available by manufacturers and wholesalers in the form of either up-front discounts or retrospective discounts. These purchase discounts, obtained through separate purchase contracts, are not formulary rebates paid in connection with our PBM formulary rebate programs. Drug purchase discounts are based on a pharmacy's inventory needs and, at times, the performance of related patient care services and other performance requirements. When a subsidiary pharmacy dispenses a product from its inventory, the purchase price paid for the dispensed product, including applicable dispensing fees, may be greater or less than that pharmacy's acquisition cost for the product net of purchase discounts. In general, our pharmacies realize an overall positive margin between the net acquisition cost and the amounts paid for the dispensed drugs.

**ESI Subsidiary Fee-For-Service Arrangements** – One or more of ESI's subsidiaries, including, but not limited to, its subsidiary pharmacies also may receive fee-for-service payments from manufacturers, wholesalers, or other health care providers in conjunction with various programs or services, including, for example, patient assistance programs for indigent patients, dispensing prescription medications to patients enrolled in clinical trials, various therapy adherence and fertility programs, administering FDA compliance requirements related to the drug, 340B contract pharmacy services, product reimbursement support services, and various other clinical or pharmacy programs or services. As a condition to having access to certain products, and sometimes related to certain therapy adherence criteria or FDA requirements, a pharmaceutical manufacturer may require a pharmacy to report selected information to the manufacturer regarding the pharmacy's service levels and other dispensing-related data with respect to patients who receive that manufacturer's product. A portion of the discounts or other fee-for-service payments made available to our pharmacies may represent compensation for such reporting.

Other Manufacturer Arrangements – ESI also maintains other lines of business that may involve discount and service fee relationships with pharmaceutical manufacturers and wholesale distributors. Examples of these businesses include a wholesale distribution business, group purchasing organizations (and related group purchasing organization fees), and a medical benefit management company. Compensation derived through these business arrangements is not considered for PBM formulary placement, and is in addition to other amounts described herein. These service fees are not part of the formulary rebates or associated administrative fees.

Third Party Data Sales – Consistent with any client contract limitations, ESI or its affiliates may sell HIPAA compliant information maintained in their capacity as a PBM, pharmacy, or otherwise to data aggregators, manufacturers, or other third parties on a fee-for-service basis or as a condition of discount eligibility. All such activities are conducted in compliance with applicable patient and pharmacy privacy laws and client contract restrictions.

April 25, 2024

THIS EXHIBIT REPRESENTS ESI'S FINANCIAL POLICIES. ESI MAY PERIODICALLY UPDATE THIS EXHIBIT AND THE FINANCIAL DISCLOSURES CONTAINED HEREIN TO REFLECT CHANGES IN ITS BUSINESS PROCESSES; THE CURRENT FINANCIAL DISCLOSURE IS AVAILABLE UPON REQUEST AND ACCESSIBLE ON [HTTPS://WWW.EXPRESS-SCRIPTS.COM/CORPORATE](https://www.express-scripts.com/corporate) AND [HTTPS://WWW.CONTROLCENTER.COM/](https://www.controlcenter.com/).

**ADDENDUM E**

**Evernorth EnReachRx<sup>SM</sup> Terms and Conditions**

**Definitions**

- Evernorth EnReachRx<sup>SM</sup> ("EnReachRx"): a high-touch patient support clinical model enabled by pharmacies committed to enhanced clinical care for dispensing Glucagon-Like Peptide-1 (GLP-1) prescription medications.
- Evernorth EnGuide<sup>SM</sup> Pharmacy/CHD ("EnGuide"): a new home delivery pharmacy in EnReachRx.

**EnReachRx Model**

- EnReachRx<sup>SM</sup> will credential pharmacies for providing a high touch enhanced clinical services model designed to reduce waste, support patient education and drive improved outcomes for complex maintenance medications. The initial scope of EnReachRx is limited to injectable GLP-1 medications for both weight-loss and diabetes treatment. As new GLP-1 medications come to market and additional complex conditions are identified Express Scripts will evaluate for incorporation into EnReachRx.
- The initial pharmacies in EnReachRx include EnGuide and Walgreens. Express Scripts will permit the credentialing of additional pharmacies to join EnReachRx, provided they are able to comply with the required clinical services. Members will only be permitted to fill claims at EnReachRx pharmacies if the pharmacies already participate in Sponsor's existing network. In addition, patients can continue to fill GLP-1s from existing in network pharmacies that are not participating in EnReachRx.

**EnReachRx Pricing Terms**

- As part of the enhanced clinical services within the EnReachRx model, EnGuide will support dose optimization (aka titration), which includes filling a 30-day supply for GLP-1s while patients and doctors are building up to the appropriate therapeutic dose for the patient. To accommodate 30-day supply fills in a 90-day mail benefit, dose optimization fills will contribute to the retail 30 rebate guarantees effective 6/15/25.
- GLP-1 prescriptions filled at Walgreens prior to 1/1/2026 will reconcile to existing guarantees. Beginning 1/1/2026, GLP-1 prescriptions filled at Walgreens or any other retail pharmacy that joins EnReachRx will reconcile to the EnReachRx guarantees set forth above.
- Existing performance guarantees (Average Hold Time, Turnaround Time, etc.) will include both EnGuide and ESI Mail Pharmacy claims.
- Sponsor's benefit plan design, including patient cost shares, remain unchanged. Patients that have a flat copay at mail will not see a direct cost increase at EnGuide. Patients that have a variable copay could see cost increases due to changes in the AWP discounts for EnReachRx.

**ADDENDUM F**

**Evernorth EnCircleRx<sup>SM</sup> Terms and Conditions**

**Definitions**

- “Cost Capitation” means a percentage cap on the year over year increase of the Program Product spend per Program Year.
- “EncircleRx Benefit Requirements” means the benefit design and policy requirements set forth in ESI’s EncircleRx clinical policy, which ESI shall provide to Sponsor upon Sponsor’s request.
- “EncircleRx Cardiometabolic Program” means the ESI program to manage GLP-1 medications that are used for the treatment of weight management and/or Diabetes which, includes utilization management, demonstrated patient engagement, Diabetes diagnosis documentation, and GLP-1 anti-fraud protection components.
- “EncircleRx Cardiometabolic: Weight Loss” means the weight loss component of the EncircleRx Cardiometabolic Program which, includes utilization management, demonstrated patient engagement, and GLP-1 anti-fraud protection components.
- “EncircleRx Cardiometabolic: Diabetes” means the diabetes component of the EncircleRx Cardiometabolic Program which, includes Diabetes utilization management and GLP-1 anti-fraud protection components.
- “EncircleRx Program” or “EncircleRx” means the ESI suite of value-based solutions consisting of the following:
  - EncircleRx Cardiometabolic: Weight Loss
  - EncircleRx Cardiometabolic: Diabetes
- “GLP-1 Anti-Fraud Protection” means the anti-fraud solution component of the EncircleRx Cardiometabolic Program.
- “Program Products” means those products listed on the each individual EncircleRx Program product list, which can be provided to Sponsor upon request. The EncircleRx Program product lists may be updated from time to time by ESI. Only products with a labeled indication for the treatment of a disease state covered within the EncircleRx Program (i.e. diabetes in EncircleRx Cardiometabolic Program) or products with significant clinical documentation supporting their use in the treatment of that disease state may be included as a EncircleRx Program Product. Newly launched products with a labeled indication for the treatment of disease states within each EncircleRx Program may be added to the EncircleRx solution products list.
- “Program Members” means Members that are enrolled in a EncircleRx Program.
- “Program Product Spend” means the total ingredient cost plus dispensing fee for Program Products minus percentage of Rebates and Manufacturer Admin Fees shared for a Program Year divided by the average monthly Program Member count during a Program Year.
- “Program Year” means a full one (1) year from the Effective Date on the EncircleRx Service Addendum (“Clinical Addendum”).
- “Savings Guarantees” means the diabetes savings guarantee and the weight loss savings guarantee as described in the Savings Guarantee section of these terms and conditions.

**General Terms**

- If Sponsor chooses to participate in EncircleRx Cardiometabolic: Weight Loss, EncircleRx Cardiometabolic: Diabetes, or the GLP-1 Anti-fraud Protection component of the EncircleRx Program, only the associated terms and conditions of the applicable program will apply in addition to the General Terms.
- Sponsor's enrollment in the EncircleRx Program will be effective on the enrollment date, unless otherwise communicated by ESI. Sponsor's enrollment in the EncircleRx Program will continue until such time as Sponsor affirmatively disenrolls from participation in the EncircleRx Program by sending written notice to ESI of Sponsor's desire to disenroll ESI or until such time as either ESI is no longer providing PBM Services to Sponsor or ESI discontinues a value-based solution within the EncircleRx Program. For the sake of clarity, if Sponsor and ESI enter into a new PBM Agreement, Sponsor's participation in the EncircleRx Program will continue until such time as Sponsor affirmatively disenrolls from participation in the EncircleRx Program by sending written notice to ESI, irrespective of any provision of the new PBM Agreement to the contrary. Any written notice of disenrollment from the EncircleRx Program by Sponsor will be effective within 60 days after ESI receives such notice. If Sponsor's PBM Agreement with ESI is terminated and is not renewed, Sponsor's enrollment in the EncircleRx Program will cease upon the termination date of the PBM Agreement.
- Sponsor understands that it is responsible for ensuring that the EncircleRx Program complies with applicable laws in its jurisdiction and that plan documents are updated as necessary to be consistent with the terms of the EncircleRx Program.
- As consideration for the services rendered under the EncircleRx Program, Sponsor will pay a per Member per month administrative fee as communicated by ESI to Sponsor within the Clinical Addendum. This administrative fee will be billed to Sponsor in accordance with the terms of Sponsor's PBM Agreement.
- ESI reserves the right to terminate or modify the EncircleRx Program or individual value-based solutions at any time upon no less than 30 days written notice to Sponsor.
- ESI has structured the terms of the EncircleRx Program to comply with certain exceptions and safe harbors to the Federal Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)), including the discount exception (42 U.S.C. § 1320a7b(b)(3)(A) and safe harbor (42 C.F.R. § 1001.952(h)). ESI will treat any reimbursement made to Sponsor hereunder as retrospective discounts on the price of the product paid by Sponsor. ESI will fully and accurately report such discounts on the payment information submitted to Sponsor. ESI hereby informs Sponsor that it may be required by law to properly disclose and appropriately reflect (in any costs claimed or charges made) all such discounts. Further, ESI will refrain from taking any action that would impede or frustrate Sponsor in any such disclosure requirements. If required by law, Sponsor may be required to provide information on the discount to the Secretary of Health and Human Services, or any state or other governmental agency, upon request. ESI will comply with all applicable reporting and disclosure obligations.
- In the event Sponsor disenrolls from an EncircleRx Program solution at any time during the Program Year, Sponsor will no longer be eligible for the applicable Savings Guarantee or Cost Capitation.
- Sponsor agrees that nothing in the EncircleRx Program is designed or intended to vest ESI with discretionary authority over the control of Sponsor's plan assets or otherwise vest ESI with fiduciary status with respect to Sponsor's plan(s).
- As defined by these terms the EncircleRx Program is auditable through the standard audit protocols in the PBM Agreement.
- Claims for Program Products will either be excluded from the non-specialty rebate guarantees in the PBM Agreement or the non-specialty rebate guarantees will be restated.

- If non-specialty rebate guarantees are restated, the restated guarantees will be set forth in the Clinical Addendum and will apply retroactively to the first day of annual rebate reconciliation period.
- If the non-specialty rebate guarantees are not being restated, Program Product claims will be excluded from the non-specialty rebate guarantees starting from the effective date of EncircleRx Program enrollment. Rebate exclusions prior to EncircleRx Program enrollment will remain unchanged.
- To be eligible for the EncircleRx Savings Guarantee or Cost Capitation, clients managing their own prior authorization (“PA”) reviews must demonstrate a PA approval rate no greater than 2% higher than the EncircleRx approval rate managed by ESI.

#### **EncircleRx Cardiometabolic: Diabetes**

EncircleRx Cardiometabolic: Diabetes is ESI’s program to manage Program Products that address Diabetes which includes utilization management, EncircleRx Benefit Requirements, and anti-fraud protection for Program Products.

- Sponsor agrees that EncircleRx Benefit Requirements will be implemented for EncircleRx Cardiometabolic: Diabetes Program Products.
- Sponsor agrees that upon enrollment in EncircleRx Cardiometabolic Program: Diabetes, all prior authorizations for Program Products may be terminated.
- Sponsor’s participation in a lifestyle program is not required for EncircleRx Cardiometabolic: Diabetes. Savings Guarantee
- In order to qualify for the Diabetes Savings Guarantee, Sponsor must be enrolled in EncircleRx Cardiometabolic: Diabetes.
- Provided Sponsor participates in EncircleRx Cardiometabolic: Diabetes for at least 12 consecutive months, ESI guarantees Sponsor the following pharmacy cost savings attributable to EncircleRx Cardiometabolic: Diabetes:
  - Diabetes Savings Guarantee: ESI guarantees Sponsor will achieve savings equal to or greater than 3 times the EncircleRx Cardiometabolic: Diabetes program fees paid by Sponsor.
  - ESI will provide annual program-specific reports to validate savings generated and annual review and settlement of guarantee performance. Sponsor shall be reimbursed 100% of any Savings Guarantee shortfall, determined on an annual basis. A full description of the clinical savings methodology can be provided to Sponsor upon request.
  - Should the number of Program Members who are allowed an override for utilization management by Sponsor exceed 2% of overall Program Members then the Savings Guarantee may be null and void.

#### **GLP-1 Anti-Fraud Protection**

- EncircleRx Cardiometabolic Program includes GLP-1 Anti-Fraud Protection, which includes the following components:
  - Targeted analytics to identify prescriber and member fraud, waste and abuse concerns
  - Proactive and targeted prescriber outreach to bring awareness and to mitigate risk for inappropriate prescribing or use of Program Products

- Full investigation of identified outliers, including interviews and data analysis to substantiate or disprove allegation
- Proactive provider exclusion of inappropriate prescribers
- ESI may obtain additional information to enable and operate the GLP-1 Anti-Fraud Protection solution including, but not limited to, data associated with medical diagnoses for diabetic, cardiac, and obesity conditions information of Sponsor or ESI. Sponsor acknowledges and agrees that such information may be collected by or disclosed to subsidiaries of ESI to enable and operate this solution. ESI may use information or data collected for participation in the GLP-1 Anti-Fraud Protection solution, including information collected from third parties and ESI subsidiaries, to administer the program, to contact participants in the program to support their participation, for the purpose of performing outcomes and/or opportunity analyses, for health, safety and wellness programs, pharmacy benefit plan administration, administration of other programs that Sponsor may enroll in, including but not limited to EncircleRx Cardiometabolic Program and other similar programs, practice of pharmacy and other analytics to improve Sponsor's performance, performing analytics for the development and improvement of programs offered by ESI, and for assessing the effectiveness of ESI programs, of which results may be provided by ESI to other Sponsors, potential Sponsors or healthcare organizations, including pharmaceutical companies. Results provided to third parties must be provided on a de-identified basis.
- Sponsor acknowledges and agrees that it is solely responsible for ensuring that its implementation of enhanced GLP-1 Anti-Fraud Protection solution complies with any applicable law.
- ESI reserves the right to terminate or modify enhanced GLP-1 Anti-Fraud Protection solution at any time.
- Sponsor agrees that upon enrollment in the EncircleRx Cardiometabolic Program prior authorizations may be terminated if fraudulent behavior is identified.



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

25 Capitol Street

Concord, New Hampshire 03301

(603) 271-3201 | [Office@das.nh.gov](mailto:Office@das.nh.gov)

Amendment 2

Item # 183

Approved @

9/25/2024

Meeting

Charles M. Arlinghaus  
Commissioner

Catherine A. Keane  
Deputy Commissioner

Sheri L. Rockburn  
Assistant Commissioner

September 6, 2024

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, NH 03301

## REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits (Risk), to exercise their option to extend the existing contract with Express Scripts, Inc., (Express Scripts) (VC# 169747), One Express Way, Saint Louis, Missouri 63121 in the approximate amount of \$166,590,000, increasing the total amount of the contract from \$220,200,000 to an amount not to exceed **\$386,790,000** for the administration of the prescription drug benefits provided to state employees and retirees pursuant to RSA 21-1:30 and, with respect to employees, consistent with state collective bargaining agreements. The original contract was approved by Governor and Executive Council on October 13, 2021, (tabled item #89, tabled at 9/15/2021 G&C meeting) attached. The first amendment was approved by G&C on November 29, 2023, (Item #106) attached. This second amendment will become effective upon Governor and Executive Council approval through December 31, 2026. Approximately 35% General Funds, 17% Federal Funds, 3% Enterprise Funds, 10% Highway Funds, and 1% Turnpike Funds and 34% Other Funds.

Funds to support this request are available in the following accounts in FY2025 and are anticipated to be available in FY2026 and FY2027 upon the availability and continued appropriation of funds in the future operating budgets, with the ability to adjust encumbrances between State Fiscal Years through the Budget Office, if needed and justified:

### Pharmacy Costs

01-14-14-140560-66000000 – Actives; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment 2: Extension Increase / (Decrease) Amount	Total
2022	\$15,871,000	-	\$15,871,000
2023	\$32,536,000	-	\$32,536,000
2024	\$33,330,000	-	\$33,330,000

2025	\$16,478,000	\$32,867,000	\$49,345,000
2026	-	\$70,706,000	\$70,706,000
2027	-	\$37,839,000	\$37,839,000
<b>Total</b>	<b>\$98,215,000</b>	<b>\$141,412,000</b>	<b>\$239,627,000</b>

01-14-14-140560-66600000 -Troopers; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment 2: Extension Increase / (Decrease) Amount	Total
2022	\$550,000	-	\$550,000
2023	\$1,130,000	-	\$1,130,000
2024	\$1,010,000	-	\$1,010,000
2025	\$499,000	\$149,000	\$648,000
2026	-	\$321,000	\$321,000
2027	-	\$172,000	\$172,000
<b>Total</b>	<b>\$3,189,000</b>	<b>\$642,000</b>	<b>\$3,831,000</b>

01-14-14-140560-66500000 - Retirees; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract	Amendment 2: Extension Increase / (Decrease) Amount	Total
2022	\$18,638,000	-	\$18,638,000
2023	\$38,407,000	-	\$38,407,000
2024	\$40,718,000	-	440,718,000
2025	\$21,033,000	\$5,718,000	\$26,751,000
2026	-	\$12,268,000	\$12,268,000
2027	-	\$6,550,000	\$6,550,000
<b>Total</b>	<b>\$118,796,000</b>	<b>24,536,000</b>	<b>\$143,332,000</b>

Total All Groups

State Fiscal Year	Current Contract	Amendment 2: Extension Increase / (Decrease) Amount	Total
2022	\$35,059,000	-	\$35,059,000
2023	\$72,073,000	-	\$72,073,000
2024	\$75,058,000	-	\$75,058,000
2025	\$38,010,000	\$38,734,000	\$76,744,000
2026	-	\$83,295,000	\$83,295,000
2027	-	\$44,561,000	\$44,561,000
<b>Grand Total</b>	<b>\$220,200,000</b>	<b>\$166,590,000</b>	<b>\$386,790,000</b>

### EXPLANATION

The DAS Commissioner is authorized, pursuant to RSA 21-1:28, to enter into contracts with "any organization necessary to administer and provide a health plan." As stated above, this amendment is for DAS to exercise their option to extend the current pharmacy benefit management (PBM) services contract with Express Scripts. The original contract was the result of a reverse auction procurement and was approved by Governor and Executive Council on October 13, 2021, (tabled item #89, tabled at 9/15/2021 G&C meeting) attached. The original contract included a provision to extend for up to two additional years with G&C approval.

On November 29, 2023, the G&C approved (Item #106, attached) the first amendment to the Express Scripts contract to decrease the contract price limitation by approximately \$2 million as the result of a market check that refreshed terms and definitions related to rebate and discount guarantees for plan years 2023 and 2024. DAS performed the market check with assistance from the State Health Benefit Plan's (HBP) PBM technology services provider, Milliman, Inc (Milliman).

Through working with Milliman and Segal, the HBP's health consultant and actuary, DAS determined that the pricing terms of the current Express Script contract are market competitive. Therefore, the purpose of the second amendment is to extend the term of the contract that is set to expire on December 31, 2024 for two years through December 31, 2026. The amendment includes refined definitions to ensure rebate maximization. The two-year extension requires DAS to increase the contract price limitation by \$166,590,000 for plan years 2025 and 2026, bringing the total 5-year contract price limitation to \$386,790,000.

DAS monitors PBM compliance on an on-going basis to contain healthcare costs and ensure contract terms and definitions are current with the everchanging industry trends. With the assistance from Segal, one hundred percent (100%) of all pharmacy claims are audited every year. In addition, in accordance with RSA 21-I:96-98, also referred to as the New Hampshire Prescription Drug Competitive Marketplace, bi-weekly claims invoice audits are performed with the assistance from Milliman.

This extension enables DAS to continue providing the same quality pharmacy benefits to State employees and non-Medicare retirees, while maintaining the most current and competitive contract terms. Based on the foregoing, I am respectfully recommending approval of the contract amendment with Express Scripts, Inc.

Respectfully submitted,



Charles M. Arlinghaus  
Commissioner  
Administrative Services



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

25 Capitol Street - Room 100  
 Concord, New Hampshire 03301  
 (603) 271-3201 | [Office@das.nh.gov](mailto:Office@das.nh.gov)

Charles M. Arlinghaus  
 Commissioner

Catherine A. Keane  
 Deputy Commissioner

Sheri L. Rockburn  
 Assistant Commissioner

October 25, 2023

His Excellency, Governor Christopher T. Sununu  
 and the Honorable Council  
 State House  
 Concord, NH 03301

## REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits (Risk), to amend an existing contract with Express Scripts, Inc., (Express Scripts) (VC# 169747), One Express Way, Saint Louis, Missouri 63121 in the approximate amount of \$2,000,000, decreasing the total amount of the contract from \$222,200,000 to an amount not to exceed \$220,200,000 for the administration of the prescription drug benefits provided to state employees and retirees pursuant to RSA 21-I:30 and, with respect to employees, consistent with state collective bargaining agreements. The original contract was approved by Governor and Executive Council on October 13, 2021 Tabled Item #89 (tabled at G&C Meeting 9/15/2021) copy attached. This agreement will become effective upon Governor and Executive Council approval through December 31, 2024 with an option to extend for up to two additional years subject to the approval of the Governor and Executive Council. Approximately 35% General Funds, 17% Federal Funds, 3% Enterprise Funds, 10% Highway Funds, and 1% Turnpike Funds and 34% Other Funds.

Funding is available in SFY2024 and is anticipated to become available in SFY 2025 with the authority to adjust encumbrances between State fiscal years if necessary and justified through the Budget Office, in the following accounts:

### Pharmacy Costs

01-14-14-140560-66000000 – Actives; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract (CY22 – CY24)	Increase / (Decrease) Amount	Amended Current Contract
2022	\$15,871,000	\$0	\$15,871,000
2023	\$32,536,000	\$0	\$32,536,000
2024	\$33,905,000	(\$575,000)	\$33,330,000

2025	\$17,206,000	(\$728,000)	\$16,478,000
<b>Total</b>	<b>\$99,518,000</b>	<b>(\$1,303,000)</b>	<b>\$98,215,000</b>

01-14-14-140560-66600000 -Troopers; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract (CY22 – CY24)	Increase / (Decrease) Amount	Amended Current Contract
2022	\$550,000	\$0	\$550,000
2023	\$1,130,000	\$0	\$1,130,000
2024	\$1,177,000	(\$167,000)	\$1,010,000
2025	\$598,000	(\$99,000)	\$499,000
<b>Total</b>	<b>\$3,455,000</b>	<b>(\$266,000)</b>	<b>\$3,189,000</b>

01-14-14-140560-66500000 - Retirees; Class 100 - Prescription Drug Expenses

State Fiscal Year	Current Contract (CY22 – CY24)	Increase / (Decrease) Amount	Amended Current Contract
2022	\$18,638,000	\$0	\$18,638,000
2023	\$38,407,000	\$0	\$38,407,000
2024	\$40,976,000	(\$258,000)	\$40,718,000
2025	\$21,206,000	(\$173,000)	\$21,033,000
<b>Total</b>	<b>\$119,227,000</b>	<b>(\$431,000)</b>	<b>\$118,796,000</b>

<b>Grand Total</b>	<b>\$222,200,000</b>	<b>(\$2,000,000)</b>	<b>\$220,200,000</b>
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**EXPLANATION**

The Commissioner of DAS is authorized, pursuant to RSA 21-1:28, to enter into contracts with "any organization necessary to administer and provide a health plan." The Governor and Executive Council approved the original contract with Express Scripts on October 13, 2021, item #89 for \$222,200,000 for the claims and administration costs of the prescription drug benefit provided to state employees and retirees and their eligible spouses and dependents in accordance with the provisions of RSA 21-1:30 and state collective bargaining agreements. The contract with Express Scripts is in its second year and is set to expire at the end of next year, on December 31, 2024, with the option to extend for up to two additional years.

To contain healthcare costs, plan sponsors, like the Department of Administrative Services (DAS), monitor pharmacy benefit manager (PBM) compliance with contract terms on a regular basis via annual audits of one hundred percent (100%) of all pharmacy claims with assistance from the State's Health Benefit Plan (HBP) consultant and actuary, Segal. In 2020, RSA 21-I was amended to include the New Hampshire Prescription Drug Competitive Marketplace which added another layer of claims audit on a bi-weekly invoice basis with assistance from the HBP's PBM technology services provider, Milliman SkySail. In addition to audits, DAS, with help from both Segal and Milliman SkySail, also monitors the prescription drug industry to ensure contract terms are current with industry trends through market reviews and analysis.

This request to amend the Express Scripts contract is in response to a market check to improve the terms of year three of the three-year contract cycle. Through negotiations with Express Scripts, they agreed to improve the rebate guarantees by approximately \$1.8m and improve the discount guarantees for retail prescriptions to lower ingredient costs by approximately \$.2m, decreasing the total contract price limitation by \$2m.

Rebates are essentially a negotiated discounting mechanism via quarterly reimbursements from drug manufacturers to PBMs to position their drugs more favorably on the PBM's preferred formulary. Under the State's current contract terms with Express Scripts, the State receives 100% of all rebates for prescriptions filled under the HBP. The rebates are paid each quarter and reconciled at the end of the plan year. Upon reconciliation, the State receives the greater of 100% of all rebates or the minimum rebate guarantees. In previous years, the total rebates exceeded the minimum rebate guarantees. Therefore, the minimum rebate guarantees did not put Express Scripts at any greater financial risk beyond the actual total rebates collected. More recently, the minimum rebate guarantees have exceeded the actual rebates collected. Conversely, Express Scripts is transferring more risk to themselves if the rebates collected do not meet their minimum rebate guarantees. The result is more favorable contract terms for the HBP when the minimum rebate guarantees exceed 100% of the rebates collected.

Based on the foregoing, I am respectfully recommending approval of the contract amendment with Express Scripts, Inc. DAS is requesting your approval at this time to allow adequate time to adjust plan parameters in accordance with our renegotiated terms and to implement as of January 1, 2024.

Respectfully submitted,



Charles M. Arlinghaus  
Commissioner  
Administrative Services

Original Contract  
 Tabled Item # 89  
 Approved @  
 10/13/2021  
 Meeting



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
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September 1, 2021

His Excellency, Governor Christopher T. Sununu  
 and the Honorable Council  
 State House  
 Concord, NH 03301

## REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits, to enter into a contract with Express Scripts, Inc., (ESI) (VC# 169747), One Express Way, Saint Louis, Missouri 63121 in the amount of \$222,200,000 for the administration of the prescription drug benefits provided to state employees and retirees pursuant to RSA 21-1:30 and, with respect to employees, consistent with state collective bargaining agreements for a period of thirty-six (36) months upon Governor and Executive Council approval for the period effective January 1, 2022 through December 31, 2024, with the option to renew for up to two additional years subject to the approval of the Governor and Executive Council. Approximately 42% General Funds, 20% Federal Funds, 3% Enterprise Funds, 14% Highway Funds, 1% Turnpike Funds and 20% Other Funds.

Funding is available in SFY 2022, and is anticipated to become available in SFY 2023, SFY 2024 and SFY 2025 with the authority to adjust encumbrances between state fiscal years if necessary and justified through the Business Office, in the following accounts:

<b>Pharmacy Claim Costs</b>	<b><u>SFY2022</u></b>	<b><u>SFY2023</u></b>	<b><u>SFY2024</u></b>	<b><u>SFY2025</u></b>
01-14-14-140560-66000000 ACTIVES				
100-500641 Pharmacy Claims	\$15,680,000	\$32,154,000	\$33,523,000	\$17,015,000
01-14-14-140560-66600000 TROOPERS				
100-500641 Pharmacy Claims	\$543,000	\$1,117,000	\$1,164,000	\$591,000
01-14-14-140560-66500000 RETIREE				
100-500641 Pharmacy Claims – Retirees U65	\$1,645,000	\$3,380,000	\$3,524,000	\$1,789,000
100-501641 Pharmacy Claims - Retirees O65	\$16,369,000	\$33,738,000	\$36,120,000	\$18,729,000
<b>FISCAL YEAR TOTALS</b>	<b>\$34,237,000</b>	<b>\$70,389,000</b>	<b>\$74,331,000</b>	<b>\$38,124,000</b>

<b>Pharmacy Administrative Costs</b>	<b><u>SFY2022</u></b>	<b><u>SFY2023</u></b>	<b><u>SFY2024</u></b>	<b><u>SFY2025</u></b>
01-14-14-140560-66000000 ACTIVES				
100-500642 Pharmacy Admin Fees	\$191,000	\$382,000	\$382,000	\$191,000
01-14-14-140560-66600000 TROOPERS				
100-500642 Pharmacy Admin Fees	\$7,000	\$13,000	\$13,000	\$7,000
01-14-14-140560-66500000 RETIREE				
100-500642 Pharmacy Admin Fees	\$20,000	\$41,000	\$41,000	\$20,000
102-500673 Pharmacy Adm Fee - Retirees O65	\$604,000	\$1,248,000	\$1,291,000	\$668,000
<b>FISCAL YEAR TOTALS</b>	<b>\$822,000</b>	<b>\$1,684,000</b>	<b>\$1,727,000</b>	<b>\$886,000</b>
<b>FY Totals</b>	<b><u>\$35,059,000</u></b>	<b><u>\$72,073,000</u></b>	<b><u>\$76,058,000</u></b>	<b><u>\$39,010,000</u></b>
<b>Grand Total</b>	<b>\$222,200,000</b>			

**EXPLANATION**

The State provides prescription drug coverage for state employees, retirees, spouses and eligible dependents in accordance with the provisions of RSA 21-I:30 and the Collective Bargaining Agreements as applicable. The current contract with Express Scripts, Inc. is set to expire on December 31, 2021.

DAS, with the assistance of SkySail, the Health Benefit Plan's pharmacy technology services provider, and Segal, the Health Benefit Plan's consultant, issued a Request for Proposal (RFP) for pharmacy benefit management services on April 30, 2021. Approximately 280 individuals and/or firms received direct notification of this solicitation and the RFP was posted on the DAS Bureau of Purchase and Property website. DAS received five (5) compliant bids from the following: Anthem, CVS Health, Express Scripts, Inc., MedImpact and OptumRx. All five proposals were evaluated.

The scoring of the proposals was based upon the following areas and corresponding weights: Financial (65%), Performance Guarantees (3%) and the Technical Questionnaire (32%) – Reconciliation Definitions (5%), General Definitions (5%), Monitoring and Audit (5%), General Questionnaire (10%), Formulary, Plan Design, and Utilization Management (5%) and Performance Guarantee Questionnaire (2%). Based on the foregoing, the proposal submitted by ESI received the highest ranking score and was recommended by a unanimous vote of the evaluation team. The evaluation team members were: Joyce Pitman (Director of Risk and Benefits, DAS, Div. Risk and Benefits), Margaret Blacker (Deputy Director, DAS, Div. Risk and Benefits), Margaret Clifford, R.Ph. (Medicaid Pharmacy Director, Department of Health & Human Services (DHHS)), Lise Farrand, R.Ph. (Pharmaceutical Services Specialist, DHHS), Randy Hunneyman (SEA Executive Branch Negotiator, SEIU Local 1984), Gary Lunetta (Director, DAS, Div. Procurement and Support Services), and Christina Muniz (Health Policy and Compliance Administrator, DAS, Div. Risk and Benefits).

As stated above and referenced in the attached Reverse Auction Summary of Results, the financial score encompassed sixty percent (65%) of the total proposal score. In accordance with the RFP, the financial proposals were scored on the projected costs as determined by the State for the three-year period from January 1, 2022 to December 31, 2024. The lowest cost proposal received 100% of the 65 points allocated for the Financial Section of the RFP. All other financial proposals were scored on a sliding scale, with proposals losing 1 point for every half-percentage point higher than the lowest cost proposal. As the scale is sliding, scores were adjusted for partial percentage differences.

The remaining thirty-five percent (35%) of the allocated points were distributed amongst the Technical Questionnaire and Performance Guarantees. In these categories, scoring criteria were applied and bidder responses were evaluated based on the extent to which the bidder documents conformed with specifications, as well as the completeness, soundness, and creativity of the response, all as evaluated by the State. In accordance with the State's procurement rules, non-financial section scoring was based on the quality of each bidder's response and not based on any outside knowledge of the programs and/or services offered by each bidder. All five proposals were competitive, making the financial section of the proposal the determining factor for recommendation by the evaluation team.

ESI, the incumbent, submitted the most financially competitive proposal in terms of projected costs. ESI's projected costs after the reverse auction were approximately \$7.6 million or 3.7% lower than the second lowest cost proposal over the three-year contract. Through negotiations, the State was able to improve the terms of the contract by improving the Average Wholesale Price (AWP) discount on the active and non-Medicare plan drugs at retail by approximately .3% and increasing the amount at risk under service and performance guarantees by approximately \$400k over the term of the contract. There are specific performance guarantees for on-going administration of the Plan including plan design, system set-up, accuracy of claims processing, invoice monitoring, member services customer satisfaction and client services satisfaction. The contract enables DAS to reallocate performance penalty amounts among the standards if any are areas requiring improvement. The final cost of the contract includes a margin to accommodate adjustments in the utilization trend and claim cost fluctuation over the course of the three (3) year contract.

The prescription drug benefit program covers 37,036 active employees, retirees and their eligible spouses and dependents. There are approximately 24,186 active employees and dependents on the plan whose benefits are determined through the collective bargaining process. In addition, there are approximately 12,850 retirees and dependents on the prescription drug plan: 2,445 on the non-Medicare/Under 65 plan and 10,405 on the Medicare Part D Employer Group Waiver Program (EGWP). Retiree Health Benefits plan design and cost sharing are determined by the legislature.

In summary, ESI will continue to provide the State with pharmacy benefit management services through its Advantage Plus Utilization Management Package which includes prior authorization, drug quantity management, and generic step therapy programs consistent with programs in effect under the collective bargaining agreements and retiree programs. In addition, over the past 7.5 years, ESI has proven to be a valued partner with DAS in both processing prescription drug claims as well as providing cost containment strategies.

Based on the foregoing, I am respectfully recommending approval of the contract with Express Scripts, Inc.

Respectfully submitted,



Charles M. Arlinghaus  
Commissioner

Attachments: RFP 2457-21 Reverse Auction Summary of Results  
State Evaluation Team Biographies