



Pharmacy Benefit Manager Transition

Group Customers' Frequently Asked Questions

As we announced in January, Blue Cross® Blue Shield® of Michigan and Blue Care Network have decided to switch to OptumRx¹ as our new pharmacy benefit manager, or PBM, when our contract with Express Scripts Inc.² expires Dec. 31, 2021, for commercial business and expires Dec. 31, 2022, for Medicare business.

Overview

1. What's changing?

After completing a competitive request for proposal, or RFP, process, we chose OptumRx as our new PBM partner to support administration of pharmacy claims, manage rebate contracting with pharmaceutical manufacturers, manage our retail pharmacy networks, provide mail-order dispensing and help Blue Cross and BCN continue to enhance the value of our pharmacy programs offered to group customers and members.

2. What isn't changing?

Member benefits will not change as a result of the transition.

Our robust integrated pharmacy management programs, including our newest medication adherence programs with vendors PillarRx³ and Sempre Health⁴, will not be affected. These are and will continue to be Blue Cross and BCN-managed programs. Other integrated clinical solutions under our management include:

- Pharmacy and medical utilization management (includes step therapy and quantity limits)
- Prior authorization review, approval and denial
- Holistic Pharmacy and Therapeutics Committee coordination of clinical decision-making
- Drug list management
- Biosimilars strategy
- Opioids management
- Waste management
- Site of care
- Oncology management
- Gene and Cellular Therapies Management program
- Hemophilia management
- Pipeline monitoring and modeling through Emerging Therapies team
- Accumulator programs
- Fraud, waste and abuse program

AllianceRx Walgreens Prime⁵ will continue as the preferred provider of specialty pharmacy drugs for our members. We conducted a separate RFP process for specialty pharmacy distribution and member service, and Walgreens proved to be the strongest partner, offering improved pricing and effective member support. Blue Cross and BCN pass through 100% of specialty pharmacy drug



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discounts to customers. New rates became effective April 1, 2021. The Blue Cross and BCN medical drug management and pharmacy benefit clinical teams will continue to work together to coordinate specialty pharmacy clinical management.

3. **When is the change happening?**

The change will take effect Jan. 1, 2022, for our commercial individual and group business and Jan. 1, 2023, for our Medicare individual and group business. Preparations are well underway to manage the change. We're working with two firms that specialize in pharmacy benefit manager moves to ensure a smooth transition with no disruption for our group customers and members.

Express Scripts will continue as the PBM for our commercial business throughout 2021 and for our Medicare business throughout 2022. During this time, we'll continue to work with Express Scripts to provide you the excellent service and value you have always experienced with Blue Cross Blue Shield of Michigan and Blue Care Network.

4. **Why are we changing to a different PBM?**

We're making this pharmacy benefit manager change to improve flexibility and advance innovations resulting from stronger pharmacy administrative technology. We're excited about this new relationship that is already strengthening our ability to support the unique needs of our group customers, improve member experience and enhance our creative solutions to improve health care in our communities.

Blue Cross, BCN and OptumRx share similar cultures focused on continuous improvement to service, flexibility and true collaboration to allow for development of additional innovative pharmacy solutions. Our pharmacy programs will continue to evolve during the transition period and beyond.

5. **What can Blue Cross and BCN pharmacy customers expect from the transition?**

- Improved pricing and rebates
- Continued nationwide access to a robust pharmacy network
- Advanced solutions and tools that will enhance our members' experience
- Continued aggressive action to manage costs while ensuring access to the medications our members need, as we stay true to our lowest net cost model
- Imaginative, creative solutions developed in partnership with OptumRx
- Our unwavering commitment to deliver value through true integrated pharmacy and medical benefit management

We'll work to create a seamless experience for our customers, members and health care providers during this transition.

- The Blue Cross and BCN clinical teams are reviewing our drug lists to identify new opportunities to better align the HMO and PPO drug lists and make other minor modifications to take



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advantage of improved contract terms through OptumRx, while staying true to our lowest net cost commitment. We'll work to accomplish this with negligible disruption for members.

- OptumRx has more than 65,000 participating pharmacies nationwide and will work to ensure continued access for our members by proactively reaching out to pharmacies serving our members that are not yet in the OptumRx retail pharmacy network.

Reporting and communications

6. Will sales representatives and agents receive reports estimating the savings their group customers will see as a result of the improvements Blue Cross and BCN are making to pharmacy offerings?

When a group's pharmacy contract is up for renewal, sales representatives can submit a repricing request through the customer reporting request tool to get customer-specific savings information.

7. How much savings can customers expect?

Experience will vary from group to group depending on the utilization mix of their pharmacy claims. Sales representatives can submit a repricing request through the customer reporting request tool to get customer-specific savings information.

8. How will Blue Cross and BCN notify members about the change and how it will affect prior authorizations and mail order prescriptions?

Blue Cross and BCN have created a communications plan that includes sending information directly to members about the changes that may affect them. We'll share that information in advance of the member mailings planned for this fall.

Most members currently using home delivery will have their prescriptions automatically transferred to OptumRx, our new home delivery pharmacy, as a result of the transition. Controlled substances, expired prescriptions and prescriptions without refills remaining cannot be transferred. In those cases, members will need to talk to their doctors to get new prescriptions sent to OptumRx on Jan. 1 or later. Members will receive detailed communications from Blue Cross and BCN, as well as a letter and phone call from OptumRx, to ensure a smooth transition to OptumRx home delivery.

Our intent is to minimize disruption for members who currently have approved drug prior authorizations. We'll transfer all existing prior authorizations and two years of claims history to OptumRx to help ensure this. Some exceptions may apply, for example, if the drug becomes excluded from our drug lists as part of our usual periodic updates before Jan. 1, 2022.

9. How will Blue Cross and BCN notify group customers about the upcoming changes?

Blue Cross and BCN announced the pharmacy benefit manager transition in January 2021. We emailed information about the change to our group customers, as well as making a public announcement at that time. We have developed a communications plan that includes additional communications to group customers about enhancements to our pharmacy offerings, including

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letters and emails. We'll also notify group customers in advance of communications planned to members.

10. How will Blue Cross and BCN notify members about the upcoming changes?

We'll start talking to members directly in mid-September about the changes and improvements we're making. We'll use a combination of letters, email and other communications to tell members important details about new ID cards, our switch to the OptumRx home delivery pharmacy and changes and improvements to the pharmacy pages in their online member accounts.

However, we realize our members aren't always aware of our use of a pharmacy benefit manager for claims processing, drug price negotiation or other services. So, we won't talk to them specifically about our PBM transition to OptumRx. We'll instead focus on the changes that affect members directly and the information they need to know to best use their Blue Cross or BCN pharmacy benefits.

We'll also develop and share templates group customers can use to communicate this information to their employees as well. The first template planned is an email group customers can send in advance of the September member letter and email, telling their employees that Blue Cross and BCN are making improvements to pharmacy plans, and to watch their mail and email for more information starting in mid-September.

Pharmacy network

11. Will there be any pharmacy network disruption as a result of the PBM transition?

Blue Cross and BCN are working with OptumRx to minimize any pharmacy network disruption. OptumRx will try to contract with pharmacies that are currently in our network but are not in the OptumRx network. If those efforts are not successful for any pharmacies, we'll notify affected members, along with their groups and health care providers, at least 45 days in advance. We'll direct members to their nearest participating pharmacies to help them make a switch.

12. Will members be able to choose whether to fill a prescription at a retail or home delivery pharmacy?

Yes, only groups that currently have a mandatory mail benefit in place or select that benefit for Jan. 1, 2022, will have a requirement to fill certain prescriptions by mail.

Drug lists

13. Will there be any drug list disruption as a result of the PBM transition?

We typically make changes to our drug lists as part of our normal Pharmacy and Therapeutics Committee process to study new drugs coming to market, new drug indications, new generics and changes in reported safety concerns. The Blue Cross and BCN Pharmacy and Therapeutics Committee



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meets six times per year and includes clinical experts for treatments covered both through the medical and pharmacy benefits. We anticipate there will be minor drug list changes as we evaluate rebate opportunities with OptumRx and make our usual clinical evaluations. We plan to finalize changes before the fall of 2021. We're diligently working to minimize any drug list disruption.

Utilization management

14. Will members have to start over on step therapy or obtain a new prior authorization for medications that require those?

No. Blue Cross and BCN will continue to manage our clinical programs as we do today. Previously approved prior authorizations and member status in step therapy will not change.

ID cards*

15. Will members need new ID cards as a result of the PBM transition?

All members with Blue Cross or BCN pharmacy coverage will receive new ID cards. Group and individual commercial members will receive new ID cards in late 2021, and group and individual Medicare members will receive new ID cards in late 2022. Members will also be able to access their up-to-date digital ID cards at any time through their online accounts or the Blue Cross mobile app. (To download the app, go to the Apple App Store⁶ or Google Play⁷ and search for "BCBSM.")

The Rx BIN number on member ID cards is changing to 610011 as a result of the PBM transition to OptumRx. This number is required for pharmacy claims processing.

We'll mail new ID cards to our commercial members with pharmacy coverage from Oct. 3 through Dec. 15. Sales representatives can reference the schedule to see when their groups' cards will be issued. Please note that any plan benefit changes customers make after their new member ID cards have been printed will result in a second ID card going to group members.

At the same time, we're adding information to member ID cards as a result of the Consolidated Appropriations Act of 2021. This act requires that all member ID cards include amounts of in- and out-of-network individual and family deductibles, and out-of-pocket maximums for both pharmacy and medical services.

Members can also access their digital ID cards in their online member accounts or through the Blue Cross mobile app. The card will be updated with the new information Jan. 1.

*For additional ID card questions and answers, please see the regulatory group customer FAQ.



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Home delivery pharmacy

16. Who will be the home delivery pharmacy for Blue Cross and BCN members?

OptumRx will be our new home delivery pharmacy, starting Jan. 1, 2022, for commercial individual and group members and Jan. 1, 2023, for Medicare individual and group members.

We'll automatically transfer most prescriptions to OptumRx for members currently using home delivery, as part of the transition work. Controlled substances, expired prescriptions and prescriptions without refills remaining cannot be transferred. In those cases, members will need to talk to their doctors to get new prescriptions sent to OptumRx Jan. 1 or later. Members will receive detailed communications from Blue Cross and BCN, as well as a letter and phone call from OptumRx, to ensure a smooth transition to OptumRx home delivery.

Durable medical equipment

17. Will all DME, including diabetic supplies, remain covered under medical benefits or become part of pharmacy benefits? And will there be a change in participating DME providers?

We added diabetes management supplies, including select glucometers and testing strips, to pharmacy benefits Jan. 1, 2021. This is in addition to coverage continuing under DME benefits. Our current DME vendors will remain in place in 2022, and the dual coverage for diabetic supplies under both pharmacy and DME benefits will continue.

Group benefit decisions

18. When is the deadline for group customers to make benefit changes for coverage effective Jan. 1, 2022, if customers choose plan designs that are already built in the Blue Cross and BCN system?

We have a robust and flexible menu of pharmacy products to choose from that are already built in our system in various combinations. But it can take up to 15 days to load new benefits for a group and conduct testing of those changes. The OptumRx transition requires a significant amount of work at an already busy time of year, which limits our ability to support group benefit changes late in the year. We ask that customers make those decisions so that our account team can submit them by Oct. 1 to avoid delays in effective dates.

19. What will happen if a customer chooses a plan design that requires new benefits to be built in the Blue Cross and BCN computer system after Oct. 1?

If a customer requests a benefit design that isn't on our standard list of products or that includes a new product after Oct. 1, the benefits may not be effective until Feb. 1, 2022, or later.

If we're able to provide OptumRx the majority of new benefit requests by Oct. 1, it will be easier to accommodate requests that come in after that date. If we receive all new benefit requests around Dec. 1, there isn't sufficient time for us to work with OptumRx to build a large number of benefits and conduct quality checks, before testing and implementing the new benefits.

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20. How will Blue Cross and BCN handle benefit requests for new-to-Blue groups with pharmacy coverage that make decisions by December, but after Oct. 1?

We'll handle this the same way we will for existing pharmacy customers who want to change benefits. Please see answers above in 17 and 18. Pharmacy Services recommends working with your pharmacy liaison to help guide customers to consider pharmacy products for which benefits are already built that will be available Jan. 1.

21. Are there any other concerns about benefit changes made after Oct. 1?

Group benefit changes made later in the year may result in group members receiving multiple ID cards. We're printing and mailing new ID cards to members with pharmacy coverage from Oct. 3 through Dec. 15 to handle the large volume needed before Jan. 1. Sales representatives can reference the schedule to see when their groups' cards will be issued. If a group makes a benefit change after that date, it may result in a second new ID card going to each of its members before the end of the year. Not all benefit changes require new cards, but groups making their 2022 benefit decisions early may prevent their members from receiving multiple ID cards.

We'll include information with the new ID cards to let members know they should use the ID cards they received most recently, or their digital ID cards in their online member accounts or on the Blue Cross mobile app starting Jan. 1. (To download the app, go to the Apple App Store⁶ or Google Play⁷ and search for "BCBSM.")

¹OptumRx is an independent company providing home delivery pharmacy and other pharmacy benefit management services to Blue Cross Blue Shield of Michigan and Blue Care Network.

²Express Scripts Inc. is an independent company providing pharmacy benefit administration services on behalf of Blue Cross Blue Shield of Michigan and Blue Care Network.

³PillarRx is an independent company providing Blue Cross Blue Shield of Michigan and Blue Care Network with a high-cost drug discount program.

⁴Blue Cross Blue Shield of Michigan and Blue Care Network have contracted with Sempre Health, an independent company, to provide a drug discount program.

⁵AllianceRx Walgreens Prime is an independent company providing specialty drug services on behalf of Blue Cross Blue Shield of Michigan and Blue Care Network.

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