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December 8, 2023

Jerry McGinty
Director
Legislative Budget Board
Robert E. Johnson Bldg., 5th Floor
1501 N. Congress
Austin, Texas 78701-1200

PORTER WILSON
EXECUTIVE DIRECTOR

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CHAIR

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VICE-CHAIR

BOARD OF TRUSTEES
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Dear Mr. McGinty:

Pursuant to Article IX, Section 7.11, of the General Appropriations Act, 87th Legislature, 2022-23, the Employees Retirement System of Texas (ERS) hereby notifies the Legislative Budget Board (LBB) that ERS has entered into a Contractual Agreement with Express Scripts, Inc. to provide Pharmacy Benefit Management (PBM) Services for HealthSelectSM Prescription Drug Program (PDP) and HealthSelectSM Medicare Rx Prescription Drug Program (the "Contract").

A. Contract Information

Attached is a summary of the purpose of and major deliverables for the Contract:

1. Vendor Name: Express Scripts, Inc.,
2. Address: One Express Way St. Louis, MO 63121,
3. Phone number: (800) 282-2881
4. Contract Identification number: 21-11565-001
5. Maximum amount of the Contract: The Contract is not a "maximum value contract," but is based on administrative fees and pricing elements as reflected in the Contract
6. Scheduled payment date(s): "Administrative fees are paid monthly on a per subscriber basis."
7. Term of the Contract: 1/1/2024 - 12/31/2029

B. Executive Director Certification

1. I certify that the process used to award the Contract complies with or is consistent with the following:
 - a. State of Texas Procurement and Contract Management Guide; and
 - b. All applicable statutes, rules, policies, and procedures related to procurement and contracting of goods and services, including compliance with conflict of interest disclosure requirements, applicable to the Texas Employees Group Benefits Program.
2. I certify that ERS has an effective process and adequate management controls to:
 - a. Verify vendor performance and deliverables for the Contract;
 - b. Only pay for goods and services that are within the scope of the Contract or procurement;
 - c. Calculate and collect any liquidated damages associated with vendor performance; and
 - d. Determine when, why and how to apply corrective action plans for continuing poor vendor performance
3. I certify that ERS will comply with the requirement to provide information to the Vendor Performance Tracking System in accordance with Section 2155.089 of the Government Code, as amended by Senate Bill 65, Eighty-sixth Legislature, 2019, if applicable.

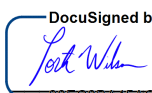
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C. Risk Statement

I believe that the goods or services being procured via this contract are necessary to provide mission critical functions of ERS¹. The attached describes the importance of the goods and services and risk to ERS if the parameters of the Contract are not met within the specified time frames.

D. Continuing Duty to Report

I acknowledge a continuing duty to provide information or documentation regarding the Contract upon request by the LBB and to report changes to the information provided as well as any later discovered errors or inconsistencies to the LBB.

DocuSigned by:

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Porter Wilson
Executive Director
Employees Retirement System of Texas

12/12/2022 | 12:25 PM CST

Date

¹ Goods and services that ERS relies on to execute basic functions essential to the mission of ERS should be considered mission critical. This may include direct services to constituents or indirect support services for critical ERS systems.

ATTACHMENT

A. Contract Information: Description of the purpose of the Contract and summary of major deliverables.

Chapter 1551 of the Texas Insurance Code (TIC) establishes the Group Benefits Plan (GBP) and provides that the Board is the trustee and the plan administrator for the GBP. The Board Rules, including any amendments, are a part of any Contract executed in accordance with the Request For Proposals (RFP) for all purposes as if they were contained verbatim therein.

HealthSelect of Texas PDP provides prescription drug benefits for non-Medicare-primary Participants enrolled in HealthSelect of Texas, HealthSelectSM Out-of-State, and Consumer Directed HealthSelect.

The HealthSelect Medicare Rx PDP is a Medicare Part D Plan designed as an Employer Group Waiver Plan (EGWP) with a Wrap. The HealthSelect Medicare Rx PDP provides primary coverage through a self-funded EGWP with a Wrap arrangement. The purpose of the Wrap is to cover: (a) certain prescription drugs not covered by the EGWP and/or Medicare Part D; and (b) prescription drugs in the coverage gap.

B. Executive Director Certification: If the process to award the Contract, contract extension, or procurement did not comply with the requirements of Subsection B.1, provide an explanation for the alternative process utilized, legal justification for the alternative process.

ERS complied with the requirements of Subsection B.1 during its award process for the Contract.

C. Risk Statement: Statement of the importance of the Contract to ERS, and risk to ERS if the parameters of the solicitation or Contract are not met within the specified time frames.

ERS recognizes that GBP benefits are very important for ERS members who provide or have provided essential services for the state of Texas and certain institutions of higher education. ERS administers the health plan in order to provide employees and retirees of the state with high quality benefits at a reasonable cost, which serves to attract and retain a qualified workforce for the state of Texas, and in compliance with the requirements stipulated under Chapter 1551 of the TIC relating to providing quality health insurance benefits.

Administration of the Contract is extremely complex, requiring many deliverables. For these reasons, ERS conducts extensive due diligence during the solicitation process to ensure that it is contracting with a qualified and competent PBM.