

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

443



**FROM:** Human Resources Dept

**SUBMITTAL DATE:**  
9/18/03

**SUBJECT:** Exclusive Care Prescription Drug Benefit – Change in Vendor

**RECOMMENDED MOTION:** That the Board of Supervisors authorize Human Resources to negotiate a contract for the purchase of an Exclusive Care prescription drug benefit program through Systemed, a national Pharmacy Benefits Manager (PBM).

**BACKGROUND:** Exclusive Care, the County's own health plan option, with currently over 7,000 enrolled members will pay approximately two million dollars in prescription drug benefits in 2003. In July, Human Resources requested Aon Consulting, Human Resources' independent benefits consultant, to conduct a request for proposal process on behalf of Human Resources to select a replacement vendor to provide prescription drug benefits coverage for Exclusive Care members. The current vendor, RxAmerica, has been adequate from a network access and administration perspective, but there is potential for the County to obtain deeper discounts off drug prices from other Pharmacy Benefits Managers (PBMs) in the future, an important consideration as costs of brand name drugs and newly released drugs rapidly escalate.

(Continued on Page 2)

vbDepartmental Concurrence

Ronald W. Komers  
Asst. CEO/Human Resources Director

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2003/2004

<b>SOURCE OF FUNDS:</b> County Flex dollars provided for employees' health benefits.	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** **APPROVE**

**County Executive Office Signature**

- Policy
- Policy
- Consent
- Consent

Dept Recomm.  
Per Exec. Ofc.:

**Prev. Agn. Ref.:** | **District:** ALL | **Agenda Number:**

3.58

**BACKGROUND (CONTINUED):**

Aon Consulting has been utilized by Human Resources for the procurement of various insurance benefits programs in the past (insurance is exempt from the County Purchasing RFP process under Ordinance 459.4), and has no influence over the County's decision-making process, and receives no commission from this specific RFP process.

Bids were sought from the six largest PBM vendors. Five vendors responded to the RFP. These vendors were Express Scripts, Advanced PCS, RxSolutions, Pharmacare and Systemed. RFP responses meeting the criteria were evaluated by Aon and ranked on a weighted percentile scale covering several criteria such as pharmacy network, mail order service, clinical programs, claims administration and member communications.

Aon's solicitation, RFP responses and the resulting comparative analysis were carefully evaluated through a collaborative effort involving senior managers from Human Resources and managers of other County departments potentially impacted by the selection of a PBM, namely Mental Health, CHA, RCRMC and Detention Health Services. These County departments are interested in ways to reduce their prescription drug expenditures since they have all seen costs escalate significantly. The two highest performing vendors, Systemed and Advanced PCS were selected as finalists and these vendors conducted finalist presentations.

The County's evaluation team selected Systemed as the most responsive and responsible vendor based on the solicitation and their finalist presentation. Systemed offered the lowest projected cost to Exclusive Care for 2004 -- \$1,812,368 versus the next lowest vendor's projected cost at \$1,843,131. Systemed offered the most overall cost savings to Exclusive Care (an estimated \$567,302 annually or 24% less than the current vendor), as well as meeting the clinical data management, administration and member services requirements of Exclusive Care. Systemed has also been selected for its willingness to explore offering the same pharmacy clinical management services and wholesale discounts to other County departments (Mental Health, Detention Health Services, Workers' Comp and CHA) whose prescription drug costs have recently seen significant cost increases. Aon has completed and submitted client reference checks. Aon's comparison of RFP responses from each vendor is attached in Exhibit A. Systemed's proposal of pharmacy benefits management services is attached in Exhibit B. The proposed effective date of this change is January 1, 2004. Upon this Board's approval, Human Resources will immediately begin working with County Counsel and Risk Management to prepare a contract with Systemed on behalf of Exclusive Care, and pursue savings opportunities with other County departments.