

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

468



FORM APPROVED COUNTY COUNSEL
BY: LUCY FURUTA
DATE: 11/10/08
Departmental Confidential

FROM: Human Resources Department

SUBMITTAL DATE:
November 10, 2008

SUBJECT: Approval of Pharmacy Services Agreement and Pharmacy Benefit Agreement with Navitus Health Solutions, L.L.C., to provide Exclusive Care members with prescription medication benefits.

RECOMMENDED MOTION: 1) Approve the attached agreements with Navitus Health Care Solutions from January 1, 2009 through December 31, 2010; 2) authorize the Chairperson to sign four (4) copies of the attached agreements; 3) retain one (1) copy of the agreements, returning three (3) copies to Human Resources for distribution.

BACKGROUND: Exclusive Care, the County's self-funded health plan option (with currently over 12,400 enrolled members) will pay in excess of \$6,000,000 this year in prescription drug benefits. The current contract with Systemed, a subsidiary of Medco Health, was executed January 1, 2004 and expires December 31, 2008.

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	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:	2008/09

SOURCE OF FUNDS: Employee Medical Insurance Premium payroll deductions into fund 45800-11320.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY:
Elizabeth J. Olson

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

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

3.42

Background Continued:

Human Resources conducted a Request for Proposal (RFP) process to select a replacement vendor to provide prescription drug benefits for Exclusive Care members. Systemed performed adequately from a network access and administration perspective, but the County was able to obtain deeper discounts and pricing transparency not offered by Systemed, an important consideration as costs of brand name drugs and newly released drugs have rapidly increased in recent years.

Through Aon Consulting, bids were sought from the largest Pharmacy Benefit Manager vendors, and other vendors were given the opportunity to respond as well. Four vendors responded to the RFP—Caremark, Express Scripts, Medco and Navitus. RFP responses meeting the County's criteria were evaluated and ranked on a weighted percentile scale covering several criteria such as pharmacy network access, mail order service, clinical management program, claims administration, member services, communication, and flexibility in operations and administration.

Aon's solicitation, RFP responses and the resulting comparative analysis were carefully evaluated through a collaborative effort involving senior HR staff. The three highest performing vendors, Caremark, Medco and Navitus were selected as finalists and these vendors conducted finalist presentations. Aon completed and submitted reference checks.

Navitus was selected as the new administrator based on careful consideration of their offer and a site visit of the corporation. Navitus is offering a projected savings of \$796,315.00 (14%) for 2009 and \$789,624.00 (13%) for 2010 for a total savings of \$1,585,939.00 (13%) for the two year period. Navitus offers a transparent, pass-through business model which is considered to be optimal in the industry. Navitus also offers maximum flexibility in administration and operations. Flexibility is very important as Exclusive Care continues to grow and offer health care to other public entities throughout the State. Navitus had the most extensive network of pharmacies among the three vendors to meet the needs of our members. The Pharmacy Services Agreement (attachment A) implements a 2-year contract between Navitus and Exclusive Care.

The Pharmacy Benefit Agreement (attachment B) allows Navitus to enter into an agreement with the Rubidoux Pharmacy so that the Rubidoux Pharmacy may continue to dispense medications to Exclusive Care members. With this agreement, Exclusive Care will be able to maximize the utilization of the Rubidoux Pharmacy to service its own members and also provide mail order benefits to all Exclusive Care members.

Funding for the prescription drug benefit is provided through employees' Exclusive Care premiums.