

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

301



FROM: Human Resources Department

SUBMITTAL DATE:
September 13, 2011

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

RECOMMENDED MOTION: That the Board of Supervisors 1) approve the attached addendum with Navitus Health Solutions L.L.C., for the period January 1, 2012 through December 31, 2013; and 2) authorize the Chairperson to sign three (3) copies of the attached amendment, and retain one copy of the signed addendum, and return two (2) copies to Human Resources for distribution.

FORM APPROVED BY COUNTY COUNSEL
BY: *[Signature]* DATE: *[Date]*
HEAL R. KIPNIS
Departmental Concurrence

[Signature]

Barbara A. Olivier
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 7,200,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/2012

SOURCE OF FUNDS: Exclusive Care premiums paid by enrolled membership.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *[Signature]*
Elizabeth J. Olson

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

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

Prev. Agn. Ref.: 12/9/2008, # 3.42 | **District:** ALL | **Agenda Number:**

3.19

BACKGROUND:

In 1999, the Board of Supervisors established the County's self-funded Exclusive Provider Option (EPO) health plan, Exclusive Care, to provide a value health plan option to the employees of Riverside County and their families. To provide services to its enrolled members, Exclusive Care is budgeted to spend over \$42 million on medical, hospital and pharmacy claims for FY2011-12.

On December 9, 2008, the Board of Supervisors approved an agreement with Navitus Health Solutions, LLC, to replace the prior agreement with Medco and become the Pharmacy Benefits Manager (PBM) for Exclusive Care. During the first two years of the contract Navitus saved Exclusive Care and its members nearly \$2.4 million dollars over the previous vendor with ongoing additional savings expected during CY2011. Navitus also provides improved customer service with their customer service unit serving as a critical backstop for our Rubidoux Pharmacy operations. Utilization at the Riverside County Rubidoux Pharmacy more than doubled from 2009 to 2010. In addition, Navitus' transparent pass-through business model has resulted in improved reporting and management of pharmacy services with full rebate refunding to Exclusive Care.

This addendum and extension is permitted by the existing contract and allows Navitus Health Solutions, LLC to continue as the PBM for an additional two years (January 1, 2012 through December 31, 2013) with no increase in administrative fees. Competitive bidding at this time for a new PBM would not be financially productive and would cause a significant disruption in member service.

There is no direct cost to the County for the recommended action as these costs are funded by Exclusive Care premiums.

Addendum No. 1

PHARMACY MANAGEMENT SERVICES AGREEMENT ADDENDUM

This Pharmacy Management Services Agreement Addendum ("Addendum") is made as of January 1, 2012 ("Effective Date"), by and between Navitus Health Solutions, LLC, a Wisconsin limited liability company with its administrative office located at 2601 West Beltline Highway, Suite 600, Madison WI 53713 ("Navitus") and the County of Riverside, a political subdivision of the State of California (herein referred to "County" or as "Client").

WHEREAS; Navitus and Client have executed a Pharmacy Management Services Agreement effective January 1, 2009 (the "Agreement");

WHEREAS, Navitus and Client agree to amend the Agreement as follows:

Article VI-TERM OF AGREEMENT, sentence 1 is deleted and amended to read:

This Agreement shall become effective on the Effective Date, shall continue in full force and effect for the Initial Term. The services provided by Navitus under this Agreement shall commence as of the Effective Date and shall continue until December 31, 2013 (the "Initial Term"). Attachment A is attached to and incorporated into this Addendum.

WHEREAS; Navitus and Client agree that all other terms and conditions of the Agreement that are not affected by this Addendum shall remain in full force and effect.

IN WITNESS WHEREOF, Navitus and Client have caused this Addendum to be executed and effective as of the Effective Date.

ATTEST:
Clerk to the Board
Kecia Harper-Ihem

COUNTY OF RIVERSIDE:

By _____
Deputy

By _____
Chairman, Board of Supervisors

Date _____

Date _____

Approved as to form and content:

Neal Kipnis
County Counsel

FORM APPROVED COUNTY COUNSEL
BY: Neal R. Kipnis DATE _____

By: _____
County Counsel

Navitus Health Solutions, LLC:

By: Thomas J. Pabich

Printed Name: Thomas J. Pabich

Title: Sr. VP - Business Development & Client Services

Date: 09/06/2011

Attachment A



June 6, 2011

James W. Burke
County of Riverside
Exclusive Care Plan Manager
County Administrative Center
P.O. Box 1508
Riverside, CA 92502-1508

Dear Jim:

On behalf of Navitus Health Solutions, I would like to extend our appreciation to The County of Riverside and the Exclusive Care team for the opportunity to serve as your pharmacy benefits manager since January of 2009. Together we have formed a strong, open and collaborative relationship. That relationship, along with Navitus' unique model founded on the principles of full pass-through transparency, improving member health and high touch service excellence has allowed our organizations to ensure we are aligned to achieve the results Exclusive Care desires.

While too numerous to name them all, I do want to specifically mention some of our joint accomplishments:

- A reduction in pharmacy costs of 8.7% in the first year of our relationship.
- An increase of 226% in utilization of the Riverside County Rubidoux Pharmacy by Exclusive Care members in 2010 when compared to 2009.
- Implementation of a value based insurance design for Exclusive Care members, which waives pharmacy copayments for members treating their diabetes.
- Pass-through of pharmaceutical rebates at nearly 112% above the guaranteed amount in 2010.

Navitus is excited to continue to our strong relationship with Exclusive Care as we approach the start of the two year renewal term beginning January of 2012. With this in mind, Navitus would like to hold the current administrative fee of \$2.15 per member per month for the term of the renewal. Additionally, with the health and wellbeing of the Exclusive Care members in mind, Navitus would like to partner with Exclusive Care to implement our Asthma Management Program, and track the medical and pharmacy outcomes of this program. The purpose of the Asthma Management Program is to educate members and their prescribers on best practices for asthma management with the goal of more appropriate guideline based prescribing. As a gesture of our ongoing commitment to helping achieve your goals, Navitus will waive our normal program costs for Exclusive Care!

It has been our pleasure to serve Exclusive Care since 2009, and we look forward to continuing our business and health alliance in 2012 and beyond. Navitus would like to thank you and your team for your collaboration and support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Mead".

Chris D. Mead
Senior Client Services Executive