

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

208



FROM: Human Resources Department

SUBMITTAL DATE:
January 20, 2014

SUBJECT: Exclusive Care – Amendment to the Provider Agreement Contract between Argus Health Systems, Inc., and County of Riverside Rubidoux Pharmacy providing pharmacy services to Inland Empire Health Plan (IEHP) Commercial Members. [District- All] [Total Cost - \$0] [Source of Funds - Premiums and Copayments paid by IEHP Commercial Members]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve the attached Amendment of the Provider Agreement Contract with Argus Health Systems, Inc. effective February 1, 2014 through October 19, 2016.
2. Authorize the Chairperson to sign three (3) copies of the attached Amendment.
3. Retain one (1) copy of the signed Addendum and return two (2) copies to Human Resources for distribution

BACKGROUND:

Summary

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.

Michael T. Stock
Asst. County Executive Officer/
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
SOURCE OF FUNDS: Premiums and Copayments paid by IEHP Commercial Members				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE

BY: 1/27/14
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: 11/01/11; 3.23

District:

Agenda Number:

3-9

FORM APPROVED COUNTY COUNSEL
BY: DATE: 1/21/14
NEAL R. KIPNIS

Departmental Consultations

BACKGROUND:
Summary (continued)

On February, 24, 2009, the Board of Supervisors approved an Agreement for the County of Riverside Rubidoux Pharmacy to accept Argus identification cards and bill Argus for an agreed upon reimbursement rate. The purpose of this agreement is to serve the IEHP Commercial Members who receive their prescriptions via Rubidoux Pharmacy. During 2011, IEHP elected to change their existing Argus network and use the Argus national network. On November 1, 2011, the Board of Supervisors approved a five year agreement with Argus Health Systems, Inc., for Rubidoux Pharmacy to become part of the Argus national network and continue serving IEHP members.

This year IEHP made the decision to return to an Argus local (Riverside and San Bernardino counties) pharmacy network. This Amendment reflects the reimbursement rates for this network and replaces Exhibit 4 of the current Provider Agreement Contract. Rubidoux Pharmacy will continue to serve the IEHP Commercial population for the duration of the contract. Rubidoux Pharmacy is reimbursed approximately \$60,000 per year which is used to pay for the cost of drugs as well as administrative functions.

Impact on Residents and Businesses

There is no direct cost to the County for the recommended action, as these costs are funded by IEHP Commercial Member copayments and reimbursements from Argus. IEHP Commercial Members are able to fill prescriptions at Argus contracted pharmacies owned and operated by citizens and businesses throughout all of Riverside County in addition to the Rubidoux Pharmacy.

SUPPLEMENTAL:
Additional Fiscal Information

N/A

Contract History and Price Reasonableness

Rubidoux Pharmacy has been reimbursed approximately \$60,000 per year for IEHP Commercial members which is used to pay for the cost of drugs as well as Rubidoux Pharmacy administrative functions.

ATTACHMENTS:

- A. Argus Pharmacy Network Addendum



1800 WASHINGTON STREET
 KANSAS CITY, MISSOURI
 64106-1433
 WWW.ARGUSHEALTH.COM

**PHARMACY NETWORK
 ADDENDUM
 ANA-160**

**Inland Empire Health Plan
 Medicaid**

This Amendment, by and between Argus Health Systems, Inc. and the pharmacy, chain, or PSAO described within, desiring participation in the Argus Health Systems, Inc. ANA-160 Network, is effective at the rates indicated, when signed and executed by both parties. By signing below, the undersigned agrees to participate in the network indicated in accordance with the terms and conditions set forth herein.

This Amendment acts as a modification to the Pharmacy Network Agreement and is specific to Inland Empire Health Plan in the Counties of Riverside and San Bernardino California only.

In consideration of the mutual promises herein, the parties agree as follows:

Participating Pharmacy agrees to the following discount and dispensing fees for claims submitted on behalf of Members of Inland Empire Health Plan – Medicaid only:

CLAIMS ARE PAID USING THE “LESSER OF” LOGIC, DEPENDENT UPON CLAIM TYPE.*

- 1. Usual and Customary Price,**
- or**
- 2. Rates for Claims with a day’s supply of 1-90 days are as follows:**

Brand Reimbursement Rate	WAC plus (+) 3.20%, plus a dispensing fee of \$1.50, if no WAC then SWP minus (-) 14.00% , plus a dispensing fee of \$1.50 DIR plus (+) 3.20%, plus a dispensing fee of \$1.50, if no DIR then Same as above
Brand OTC Reimbursement Rate	Same as above
Generic Reimbursement Rate	SWP minus (-) 25.00% , plus a dispensing fee of \$1.50 WAC minus (-) 6.25%, plus a dispensing fee of \$1.50, if no WAC then DIR minus (-) 6.25%, plus a dispensing fee of \$1.50, if no DIR then Same as above
Generic OTC Reimbursement Rate	Same as above
IEHP MAC Reimbursement Rate	MAC plus a dispensing fee of \$5.00
IEHP OTC Dispensing Fee	All IEHP OTC Dispensing Fees will be \$1.50, even if the OTC is on the MAC list.

Notwithstanding any provision in the Argus Participating Agreement for Pharmacy to the contrary, “Maximum Allowable Cost (MAC)” means the maximum allowable cost of a drug pursuant to a list that establishes an upper limit reimbursement price for certain multiple-source drugs dispensed without regard to the specific manufacturer whose drug is dispensed.

*Claim rates are determined based upon Claim type, such as brand drug, generic drug, or a drug on the IEHP MAC list. SWP, WAC or DIR discount and Dispensing Fee pricing for a generic that are also drugs on the IEHP MAC list will be based on the “lesser of” the generic reimbursement rate or the IEHP MAC price, plus dispensing fee. Notwithstanding anything to the contrary in the Agreement or otherwise: (i) Participating Pharmacy will be reimbursed based on this lesser of formula, and (ii) the applicable MAC will be created and maintained by Inland Empire Health Plan (IEHP) and not subject to any terms and conditions for an Argus MAC.

Pharmacy is not authorized to add, delete or make any modifications to this Addendum (whether typed, hand-written, or otherwise) without the prior written consent of Argus. Any such modifications to this Addendum without the written authorization of Argus shall be invalid and shall have no effect.



1300 WASHINGTON STREET
KANSAS CITY, MISSOURI
64105-1433

WWW.ARGUSHEALTH.COM

By signing below, the undersigned represents and warrants that it has received and executed the Participating Agreement. The undersigned understands and agrees that all the terms and conditions established in the Participating Agreement, except to the extent inconsistent with the terms and conditions of this Addendum, shall apply to this Addendum. Participating Pharmacy and Argus have caused this Addendum to be executed by their respective officers or representatives duly authorized to do so. Participating Pharmacy shall become a participant in this network effective as set forth above. Any prior ANAs, agreements, addendums, promises, negotiations, or representations concerning the subject matter covered by this Addendum are of no force and effect.

Participating Pharmacy:

Argus Health Systems, Inc.:

Name (Signature)

Michael T. Stock

Name (Printed)

Asst. County Executive Officer/Human Resources Dir.

Title

1-21-2014

Date

5627469

NCPDP

(877) 748-2679

Telephone Number

(951) 955-0899

Fax Number

Name (Signature)

Patricia Yakimo

Name (Printed)

SR VP of Human Resources and Strategic Planning

Title

Date

(800) 522-7487

Telephone Number

(816) 435-7440 Independent Pharmacy

Fax Number

Participating Pharmacy is not authorized to add, delete, or make any modifications to this Agreement (whether typed, hand-written, or otherwise) without the prior written consent of Argus. Any such modifications to this Agreement without the written authorization of Argus shall be invalid and shall have no effect.

IN WITNESS WHEREOF, Participating Pharmacy and Argus have executed this Addendum by the representatives duly authorized as of the date below:

ATTEST:
Clerk to the Board
Kecia Harper-Ihem

COUNTY OF RIVERSIDE on behalf
of the Exclusive Care Division of its
Human Resources Department

By _____
Deputy

By _____
Jeff Stone
Chairman, Board of Supervisors

Date _____

Date _____

Approved as to form and content:

Neal Kipnis
Deputy County Counsel

By:  _____
Deputy County Counsel

CONTRACTOR: Argus Health Systems, Inc.

By: _____

Printed Name: Patricia Yakimo

Title: Sr. VP of Human Resources and Strategic Planning

Date: _____