

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



ITEM
3.77
(ID # 5091)

MEETING DATE:

Tuesday, August 29, 2017


FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Approve and execute Amendment No. 6 to the Agreement for Pharmacy Benefit Services with Navitus Health Solutions, LLC, through December 31, 2017, All Districts. [Total Cost \$4,400,000 - 100% Exclusive Care Members Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and authorize the Chairman to execute Amendment No. 6 for Pharmacy Benefit Manager Services with Navitus Health Solutions, LLC as follows:
 - a. For FY17/18 (through December 31, 2017) increase the contract by \$4,400,000 from \$24,750,000 to \$29,150,000.
 - b. Extend the term of the Agreement through December 31, 2017.
2. Authorize the County Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to: sign amendments that do not change the substantive terms of the Agreement; and sign amendments to the compensation provisions that do not exceed 10% annually.

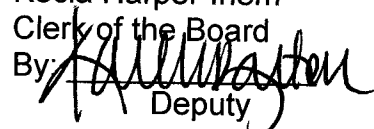
ACTION: Policy


Michael Stock, Assistant CEO/ Director of Human Resources 8/14/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Ashley
Nays: None
Absent: Tavaglione
Date: August 29, 2017
xc: H.R., Purchasing

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

BACKGROUND:

Summary

On December 9, 2008, the Board of Supervisors approved an agreement with Navitus Health Solutions, LLC. This replaced the prior agreement with Medco Health Solutions. Navitus provides highly effective customer service and serves as a critical backstop for the Rubidoux Pharmacy operations. The Riverside County Rubidoux Pharmacy currently provides over 30 percent of the total prescriptions for Exclusive Care members. In addition, Navitus' transparent pass-through business model has resulted in improved reporting and management of pharmacy services, with 100 percent of drug rebates refunded to Exclusive Care.

County Purchasing, along with Human Resources, is currently evaluating bid proposals submitted by vendors in response to RFP (Request for Proposal) HRARC-069 for the next pharmacy benefits manager (PBM) contract. This process was expected to be completed by August 31, 2017, however additional time is needed. The process is expected to be completed by December 31, 2017.

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$4,400,000	\$0	\$4,400,000	\$0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% Exclusive Care premiums paid by Exclusive Care members			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: [CEO use]

Impact on Residents and Businesses

Exclusive Care members are able to fill prescriptions at over 327 Navitus contracted pharmacies throughout Riverside County.

SUPPLEMENTAL:

Additional Fiscal Information

Approximately \$350,000 per year is paid in administrative fees to Navitus for its services. As Pharmacy Benefits Manager (PBM), Navitus processes retail and mail order prescriptions; establishes and maintains contracted networks of pharmacies; establishes pharmaceutical formularies with Exclusive Care's medical director, and negotiates reimbursements with drug manufacturers.

Contract History and Price Reasonableness

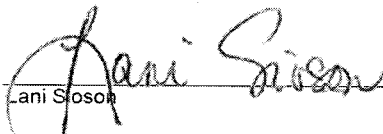
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The Board of Supervisors approved Addendum No. 1 in October 2011 for \$7,200,000. Addendum No. 2, approved by the Board of Supervisors in December 2013, increased the maximum contract amount to \$7,529,000 for additional administrative costs as a result of increases in Exclusive Care membership. Amendment No. 3 was approved September 2015 with a maximum contract amount of \$14,850,000 to eliminate disruption to the membership while Exclusive Care completes a Request for Proposal (RFP). Amendment No. 4 was completed by County purchasing which extended the contract for one month through January 31, 2017. The Board of Supervisors approved Addendum No. 5 in January 2017 which increased the contract maximum to \$24,750,000.

Amendment No. 6 will allow Navitus to continue serving Exclusive Care members through December 31, 2017 when the RFP process is expected to be completed. Human Resources is working with Purchasing and our outside benefits consulting group AON to work through this process. The current Exclusive Care costs are expected to average \$1,100,000 per month assuming normal membership increases and pharmacy trends.

ATTACHMENTS:

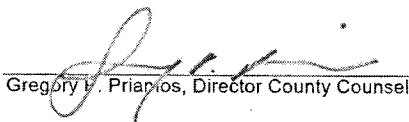
ATTACHMENT A. Amendment No. 6 to the Pharmacy Services Agreement with Navitus Health Solutions, LLC.


Lani Soson

8/17/2017


Teresa Summers, Assistant Director of Purchasing

8/17/2017


Gregory V. Priapios, Director County Counsel

8/17/2017

COUNTY OF RIVERSIDE
AMENDMENT NO.6 TO THE AGREEMENT
WITH
Navitus Health Solutions, LLC

Original Contract Term:	January 1, 2008 through August 31, 2017
Contract Term Extended To:	December 31, 2017
Effective Date of Amendment:	September 1, 2017
Original Annual Maximum Contract Amount:	\$24,750,000 (through 8/31/2017)
Amended Annual Maximum Contract Amount:	\$29,150,000 (through 12/31/2017)
Contract ID:	HRARC-94872-002-12/16

The Agreement between County of Riverside (COUNTY) and Navitus Health Solutions, LLC (CONTRACTOR), entered into as of January 1, 2015, with a first amendment on October 4, 2011; second amendment on December 10, 2013; third amendment on October 6, 2015; fourth amendment December 22, 2016; and Fifth Amendment January 31, 2017; is now amended as follows:

1. Article VI – TERM OF AGREEMENT, is deleted in its entirety and replaced with the following:
“This Agreement shall become effective on the Effective Date, shall continue in full force and effect for the Initial Term, and shall thereafter continue for two (2), two-year renewable terms (“Renewal Term”) for a total of five (5) years, unless sooner terminated as described below. Any further extension of the Agreement is subject to negotiation of the parties and amendment of this Agreement. If either COUNTY or Navitus desires not to continue this Agreement beyond the Initial Term or Renewal Term, then that party shall so notify the other party in writing not less than ninety(90) days prior to the expiration of such term.

2. Article V – COMPENSATION; CLAIMS BILLINGS AND PAYMENTS, is modified by adding the following paragraph:
“5.10. Maximum Compensation. The maximum compensation for the FY17/18 through December 31, 2017 shall be \$ 29,150,000.”

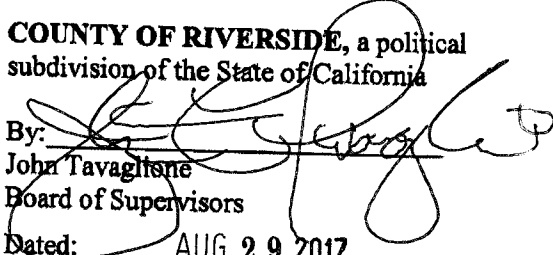
3. All other terms and conditions of the Agreement not modified herein shall remain unchanged.

AUG 29 2017 3.77

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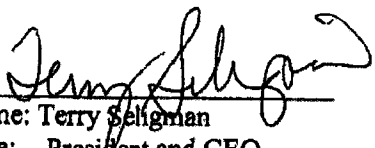
IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: 
John Tavaglione
Board of Supervisors

Dated: AUG 29 2017

Navitus Health Solutions, LLC.

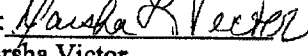
By: 
Name: Terry Seligman
Title: President and CEO

Dated: 8-17-17

ATTEST:
Kecia Harper-Ithem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
Marsha Victor,
Chief Deputy County Counsel