

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



ITEM
3.27
(ID # 5311)

MEETING DATE:

Tuesday, December 12, 2017

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Approve and execute Amendment No. 7 to the Agreement for Pharmacy Benefit Services with Navitus Health Solutions, LLC, through September 30, 2018, All Districts. [Total Cost \$10,170,000 - 100% Exclusive Care Members Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and authorize the Chairman to execute Amendment No. 7 for Pharmacy Benefit Manager Services with Navitus Health Solutions, LLC as follows:
 - a. For FY17/18 (through June 30, 2018) increase the contract by \$6,780,000 from \$29,150,000 to \$35,930,000; and
 - b. For FY18/19 (through September, 30, 2018) increase the contract by \$3,390,000 from \$35,930,000 to \$39,320,000.
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.

ACTION: Policy

Jennifer Fuller, Deputy Human Resources Director

12/4/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Perez and Ashley
Nays: None
Absent: Washington
Date: December 12, 2017
xc: HR, Purchasing

Kecja 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.

Human Resources in coordination County Purchasing, 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 December 31, 2017, however additional time is needed. The process and implementation is expected to be completed by September 30, 2018.

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	\$6,780,000	\$3,390,000	\$10,170,000	\$ 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, 18/19

C.E.O. RECOMMENDATION: Approve

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 \$30,000 per month 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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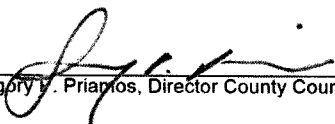
The Board of Supervisors approved Addendum No. 1 in October 2011 for \$7,200,000. Addendum No. 2, approved by the Board of Supervisors in December 2013, increased the maximum contract amount to \$7,529,000 for additional administrative costs as a result of increases in Exclusive Care membership. Amendment 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 Amendment No. 5 in January 2017 which increased the contract maximum to \$24,750,000. The Board of Supervisors authorized and approved Amendment No. 6 on August 29, 2017 item 3.77 through 12/31/2017 which increased the contract maximum to \$29,150,000.

Amendment No. 7 will allow Navitus to continue serving Exclusive Care members through September 30, 2018 when the RFP process and implementation is expected to be completed. Human Resources is working with Purchasing and our contracted benefits consulting group AON to choose a quality, cost effective PBM to serve our members. 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. 7 to the Pharmacy Services Agreement with Navitus Health Solutions, LLC.

 _____ Lani Soson	12/5/2017	 _____ Tina Grande, Assistant Purchasing Director	12/4/2017
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 _____ Gregory V. Priapros, Director County Counsel	12/4/2017
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COUNTY OF RIVERSIDE
AMENDMENT NO. 7 TO THE AGREEMENT
WITH
Navitus Health Solutions, LLC

Original Contract Term (as amended):	January 1, 2009 through December 31, 2017
Contract Term Extended To:	September 30, 2018
Effective Date of Amendment:	January 1, 2018
Original Annual Maximum Contract Amount:	\$29,150,000 (through 12/31/2017)
Amended Annual Maximum Contract Amount:	\$39,320,000 (through 9/30/2018)
Contract ID:	HRARC-94872-002-12/16

The Pharmacy Management Services Agreement (“Agreement”) entered into on January 1, 2009 by and between Navitus Health Solutions, LLC (“Navitus”), and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (herein referred to as “COUNTY” or as “Client”), with a first amendment on October 4, 2011; second amendment on December 10, 2013; third amendment on October 6, 2015; fourth amendment on December 22, 2016; fifth amendment on January 31, 2017; and sixth amendment on August 29, 2017; is now amended as follows:

1. Article V – COMPENSATION; CLAIMS BILLINGS AND PAYMENTS, Section 5.10, Maximum Compensation., is hereby amended with the following:

“The maximum compensation for the FY17/18 and FY18/19 through September 30, 2018 shall be \$39,320,000.”

2. Article VI – TERM OF AGREEMENT, is hereby amended with the following:

“The term of this agreement shall be extended to September 30, 2018.”

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

SIGNATURE PROVISIONS ON THE FOLLOWING PAGE

COUNTY OF RIVERSIDE
AMENDMENT NO. 7 TO THE AGREEMENT
WITH
Navitus Health Solutions, LLC

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 F. Tavaglione
Chairman, Board of Supervisors

Dated: DEC 12 2017

Navitus Health Solutions, LLC.

By: 

Thomas J. Pabich
Senior Vice President, Business Development & Client Services

Dated: 11/29/2017

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: 

Deputy

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: 

Synthia M. Gunzel,
Supervising Deputy County Counsel