



Board of Supervisors Memorandum

April 7, 2015

Pharmacy Benefit Management

Background

Effective July 1, 2013, Pima County became self-insured for our employee health benefits; which included Medical, Pharmacy, Employee Assistance and Stop Loss coverage. The initial contract for Medical, Pharmacy and Employee Assistance was awarded to Aetna, Inc. The recommendation for Aetna was based on an extensive procurement selection process that included staff from Human Resources, Finance and Risk Management, the County Administrator's Office, and representation from several employee groups that comprise the Health Insurance Benefits and Wellness Committee (HIBWAC). The recommendation to select Aetna was unanimous.

We now have 18 months of claim data that has been analyzed. Based on this analysis, it was recommended that staff conduct a limited competition request for proposals (RFP) specific to Pharmacy Benefit Management (PBM). The RFP was issued on January 20, 2015 to six vendors we viewed as qualified to fulfill our pharmacy needs. Based on analysis of the six proposals received, three finalists were selected for further review: Aetna, CVS Caremark and Express Scripts.

Deputy County Administrator Jan Leshner, Finance Director Tom Burke and Human Resources Director Allyn Bulzomi completed the second phase analysis and scoring of the three finalists. There were three primary considerations in analyzing the proposals: 1) cost and savings, 2) network, and 3) minimal disruption to our employees. After weighing all the factors and the respondents' proposals, it was agreed Aetna, Inc. should be recommended as the Pharmacy Benefit Manager for the next three years.

The total award for the three-year term is \$25,231,000, which includes all claims and fees. It is anticipated the savings over the next three years will be approximately \$3.7 million as compared to our current PBM contract.

Recommendation

I recommend the Board of Supervisors approve the Award of Contract, Requisition No. 150000000000000000141, for Pharmacy Benefit Manager to Aetna Life Insurance Company dba Aetna, Inc. for a three-year term beginning July 1, 2015 in the amount of \$25,231,000.

The Honorable Chair and Members, Pima County Board of Supervisors
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Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – March 18, 2015

c: Jan Leshar, Deputy County Administrator for Medical & Health Services
Tom Burke, Director, Finance and Risk Management
Allyn Bulzomi, Director, Human Resources