



SJVIA

San Joaquin Valley
Insurance Authority

BOARD OF DIRECTORS

SUSAN B. ANDERSON

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N. Akers Street
Visalia, CA 93291
July 20, 2012
9:00 AM

AGENDA DATE: July 20, 2012

ITEM NUMBER: 6

SUBJECT: Results of the RFP for Pharmacy Benefit Manager

REQUEST(S): That the Board Receive and file results of the RFP for Pharmacy Benefit Manager and direct staff to conduct finalist interviews.

DESCRIPTION:

The SJVIA is currently in its third and final year of the contract with Catalyst, formerly Walgreens Health Initiatives. As the result of the Walgreens acquisition by Catalyst, accompanied with servicing concerns, Gallagher Benefit Services conducted an RFP in 2011 resulting in a decision to remain with Catalyst for the duration of the contract but revealing the opportunity for significant savings with other vendors. Pharmacy claims costs continue to be a significant portion of the total expenses for the SJVIA. Drugs costs continue to rise, and with the addition of new specialty medications to the market every year, mitigating pharmacy costs can greatly affect health plan expenditures as a whole. Working to ensure contracts with all vendors are competitively priced is an integral part of cost controlling efforts of the SJVIA. In order to obtain the most competitive contract rates and effective management of pharmacy benefits, staff in conjunction with Gallagher Benefit Services recommended repeating the RFP process.

AGENDA: San Joaquin Valley Insurance Authority

DATE: July 20, 2012

At the April 20, 2012 Board Meeting, your Board approved the release of an RFP for Pharmacy Benefit Management services for a potential January 1, 2013 effective date. Gallagher Benefit Services Pharmacy Practice released the RFP on May 21st to the following vendors:

- Anthem
- Catalyst, now SXC
- Express Scripts/Medco (recently merged)
- US Script
- Envision

Proposals requests were submitted with 12 months of SJVIA pharmacy data supplied by Catalyst. Vendors were asked to re-price the claims according to their contracted rates, discounts, rebates, and formulary data.

The GBS Pharmacy Practice led by Michael Thomas, Pharm. D., performed a thorough analysis of the proposals submitted by all vendors. Mr. Thomas has the ability to evaluate not only the cost aspect of the vendors, but also client satisfaction and reputation within the industry. The analysis of the proposals received by Gallagher project the possibility of potential savings to the SJVIA of up to \$1.1 million.

Based on the criteria noted above it is recommended that staff and Gallagher perform finalist interviews of the following vendors:

- Envision
- US Script
- Catalyst or Express Scripts

FISCAL IMPACT/FINANCING:

Annual pharmacy expenditures for the SJVIA health plans represent over 30% of the total claims cost. As a result of the RFP, remaining with Catalyst under a new 3 year contract could save the SJVIA a projected \$275,000 or .5% of total claims. Moving to an alternate vendor effective January 13, 2012 could result in up to a projected \$1.1 million annually or 2% of total claims.

AGENDA: San Joaquin Valley Insurance Authority

DATE: July 20, 2012

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Jeffrey Cardell
Assistant SJVIA Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF Results of the RFP for Pharmacy Benefit Manager.

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY
DIRECTOR _____, THE FOLLOWING WAS ADOPTED BY
THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board received and filed results of the RFP for Pharmacy Benefit Manager and directed staff to conduct finalist interviews.