



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:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
August 24, 2012
9:00 AM

AGENDA DATE: August 24, 2012

ITEM NUMBER: 8

SUBJECT: Approve the selection of US Script as the pharmacy benefit manager and authorize Board Chair to execute the agreement effective December 10, 2012

REQUEST(S): That the Board approve the selection of US Script as the pharmacy benefit manager and authorize Board Chair to execute the agreement effective December 10, 2012

DESCRIPTION:

At the July 20, 2012 Board meeting staff and Gallagher Benefit Services were directed to proceed with finalist interviews resulting from the RFP for Pharmacy Benefit Management. Interviews with the chosen final vendors were performed on August 3rd with representatives from SJVIA staff, County staff, and Gallagher Benefit Services. Dr. Michael Thomas, head of the GBS Pharmacy Practice joined the interviews by phone for added industry expertise and guidance. US Script and Envision Rx were interviewed with the intention of becoming more familiar with their services, contract flexibility, implementation requirements, and any best and final financial offers.

AGENDA: San Joaquin Valley Insurance Authority

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In response to the RFP, there were two types of contracts offered, a traditional PBM contract and a pass through contract. In a traditional contract, the PBM offers price point guarantees for the entity, with no administrative fees. A traditional contract does not provide full disclosure on the side of the vendor, however, some financial information may be shared. Under a pass through contract, the PBM passes all discounts, rebates, rebate administrative fees, and any other monies through to the client. The only form of revenue under this contract is an administrative fee for each prescription. This model requires full disclosure and total audit ability. As a contract with PBM is typically three years or more, this model can potentially provide a greater financial benefit to the SJVIA as drug pricing improves over the next few years.

Both vendors presented very well and offered competitive pricing and comprehensive clinical prescription management. After reviewing the qualifications of all vendors, several key factors were identified in the decision to recommend US Script as the pharmacy benefit manager for the SJVIA:

- Competitive pricing
- Local presence
- Ranked highly in all aspects of the RFP
- Client satisfaction
- Innovative and proactive management of pharmacy program
- Flexibility to design a client specific program

Staff recommends the SJVIA contract with US Script under a pass through arrangement effective December 10, 2012. It should be noted that this contract also assumes that both the County of Fresno and Tulare participate in the pharmacy program through the SJVIA. The County of Fresno is currently self-funded and the County of Tulare currently participates through the SJVIA. Both entities had essentially the same contract with Catalyst Rx.

US Script is headquartered in Fresno and serves other local clients such as the County of Kings and Hanford Joint Union High School District. Their contract offering includes their clinical management programs at no extra charge and their expertise and flexibility has proven to be a successful partnership with other Gallagher clients.

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FISCAL IMPACT/FINANCING:

Annual pharmacy expenditures for the SJVIA health plans represent over 30% of the total claims cost. Moving to US Script effective December 10, 2012 is projected to save the SJVIA in excess of \$560,000 in Rx claims in the year 2013, and continued savings in the subsequent years.

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 Approve the selection of US Script as the pharmacy benefit manager and authorize Board Chair to execute the agreement effective December 10, 2012

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 approved the selection of US Script as the pharmacy benefit manager and authorize Board Chair to execute the agreement effective December 10, 2012