

Item Title: Multi-Year Contract for Prescription Benefit Services Administration

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to amend the Cigna multi-year contract to include the administration of the County's Prescription Benefit Services with a provision for annual market check.

Item Summary:

Purpose: The Board of Commissioners must authorize multi-year vendor contracts.

Background: The County evaluated our current insurance providers' capability of delivering services to organizations of our size to administer the County's Prescription Benefit Services.

Board Goal: This action supports standard County operations.

Fiscal Impact: Savings from projected 2019 is estimated to be \$3.6 million. These savings were anticipated as part of the fiscal year 2020 budget and do not represent savings available for other purposes.

Additional Information:

CVS is the current vendor of Pharmacy Services. The contract with CVS expires December 31, 2019. CIGNA is the county's current health insurance vendor and 2019 is the second year of the contract. CIGNA acquired Express Scripts, one of the largest providers of pharmacy benefits.

In preparation of Benefits Plan Year 2020, the County will need to either extend the contract with CVS or evaluate other providers. In assessing the market for providers that can accommodate an account the size of the County (7500+ members), the pool is small and is comprised of CVS, BCBS, Express Scripts (now CIGNA) and Optum RX. The County has previously worked with Optum RX and was dissatisfied with service and pricing. BCBS has not proven competitive in the past and the County was very dissatisfied with BCBS prior to ending our relationship with them.

Business Case:

Based on this high-level market overview, were an RFP to be issued, the vendors short-listed vendors for consideration would be CVS and CIGNA. Given the County has existing positive relationships with both CVS and CIGNA, who are currently providing quality services and competitive pricing, the Benefits Team moved forward to negotiate with both vendors for Prescription Benefit Services for 2020 and beyond. While CVS has provided solid service to the County, there are some benefits to considering CIGNA for employees and their families:

- On the health insurance, CIGNA has been effective at managing costs with actual claims being less than the same period the prior year.

- Having Health and Prescription Benefits with the same vendor would allow for greater coordination of care for improved outcomes.
- While it may seem a very minor issue, having a single benefit card / provider would be much more convenient for members, not to mention that many people think their prescriptions may only be used at CVS pharmacies.

The County reviewed proposals from CVS and Cigna Rx in conjunction with the County's consultant, Marsh McClellan Agency (MMA). MMA attributes \$858,252 of savings for integration. Having integrated medical and pharmacy allows Cigna to better manage the patient holistically, which will help curb medical costs. Cigna's guaranteed pricing is more aggressive than CVS's final offer; they offered a \$30,000 administrative credit and no prior authorization fees.

Savings from project 2019 is estimated to be \$2.7M, about \$194K better than CVS.

Executive Summary			
	PY2019 CVS/caremark	PY2020 CVS/caremark	PY2020 Cigna
Employer Cost	\$10,622,536	\$8,123,297	\$7,929,679
Savings vs. Current Experience	-	\$3,456,297	\$3,650,383

Based on final evaluation, staff recommends Cigna Rx.

Attachments:

1. Presentation