



Legislation Details (With Text)

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Title: Resolution to Approve Amendment to Member Services Agreement with Keenan & Associates (\$88,000)

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Attachments: 1. City of Ann Arbor - 2018 MSA Amendment 3-13-18.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 3/19/2018 | 1 | City Council | Approved | Pass |

Resolution to Approve Amendment to Member Services Agreement with Keenan & Associates (\$88,000.00)

The attached Resolution authorizes Amendment and extension of the City's Member Services Agreement with Keenan & Associates. The Member Services Agreement granted the City membership in the Keenan Pharmacy Purchasing Coalition ("Coalition") through the City's current Pharmacy Benefit Manager, Express Scripts, Inc. The Coalition represents employer groups by negotiating discounts for pharmacy products for city employees and retirees, and their respective dependents. Employees and retirees, through their labor agreements or in accordance with the City's employee benefit plans, have the option to use Express Scripts Network for their pharmacy service needs.

Budget/Fiscal Impact: Coalition membership is on a calendar basis. Cost projections for the Amendment were budgeted in the FY18 budget and will be budgeted in the FY19 and FY20 budgets through the end of the 2019 calendar year. No additional funds are anticipated to be required to provide pharmacy coverage to City employees, retirees, and their respective dependents.

The Express Scripts Network, or its equivalent, is provided for under current labor agreements and our employee benefits program. The plan is administered by Express Scripts.

As part of the City's Coalition membership benefits, an annual market check is performed to ensure that Coalition members receive the highest level of savings for the pharmacy programs. Pricing adjustments are made when identified. The 2017 market check resulted in a pricing adjustment effective January 1, 2018 for all Coalition members. The amendment updates fee schedules and reflects the new increased rates.

Fees and premium have increased for the period of January 1, 2018 through December 31, 2019:
\$1.75 per member/per month - Keenan Fee
\$0.29 per member/per month - Sub-Broker Fee

The overall costs for the program will fluctuate monthly depending both on the number of employees and retirees enrolled in the program during any given month, and the amount of incurred claims actually paid during any given month.

Prepared by: Jessica Hull, Employee Benefits Supervisor

Reviewed by: Robyn Wilkerson, HR and Labor Relations Director

Approved by: Howard S. Lazarus, City Administrator

Whereas, The City provides pharmacy product discount coverage to City employees, their eligible dependents, and retirees and their eligible dependents, in accordance with the employee benefits program and various labor contracts at an estimated annual cost of approximately \$7,815,918.00, which is in line with current pharmacy trends;

Whereas, The City has been a member of the Keenan Pharmacy Purchasing Coalition ("Coalition") for several years with the benefit that the City receives price adjustments in real-time to assure it is receiving the highest possible level of savings for its pharmacy program;

Whereas, Human Resources Services recommends approval of the attached Amendment to Member Services Agreement with Keenan & Associates ("Amendment") to allow the City to continue in the Coalition;

Whereas, Funds have been appropriated in the FY18 budget to cover projected costs associated with the provision of pharmacy product discount coverage and will be budgeted in FY19 and FY20 to cover the remaining calendar year for the amendment term January 1, 2018 to December 31, 2019; and

Whereas, Keenan Pharmacy Purchasing Coalition complies with the requirements of the City Non-discrimination and Living Wage Ordinances;

RESOLVED, That City Council approve the Amendment for the period January 1, 2018 to December 31, 2019, to provide pharmacy product discounts to City employees, their eligible dependents, retirees, and their eligible dependents;

RESOLVED, That the Mayor and City Clerk be authorized to sign the Amendment after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized and directed to execute the necessary contract documentation after approval as to form and content by the City Attorney, and that the City Administrator be authorized to take any further necessary administrative actions to implement this resolution.