



Legislation Text

File #: 17-0394, **Version:** 1

Resolution to Approve Amendment to Member Services Agreement for Keenan Pharmacy Purchasing Coalition (\$75,000.00)

The attached Resolution authorizes membership in the Keenan Pharmacy Purchasing 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 availability of using the Express Scripts Network for their pharmacy service needs.

Budget/Fiscal Impact: Membership is on a calendar basis. Cost projections for the program were budgeted in the FY2017 budget for 2017 and will be budgeted in the FY2018 budget for the remainder of the calendar year. Barring any unforeseen circumstances, no additional funds will 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 membership benefits an annual market check is performed to ensure that Coalition members receive the highest level of saving for the pharmacy programs. Pricing adjustments are made when identified. The 2016 market check resulted in a pricing adjustment effective January 1, 2017 for all Coalition members. The amendment updates fee schedules and reflects the new reduced rates.

Fees and premium remain unchanged for the period of January 1, 2017 through December 31, 2017:
\$1.50 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.

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Reviewed by: Robyn Wilkerson, HR and Labor Relations Director

Approved by: Howard S. Lazarus, City Administrator

Whereas, The City provides Pharmacy 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 \$7,631,006.00 which is in line with current pharmacy trend;

Whereas, The City has been a member of the Keenan Pharmacy Purchasing 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 saving for its pharmacy program;

Whereas, Human Resources Services recommends entering into this 2017 amendment to the City's Membership Services Agreement;

Whereas, Funds have been appropriated in the FY2017 budget to cover projected costs associated with the provision of pharmacy coverage and will be budgeted in FY2018 to cover the remaining calendar year for the amendment term January 1, 2017 to December 31, 2017; 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 agreement for the period January 1, 2017 to December 31, 2017, with the Keenan Pharmacy Purchasing Coalition to provide discounts for pharmacy products to City employees, their eligible dependents, retirees, and their eligible dependents, and

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