# City of Ann Arbor

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## Legislation Text

**File #:** 21-0693, **Version:** 1

Resolution to Approve an Amendment to the Pharmacy Benefit Management Agreement with Express Scripts Inc. ($9,202,623.00)
The attached Resolution authorizes the City Administrator to execute the attached amendment and renewal of the City's contract for pharmacy benefit management services with Express Scripts Inc. ("Express Scripts"). Express Scripts will continue to provide pharmacy benefit management service, including administrative claims processing services for the City's health plan for the period of January 1, 2021 through December 31, 2021.

Public Act 106, requires the City to competitively bid our medical, dental and vision coverage every three years.  March and McLennan Agency, our healthcare advisor, conducts the bidding on our behalf and recommends a service provider. We completed this bidding process for plan year 2020. Keenan / Express Scripts remained the best option for prescription drug claims processing.  The group pharmacy portion of the City's medical coverage will be bid in 2021 for 2022 as a diligence exercise.

Budget/Fiscal Impact: The City's agreement with Express Scripts is on a calendar basis. Cost projections for the amendment were budgeted in the FY2021 and FY2022 budgets; The estimated annual cost for the calendar year of this employee benefit is $9,202,623.00 for 2021.

The Express Scripts Network, or its equivalent, is provided for under current labor agreements and our employee benefits program. This contract continues services now in effect.

Fees remain the same, while Rx 'discounts' and rebates have been enhanced slightly (estimated -6% improvement in overall net pricing terms) in the City's favor for 2021, in alignment with the market in general. 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: Tom Guajardo, Director of Human Resources and Labor Relations
Approved by: Tom Crawford, City Administrator
Whereas, The City provides pharmacy benefits 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 $9,202,623.00 for 2021, which is in line with current pharmacy trends;

Whereas, The City's contract with Express Scripts Inc. was due for renewal on January 1, 2021;

Whereas, Human Resources Services recommends renewal and amendment of this contract through December 31, 2021 ("Contract Amendment");

Whereas, Funds were appropriated in the FY2021 and FY2022 budgets to cover costs associated with this this Contract Amendment and related pharmacy benefit program and;

Whereas, Express Scripts Inc. complies with the requirements of the City Non-discrimination and Living Wage Ordinances;

RESOLVED, That City Council approve the Contract Amendment for the period January 1, 2021 to December 31, 2021, to provide pharmacy benefits to City employees, their eligible dependents, retirees, and their eligible dependent, and to authorize expending $9,202,623.00 for 2021, payable from the Risk Fund, in connection with such Amendment;

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;

RESOLVED, That the City Council approve a ten percent (10%) contingency to be expendable from Risk Fund, subject to City Administrator approval; and

RESOLVED, That the City Administrator be authorized and directed to take any further necessary administrative actions to implement this resolution including execution of any contract amendments or documentation that do not exceed the amounts authorized herein.