



County of El Dorado

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Legislation Text

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Human Resources Department, Risk Management Division, recommending Chairman be authorized to sign Agreement with Caremark, Inc. in the amount of \$3,335,000 for the period July 1, 2007 through June 30, 2008 to provide prescription benefit management, disease management and specialty pharmacy services for the County's self-insured health plan.

RECOMMENDED ACTION: Approve.

BUDGET SUMMARY:		
Total Estimated Cost		\$3,335,000
Funding		
Budgeted	\$3,335,000	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$	
Change To Net County Cost		\$0

Fiscal Impact/Change to Net County Cost:

These expenditures are budgeted within the Risk Management internal service fund, health benefits sub-fund. Revenue is provided by Board-approved internal charges along with charges to retirees and outside agencies on behalf of participants in the County's self-funded dental insurance program. The annual cost of this contract to the Risk Management Fund is estimated to be \$35,000 for prescription administration services and \$3.3 million for prescription claims.

Reason for Recommendation:

The County obtains prescription services, both claims administration and network of participating pharmacies, to provide pharmacy benefits to employees and their dependents. Services include mail order dispensing and retail purchasing in addition to utilization management (includes drug to drug interactions, therapeutic duplications, known drug sensitivity, over utilization, insufficient or excessive drug usage, early or late refills) and clinical services. Caremark will operate a toll-free customer service line 24 hours a day, 7 days a week.

Pursuant to Board of Supervisors Policy C-17, Sections 7.5 and 7.10, the Purchasing agent concurs that it is appropriate to contract with Caremark Inc. for the purpose of providing health benefits for employees of El Dorado County without engaging in a competitive selection process. The County currently contracts with one of the largest national pharmaceutical service providers. The Board of Supervisors has approved the continued independent contract services of Aon Consulting, Inc. for the outside review of employee benefits available under existing medical service providers. Aon

Consulting, Inc. reviews the current and proposed rates to ensure competitiveness and appropriateness within the specific medical industry, and provides a review and analysis for service levels provided with each medical service provider. The County Purchasing Agent concurs that the continued contract with Caremark Inc. is in accordance with Board of Supervisors Policy C-17.

Action to be taken following Board approval:

Carmark will continue to provide cost-effective claims administration and prescription services for our self-insured pharmacy program.

Contact: Sherril Jodar x5597

Concurrences: Risk Management, County Counsel, Purchasing