

RESOLUTION NO. 2002- 166

AUTHORIZING CONTRACT 2002-082D WITH CAREMARK INC. TO PROVIDE A MANAGED PRESCRIPTION DRUG PROGRAM FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$2,750,000.00 FOR THE BASE YEAR (GENERAL FUND- VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the proposal of Caremark Inc. located at 2211 Sanders Road, Northbrook, Illinois to provide administration and claims adjudication of a managed prescription drug program to the Authority for a one year period with the Authority's option for three additional one-year periods was received on August 22, 2002; and

WHEREAS, negotiations with Caremark Inc. have resulted in rates which will result in an estimated cost of two million seven hundred fifty thousand and 00/100 dollars (\$2,750,000.00) based on the rates submitted and prescription drug utilization; and

WHEREAS, the General Manager deems the negotiated offer of Caremark Inc. to be the most advantageous to the Authority, price and all other factors considered and recommends acceptance thereof by the Board of Trustees.

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the proposal submitted by Caremark Inc. as modified by negotiations, be and the same is hereby accepted as the most advantageous offer, price and other factors considered, to provide a Managed Prescription Drug Program to the Authority's employees for a one year period with the Authority's option for three additional one-year terms.

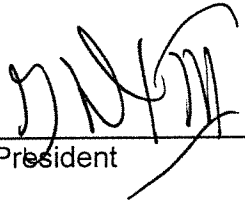
Section 2. That the General Manager of the Authority be and he is hereby authorized to enter into a contract with Caremark, Inc. for the provision of a managed prescription drug program for a period of one year commencing January 1, 2003 and ending December 31, 2003, with options to extend the contract for three additional one-year terms.


Section 3. That said contract shall be payable from the General Fund, Various Department Budgets, in an amount not to exceed two million seven hundred fifty thousand and 00/100 dollars (\$2,750,000.00) for the base year at the rates established based on the Authority's anticipated prescription drug utilization.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon appropriations for future years; compliance by the contractor to the Specification and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2002-120; bonding and insurance requirements and all applicable laws relating to the contractual obligations of the Authority.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: October 15, 2002

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
CEO, General Manager/Secretary-Treasurer



<b>TITLE/DESCRIPTION:</b> AUTHORIZING CONTRACT 2002-082D WITH CAREMARK INC. TO PROVIDE A MANAGED PRESCRIPTION DRUG PROGRAM FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$2,750,000.00 (GENERAL FUND- VARIOUS DEPARTMENT BUDGETS)	<b>Resolution No.:</b> 2002-166
	<b>Date:</b> October 15, 2002
	<b>Initiator:</b> Human Resources Department
<b>ACTION REQUEST:</b> <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE:** This action will offer employees accessibility to a managed prescription drug program.
  
- 2.0 **DESCRIPTION/JUSTIFICATION:** This action will enable the Authority to provide a managed prescription drug program to its employees for the period January 1, 2003 through December 31, 2003, with the Authority's option to exercise up to three one-year options. Due to the volatile insurance market, the Authority anticipated high renewal rates on all of its programs for 2003. In order to minimize the cost impact of this expected increase, the Authority decided not to exercise the last option year of its current contracts and re-solicit for more competitive rates.
  
- 3.0 **PROCUREMENT BACKGROUND:** Healthcare providers were encouraged to submit a proposal for any or all coverages. A total of 49 solicitation packages were requested and 21 proposals were received on August 22, 2002 for medical, dental, vision, life and prescription drug benefits. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and negotiations, the proposal of Caremark Inc. was determined to be most advantageous to the Authority for a managed prescription drug program. This program offers competitive discounts, specific reporting and increased customer service, among other benefits.  
  
 Projected costs are based on current enrollment and rates established for each specific plan for the plan year 2003 as detailed in Attachment A. A cost analysis has been performed and the Procurement Department has determined that the negotiated rates are fair and reasonable to the Authority.
  
- 4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** All Affirmative Action requirements have been met. A 3% DBE goal was established for this procurement, based on the administrative costs of \$74,000.00. Caremark, Inc. has committed to achieve the goal through the utilization of the following DBE firm(s):

D-4

DBE(s) Name/Address	DBE Category	Scope of Work	Amount	Percent
WellCorp, Inc. Solon, OH	Caucasian Female	Participate in open enrollment and provide Blood Pressure testings and diabetes & other medical screenings	\$1,110.00	1.5%
PS Promotions South Euclid, OH	Hispanic Female	Promotional Items	\$1,110.00	1.5%
<b>Total DBE Participation</b>			<b>\$2,220.00</b>	<b>3%</b>

- 5.0 POLICY IMPACT: This procurement must be completed in order to permit the Authority to enroll employees in its managed prescription drug program in accordance with the Authority's personnel policies and contractual agreements with its labor unions.
- 6.0 ECONOMIC IMPACT: This procurement shall be funded through the General Fund, Various Department budgets, in an amount not to exceed two million seven hundred fifty thousand and 00/100 dollars (\$2,750,000.00) for the base year. This is an 8% increase in total projected costs for plan year 2003.
- 7.0 ALTERNATIVES: Rejection of this offer would delay procurement of a managed prescription drug program and risk not having such benefits available to the Authority's employees.
- 8.0 RECOMMENDATION: It is recommended that the offer of Caremark Inc. be accepted and the resolution passed authorizing the General Manager to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

Joseph A. Colabrese  
CEO, General Manager/Secretary-Treasurer

ATTACHMENT A					
RECOMMENDED PROVIDERS AND RATES FOR PLAN YEAR 2003					
Employee Benefit Plans	Current	Plan	Funding	2003 Rates	
	Enrollment	Type		(Single)	(Family)
<b>[MEDICAL]</b>					
Medical Mutual	1445	PPO	Self-Funded	\$272.02	\$720.85
QualChoice	300	HMO	Self-Funded	\$213.62	\$566.07
Kaiser	758	HMO	Fully-Insured	\$236.11	\$613.87
<b>[PRESCRIPTION DRUG]</b>					
Caremark <i>(Employees enrolled in Medical Mutual or QualChoice are automatically enrolled with Caremark prescription drug coverage.)</i>	1745	PBM	Self-Funded	<i>Rate of \$58.60 is included with Medical Mutual and QualChoice rates.</i>	<i>Rate of \$155.28 is included with Medical Mutual and QualChoice rates.</i>
<b>[DENTAL]</b>					
Medical Mutual	2253	Traditional	Self-Funded	\$17.58	\$54.51
CIGNA - DMO	298	DMO	Full-Insured	\$18.24	\$46.61
<b>[VISION]</b>					
Spectera	2326	Managed Vision	Fully-Insured	\$1.42	\$5.30
<b>[TERM LIFE INSURANCE]</b>					
Medical Life Insurance	3517	Insurance	Fully-Insured	<i>\$ .165 per thousand dollars of coverage for eligible active employees per month. \$3.15 for retirees per month.</i>	
	active & retiree				
<b>[TERM AD&amp;D INSURANCE]</b>					
Medical Life Insurance	2453	Insurance	Fully-Insured	<i>\$ .038 per thousand dollars of coverage for eligible active employees.</i>	
<b>[FLEXIBLE SPENDING ACCT]</b>					
Medical Mutual				<i>\$4.50 per enrolled non-bargaining employee per month</i>	
<b>TOTAL 2002 BUDGET</b>		\$17,217,072.00			
<b>TOTAL 2003 BUDGET</b>		\$18,823,015.42			
<b>% INCREASE</b>		9.33			