

RESOLUTION NO. 2010-89

RATIFYING CONTRACT NO. 2010-97 WITH CAREMARK PCS HEALTH, LLC (CAREMARK) TO PROVIDE A MANAGED PRESCRIPTION DRUG PROGRAM FOR A PERIOD OF TWO YEARS IN AN AMOUNT NOT TO EXCEED \$3,630,000.00 FOR 2010 AND IN THE SAME AMOUNT FOR 2011, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$7,260,000.00 (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the Authority provides a prescription drug program for its employees; and

WHEREAS, the Authority is a member of the Health Action Council Ohio (HAC), located at Rockside Square II, 6133 Rockside Road, Suite 210, Independence, Ohio which is an organization that competitively solicits managed prescription drugs for its members; and

WHEREAS, HAC's selected provider of these services through year 2011 is Caremark, located at 2211 Sanders Road, Northbrook, Illinois; and

WHEREAS, as a member of the HAC, the Authority is able to take advantage of these established competitive rates offered through Caremark; and

WHEREAS, Caremark has offered to provide the Authority administration and claims adjudication of a managed prescription drug program for a period of two years in an amount not to exceed \$3,630,000.00 for 2010 and in the same amount for 2011 for a total contract amount not to exceed \$7,260,000.00; and

WHEREAS, the Authority requires a ratification for Caremark services acquired in year 2010 and authorization to continue with the contract arrangement through 2011; and

WHEREAS, the General Manager/Secretary-Treasurer deems the ratification of a contract with Caremark to be the most advantageous to the Authority, price and all other factors considered and recommends acceptance hereof 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 offered by Caremark through the HAC to provide a managed prescription drug services for a period of two years be and the same is hereby accepted.

Section 2. That the Board of Trustees hereby ratifies the General Manager/Secretary-Treasurer's execution of Contract No. 2010-97 with Caremark for a period of two years commencing January 1, 2010 and ending December 31, 2011.


Section 3. That said contract shall be payable out of the General Fund, Various Department budgets, in an amount not to exceed three million six hundred thirty thousand & 00/100 dollars (\$3,630,000.00) for 2010 and in the same amount for 2011 for a total contract amount not to exceed seven million two hundred sixty thousand & 00/100 dollars (\$7,260,000.00) at 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 funding for future years, compliance by the contractor to Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2010-28; bonding and insurance requirements and all applicable laws relating to the contractual obligation of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Caremark will attempt to exceed the 3% DBE goal assigned to this procurement.

Section 6. That this ratification shall become effective immediately upon its adoption.

Adopted: November 16, 2010



President

Attest: 

CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: CONTRACT: PRESCRIPTION DRUG BENEFITS FOR A TWO YEAR PERIOD VENDOR: CAREMARK PCS HEALTH, LLC AMOUNT: AMOUNT NOT TO EXCEED \$3,630,000 FOR 2010 AND IN THE SAME AMOUNT FOR 2011 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$7,260,000.00	Resolution No.: 2010-89
	Date: November 11, 2010
	Initiator: Human Resources Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action is to ratify the General Manager/Secretary-Treasurer's execution of Contract No. 2010-97 with Caremark PCS Health, LLC (Caremark) to provide employees accessibility to a managed prescription drug program for a two-year period commencing January 1, 2010.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority provides a prescription drug benefit program to its employees. This action would enable the Authority to continue to provide this program to its employees for the period January 1, 2010 through December 31, 2011. Caremark has negotiated with the Health Action Council (HAC) favorable rates for participants for calendar years 2010 and 2011, resulting in a saving to the Authority. Caremark would require reimbursement of the additional savings should the Authority not execute Contract No. 2010-97.

- 3.0 **PROCUREMENT BACKGROUND:** As a member of the HAC, the Authority is able to take advantage of highly competitive for prescription benefit rates through Caremark. Findley Davies, Inc., the Authority's Benefits Consultant, advised that it is deemed in the Authority's best interest to ratify a prescription drug contract with Caremark for a period of two years. This timeframe coincides with the HAC contract with Caremark and allows the Authority to continue to take advantage of deeper discounts and provides employees with a comprehensive network. The projected savings for 2010 and 2011 is \$374,947.00.

 Projected costs are based on current enrollment of 1411 employees and rates established for plan year 2011. A cost analysis has been performed by the Procurement Department and the proposal from Caremark contract has been determined to be fair and reasonable to the Authority.

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 3% DBE participation goal was established for this procurement based on the contract administrative costs of \$41,567.00. Caremark has committed to achieve the goal through the utilization of P.S. Promotions in the amount of \$1,247.00.

- 5.0 POLICY IMPACT: This ratification 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 the labor unions.
- 6.0 ECONOMIC IMPACT: This contract ratification shall be funded through the General Fund, Various Department budgets in an amount not to exceed three million six hundred thirty thousand & 00/100 dollars (\$3,630,000.00) for 2010 and in the same amount for 2011 for a total contract amount not to exceed seven million two hundred sixty thousand & 00/100 dollars (\$7,260,000.00).
- 7.0 ALTERNATIVES: Reject this ratification. Rejection of this ratification would risk not having a managed prescription drug program available to the Authority's employees and would cause the Authority to have to pay an additional sum of \$177,419.00 to Caremark for 2010.
- 8.0 RECOMMENDATION: It is recommended that the ratification of this contract with Caremark be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to ratify the contract.
- 9.0 ATTACHMENTS: None.

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



CEO/General Manager/Secretary-Treasurer