

RESOLUTION NO. 2011-94

AUTHORIZING CONTRACT NO. 2011-108 WITH CAREMARK PCS HEALTH, LLC (CAREMARK) TO PROVIDE A MANAGED PRESCRIPTION DRUGS BENEFIT PROGRAM FOR A PERIOD OF ONE YEAR WITH TWO, ONE-YEAR OPTIONS IN AN ESTIMATED AMOUNT NOT TO EXCEED \$3,788,000.00 FOR 2012 AND IN ESTIMATED AMOUNTS OF \$3,977,400.00 FOR 2013 AND \$4,176,270.00 FOR 2014 FOR A TOTAL ESTIMATED CONTRACT AMOUNT NOT TO EXCEED \$11,941,670.00 (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

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

WHEREAS, the proposal of CVS Caremark, located at 2211 Sanders Road, Northbrook, IL 60062 to provide a prescription drugs benefit program for one year with two, one-year options was received on September 26, 2011; and

WHEREAS, Caremark has offered to provide the Authority administration and claims adjudication of a managed prescription drug program for a period of one year in an estimated amount not to exceed \$3,788,000.00 for 2012 and in estimated amounts of \$3,977,000.00 for 2013 and \$4,176,270.00 for 2014 for an estimated total contract amount not to exceed \$11,941,670.00; and

WHEREAS, the General Manager/Secretary-Treasurer deems the offer of CVS Caremark, as negotiated, 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 CVS Caremark to provide a managed prescription drugs benefit program for a period of one year with two, one-year options be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with CVS Caremark to provide a prescription drugs benefit program for a period of one year with two, one-year options, exercisable by the General Manager/Secretary-Treasurer for both option years.

Section 3. That said contract shall be payable out of the General Fund, Various Department budgets, in an estimated amount not to exceed three million seven hundred eighty-eight thousand & 00/100 dollars (\$3,788,000.00) for 2012 and in estimated amounts of three million nine hundred seventy-seven thousand four hundred & 00/100 dollars (\$3,977,400.00) for 2013 and four million one hundred seventy-six thousand two hundred seventy & 00/100 dollars (\$4,176,270.00) for 2014 for a total estimated contract amount not to exceed eleven million nine hundred forty-one thousand six hundred seventy & 00/100 dollars (\$11,941,670.00) 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 No. 2011-34; 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 CVS Caremark will attempt to exceed the 10% DBE goal assigned to this procurement.

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

Adopted: November 15, 2011

  
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President

Attest:   
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CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

<b>TITLE/DESCRIPTION:</b> CONTRACT: PRESCRIPTION DRUGS BENEFIT PROGRAM FOR ONE YEAR WITH TWO, ONE-YEAR OPTIONS  VENDOR: CVS CARMARK  AMOUNT: ESTIMATED AMOUNT NTE \$3,788,000 FOR 2012 AND AN ESTIMATED AMOUNT OF \$3,977,400.00 FOR 2013 AND \$4,176,270 FOR 2014 FOR AN ESTIMATED TOTAL CONTRACT AMOUNT NTE \$11,941,670.00	Resolution No.: 2011-94
	Date: November 10, 2011
	Initiator: 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/SCOPE:** This action will allow the Authority to enter into a contract for a prescription drugs benefit program.
  
- 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, 2012 through December 31, 2012, while retaining two, one-year options to be executed by the General Manager/Secretary-Treasurer.
  
- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal was posted on the procurement website and advertised in the local newspapers, as required. Twenty (20) potential proposers downloaded the solicitation and four (4) responded on September 26, 2011. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, the proposal of CVS Caremark to provide a prescription drugs benefit program was determined to be the most advantageous to the Authority. After negotiations, an estimated amount not to exceed \$3,788,000.00 for 2012 was agreed upon with the Authority retaining two, one-year options in estimated amounts of \$3,977,400.00 for 2013 and \$4,176,270 for 2014 for an estimated total contract amount not to exceed \$11,941,670.00.  
  
 Projected costs are based on current enrollment of 1,451 employees and rates established for plan year 2012. A cost analysis has been performed by the Procurement Department and the proposal from CVS 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 10% DBE goal was established for this procurement based on the contract administrative costs of \$108,566. CVS Caremark has committed to achieve the goal through the utilization of DAR Public Relations (Female-Owned) in the amount of \$10,857 or 10%.

- 5.0 POLICY IMPACT: This contract 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 shall be funded through the General Fund, Various Department budgets in an estimated amount not to exceed three million seven hundred eighty-eight thousand & 00/100 dollars (\$3,788,000.00) for 2012 and in estimated amounts of three million nine hundred seventy-seven thousand four hundred & 00/100 dollars (\$3,977,400.00) for 2013 and four million one hundred seventy-six thousand two hundred seventy & 00/100 dollars (\$4,176,270.00) for 2014 for a total estimated contract amount not to exceed eleven million nine hundred forty-one thousand six hundred seventy & 00/100 dollars (\$11,941,670.00) at rates established based on the Authority's anticipated prescription drug utilization.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would risk not having a managed prescription drug program available to the Authority's employees.
- 8.0 RECOMMENDATION: This procurement was discussed at the November 1, 2011 Finance Committee meeting and recommended for approval to the Board of Trustees. It is recommended that a contract with CVS Caremark be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: None.

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



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CEO, General Manager/Secretary-Treasurer