

COMMISSION FILE NO: 16-156-11 **DATE INTRODUCED:** November 14, 2016

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Authorizing the Executive Director to Enter into a Contract for Pharmacy Benefit Management Services with Optum Rx (formerly Catamaran) Effective January 1, 2017 through December 31, 2019

SUMMARY:

The Commission is requested to authorize the Executive Director to enter into a three-year contract beginning January 1, 2017 with Optum Rx (formerly Catamaran) to provide pharmacy benefit management (PBM) services for District employees and pre-Medicare retirees for the period of January 1, 2017 through December 31, 2019.

The District's PBM program is currently a three-year agreement that ends on December 31, 2017. With the merger of Optum Rx and Catamaran, Catamaran negotiated more favorable pricing with the pharmaceutical companies that improves pricing discounts and lowers dispensing fees from the prior agreement effective January 1, 2017. Average wholesale price discount guarantees have improved for both retail and brand drugs under the regional and non-regional networks and the dispensing fee has been reduced from \$.55 to \$.50 for regional network prescriptions and from \$1.50 to \$1.00 for non-regional prescriptions. Mail service guaranteed discounts are also better in the new agreement. Rebates on brand prescription also improve under the new agreement and will result in an approximate savings of \$53,833 in 2017.

ATTACHMENTS: **BACKGROUND** ☒ **KEY ISSUES** ☐ **RESOLUTION** ☒
FISCAL NOTE ☒ **S/W/MBE** ☐ **OTHER** ☐ _____

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COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

Authorizing the Executive Director to Enter into a Contract for Pharmacy Benefit Management Services with Optum Rx (formerly Catamaran) Effective January 1, 2017 through December 31, 2019.

The District has carried its PBM services through Optum Rx (formally RESTAT and Catamaran) Company for the past five years. Under the Optum Rx plan, there is a two-tier network where employees can go to the regional prescription network with a \$10/25/40 copay structure or they can go to the narrower regional network (previously called the Align Network) for a \$5/20/35 copay. The purpose of adding the regional network in 2012 was that they include lower cost pharmacies and when employees use Align pharmacies for picking up their prescriptions, it saves them and the health plan money.

RECOMMENDATION

The recommendation is to accept the terms and new pricing with Optum Rx for PBM services for the period of January 1, 2017, through December 31, 2019. Optum Rx's pricing has improved and will result in an approximate savings of \$150,000 per year. The District's benefit's consultant last marketed PBM services for January 1, 2015, and Optum Rx's (previously Catamaran) pricing was very competitive in the marketplace and will be improving for 2017.

RESOLUTION

Authorizing the Executive Director to Enter Into a Contract for Pharmacy Benefit Management Services with Optum Rx (formerly Catamaran) Effective January 1, 2017 through December 31, 2019.

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to enter a three-year contract beginning January 1, 2017 with Optum Rx (formerly Catamaran) to provide pharmacy benefit management services for District employees and pre-Medicare retirees for the period of January 1, 2017 through December 31, 2019.