



CITY COUNCIL COMMUNICATION

August 17, 2010

SUBJECT: Pharmacy Benefit Manager (PBM)
SUBMITTED BY: Carolyn Marshall, HR/Risk Administrator
REFERENCE NO: RFP No. 013-10

ACTION REQUESTED:

Consider awarding RFP No. 013-10 for Pharmacy Benefit Manager services to LDI Integrated Pharmacy Services for the period beginning October 1, 2010 and ending September 30, 2012.

ALTERNATIVES:

- Approve as requested
- Reject proposals
- Table

SUMMARY OF SUBJECT:

The City of Euless requested proposals for Pharmacy Benefit Manager services for the City's health insurance plan. The proposal requested quotes for a two year initial contract term with two renewal options. Each renewal option is also for a two year term.

Proposals were evaluated based on qualifications, references, ability to provide seamless coordination with current vendors and enrollees, performance standards, and costs. Proposals were received from four (4) companies and interviews were conducted with all vendors.

Staff recommends LDI Integrated Pharmacy Services based on excellent references, their proven ability to integrate with WebTPA, flexibility in plan design and reporting and their overall competitive pricing which is based on a transparent billing model. Pricing will be on a pass through basis for drug costs, rebates, and dispensing fees with LDI only retaining an administration fee for their services. LDI also offers access to an extensive retail network and operates a specialty pharmacy and mail order pharmacy. Customer service is provided by trained pharmacy technicians and is available 7 days a week, 24 hours per day. Additionally, they provide convenient on-line access to claims information. We believe LDI will provide the City with the best value and will provide opportunity for cost containment through education and plan design.

FINANCIAL CONSIDERATIONS:

Revenue Sources: City Contributions, Employee/Retiree Premiums
Expenditure Accounts: 610-5015-519-5202; 610-5015-519-5207
Budgeted Fiscal Year(s): FY 2011
Estimated Expenditure: RX Administration \$32,555, Dispensing Fee \$12,639 (based on # of scripts in FY2009)
Over/Under Projection By:
Other Comments:

SUPPORTING DOCUMENTS:

- Analysis of Insurance Proposals
- Vendor List

APPROVED BY:

_____ **LG** _____ City Manager's Office
_____ **SC** _____ City Secretary's Office