



George Latimer
County Executive

Department of Finance

Ann Marie Berg
Commissioner

[71219]

DATE: August 13, 2019

TO: Board of Acquisition and Contract

FROM: Ann Marie Berg
Commissioner, Department of Finance

SUBJECT: Authority to enter into an agreement with CaremarkPCS Health, LLC, which does business as CVS Health, pursuant to which it will provide pharmacy benefit management services, for the period from January 1, 2020 through December 31, 2022, with the County having the sole option to extend the term of the agreement for up to two (2) periods of two (2) years thereafter.

Authority is requested for the County of Westchester (the “County”) to enter into an agreement (the “Agreement”) with CaremarkPCS Health, LLC, which does business as CVS Health, (“CVS”) pursuant to which CVS will provide the County with pharmacy benefit management services for the County’s self-insured prescription drug program for employees and retirees (the “PBM Services”), for the period from January 1, 2020 through December 31, 2022 (the “Initial Term”), with the County having the sole option to extend the term of the agreement for up to two (2) periods of two (2) years thereafter (each an “Option Term”).

As part of the PBM Services, CVS will, among other things, provide retail network services, mail order network services, specialty pharmacy services, account management services, member services, and clinical management services, as well as provide the County with certain pricing guarantees and rebates for various types of prescriptions.

Under the Agreement, CVS will be paid an amount not-to-exceed the following for the PBM Services for each year of the Initial Term and each year of both Option Terms:

Initial Term — Year 1 (1/1/20 – 12/31/20):	\$514,320.00
Initial Term — Year 2 (1/1/21 – 12/31/21):	\$514,320.00
Initial Term — Year 3 (1/1/22 – 12/31/22):	\$514,320.00

First Option Term — Year 1 (1/1/23 – 12/31/23):	\$514,320.00
First Option Term — Year 2 (1/1/24 – 12/31/24):	\$514,320.00
Second Option Term — Year 1 (1/1/25 – 12/31/25):	\$514,320.00
Second Option Term — Year 2 (1/1/26 – 12/31/26):	\$514,320.00

The amount that will be payable to CVS will be determined in accordance with an approved budget. Under that budget, CVS will, a.) be paid the specified per-member-per-month fees for the core administrative services for both the commercial coverage portion of the PBM Services and the ‘EGWP Plus Wrap’ portion of the PBM Services, and b.) be paid at various other rates for additional, related services (e.g., additional reports, member welcome kits, certain file extracts, etc.). The above-stated annual not-to-exceed amounts have been calculated by the Department of Finance (the “Department”) based upon the anticipated annual costs of the PBM Services, with the intention that sufficient funds will be available under the Agreement each year even as the number of members and the amounts and types of necessary additional, related services vary from year to year.

On May 13, 2019, the County, acting by and through the Department, issued a request for proposals (the “RFP”) that solicited proposals from vendors to provide the County with the PBM Services. In response to the RFP, the Department received one (1) proposal, which was from CVS. The Department had several individuals review the proposal from CVS and evaluate it based upon the evaluation criteria specified in the RFP. The Department conducted an analysis of the budget for the proposed Agreement and found that it is reasonable. Based on the Department’s review of the proposal from CVS and CVS’s performance under previous contracts involving the County, the Department is satisfied that it is a responsible vendor for the PBM Services.

During the term of the Agreement, the County will also be responsible for paying to CVS the amounts the County owes for the provision of prescription drugs to its members, in light of the above-mentioned pricing guarantees and rebates, as well as member co-payments and any other applicable cost off-sets.

The proposed Agreement will serve a public purpose by ensuring that the County receives pharmacy benefit management services for the prescription drug program it offers to employees and retirees.

The goal and objective of the proposed Agreement is to ensure that the County receives pharmacy benefit management services for the prescription drug program it offers to employees and retirees.

The goal and objective of the proposed Agreement is in the best interests of the County in terms of fiscal responsibility, as pharmacy benefit management services for the prescription drug program the County offers to employees and retirees will ultimately help ensure prudent, cost-effective, and otherwise fiscally-responsible operation of said program.

The goal and objective of the proposed Agreement will be tracked and monitored by the staff of the Department.

I respectfully recommend the adoption of the attached resolution.

AMB/AO/bdm/nn

APPROVED BOARD OF ACQUISITION & CONTRACT - 08/22/2019 - LISA MRIJAJ, SECRETARY

RESOLUTION

Upon a communication from the Commissioner of Finance, be it hereby

RESOLVED, that the County of Westchester (the “County”) is hereby authorized to enter into an agreement (the “Agreement”) with CaremarkPCS Health, LLC, which does business as CVS Health, (“CVS”) pursuant to which CVS will provide the County with pharmacy benefit management services for the County’s self-insured prescription drug program for employees and retirees (the “PBM Services”), for the period from January 1, 2020 through December 31, 2022 (the “Initial Term”), with the County having the sole option to extend the term of the agreement for up to two (2) periods of two (2) years thereafter (each an “Option Term”); and be it further

RESOLVED, that, as part of the PBM Services, CVS will, among other things, provide retail network services, mail order network services, specialty pharmacy services, account management services, member services, and clinical management services, as well as provide the County with certain pricing guarantees and rebates for various types of prescriptions; and be it further

RESOLVED, that, under the Agreement, CVS will be paid an amount not-to-exceed the following for the PBM Services for each year of the Initial Term and each year of both Option Terms:

Initial Term — Year 1 (1/1/20 – 12/31/20):	\$514,320.00
Initial Term — Year 2 (1/1/21 – 12/31/21):	\$514,320.00
Initial Term — Year 3 (1/1/22 – 12/31/22):	\$514,320.00
First Option Term — Year 1 (1/1/23 – 12/31/23):	\$514,320.00
First Option Term — Year 2 (1/1/24 – 12/31/24):	\$514,320.00
Second Option Term — Year 1 (1/1/25 – 12/31/25):	\$514,320.00
Second Option Term — Year 2 (1/1/26 – 12/31/26):	\$514,320.00

; and be it further

RESOLVED, that, the amount that will be payable to CVS will be determined in accordance with an approved budget, under which budget CVS will, a.) be paid the specified per-member-per-month fees for the core administrative services for both the commercial coverage portion of the PBM Services and the ‘EGWP Plus Wrap’ portion of the PBM Services, and b.) be paid at various other rates for additional, related services; and be it further

RESOLVED, that, during the term of the Agreement, the County will pay to CVS the amounts the County owes for the provision of prescription drugs to its members, in light of the above-mentioned pricing guarantees and rebates, as well as member co-payments and any other applicable cost off-sets; and be it further

RESOLVED, that this Agreement is subject to County appropriations; and be it further

RESOLVED, that this Agreement is also subject to further financial analysis of the impact of any New York State Budget (the "State Budget") proposed and adopted during the term of this Agreement. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this Agreement or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount to the Contractor, then the Contractor shall have the right to terminate this Agreement upon reasonable prior written notice; and be it further

RESOLVED, that the County Executive or his duly authorized designee is hereby authorized to execute any documents and take any actions reasonably necessary and appropriate to effectuate the purposes of this Resolution.

APPROVED BOARD OF ACQUISITION & CONTRACT - 04/22/2019 - US:MP:AS:SECRETARY

Account to be Charged/Credited

Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub-Object	Trust Account	Dollars
617	61	0010	1680		1,542,960

Budget Funding Year(s): 2020-22 Start Date: 01/01/20 End Date: 12/31/22
 (must match resolution)

Funding Source \$ 1,542,960
 (must match resolution)

Tax Dollars: 1,542,960
 State Aid: _____
 Federal Aid: _____
 Other: _____

APPROVED BOARD OF ACQUISITION & CONTRACT - 08/22/2019 - LISA MRIJAJ SECRETARY