



COMMISSIONERS COURT COMMUNICATION

AGENDA DATE: 12/19/2011

CONSENT OR REGULAR: Consent

CONTRACT REFERENCE NO
(IF APPLICABLE): _____

SUBJECT: Approve and authorize the County Judge to sign the proposed Amendment to the Integrated Prescription Drug Program Master Agreement with Medco Health Solutions. The proposal (KK-11-459) has been reviewed by the County Attorney's Office and approved by the Risk Pool Board during their meeting on December 8, 2011.

BACKGROUND/DISCUSSION OF TOPIC: The County of El Paso entered into an agreement with Medco Health Solutions to provide the prescription drug program administration for the County health benefits plan as of January 1, 2009. Approval of this amendment will renew the agreement between the County of El Paso and Medco Health Solutions for an additional year. It will also authorize additional changes to the agreement including:

- 1) Generic Price Guarantee discount change from 65.5% to 66.15% in order to ensure cost neutrality which had been affected by Medco's pricing source change from AWP/ Wholesale Acquisition Cost (WAC) to Medi-Span's Master Drug Database (MDDB) file; and
- 2) Multiple Sclerosis clinical criteria which will now require the use of Avonex, Betaseron, or Copaxone prior to the use of Extavio and Rebif.

RECOMMENDATION: Staff is recommending for the Commissioners Court to approve this amendment to the Medco Health Solutions contract.

SUBMITTED BY:	Betsy C. Keller, SPHR Director of Human Resources		
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ATTACHMENT

From: Medco Systemed [mailto:SYSTEMED@medco.com]
Sent: Wednesday, September 21, 2011 3:43 PM
To: Betsy C. Keller
Cc: Molberg, Jon
Subject: **Integrated Prescription Drug Program Master Agreement ("Agreement")-Amendment Relating to Medi-Span**



September 21, 2011

Betsy Keller
County of El Paso - 14500
800 E Overland Ste 223
El Paso, TX 79901

Re: Integrated Prescription Drug Program Master Agreement ("Agreement")—
Amendment Relating to Medi-Span

Dear Betsy Keller:

On September 25, 2011, Medco's pricing source for AWP and Wholesale Acquisition Cost (WAC) will change to Medi-Span's Master Drug Database (MDDB®) file. As previously communicated, Medco is committed to ensuring cost neutrality for our clients. Our contract provides that if Medco utilizes another recognized pricing source in a way that changes the economics of the program, the parties agree to modify the Program Pricing Terms to preserve the parties' relative economics before such event. To that end, Medco has determined that the only price point that will change under our existing Agreement is the retail generic guarantee.

Under our existing Agreement the retail generic guarantee is 65.5%. On September 25, 2011, the retail generic guarantee will be changed to 66.15%.

As mentioned above, any changes to the Program Pricing Terms are designed to preserve the relative economics of our Agreement. Medco's method for adjusting discounts has been reviewed by an independent third party, Milliman, Inc., which has found the approach to be reasonable and appropriate to preserve cost neutrality. A copy of Milliman's report is enclosed. In addition, upon request, Medco will provide a copy of your specific AWP Adjustment Analysis Client Summary Report.

The parties acknowledge and agree that the intent of this letter is to preserve the parties' relative economics under the Agreement. Any pricing term relating to Generic Drugs under the Retail Pharmacy Program or applicable guarantees that should have been, but was not included above (for example, through inadvertence), is deemed modified consistent with such intent. Medco shall notify you in writing in the event any other terms or actions are necessary to effectuate the intent of this letter.

ATTACHMENT

Apart from the changes discussed above, the Agreement shall remain in effect without modification. In the event of an inconsistency between such changes and the Agreement, the changes shall govern.

If you would like additional information or have any questions, please contact your Medco account team.

Very truly yours,

A handwritten signature in black ink that reads "Michael J. Romanzo". The signature is written in a cursive style with a large, stylized 'M' and 'R'.

Michael J. Romanzo, R.Ph.
President

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ATTACHMENT 2

From: Medco Systemed [mailto:SYSTEMED@medco.com]
Sent: Tuesday, November 22, 2011 4:31 PM
To: Sam Trujillo
Cc: Molberg, Jon
Subject: **Medco Standard Book Of Business Multiple Sclerosis Criteria**



November 22, 2011

County of El Paso

Re: Medco Standard Book Of Business Multiple Sclerosis Criteria

Dear Client:

This letter notifies you that the Medco Standard Book Of Business Multiple Sclerosis clinical criteria has been updated. This criteria has been approved by Medco's Pharmacy and Therapeutics Committee, and will become the standard criteria effective 4/1/12. This criteria will require the use of Avonex, Betaseron, or Copaxone prior to the use of Extavia and Rebif.

Amendment to Schedule B (Specialty Drugs)

As a Sponsor participating in the enhanced criteria, Schedule B (Specialty Drugs) of your PBM Agreement is amended to increase the mail order discount an additional 2.75% and the retail discount an additional 2.75% on Avonex and Betaseron.

In addition to any obligations to comply with law set forth in the PBM Agreement, Medco and Sponsor shall comply with the Anti-Kickback Statute, the Public Contracts Anti-Kickback Act, and the Stark Law in respect to the performance of such agreement. Medco's Code of Conduct and its policies and procedures relating to compliance with the above-named laws are available on **www.medco.com**.

Please notify your account team at Medco within 30 days of receiving this notification if you choose not to participate in the enhanced criteria in which case you will not receive the additional discounts.

Medco thanks you for the opportunity to amend this criteria.

Very truly yours,

MEDCO HEALTH SOLUTIONS, INC

ATTACHMENT 2

A handwritten signature in black ink, appearing to read "Elizabeth", with a stylized flourish at the end.

Elizabeth Ferguson
Vice President and Assistant General Counsel

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AMENDMENT TO THE INTEGRATED PRESCRIPTION DRUG PROGRAM MASTER AGREEMENT

This Amendment (Amendment) is entered into as of the ___ day of December, 2011, between Medco Health Solutions, Inc. located at 100 Parsons Pond Drive, Franklin Lakes New Jersey 07417 ("Medco") and County of El Paso, Texas, 500 E. San Antonio, El Paso, TX 79901 ("SPONSOR").

WHEREAS. Medco and SPONSOR entered into the Integrated Prescription Drug Program Master Agreement effective January 1, 2009, as amended (the "Agreement"), whereby SPONSOR retained the services of Medco to provide a retail pharmacy and mail order pharmacy program pursuant to the terms and conditions contained therein;

WHEREAS, SPONSOR and Medco desire to renew the Agreement for an additional year, pursuant to section 10.1 of the Agreement; and

WHEREAS, SPONSOR and Medco desire to amend the Agreement to include certain provisions;

NOW, THEREFORE, in consideration of mutual covenants, terms and conditions herein contained, it is agreed by and between the parties as follows:

1. The retail generic guarantee contained in the Agreement will be changed, effective September 25, 2011 as further described by Attachment 1, included herein as though fully set forth.
2. Schedule B (Specialty Drugs) of the Agreement is amended, effective April 1, 2012 as further described by Attachment 2, incorporated herein as though fully set forth.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date indicated below.

COUNTY OF EL PASO

DATE: _____

VERONICA ESCOBAR, COUNTY JUDGE

MEDCO HEALTH SOLUTIONS, INC.

DATE: _____

ELIZABETH FERGUSON, VICE PRESIDENT AND ASST. GENERAL COUNSEL

COUNTY LEGAL REVIEW FORM

KK-11-459

Contract Description: Risk Management/Risk Pool Board – Medco Health Solutions, Inc. – Amendment to the Integrated Prescription Drug Program Master Agreement

COUNTY ATTORNEY ACTION**

****Requested Amendments/Clarifications:** We assume you have submitted any questions or comments you have regarding the terms of the contract, as well as any specific provisions to which you object, or which you want to have changed.

___xx___ Approved as to Form as Submitted

_____ Approved as to Form with Amendments/Modifications/Reservations Noted Below*

_____ Not Approved

*1) NA

This document has been given legal review by the El Paso County Attorney's Office on behalf of the County of El Paso, its officers, and employees. Said legal review should not be relied upon by any person or entity other than the County of El Paso, its officers, and employees.

Josefina J. Brostrom
Assistant County Attorney