
CITY OF OCALA

CITY COUNCIL REPORT

Council Meeting Date: 06/06/17

Subject: ElectRx and Health Solutions Memorandum of Understanding Amendment

Submitted By: Jared Sorensen

Department: Human Resources & Risk

STAFF RECOMMENDATION (Motion Ready): Approve Agenda Item (ID # 10896) amending the Memorandum of Understanding (MOU) with ElectRx and Health Solutions, LLC (ElectRx) to add specialty drugs to the City of Ocala's formulary in the amount of \$220,000

OCALA'S RELEVANT STRATEGIC GOALS: Fiscally Sustainable, Operational Excellence

PROOF OF PUBLICATION: N/A

BACKGROUND:

The City of Ocala is self-insured for Health Insurance and Pharmacy Drug claims. Our current Pharmacy Benefit Manager (PBM) is Prime Therapeutics. Employees obtain prescriptions from the pharmacy of their choice and are subject to appropriate deductibles and co-pays as specified by the plan they have selected.

In an effort to curb increasing pharmaceutical costs, in January 2017, the City entered into an agreement with ElectRx to allow employees and retirees enrolled in the City's health plan to purchase certain brand name drugs at a lower co-pay and no deductible. This program is an international mail order program known as personal importation. Currently, only brand name drugs can be purchased through ElectRx.

FINDINGS AND CONCLUSIONS:

Specialty drugs are a designation of pharmaceuticals classified as high-cost, high complexity and/or high touch, and can be very costly to both the City and its employees. During the implementation of this international mail order program, ElectRx identified a specialty drug which an employee was taking that ElectRx could obtain and provide at a cheaper cost to the City.

Through traditional pharmacy acquisition, the cost of the specialty drug is approximately \$11,500 for a 30 day supply. The same drug purchased through ElectRx costs approximately \$6,000, resulting in a savings of approximately \$5,500 for a 30 day supply. To be able to purchase this drug through ElectRx, the MOU between ElectRx and the City of Ocala needs to be amended to add specialty drugs to the City of Ocala's formulary.

The description above is just one example of the cost savings the City could realize by adding specialty drugs to the formulary. Over time, additional employees may be prescribed other specialty drugs that could be purchased through ElectRx which could help to reduce the overall pharmaceutical spend. Staff recommends approval of the proposed amendment.

FISCAL IMPACT:

\$220,000 for the amendment is allocated in the City's Health Insurance Funds. These funds are currently budgeted in our claims expense for Florida Blue for specialty drugs. Instead of paying Florida Blue for certain specialty drugs the City will shift the cost to ElectRX for the same drug which is a savings to both the employee and the City.

PROCUREMENT REVIEW:

The amendment has been reviewed and approved for compliance with the City's procurement policies.

LEGAL REVIEW: The agreement has been reviewed and approved for form and legality by the City Attorney, Patrick G. Gilligan.

ALTERNATIVE:

Keep the original contract in place and don't add the specialty drug products.

SUPPORT MATERIALS:

MOU Amendment #1 -Specialty Drug Products (PDF)

ElectRx MOU (PDF)