

COUNTY OF MILWAUKEE
Behavioral Health Division Administration
Inter-Office Communication

DATE: February 25, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman – Milwaukee County Board

FROM: Héctor Colón, Director, Department of Health and Human Services
Prepared by Paula Lucey, Administrator, Behavioral Health Division

SUBJECT: Report from the Director, Department of Health and Human Services, requesting authorization to enter into a 2013 professional services contract with Pharmerica for pharmacy services at the Behavioral Health Division

Issue

Section 56.30 of the Milwaukee County Code of General Ordinances requires County Board approval for professional services contracts of \$50,000 or greater. Per Section 56.30, the Director of the Department of Health and Human Services (DHHS) is requesting authorization for the Behavioral Health Division (BHD) to enter into a professional services contract with Pharmerica pharmacy for the purpose of providing pharmaceutical services in 2013.

Background

BHD is mandated to ensure the availability of pharmaceutical services to patients and clients in its acute inpatient, long term care (LTC), crisis emergency room and community-based programs. For the past eight years, pharmacy services have been provided by Roeschens Omnicare.

In October 2012, BHD published a Request for Proposals (RFP) to solicit bids from private vendors for pharmaceutical services. To develop the RFP, BHD received assistance from an independent consultant with expertise in pharmaceutical pricing and business operations. Vendors were given the opportunity to submit proposals for one or more service options as detailed below:

Option 1: Pharmacy for Acute Care, Outpatient and LTC Services provided at BHD Hospital

Provide Acute, Long Term Care and Outpatient Pharmacy services utilizing BHD Pharmacy facilities including BHD Pharmacy IT Systems; maintain drug master and formulary file for patient billing; and provide Inventory and Purchasing using Milwaukee County or State approved vendors and suppliers. Provide necessary and adequate staffing approved by the hospital with appropriate licenses.

Option 2: Acute Care Pharmacy and Outpatient Service Only at BHD Hospital

Provide Acute Care and Outpatient Services Only utilizing BHD Pharmacy facilities and BHD Pharmacy IT Systems; maintain drug master and formulary file for patient billing; and provide Inventory and Purchasing using Milwaukee County or State approved vendors and suppliers. Provide necessary and adequate staffing approved by the hospital with appropriate licenses.

Option 3: Acute Care Pharmacy and Outpatient Services at BHD Hospital and LTC Services at Off Site Pharmacy

Provide Acute Care and Long Term Care Services utilizing BHD Pharmacy facilities for Acute Services utilizing BHD Pharmacy IT Systems, Maintain Pharmacy Inventory and Purchasing using Milwaukee County approved vendors; and provide necessary and adequate staffing approved by the hospital with appropriate licenses. Provide Long Term Care Pharmacy services outside of BHD in a separate Closed Door Pharmacy, including billing third party payors.

Option 4: Long Term Care Services Only at Off Site Pharmacy

Provide Long Term Care Pharmacy services outside of the hospital in a separate Closed Door Pharmacy, including billing third party payors utilizing a vendor supplied Pharmacy IT System.

BHD received three proposals which were reviewed by an RFP panel consisting of County and outside representatives. These proposals addressed different combinations of options one to four described above. Interviews were conducted with the top two vendors and, based on the panel review, BHD is recommending a contract for Option 3 with Pharmerica. The proposal submitted by Pharmerica met or exceeded the evaluation criteria identified in the RFP. One major distinction between this contract and previous contracts is that BHD will now hold the pharmacy licensure, purchase all non-LTC medication and do its own billing for all non-LTC medication. It is believed that this will streamline the process and also result in some fiscal advantages, particularly in light of the billing capability of BHD's new Electronic Medical Record System.

BHD is recommending an initial contract award for the period April 14, 2013 to December 31, 2013. The contract allows for up to three additional renewals for one-year periods assuming all terms of the contract are met and performance standards are adhered to. Barring poor or non-performance on the contract, BHD anticipates recommending an extension of the contract to the end of 2014 to the County Board as part of the December 2013 cycle.

BHD is also exploring implementing the pharmacy component to the EMR. The software provider for this program is RX Connect, which is a subcontractor of Netsmart, BHD's EMR provider. This pharmacy system would greatly assist in fully integrating the BHD EMR and pharmacy services. Once a decision is reached, BHD will seek County Board approval of this component of the EMR.


Fiscal Effect

BHD is recommending a pro-rated contract amount for 2013 of \$938,035 (annual amount of \$1,324,289) for the period of April 14 to December 31, 2013. BHD's 2013 Budget includes sufficient funding for this contract. BHD will be closely monitoring pharmacy expenditures under the new contract and currently anticipates that the budgeted amounts will be sufficient to cover the cost of the recommended pharmacy contract for the remainder of 2013 as well as the medications purchased by BHD. A fiscal note form is attached.

Recommendation

It is recommended that the Milwaukee County Board of Supervisors authorize the Director, DHHS, or his designee, to execute a professional services contract with Pharmerica for the period of April 14, 2013 through December 31, 2013 in an amount not to exceed \$938,035 (annual amount of \$1,324,289). Approval of this recommendation will enable the Behavioral Health Division to continue providing pharmacy services to patients and clients in accordance with State and Federal law.

Respectfully Submitted,



Héctor Colón, Director
Department of Health and Human Services

cc: County Executive Chris Abele
Raisa Koltun, County Executive's Office
Kelly Bablich, County Board
Don Tyler, Director, DAS
Craig Kammholtz, Fiscal & Budget Administrator, DAS
CJ Pahl, Assistant Fiscal & Budget Administrator, DAS
Antionette Thomas-Bailey, Fiscal & Management Analyst, DAS
Jennifer Collins, Analyst, County Board Staff
Jodi Mapp, Committee Clerk, County Board Staff