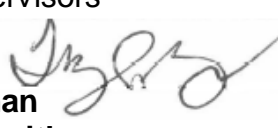




Milwaukee County

Department of Human Resources

INTER-OFFICE COMMUNICATION

Date: November 7, 2024
To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
From: Tony Maze, Director of Benefits, Department of Human Resources 
Subject: **Report from the Director of Total Rewards, Department of Human Resources, requesting authorization for a three-year contract with RX Benefits for pharmacy plan administration from January 1, 2025 through December 31, 2027**
File Type: Action Report

REQUEST

This is a solution to resolve Pharmacy Benefit Manager (PBM) profit conflicts by implementing clinical programs designed to protect the best interest of clients and members within our current PBM management program.

To ensure Milwaukee County and Milwaukee County Transit receives the best savings options, this program will also do the following:

- Remove low value drugs from the formulary in favor of equally effective, lower cost options
- Ensure approved prescriptions are medically necessary and appropriately dosed
- Intervene when medications are prescribed outside FDA guidelines or clinical best practices
- Recommend alternatives when patients fail to respond appropriately to treatment
- Generate 7-10% annual savings for most plans and an average return on investment of 9:1
- Identify and promote lower-cost, clinically-effective alternatives for classes of high-cost specialty drugs

Vendor Selection

The RFP process identified RX Benefits as the firm most capable of administering the County's prescription cost savings administration services. They are an effective, highly rated company, whose core business is helping their clients achieve financial and RX viability through the services they offer.

They are financially stable, have a proven track record of quality customer service and will continue to offer the same convenience.

Financial Analysis

The cost of services is currently being paid to Optum RX and will be converted to RX Benefits. The estimated savings for both Milwaukee County and Milwaukee County Transit is \$3,439,075. This is an additional \$2,435,410 in estimated savings. This estimate is based on anticipated utilization.

Milwaukee County/ Milwaukee Transport Services	Current PBM OptumRx	OptumRx OptumRx	RxBenefits OptumRx
4,000 Employees 8,000 Members	Year 2	Year 3	Premium Formulary
Overview of Plan Cost			
Gross Claim Amount Paid	\$21,671,255	\$21,169,010	\$20,990,346
Less Member Cost Share	-\$1,511,840	-\$1,511,840	-\$1,511,840
Claims Amount Paid by Employer	\$20,159,415	\$19,657,170	\$19,478,506
Plus Potential Transition Fees from Incumbent	\$0	\$0	\$10,000
Plus UM Package / Connectivity Fees	\$0	\$0	\$0
Plus Administrative / Transaction Fees	\$0	\$0	\$52,669
Less Rebates and Credits from PBM	-\$8,728,700	-\$9,229,340	-\$8,946,870
Less Market Event AWP Reduction - Low WAC Insulin	-\$365,038	-\$365,818	-\$389,963
Less Market Event AWP Reduction - Humira	\$0	\$0	-\$106,776
Net Amount Paid by Employer	\$11,065,677	\$10,062,012	\$10,097,569
Average Amount Paid			
Average Net Cost Per Claim	\$136.56	\$121.42	\$124.62
Net Amount Paid PMPM	\$115.27	\$104.81	\$105.18
Savings Summary			
Contract Savings Compared to Incumbent	N/A	\$1,003,665	\$968,108
Net Protect Program Savings	N/A	N/A	\$2,470,967
Combined Savings	N/A	\$1,003,665	\$3,439,075
Combined Percentage Savings Compared to Incumbent	N/A	9.07%	31.08%
Proposed Contract Savings Summary			
Savings Compared to OptumRx Proposed Contract	N/A	N/A	\$2,435,410
Percentage Savings Compared to OptumRx Proposed Contract	N/A	N/A	24.20%

ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the objectives in the [strategic plan](#):

As we strive to become an employer of choice and attract and retain talented employees at Milwaukee County, providing a competitive Total Rewards package is critical. Our Total Rewards package includes elements of compensation, benefits, work-life balance, recognition, and career development opportunities. These components all contribute to employee satisfaction and increased employee engagement.

- 1A: Reflect the full diversity of the County at every level of County government
These services will be offered to all benefit eligible employees
- 1B: Create and nurture an inclusive culture across County government
These services will be offered to all benefit eligible employees
- 1C: Increase the number of County contracts awarded to minority and women-owned businesses
RFP was requested and no minority or women-owned business responded
- 2A: Determine what, where, and how we deliver services to advance health equity
These services will allow employees engage in a program to improve their overall health and financial stability.
- 2B: Break down silos across County government to maximize access to and quality of services offered
These services will be offered to all benefit eligible employees

- 2C: Apply a racial equity lens to all decisions
These services will be offered to all benefit eligible employees
- 3A: Invest “upstream” to address root causes of health disparities
- 3B: Enhance the County’s fiscal health and sustainability
Participating in this program will provide additional savings
- 3C: Dismantle barriers to diverse and inclusive communities. These services will be offered to all benefit eligible employees

FISCAL EFFECT

There will be a significant rate of savings due to the negotiated rates.

TERMS

Request for authorization to purchase RXBenefits for January 1, 2025 – December 31, 2027 with the option to renew at the end of the contract term.

VIRTUAL MEETING INVITES

tony.maze@milwaukeecountywi.gov

PREPARED BY:

Tony Maze, Director of Total Rewards, Human Resources

APPROVED BY:

Tony Maze, Director of Total Rewards, Human Resources

ATTACHMENTS:

Resolution
Fiscal Note

- CC: County Executive David Crowley
- Mary Jo Meyers, Chief of Staff, County Executive’s Office
- Margo Franklin, Chief Human Resources Officer
- Scott Brown, Corporation Counsel
- Aaron Hertzberg, Director, Department of Administrative Services (DAS)
- Liz Sumner, Comptroller
- Stephen Cady, Research & Policy Director, Comptroller’s Office
- Joe Lamers, Director of Strategy Budget and Performance (SBP)