

Executive Summary

Board of Governors Meeting, September 27, 2023

Medical and Prescription Drug Administrative Services – Prescription Variable Copay Program for Selected Prescription Drugs

Topic

Citizens staff seeks approval to amend the Medical Plan and Prescription Drug Coverage Administrative Services contract to include a Prescription Variable Copay Program with a Pharmacy Benefit Management Services addendum. The new program will increase the direct contract spend by approximately \$35,000, but at the same time, is projected to save Citizens \$300,000 in pharmaceutical payments, through December 2028, with additional savings for individual employees.

History

Citizens currently contracts with Blue Cross Blue Shield of Florida (Florida Blue) to administer all services needed for Citizens' self-funded medical and prescription plans which include an Exclusive Provider Organization (EPO) plan, a High Deductible Health Plan (HDHP) plan, and a Preferred Provider Organization (PPO) medical plan, all of which include a prescription benefit program. To reduce employees' out-of-pocket costs, and lower costs paid by Citizens for prescription drugs, Florida Blue has offered the Prescription Variable Copay Program. Due to the projected savings, this amendment is recommended by Gallagher Benefit Services, Inc., Citizen's Employee Benefits Consulting and Brokerage Services vendor.

The Variable Copay Program uses manufacturer-provided coupons to reduce or eliminate out-of-pocket costs for selected prescription drugs. Projected plan savings of approximately \$300,000 is estimated through December 2028. Employees who utilize the selected prescription drugs will save an estimated amount of \$11,000. Actual savings may vary based on changes to formulary, member utilization and manufacturer copay assistance terms. In addition, Florida Blue has confirmed this program will not negatively impact ongoing pharmacy rebates.

This Consent Item seeks Board approval to amend the current contract with Citizens' Medical and Prescription Drug Administrative Services provider, Florida Blue, and approve the additional spend authority. The additional contract spend is based on an increase to the per employee per month administrative fee to participate in the Prescription Variable Copay Program.

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Recommendation

Citizens' Staff proposes that the Board of Governors:

- a) Approve a contract (Agreement Number 22-21-0022-00) amendment and additional spend of approximately \$35,000 with Florida Blue for the Medical Plan and Prescription Drug Coverage Administrative Services contract, for an approximate total contract amount of \$4,972,407, which is based on a per employee per month administrative fee and dependent upon on actual employee enrollment; and,
- b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.

Medical and Prescription Drug Coverage Administrative Services – Prescription Variable Copay Program for Selected Prescription Drugs

☐ ACTION ITEM

☐ New Contract

☐ Contract Amendment

☐ Other _____

☒ CONSENT ITEM

☒ Contract Amendment

☐ Existing Contract Extension

☒ Existing Contract Additional Spend

☐ Previous Board Approval

☐ Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope	<p>This Consent Item seeks approval for approximately \$35,000 in additional spend authority and to amend the Medical Plan and Prescription Drug Coverage Administrative Services contract to add a Prescription Variable Copay Program under the Pharmacy Benefit Management Services addendum.</p> <p>The Prescription Variable Copay Program covers selected prescription drugs and provides a savings to Citizens and employees who utilize the prescription drugs covered under the program.</p>
Contract ID	<p>Medical Plan and Prescription Drug Coverage Administrative Services</p> <p>Agreement number: 22-21-0022-00</p> <p>Vendor: Blue Cross and Blue Shield of Florida (Florida Blue)</p>
Budgeted Item	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Funding to be included in the Annual Operating Budget for each respective contract term year.</p>

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Procurement Method	On December 21, 2021, Citizens issued an Invitation to Negotiate #21-0022 for Medical Plan and Prescription Drug Coverage Administrative Services. On June 1, 2022, the Negotiation Team recommended an award to Florida Blue. On September 21, 2022, the Board of Governors approved a contract with Florida Blue.
Contract Amount	The total estimated contract amount will increase by \$35,000, to approximately \$4,972,407 for the remaining terms based upon the per employee per month (PEPM) fee specified in the contract and using a projected full-time eligible employee participation count.
Contract Terms	Base Term: January 1, 2023, through December 31, 2025 Renewal Term: Three (3) one (1) year renewals through December 31, 2028.
Board Recommendation (DOES NOT go through Committee)	Citizens' Staff proposes that the Board of Governors: <ul style="list-style-type: none"> a) Approve a contract (Agreement Number 22-21-0022-00) amendment and additional spend of approximately \$35,000 with Florida Blue for the Medical Plan and Prescription Drug Coverage Administrative Services contract, for an approximate total contract amount of \$4,972,407, which is based on a per employee per month administrative fee and dependent upon actual employee enrollment; and, b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	Violet Bloom, Chief Human Resources Officer James Taylor, Director, Total Rewards