City of Jacksonville, Florida

Lenny Curry, Mayor

Employee Services Department
City Hall, 117 West Duval St., Suite 150
Jacksonville, Florida 32202

ONE CITY. ONE JACKSONVILLE.

MEMORANDUM

TO: Greg Pease, Chairperson
Professional Services Evaluation Committee

FROM: Mary DiPerna, Division Chief, Compensation and Benefits
Carolina Teran-Oceguera, Manager, Compensation and Benefits

SUBJECT: P31-17 Medical, Stop Loss and Pharmacy Services
Amendment #3

DATE: October 15, 2019

This is to recommend that the City approve the third amendment to the contract with Florida Blue for Medical, Stop Loss and Pharmacy services. The contract shall be for a one-year period effective January 1, 2020 through December 31, 2020; rates will remain the same and the total indebtedness for CY 2020 shall not exceed $3,800,000.00; the maximum indebtedness shall not exceed $11,400,000.00.

All other terms and conditions shall remain the same as proposed. Nothing contained herein shall be amended, modified, or otherwise revised, without prior approval from the PSEC and the Mayor.

Thanks.

Attachment: Letter of Renewal 2020

Andy Carroll
Strategic Account Executive, Public Sector
Telephone: 904-905-8068 • Facsimile: 904-301-1605

Florida Blue
In the pursuit of health

October 15, 2019

Mary DiPerna
117 West Duval Street
Suite 150
Jacksonville, FL 32202

RE: 1-1-20 ASO INFORMATION

Dear Mary:

Florida Blue has committed to the following fees and parameters effective 1/1/20.

Administrative Fee
- 1-1-20 – 12-31-20 $27.70 pepm

The Administration Fees to be charged after the termination of this contract will be billed as follows:
- 1-1-20 – 12-31-20 0% of Run-off Claims

The $700,000 Specific StopLoss Premium based on a 72/12 contract is as follows:
- $9.59 pepm.
  - This is still preliminary and will not be finalized until claims are received and reviewed by Underwriting thru September 2019 claims.

We will also agree to continue the $200,000 wellness contribution in 2020 to support the City's Wellness Initiatives.

At the direction of the City, the Police and Fire Bargaining Units will be removed from the City's plan effective 1/1/20 and enrolled with Florida Blue under their own policy.

Florida Blue has agreed to the following provisions and pricing (attached) in regards to the proposed Current Formulary and Network of Pharmacies (**NO Changes**) pharmacy plan:
- An additional $300,000 in rebate guarantees has been added to the overall per brand rebate minimum guarantees.
- Three-year pricing guarantees include rebate guarantees at a per brand "minimum", previous contract did not provide rebate guarantees.
- Continuation of the $7.00 pepm admin fee credit that equates to approximately $655,000 that comes from rebates and should be included in the overall total calculation.
- Three-year network pricing guarantees (retail, mail, ESN, specialty).
- This offer provides COJ, its employees and family members with the only solution available that will have no disruption to the current pharmacy plan.
- If the City terminates this contract with or without cause, the City will be paid all rebates earned while the contract is in force.

Please review these details and let me know if you need anything else.

Thank you for your continued support of Florida Blue.

Florida Blue

City of Jacksonville		Members:	13,501
Effective Date:	1/1/2020	Employees:	7,827

TRADITIONAL PRICING

Brand		Generic	
AWP minus		AWP minus	
1/1/2020	17.10%	1/1/2020	80.40%
1/1/2021	17.25%	1/1/2021	80.65%
1/1/2022	17.40%	1/1/2022	81.00%
DISPENSING FEE			
Brand		Generic	
1/1/2020	$0.80	1/1/2020	$0.80
1/1/2021	$0.80	1/1/2021	$0.80
1/1/2022	$0.80	1/1/2022	$0.80

Brand		Generic	
AWP minus		AWP minus	
1/1/2020	24.00%	1/1/2020	84.85%
1/1/2021	24.00%	1/1/2021	85.25%
1/1/2022	24.00%	1/1/2022	85.35%
DISPENSING FEE:		$0.00	

Brand		Generic	
AWP minus		AWP minus	
1/1/2020	21.40%	1/1/2020	87.45%
1/1/2021	21.50%	1/1/2021	87.75%
1/1/2022	21.65%	1/1/2022	88.05%
DISPENSING FEE:		$0.00	

Guarantees based on exclusive Specialty Arrangement	1/1/2020	19.00%
	1/1/2021	19.00%
	1/1/2022	19.00%
DISPENSING FEE:		$0.00

Per Retail Brand Rx	1/1/2020	$164.63
	1/1/2021	$188.10
	1/1/2022	$218.63
Per Mail Brand Rx	1/1/2020	$533.74
	1/1/2021	$605.46
	1/1/2022	$701.48
Per ESN Brand Rx	1/1/2020	$433.98
	1/1/2021	$492.65
	1/1/2022	$570.73

Administration Fees PEPM	1/1/2020	$0.00
	1/1/2021	$0.00
	1/1/2022	$0.00

* *see page 2 for notes*

Notes:

- Members will pay the lower of the contracted rate, U&C, or their applicable copayment. Zero balance logic is not employed.
- Discounts are based on the actual NDC-11 dispensed.
- Guarantees will be reconciled annually and applied in aggregate.
- Pricing excludes the value of U&C.
- Discounts provided do not include savings from DUR or other clinical programs.
- Guaranteed offer is based on adoption of the Florida Blue 3-Tier formulary and may be amended in the event there is a change in the formulary, implementation of new clinical programs, changes to the pharmacy benefit plan design, lock-out of drug classes, or unexpected generic launches.
- Assumes client does not have 340B pricing
- Pricing is based upon the Florida Blue Standard PPO HMO Network of 65,000+ pharmacies.
- Paper claims are excluded from pricing.
- Compound, OTC, vaccine, and 100% member paid claims are excluded from rebate guarantees.
- Rebates are contingent upon adherence to the Florida Blue 3-Tier formulary, including associated utilization management and clinical programs.
- Rebate guarantees may be adjusted for unexpected market events such as generic launches, authorized generic launches, products launched at risk, client formulary changes, introduction of biosimilars, implementation of new clinical programs or removal of existing clinical programs, changes to pharmacy benefit plan design or products under patent litigation, new lower cost NDC priced net of rebates from the innovator.
- Discount rates exclude compounds, foreign claims and specialty (as defined by the Florida Blue Specialty Fee Schedule).
- Aggregate Specialty Guarantees are based upon an exclusive Specialty arrangement.
- Specialty drugs dispensed through the medical benefit will not be included in this guarantee reconciliation.
- Aggregate Specialty Discount guarantees will not include limited distribution drugs nor any new specialty drugs brought to market and added to the specialty list during the term of the contract.
- Pricing assumes 2% Mail penetration, if that differs by 5%, Florida Blue reserves the right to revise pricing terms and financials accordingly.
- Pricing assumes 28% ESN penetration, if that differs by 5%, Florida Blue reserves the right to revise pricing terms and financials accordingly.
- Pricing assumes membership of 15% or less in high deductible (CDHP) benefit designs and no material change in participation over the course of the contract.
- In the event the number of covered members or pharmacy claims volume varies by greater than 10%, Florida Blue reserves the right to revise the pricing terms and financials accordingly.
- If changes occur within the PBM marketplace which lead to a significant deviation from the current economic environment, both parties agree to proactively amend the contract to make all parties commercially reasonably economically neutral.
- Guarantees are subject to change in the event that any law, regulation, interpretation of a law or regulation, or any change within the PBM marketplace would lead to a deviation from the current economic environment upon which these guarantees are based.
- Brand drugs are defined as all drugs that have a Medi-Span multisource code field equal to "M", "N", or "O".
- Generic drugs are defined as all drugs available in sufficient supply that have a Medi-Span multisource code field equal to "Y".