



Talking Points to Extend PBM Contract

Medco Health Solutions' contract term for providing pharmacy benefit management services will terminate December 31, 2010. It is the recommendation to extend the Pharmacy Benefit Management (PBM) contract term an additional six months and terminate the contract June 30, 2011 for the following reasons:

- Session Law 2009-16, Senate Bill 287 will impact the competitiveness of the request for proposal by restricting the savings cap for pharmacy reimbursement for the first six months of the contract period. PBMs would not be able to offer the Plan the deepest rates effective January 1, 2011.
- Increased cash flow of \$20 million between January 1, 2010-June 30, 2011 due to an increase in prepayment of rebates.
- The timeframe of the solicitation and implementation of the PBM RFP will directly coincide with the Population Health Management and Performance Audit RFPs. Plan staff could not adequately support three large RFPs and implementation simultaneously.
- To align the PBM contract term with the Medicare Part D year so there will be no delay or disruption of Medicare Part D revenue.
- By aligning the contracting year it would be easier to administer benefit structure and out of pocket maximums. Also it would allow benefit changes resulting from 2011 Legislative Session to be incorporated into the implementation.