

District School Board of Pasco County

20430 Gator Lane • Land O' Lakes, Florida 34638 • 813/ 794-2221

Heather Fiorentino, Superintendent


www.pasco.k12.fl.us

Department of Purchasing
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December 7, 2010

MEMORANDUM

TO: Honorable School Board Members

FROM: Kendra Goodman, CPPO, CPPB, Purchasing Agent 

SUBJECT: Third Year of Five-Year Agreement
RFP 09-005-AZ, Pharmacy Benefits Management Services – Medco Health Solutions

On September 24, 2010, the District's Insurance Committee unanimously voted to renew the District's agreement with Medco Health Solutions (Medco) for the term January 1, 2011 – December 31, 2011. At that meeting, the Committee requested that Ms. Mary Tillman, Director of Employee Benefits, Assistance, & Risk Management, recommend this renewal for Board approval. Please see her attached memo for further information.

During this third year of the District's self-insured pharmacy benefits management program, Medco will continue to act as the program's administrator. As support to the District's plans for Health & Wellness Centers, Medco has offered an amendment to the contract excluding any medications distributed through the health centers from Medco's fees. Medication distributed through the health centers will also be excluded from Medco's guarantees and rebate reimbursements. Per Ms. Tillman's memo, it is the belief of the Insurance Committee that savings realized from the health centers will more than offset the loss of rebates.

For the 2009-10 fiscal year, expenditures to Medco totaled \$11.5 million for claims and administrative fees. We expect these costs to be lower for 2011 because of the health clinics. Funding is provided through Board contributions.

At this time, we are requesting Board approval on the attached contract Addendum, and renewal of the contract for the term January 1, 2011 – December 31, 2011. Please feel free to contact Mary Tillman or me if you have any questions or concerns.

KDG/az
Attachments



District School Board of Pasco County

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Heather Fiorentino, Superintendent

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Employee Benefits, Assistance & Risk Management

Mary Tillman, Director

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DATE: November 19, 2010

TO: Kendra Goodman, Purchasing Agent

FROM: Mary Tillman, Director of Employee Benefits *Mary H. Tillman*

RE: 2011 Renewal for Pharmacy Benefits Management Services - Medco

On September 24, 2010, the District's Insurance Committee unanimously voted to renew the District's agreement with Medco (Year 3 of a five-year agreement) for the 2011 calendar year.

As support to the District's plans for Health & Wellness Centers, Medco has offered an amendment to the contract excluding any medications distributed through the health centers from Medco fees. Medication distributed through the health centers will also be excluded from Medco's guarantees and rebate reimbursements. However, we believe that savings from the health centers will more than offset the loss of rebates.

For the 2009-2010 fiscal year, expenditures to Medco totaled \$11.5 million. We expect these costs to be lower for 2011 because of the health clinics.

Please request permission from the Board to approve this renewal. If you have any questions or need any additional information, please call me. As always, I appreciate the assistance that I have received from you and your staff during this process.

EXECUTION COPY

**ADDENDUM TO THE
INTEGRATED PRESCRIPTION DRUG PROGRAM
MASTER AGREEMENT**

This ADDENDUM is entered into as of the 1st day of February, 2011 between Medco Health Solutions, Inc., through Systemed, a Medco business, located at 100 Parsons Pond Drive, Franklin Lakes, New Jersey 07417 ("Medco") and District School Board of Pasco County, located at 7227 Land O' Lakes Blvd, Land O' Lakes, FL 34638 ("SPONSOR").

WHEREAS, SPONSOR and Medco, through Systemed, L.L.C., entered into an Integrated Prescription Drug Program Master Agreement with an effective date of January 1, 2009 (the "Agreement"); and

WHEREAS, the parties now seek to amend the Agreement as detailed below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

- 1. Section 3 of the Agreement, Retail Pharmacy Program, is amended to include the following as a new section (Section 3.7):
 - 3.7 On-Site Clinic(s) - Claims adjudicated through SPONSOR's on-site clinic(s) are excluded from all guarantees, Total Rebates and Guaranteed Rebates under this Agreement.

Except as amended herein, the Agreement shall remain in full force and effect without modification. In the event of an inconsistency between the terms of the Agreement and the Amendment, the terms of the Amendment shall govern. Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date indicated below.

MEDCO HEALTH SOLUTIONS, INC.

**DISTRICT SCHOOL BOARD OF
PASCO COUNTY**

BY: _____
(signature)

BY: _____
(signature)

NAME: Anthony Palmisano Jr.

NAME: Joanne Hurley
(type or print name)

TITLE: Vice President and Assistant General Counsel
Customer and Commercial Contracting

TITLE: Board Chair

DATE: _____

DATE: _____

247168.2 (11/9/10) nmb

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<p>CONTRACT REVIEWED AND APPROVED:</p> <p><i>Rd</i> 11-22-10</p>
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