



MEDICAL PLAN UPDATE

History and Pharmacy Consultant Request for Proposals



September 10, 2019

Clients

Mark III proudly serves 100+ clients in NC, VA, TN, GA. Clients include:





Medical Clients

Mark III serves 100+ clients in NC, VA, TN, GA.

We work with over 30 Counties and our clients include:

City of Gastonia, NC
Cabarrus County, NC
Cleveland County, NC
Durham County, NC
Forsyth County, NC
Gaston County, NC
Haywood County, NC
Henderson County, NC
Lincoln County, NC
Onslow County, NC
Pitt County, NC
Randolph County, NC
Robeson County, NC
Rowan County, NC
Wayne County, NC



- Gaston County Medical Plan History:
 - The last funding increase was 2015 – 2016. Including no change for 2019 – 2020, that makes 4 years of no additional tax-payer dollars allocated to the Medical Plan.
 - The County Commissioners approved a very successful dependent eligibility audit and spousal eligibility change occurred for 2015 – 2016.
 - The last plan design change occurred during the 2016 – 2017 Plan Year.
 - Normal increases in Medical Plan costs average 8% increases per year.



- While **most** Medical Plans would average a **32% increase** in costs in the past four years, **Gaston County's total Plan** trend since 2014 – 2015 has been **negative 9.8%**. Pharmacy trend since 2014 – 2015 has been negative 8%.
- **The difference in normal trend and Gaston County's trend is \$7,000,000 of cost avoidance.**
- Why:
 - Wellness Initiatives the County has employed.
 - Spousal Eligibility Criteria Change.
 - BCBSNC Network Discounts



- Gaston County Medical Plan History:
 - The Stop-loss (catastrophic) coverage is reviewed every year.
 - In 2010 – 2011, the Stop-loss coverage was moved from BCBSNC to VOYA, saving the County \$140,000.
 - Since 2010 – 2011, the marketing/review/negotiation efforts avoided over **\$1,300,000** of additional fixed cost.
 - The County has received fair value from the Stop-loss contracts.



- Reasons for a Pharmacy Benefit Manager RFP:
 - While the County Pharmacy spend is **8% below the 2014 – 2015** levels, it still **makes up 23%** of the total medical spend.
 - As the dynamics of the pharmacy benefit business evolve, ensuring that the County has competitive contracts in place is good business practice.
- Reasons to hire a Pharmacy Benefit Consultant:
 - Understanding and evaluating the nuances of pharmacy benefit contracts is a specialized skill set, that requires a high level of technical expertise and knowledge.



- Timeline:
 - September 2019:
 - September 10, 2019
 - Advise the County Commissioners that a Pharmacy Benefit Management review should be conducted and request authorization to conduct a consultant evaluation process.
 - Begin Interview of Consultants.
 - Determine needed services.
 - Obtain cost for services desired.



- Timeline:
 - October 2019:
 - Craft recommendation to the County Commissioners.
 - If appropriate, obtain authorization on October 22, 2019 to move forward with the selected Consultant from the County Commissioners.
 - Consultant to meet with County to start RFP process.
 - Consultant begins the RFP development process.
 - Obtain needed data from Prime Pharmaceuticals for the RFP.



- Timeline:
 - November 2019:
 - Finalize RFP and bid timeline.
 - December 2019:
 - RFP goes out.
 - January 2020:
 - Responses Due



- Timeline:
 - February 2020:
 - Review the responses.
 - March 2020:
 - Recommendations made and begin implementation for October 1, 2020 effective date.

