

MEMORANDUM

April 2, 2021

TO: Mayor John P. Kahl and Members of City Council

FROM: City Attorney's Office (Scott A. Brunton)

SUBJECT: Resolution Approving Pharmacy Benefit Manager Contract for the City's Group Health Insurance Plan

DISCUSSION: The service contract for the Pharmacy Benefit Manager for the City's self-funded Group Health Care Plan ("Plan") will expire at the end of the current fiscal year on April 30, 2021. The review and negotiation process has been completed with assistance from Consociate, the City's Third-Party Administrator for the Plan, and Leaf Health, the Pharmacy Benefit Manager Consultant for the Plan. During this review process, the City's Insurance & Benefits Committee (the "Committee") has reviewed several options for receiving these required services and potential ways to save costs associated with the prescription drug benefits provided under the Plan.

At this time, the Committee is recommending a change in the pharmacy benefit manager arrangement and moving away for the long-time pharmacy benefit manager that the City has used for prescription drug benefits under the City's Plan. The Committee is recommending this change in an effort to achieve better cost savings under the Plan's prescription drug benefit. Thus, the Committee has approved and hereby recommends that the City enter into a contract with RxBenefits Inc. as a pharmacy benefits optimizer, who works with and oversees the administration of prescription drug benefits from ExpressScripts. In acting as a liaison and coordinating the Plan's prescription drug benefits, RxBenefits is able to achieve higher cost savings for the Plan. Additionally, after implementing this switch to RxBenefits Inc., the Committee plans to work closely with RxBenefits to focus on additional options for making the Plan's prescription drug benefits more cost-effective moving forward.

This contract with RxBenefits has an effective date of August 1, 2021, but entering into this contract now will allow a smooth transition and implementation period during the switch to the new pharmacy benefit manager arrangement. In the meantime, the City's current pharmacy benefit manager has provided the City with a three-month extension to continue providing prescription drug benefits under the City's plan until the August 1st implementation date for this switch.

RECOMMENDATION: The Insurance & Benefits Committee, as well as our office, recommends that the Council pass this Resolution.

RESOLUTION NO. 2021-136

East Peoria, Illinois

_____ , 2021

RESOLUTION BY COMMISSIONER _____

**RESOLUTION REGARDING THE
PRESCRIPTION DRUG BENEFIT MANAGER
FOR THE CITY'S GROUP HEALTH INSURANCE PLAN**

WHEREAS, the City of East Peoria maintains a self-insured group health care plan ("Plan") for the benefit of its employees and retirees, and the City's Insurance and Benefits Committee oversees the Plan; and

WHEREAS, in an effort to address the increasing costs of prescription drugs to the Plan, the Insurance and Benefits Committee has reviewed options for receiving pharmacy benefit manager services for the Plan with the assistance of Consociate, Inc. (the Third-Party Administrator for the Plan) and Leaf Health (Pharmacy Benefits Manager Consultant); and

WHEREAS, the Insurance and Benefits Committee has reviewed competitive proposals from the Plan's current pharmacy benefit manager and RxBenefits Inc. for providing the prescription drug and related benefits under the Plan; and

WHEREAS, the Insurance and Benefits Committee has determined that RxBenefits Inc., acting as pharmacy benefits optimizer and coordinating prescription drug benefits with ExpressScripts, can provide these services and prescription drug benefits in a more cost effective for the City's Plan; and

WHEREAS, the Insurance and Benefits Committee has again determined that it remains necessary and in the Plan's and the City's best interest to utilize a shorter term, one-year contract for pharmacy benefit manager services due to the constantly and rapidly evolving health care and prescription drug environment in large part due to a continually changing landscape and high cost of specialty drugs; and

WHEREAS, the City's Insurance and Benefits Committee unanimously recommends that the City enter into a new contract RxBenefits Inc., as the pharmacy benefits optimizer and coordinator for the City's Plan under the Client Agreement, attached hereto as "Exhibit 1" and incorporated by reference, with a start date of August 1, 2021;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, THAT:

Section 1. The City adopts the recommendation made by the Insurance and Benefits Committee, as set forth above, thereby approving the Client Agreement with RxBenefits Inc., attached as "Exhibit 1", which will be effective from August 1, 2021, through April 30, 2022.

Section 2. The Mayor, or his designee, is hereby authorized and directed to execute the Client Agreement, attached as "Exhibit 1", together with such changes therein as the Mayor in his discretion may deem appropriate; provided, however that such Client Agreement shall not be binding upon the City until an executed original thereof has been delivered to RxBenefits Inc.

APPROVED:

Mayor

ATTEST:

City Clerk

EXHIBIT 1

**Client Agreement with RxBenefits Inc.
[To be provided]**