

# PERSONNEL COMMITTEE AGENDA

July 17, 2019, 8:00 am

304 E. Grand River, Conference Room 4, Howell, MI 48843

Pages

1. **CALL MEETING TO ORDER**
2. **APPROVAL OF AGENDA**
3. **CALL TO THE PUBLIC**
4. **APPROVAL OF MINUTES** 2  
Minutes of Meeting Dated: June 12, 2019
5. **TABLED ITEMS FROM PREVIOUS MEETINGS**
6. **REPORTS**
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9. **CALL TO THE PUBLIC**
10. **ADJOURNMENT**

# PERSONNEL COMMITTEE

## MEETING MINUTES

### Livingston County

June 12, 2019, 8:00 am  
304 E. Grand River, Conference Room 4, Howell, MI 48843

Members Present:

William Green, Douglas Helzerman

Members Absent:

Carol Griffith

**1. CALL MEETING TO ORDER**

The meeting was called to order by Commissioner Green at 8:00 a.m.

**2. APPROVAL OF AGENDA**

Motion to approve the Agenda as presented.

**Moved By** Douglas Helzerman

**Seconded By** William Green

**Motion Carried: (2-0-1)**

**3. CALL TO THE PUBLIC**

None.

**4. APPROVAL OF MINUTES**

Minutes of Meeting Dated: June 12, 2019

**Moved By** D. Helzerman

**Seconded By** W. Green

**Motion Carried: (2-0-1)**

**5. TABLED ITEMS FROM PREVIOUS MEETINGS**

None.

**6. REPORTS**

None.

**7. RESOLUTIONS FOR CONSIDERATION**

**7.1 Veterans' Services**

Resolution Authorizing the Reclassification of a Part Time Lead Driver Position

Motion to approve the above Resolution as presented.

**Moved By** D. Helzerman

**Seconded By** W. Green

**Motion Carried: (2-0-1)**

**7.2 Board of Commissioners**

Resolution Approving Appointments to the Livingston County Aeronautical Facilities Board

Motion to approve the above Resolution and move forward to the Board of Commissioners.

**Moved By** D. Helzerman

**Seconded By** W. Green

**Motion Carried: (2-0-1)**

**8. DISCUSSION**

EMS Director Recruiting Discussion

Ken Hinton informed the committee that he would like to engage outside recruitment to help fill the EMS Director position. Ken would like the recruiter to post the position in August with a December hire date.

**9. CALL TO THE PUBLIC**

Wes Nakagiri commented on the Energage Survey citing the variances between 911 Central Dispatch results and the EMS results.

**10. ADJOURNMENT**

Motion to adjourn the meeting at 8:24 a.m.

**Moved By** D. Helzerman

**Seconded By** W. Green

**Motion Carried: (2-0-1)**

Respectfully submitted by:  
Amy Hill  
Recording Secretary

RESOLUTION

NO: [Title]

LIVINGSTON COUNTY

DATE: Click or tap to enter a date.

**Resolution Authorizing an Extension of Acting Pay for the Temporary Operations Manager - Emergency Medical Service**

**WHEREAS,** Amy Chapman, Emergency Medical Service Road Supervisor, was promoted on January 30, 2019 to act as Temporary Operations Manager as part of succession planning efforts at EMS; and

**WHEREAS,** pursuant to the Livingston County Special Pay policy, “Acting’ pay is limited to six (6) consecutive calendar months for any one vacant supervisor/managerial position unless an extension of that time is approved by the Personnel Committee,” which without such approval would cause this Acting Pay assignment to end July 30, 2019; and

**WHEREAS,** Ms. Chapman is satisfactorily performing the duties of the Temporary Operations Manager and the EMS Director recommends she continue to serve in this valuable role through September 30, 2019, as the incumbent has announced his retirement date of September 13, 2019.

**THEREFORE BE IT RESOLVED** that pursuant to the Special Pay policy, the Livingston County Personnel Committee hereby approves the extension of Amy Chapman in the Temporary Operations Manager position through September 30, 2019 for EMS department succession planning purposes.

# # #

**MOVED:  
SECONDED:  
CARRIED:**

**RESOLUTION**

**NO:** [Title]

**LIVINGSTON COUNTY**

**DATE:** Click or tap to enter a date.

**Resolution to Certify Officer and Employee Delegates to the 2019 Municipal Employees' Retirement System Annual Conference – Human Resources**

**WHEREAS**, the 2019 MERS Annual Meeting will be held on October 3-4 at the Grand Traverse Resort, Acme, Michigan; and

**WHEREAS**, in accordance with the MERS Plan Document, delegates for the MERS Annual Meeting may be appointed by official action of the Board of Commissioners; and

**WHEREAS**, nominations were sought for Employee Delegates to attend the meeting; and

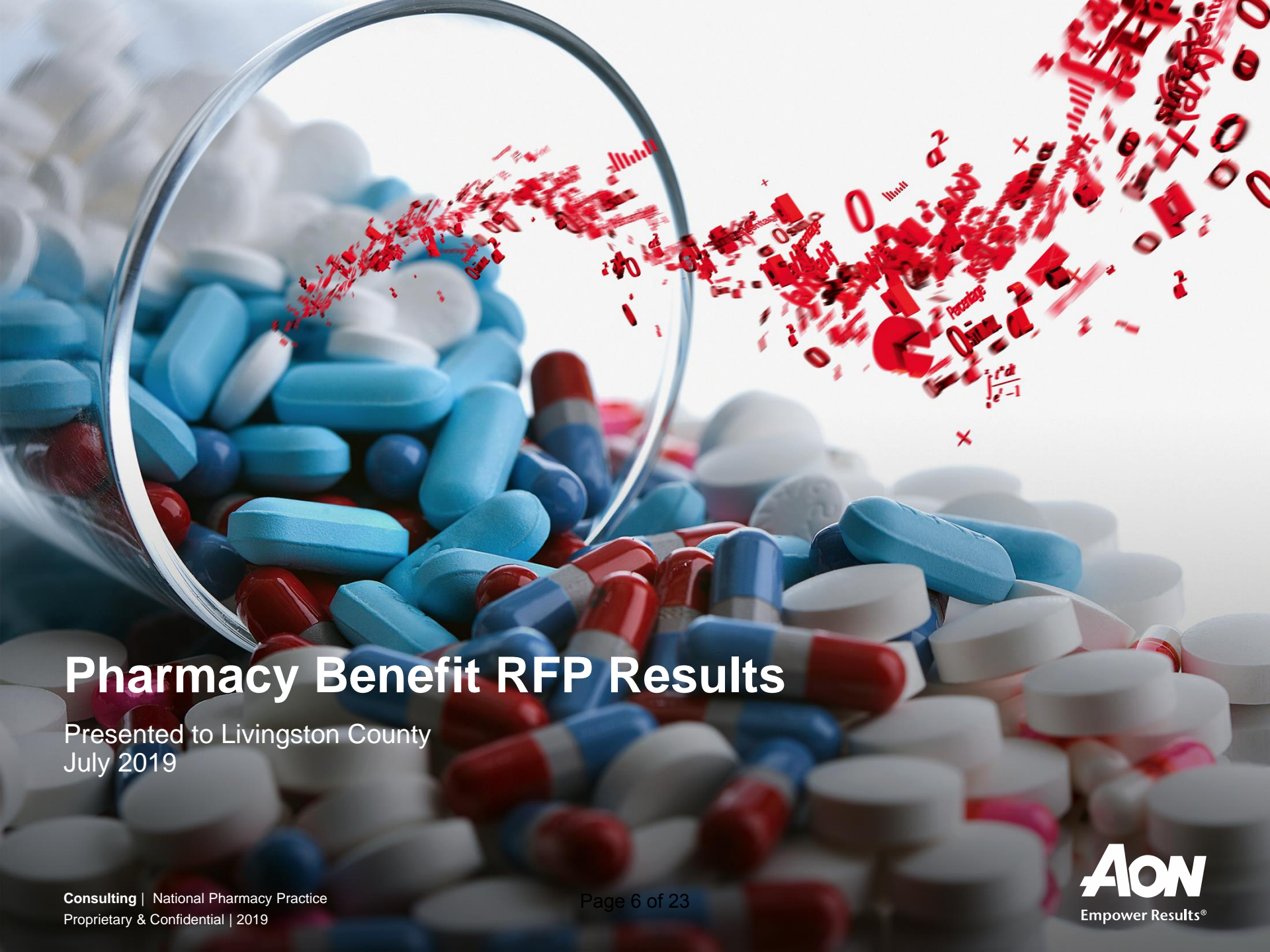
**WHEREAS**, costs of employees' attendance at the MERS annual meeting will be paid through the Benefit Fund.

**THEREFORE BE IT RESOLVED** that the Livingston County Board of Commissioners appoints Ken Hinton, County Administrator, as Officer Delegate and Stacy Bono, Benefits Specialist, as Alternate Officer Delegate, \_\_\_\_\_, as the Employee Delegate, and \_\_\_\_\_, as the Alternate Employee Delegate for the 2019 MERS Annual Meeting.

**BE IT FURTHER RESOLVED** that the Livingston County Board of Commissioners authorizes reasonable expenses in accordance with adopted Board policy.

# # #

MOVED:  
SECONDED:  
CARRIED:



# Pharmacy Benefit RFP Results

Presented to Livingston County  
July 2019

# Executive Summary

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**Aon conducted a pharmacy benefit management RFP for Livingston County with the following PBMs:**

1. BCBS Michigan (Incumbent) – Carve-in
2. EnvisionRx – Carve-out
3. OptumRx (ORx) – Carve-out

## **Results Summary**

BCBS MI leads financially and with regard to disruption.

## **Next steps**

- Select 1-2 PBMs for finalist meetings and best and final offers



# Financial Offer



# Financial Summary (Year 1 Only): 2020

## Livingston County Pharmacy Evaluation

Vendor	BCBS Michigan Achieved	BCBS Michigan Renewal	EnvisionRx Carve-out	OptumRx Carve-out
Deal Type	Traditional	Traditional	Traditional	Traditional
<b>Allowed Charges (discounted ingredient cost + dispensing fees)</b>	\$ 2,907,000	\$ 2,931,000	\$ 2,910,000	\$ 2,999,000
<b>Member Cost Share (copays, coinsurance, etc.)</b>	(\$ 168,000)	(\$ 168,000)	(\$ 168,000)	(\$ 168,000)
<b>Medical ASO Increase*</b>	Not applicable	Not applicable	\$ 49,000	\$ 49,000
<b>Rebates</b>	(\$ 333,000)	(\$ 584,000)	(\$ 388,000)	(\$ 408,000)
<b>Net Plan Cost</b>	<b>\$ 2,406,000</b>	<b>\$ 2,179,000</b>	<b>\$ 2,403,000</b>	<b>\$ 2,472,000</b>
<b>Net Plan Cost Savings over Current \$</b>		<b>\$ 227,000</b>	<b>\$ 3,000</b>	<b>(\$ 66,000)</b>
<b>Net Plan Cost Savings Over Current %</b>		<b>9.4%</b>	<b>0.1%</b>	<b>-2.7%</b>
<b>Rank</b>		<b>1</b>	<b>2</b>	<b>3</b>

### Notes & Assumptions:

\*ASO increase is BCBS MI's proposed increase of \$8.00 PEPM for carving-out pharmacy and stop loss benefits. Other medical vendors may charge other fees.

Analysis does not reflect fees for clinical programs.

Analysis does not account for time value of money and assumes no change in enrollment for the projection period.

Rebates are shown in the year in which they are earned, not the year in which they are paid.

Member cost share (copays, coinsurance, etc.) does not take into account formulary differences between vendors.

Analysis adjusts for the inclusion or exclusion of single source generics from generic discount guarantees by vendor.

Projected savings are estimates of the relative differences among PBM offers based on the information provided and methodology utilized. As such, they should not be used for other purposes (e.g. budgeting).

# Financial Summary (3 Year Summary): 2020-2022

## Livingston County Pharmacy Evaluation

Vendor	BCBS Michigan Achieved	BCBS Michigan Renewal	EnvisionRx Carve-out	OptumRx Carve-out
Deal Type	Traditional	Traditional	Traditional	Traditional
<b>Allowed Charges (discounted ingredient cost + dispensing fees)</b>	\$ 9,707,000	\$ 9,778,000	\$ 9,692,000	\$ 10,010,000
<b>Member Cost Share (copays, coinsurance, etc.)</b>	(\$ 512,000)	(\$ 512,000)	(\$ 512,000)	(\$ 512,000)
<b>Medical ASO Increase*</b>	Not applicable	Not applicable	\$ 147,000	\$ 147,000
<b>Rebates</b>	(\$ 1,115,000)	(\$ 2,178,000)	(\$ 1,396,000)	(\$ 1,346,000)
<b>Net Plan Cost</b>	<b>\$ 8,080,000</b>	<b>\$ 7,088,000</b>	<b>\$ 7,931,000</b>	<b>\$ 8,299,000</b>
<b>Net Plan Cost Savings over Current \$</b>		<b>\$ 992,000</b>	<b>\$ 149,000</b>	<b>(\$ 219,000)</b>
<b>Net Plan Cost Savings Over Current %</b>		<b>12.3%</b>	<b>1.8%</b>	<b>-2.7%</b>
<b>Rank</b>		<b>1</b>	<b>2</b>	<b>3</b>

### Notes & Assumptions:

\*ASO increase is BCBS MI's proposed increase of \$8.00 PEPM for carving-out pharmacy and stop loss benefits. Other medical vendors may charge other fees.

Analysis does not reflect fees for clinical programs.

Analysis does not account for time value of money and assumes no change in enrollment for the projection period.

Rebates are shown in the year in which they are earned, not the year in which they are paid.

Member cost share (copays, coinsurance, etc.) does not take into account formulary differences between vendors.

Analysis adjusts for the inclusion or exclusion of single source generics from generic discount guarantees by vendor.

Projected savings are estimates of the relative differences among PBM offers based on the information provided and methodology utilized.

As such, they should not be used for other purposes (e.g. budgeting).

## Financial Summary – Manufacturer Payments; “Rebate” Guarantees

	Current Agreement	BCBS Michigan Offer	EnvisionRx	OptumRx
<b>Pass-through</b>	87.3% of “gross rebates collected from manufacturers”	87.3% of “gross rebates collected from manufacturers”	100% of manufacturer payments including manufacturer admin. fees	100 of manufacturer payments excluding manufacturer admin. fees
<b>Greater of pass-through or minimum per brand claim guarantees?</b>	No	Yes	Yes	Yes
<b>Payment turnaround time</b>	Current contractual package is silent; BCBS MI has been receiving annually but will begin to receive quarterly	Reconciliation within 180 days after year end and payment to Livingston 9-12 months after year end*	Would pay rebates within 60 days of each quarter but true-up to 100% 9 months after year end	Will pay rebates quarterly (although timing unclear) and reconcile 180 days after year end

\*In BAFO recommend confirming with BCBS MI that Livingston will receive quarterly rebate payments in addition to annual true-up.

## Financial Summary – Allowances and fees at risk

Credits/Allowances	BCBS Michigan	EnvisionRx	OptumRx
<b>Implementation Allowance</b>	Not applicable	Included in PMF	\$3 per member
<b>Audit Allowance</b>	-	Included in PMF	\$50,000 per year
<b>Pharmacy Management Fund (PMF)</b>	-	\$30,000	-
<b>Aggregate Credit Value</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$153,939</b>
<b>Rank</b>	<b>3</b>	<b>2</b>	<b>1</b>

Aggregate Dollars at Risk	BCBS Michigan	EnvisionRx	OptumRx
<b>Year 1: Total Amount at Risk (Implementation Guarantees)</b>	Not applicable	\$2 per member	\$5 per member
<b>Years 1-3: Total Amount at Risk (Ongoing Guarantees)</b>	-	\$5 per member per year	\$5 per member per year
<b>Aggregate Amount at Risk</b>	<b>\$0</b>	<b>\$22,321</b>	<b>\$26,260</b>
<b>Rank</b>	<b>3</b>	<b>2</b>	<b>1</b>

Note: Number of lives assumed: 1,313

BCBS MI is not offering allowances or performance guarantees for the pharmacy benefit.

# BCBS MI Strengths and Weaknesses

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## Strengths

- + **Fully agreed to the most bidding requirements 115/130**
- + **Strongest financial proposal**
- + **Least member disruption as incumbent**
- + Most clinical programs available at no additional charge
- + Either party may terminate early without cause with 30 days notice, penalties may apply
- + Allows annual market check (but Livingston would pay for it)
- + Will reconcile discount guarantees within 60 days of year end

## Weaknesses

- **No pharmacy performance guarantees offered**
  - **Only passing through 87.3% of gross rebates (other bidders pass-through 100%)**
  - **Wants to be able to reduce rebate guarantees if: Rebate revenue is materially decreased due to any material change in mix or utilization that pertain to Hepatitis**
  - **Allows guarantee offsetting**
  - **Weak rebate payment turnaround time (reconciliation within 180 days after year end and payment to Livingston 9-12 months after year end)**
  - Audits allowed, except rebate audits
  - Will not employ the most aggressive MAC list available, will not use same MAC list at mail and retail, will not provide copy of MAC list upon request
  - No pharmacy credits offered
  - U&C claims at retail will have dispensing fees (for other bidders they will not)
-

# EnvisionRx Strengths and Weaknesses

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## Strengths

- + Pass-through 100% of rebates including manufacturer admin fees (MAF)
- + Would pay rebates within 60 days of each quarter but true-up to 100% 9 months after year end
- + Either party may terminate early without cause with 90 days notice, penalties may apply
- + Flexible audit rights
- + Allows a market check at 18 months (but Livingston would pay)

## Weaknesses

- Will only provide 30 days advance notice of formulary changes to Livingston (other bidders will provide 90)
  - Minimum 84 days supply to receive mail pricing (other bidders no minimum)
  - Allows offsetting within guarantee channel
  - Will only report discount guarantee performance annually (other bidders quarterly)
  - Will pass-through future postage increases on mail claims to Livingston (other bidders will not)
  - Will reconcile discount guarantees within 180 days of year end
-

# OptumRx Strengths and Weaknesses

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## Strengths

- + Guarantee offsetting not allowed
- + Flexible audit rights
- + Provided most allowances and fees at risk, however these do not make up for financial gap
- + Will pay rebates quarterly (although timing unclear) and reconcile 180 days after year end
- + Will reconcile discount guarantees within 90 days after year end

## Weaknesses

- Fully agreed to the least bidding requirements 77/130
- Passes through 100% of rebates but retains MAF
- Either party may terminate early without cause with 180 days notice, penalties may apply
- No market checks allowed
- Will provide a renewal proposal only 120 days from contract end date (other bidders will provide 275 days from contract end)



# Formulary and Network Disruption



## Clinical Management – Formulary Disruption

	EnvisionRx				OptumRx			
	Rxs	%	Drugs	%	Rxs	%	Drugs	%
No Change	16,795	95.6%	2,822	94.7%	16,838	95.9%	2,820	94.7%
Positive - Downtier 2→1	11	0.1%	5	0.2%	27	0.2%	10	0.3%
Positive - Downtier 3→1	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Positive - Downtier 3→2	274	1.6%	41	1.4%	202	1.1%	34	1.1%
Negative - Uptier 1→2	2	0.0%	2	0.1%	2	0.0%	1	0.0%
Negative - Uptier 1→3	138	0.8%	36	1.2%	10	0.1%	4	0.1%
Negative - Uptier 2→3	266	1.5%	52	1.7%	263	1.5%	53	1.8%
Excluded	79	0.4%	20	0.7%	223	1.3%	56	1.9%
<b>Total Positive or Neutral</b>	<b>17,081</b>	<b>97.2%</b>	<b>2,869</b>	<b>96.3%</b>	<b>17,068</b>	<b>97.2%</b>	<b>2,865</b>	<b>96.2%</b>
<b>Total Negative</b>	<b>485</b>	<b>2.8%</b>	<b>110</b>	<b>3.7%</b>	<b>498</b>	<b>2.8%</b>	<b>114</b>	<b>3.8%</b>
<b>Grand Total</b>	<b>17,566</b>	<b>100%</b>	<b>2,979</b>	<b>100%</b>	<b>17,566</b>	<b>100%</b>	<b>2,979</b>	<b>100%</b>

Disruption does not account for differences in vendors' preventative drug lists

Does not account for step therapy or prior authorizations

No Change = no change in tier placement

Positive Disruption = changes from a higher tier to a lower tier

Negative Disruption = changes from a lower tier to a higher tier or excluded

## Top Disrupted Drugs

<b>EnvisionRx Top Disrupted</b>		<b>Claims</b>	<b>Movement</b>
1	CIALIS	54	Negative - Uptier 2→3
2	PREDNISONE	20	Negative - Uptier 1→3
3	ARMOUR THYROID	19	Negative - Uptier 2→3
4	BIMATOPROST	18	Negative - Uptier 1→3
5	XELJANZ	14	Negative - Uptier 2→3
6	COLCHICINE	13	Negative - Uptier 2→3
7	MORPHINE SULFATE	13	Negative - Uptier 1→3
8	ONGLYZA	12	Negative - Uptier 2→3
9	KUVAN	12	Negative - Uptier 2→3
10	XELJANZ XR	11	Negative - Uptier 2→3

<b>OptumRx Top Disrupted</b>		<b>Claims</b>	<b>Movement</b>
1	CIALIS	54	Negative - Uptier 2→3
2	ARMOUR THYROID	19	Negative - Uptier 2→3
3	NOVOLOG FLEXPEN	16	Excluded
4	XELJANZ	14	Negative - Uptier 2→3
5	COLCHICINE	13	Negative - Uptier 2→3
6	NOVOLOG	13	Excluded
7	ONGLYZA	12	Excluded
8	SABRIL	12	Excluded
9	LEXAPRO	12	Excluded
10	ANDROGEL	11	Negative - Uptier 2→3

# Retail 30 Network Disruption

	EnvisionRx				OptumRx			
	Rxs	%	Pharmacies	%	Rxs	%	Pharmacies	%
No Change	16,673	100.0%	334	99.4%	16,463	98.7%	327	97.3%
Y → N	4	0.0%	2	0.6%	214	1.3%	9	2.7%
<b>Grand Total</b>	<b>16,677</b>	<b>100.0%</b>	<b>336</b>	<b>100.0%</b>	<b>16,677</b>	<b>100.0%</b>	<b>336</b>	<b>100.0%</b>

Notes:

No Change (Positive) = Pharmacies that will not experience disruption

Y → N (Negative) = Pharmacies that will no longer be In Network

Disruption is based on each PBM's broadest network



# Next Steps

## Next Steps

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### Finalist Interviews and Negotiation

- Prepare bidders for finalist meetings
- Finalist meetings
- Solicit and analyze BAFO from finalists
- Final negotiations
- Review contract and negotiate with first choice vendor





# Appendix

# Financial Summary—Methodology

