

INTEROFFICE MEMORANDUM

June 10, 2013

MEMO TO: J. Russell Allen
City Manager

FROM: C. Stephen Jones, Jr.,
Human Resources Director

SUBJECT: Budget Note 32 - Pharmacy Benefit Manager Audit

During the June 3rd budget worksession, Mayor McFarlane requested an update on the PBM audit process. Below is the audit timeline.

APC Audit Timeline

November 2011

- Request was made to perform PBM audit.

December 2011

- RFP distributed and responses received.

January 2012

- Benefits Committee began review of submitted RFP's.

February 2012

- Benefits Committee finalized vendors for the interview process.

March 2012

- Interviews of finalists were held Five vendors were interviewed including: 1) Advanced Pharmacy Concepts (APC) 2) Buck Consultants 3) Pharmacy Outcome Specialists 4) Piedmont Pharmaceutical Care Network 5) Pinnacle Benefits Resources.
- City Attorney's office began a review of the Caremark contract.

April 2012

- Benefits Committee selected APC and Pinnacle Benefits Resources as the finalists.

May 2012

- Benefits Committee recommended the award of the audit to APC.
- HR prepared an Executive Summary for the Pharmacy Auditor RFP Process for presentation to the City Manager and Raleigh City Council.

July 2012 (First draft of contract submitted)

- City Council approved the recommendation.
- APC was notified to proceed with contract negotiations.
- Initial draft contract from APC received by HR. Draft contract was submitted to the City Attorney's office for review/approval.
- Draft contract also sent to the Benefits Committee for review comments/feedback regarding modifications, additions, deletions, etc.

August 2012

- Following initial reviews of the contract several areas of concern were noted included the overall contract format, vendor's stated liability insurance language/coverage levels, worker's compensation language/coverage levels, and verification/validation of data samples to be utilized during audit process.

September 2012 (2nd draft of contract)

- Revised draft was submitted to HR by APC. Revision was sent to City Attorney/Purchasing and Risk Management for review.

October 2012

- Review of revised contract continued.

November 2012 (3rd draft of contract)

- Contract to APC for review.
- APC returned a contract revision which was forwarded to City Attorney, Purchasing and Risk Management for review.

December 2012 (4th draft of contract)

- Review of contract with City Attorney's Office, Purchasing and Risk Management continued.

January 2013

- Review of contract with City Attorney's office, Purchasing and Risk Management continued.

February 2013 (Final contract submitted)

- Contract and Certificate of Insurance was reviewed/approved by all parties in the City and submitted to City Clerk's office.

March 2013

- Contract was signed by City Manager.
- Kick Off meeting with APC and COR.
- Audit process started with an estimated completion of June 19th.
- Communicated with Caremark that an earlier target date was needed, and they agreed to submit a draft report in early May.
- Discussion in Benefits Committee to "shop" PBM for Oct 1, 2014 renewal.

May 2013

- Draft report received May 20th with no significant issues found.
- Audit was done on the Caremark contract terms only.
- Forwarded to benefits consultant (Willis) for review and discussion/recommendations.
- Observation that contract terms and pricing should be revisited.
- Decision made to "shop" PBM, and RFP was distributed.
- Anticipate responses and recommendations no later than June 30, 2013.