

March 21, 2007

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

City of Milwaukee Navitus Drug Review

Dear Alderman Murphy:

Please open a new file for the April 5, 2007 Finance and Personnel Committee meeting.

The City of Milwaukee Department of Employee Relations recommends that the City enter an agreement with Navitus Health Solutions, the City's current Prescription Benefit Manger, for a voluntary "Preferred Formulary Retrospective Drug Utilization Review Program."

This voluntary effort would help employees and retirees in the Basic Plan further reduce their drug costs. Members currently pay 20% of the cost of their drugs. This effort would allow Navitus to send letters to the member's doctor indicating changes from a higher cost brand drug to an alternative lower cost, preferred drug in the same therapeutic category as the non-preferred drug currently being utilized. The member and their doctor can say yes or no to the Navitus recommendation. This is voluntary.

The member would save on their 20% cost of the drug, and the City would save the 80% cost of the drug the City pays. Navitus will execute this program at their own expense, and will only receive payment if the doctor and the member voluntarily agree to switch within four months of the communication. Navitus will receive 25% of the savings, the City the other 75% of the savings between the higher cost brand drug and the lower cost preferred drug.

Navitus is estimating up to \$20,000 per month savings if 25% of members change to a lower cost alternative. The net savings to the City would be \$15,000 and the fee to Navitus would be \$5,000.

This program is in addition to the other Navitus efforts that have reduced Basic Plan member costs and City costs for prescription drugs. Those efforts include:

- Better discounts on drugs than previous Prescription Benefit Manager
- Medicare Part D plan for Medicare Retirees in 2006
- Voluntary limited Pill Splitting for members in 2007
- Use of four specific Over the Counter (OTC) medications (Prilosec OTC, Claritin OTC, Alavert OTC and Niacin OTC) in 2006 and 2007
- Use of mail order with three month supply for two month co-insurance in 2006 and 2007
- Elimination of non-network pharmacies and paper reimbursements in 2007

There is no need for a Fiscal note because this file does not cost the City. A resolution is being sent with the electronic copy of this letter. Please contact me at 286-2317 or mbrady@milwaukee.gov if you have any questions or comments regarding this file.

Sincerely,

Michael Brady
Employee Benefits

Cc: Finance and Personnel Committee Members