



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 14, 2011

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

File No: 110177 Prescription Drug Plan (PDP) recommendation on Administrator

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend with Medco to administer the City's carved out Prescription Drug Plan (PDP). The contract would begin on January 1, 2012 and extend through December 31, 2014, with the option of extending for one or two years.

The DER did a request for proposal process and had ten vendors bid to be the administrator of the City's Prescription Drug plan. The PDP is a self-funded plan. The PDP administers the drug plan for all active and retired City members, including a Medicare D plan with a wrap for Medicare retirees. The current vendor, Navitus, and Medco, were the two finalists, based on their costs. After very careful review, the City team recommends MEDCO based on their lower costs. The new PDP benefit designs, a \$5/\$25/\$50 co-pay for the HMO or EPO style plans, is described in File #110300. Both vendors were able to provide a Medicare D plan with a wrap for Medicare retirees. It is recommended that the City carve out this part of the drug plan and do a separate RFP within the next year.

The other vendors were in addition to Medco and Navitus were Informed Rx, Envision Rx, Catalyst, ProCareRx, RxEDO, Restate, Wisconsin Rx/CVS, and Humana Rx. There was a five person team that reviewed the proposals under the direction of staff from Willis of Wisconsin, the City's benefit consultant. The team included Troy Hamblin, Labor Relations; Renee Joos, Budget; Jim Michalski, Comptroller's; Matt Hanchek, Milwaukee County Benefits; and Michael Brady, Employee Benefits. The attached thirteen page document indicates the reason the team recommends Medco.

This PBM RFP was done in cooperation with the Milwaukee Metropolitan Sewage District, Milwaukee County, and Milwaukee Public Schools. The ten vendors gave very little difference if all four bodies agreed on a single vendor. There was very little difference in cost if the City alone selected a vendor, or the City, with the other three governmental bodies selected a vendor. Both Milwaukee County and Milwaukee Public Schools currently have contracts with Medco following their own RFP processes.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,

Michael Brady

Employee Benefits

A handwritten signature in black ink that reads "Michael Brady". The signature is written in a cursive style with a large, sweeping initial "M".

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Renee Joos, Budget