



Department of Employee Relations

July 14, 2014

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Deborah Ford
Labor Negotiator

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

File No: 140073 approving a vendor to provider Prescription Benefit Management Services

Dear Alderman Kovac and Finance Committee Members:

The City of Milwaukee provides health benefits and prescription drug benefits to all active employees. The City, through the Department of Employee Relations (DER) reviews these contracts. In the case of the prescription benefits (PBM) DER has worked through Willis of Wisconsin with Milwaukee County, Milwaukee Public Schools and Milwaukee County Transit system to complete a joint request for proposal for the purpose of leveraging the collective strength of the four public sector employers. The RFP was distributed to 15 vendors and eight (8) vendors responded. Willis and the four governmental bodies interviewed the top three vendors.

The attached report from Willis indicates the favorable financial terms and the increased clinical coordination for the City's selection of OptumRx. The DER recommends approval of a two-year contract with Optum with an option to extend for one year.

OptumRX provides the City with better overall financial terms than the other finalists as well as close clinical integration with the medical plan of UnitedHealthcare (UHC), as OptumRX is owned by UHC. The financial terms and projections for 2015 from OptumRX are consistent with the projected budget costs for 2015. The MPS, Milwaukee County and Milwaukee County Transit System will make their own decision through their governing bodies based on their time frames. If the other three agree to terms with Optum there would be additional group discounts awarded to each employer above the current favorable City terms.

The DER understands the challenges of changing a vendor, especially one as important to employees and retirees as their prescription benefit manager. The City will continue to provide a "pass through" type of benefit for active and retirees, including an EGWP plan with a wrap for Medicare retirees. The better financial terms and the closer integration of the drug benefits with the health benefits make this a value to both the City and the members.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,

Michael Brady,
Employee Benefits

CC: Maria Monteagudo, DER
Deborah Ford, Labor
Renee Joos, DER
Ellen Tangen, City Attorney's Office
Richard Pfaff, LRB
Dennis Yaccarino, Budget Office

