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MEMORANDUM

DATE: OCTOBER 14, 2020

FROM: LOCEY & CAHILL, LLC

**TO: JENNIFER CLEMENT, COMMISSIONER
COUNTY OF ALBANY DEPARTMENT OF HUMAN RESOURCES**

**RE: 2020 SPECIALTY PHARMACEUTICAL PROGRAM
REQUEST FOR PROPOSAL (RFP) ANALYSIS AND RECOMMENDATION**

Locey & Cahill, LLC has been asked to provide a review of the Specialty Pharmaceutical Program Request for Proposal (“RFP”) responses received from Cottrill’s Pharmacy, Express Scripts, Inc. (“ESI”), and Health Insurance Solution, Inc. (“HISI”).

The responses received regarding the Specialty Pharmaceutical RFP all deal with the concept of utilizing copayment or patient assistance programs offered by pharmaceutical manufacturers to generate savings on costly specialty medications.

While these programs can be effective in reducing an employer’s costs associated with Specialty Pharmaceuticals, the success and the ultimate cost savings lie in the ability of the PBM to work collaboratively with the County’s Members that utilize these high cost drugs as well as the drug manufacturers in securing reimbursements for these medicines. Due to this, it is very difficult to attach a dollar savings associated with each of these programs. However, in reviewing these programs we believe that the firm that is best suited to maximize these savings is the Health Insurance Solutions, Inc. (HISI) Program.

Based on our review of the proposals and the subsequent interviews and follow up work we did with this RFP, we have come to this conclusion based on the unique nature of the HISI Program. Due to the three programs being very different with radically different approaches in achieving reimbursements from the drug manufacturers, a side by side comparison would be downright impossible to prepare. Instead, we make our comments below based on the review process we went through with each of the proposers and come to the conclusion that HISI shows by far the highest potential to achieve savings of the three different programs that were proposed.

We believe that if the County can come to a mutually acceptable contract with HISI in which the County can be guaranteed that HISI will not misrepresent the County and its members in their direct interactions with the prescription drug manufacturers, that the County should enter into a contract with HISI as an “add-on” to the County’s Prescription Drug Plan. This type of arrangement will guarantee that members of the County’s Prescription Drug Plan will be able to secure any specialty medicines that they may need. It also provides the County with the potential savings that may be available for any of the specialty medicines that HISI can secure for the County’s Members by negotiating directly with the specialty drug manufacturers.

As for the individual responses, here is our summary of each:

Health Insurance Solutions, Inc.

- While the proposal presented by Health Insurance Solutions, Inc. (HISI) was extremely vague in terms of its savings estimates and its specialty pharmaceutical cost structure, we were able to secure additional information about their program through an extensive direct interview with them along with substantial follow-up work.
- While we do have concerns with the benefit and administrative integration between this provider and ESI (the County's current PBM), so long as this program is set up as an "add-on" to the County's current prescription drug program, we can note that no members of the County's Plan would be adversely affected by the HISI add-on and all members will be able to get their prescription drugs through either the HISI program or the current ESI arrangement.
- The potential savings for the County based on HISI's direct negotiations with the specialty drug manufacturers are very difficult to forecast but could be substantial if the program works smoothly in coordination with ESI.
- We do have concerns that there may be confusion from members as they deal with multiple sources for their pharmaceutical needs. This is where the effectiveness of HISI will be measured. If they can effectively communicate and work with members of the County's Plan, the success of the program and the potential savings will be maximized.
- Based on the information that we reviewed and researched, we believe that the HISI Program presents itself as the program that has the highest upside with regards to savings for the County. The contract that has been proposed must be further negotiated to provide the County with adequate protections that either the County or its members will not be mis-represented in HISI's dealing and negotiations with the drug manufacturers. It also needs to be shown that HISI can effectively work with both the County's Members and the specialty drug manufacturers to maximize the savings potential. By achieving both of these steps, the HISI program does present the highest potential savings for the County.

Express Scripts, Inc.

- As the County's current PBM, the relationship already exists with the County and it is our opinion that there would be less issues and complications integrating this type of savings with ESI as opposed to introducing a new outside company to the mix.
- ESI provides a familiarity aspect with the current members in terms of interactions and can protect members from life threatening situations regarding prescription drug interactions through their integrated systems.
- While there are savings associated with the program as proposed by ESI, due to the nature of the program, the savings potential through HISI is significantly larger than what is proposed by ESI.

Should the ESI program not be able establish itself, this program could be a reliable secondary alternative to secure some savings in the future.

Cottrill's Pharmacy

- We have concerns regarding the size and buying power of this independent pharmacy in comparison with the buying power of ESI which is one of the nation's largest PBMs.
- The proposal presented by Cottrill's Pharmacy was extremely vague in terms of its savings estimates and its specialty pharmaceutical cost structure and we would need to obtain more detail to properly evaluate their proposal from a financial perspective.
- We have concerns with the benefit and administrative integration between this independent pharmacy and ESI (the County's current PBM).
- There is a concern that some of the safety and utilization review components of the pharmacy benefit program will not be properly coordinated utilizing two different systems or platforms for pharmacy benefits.

In summation, we feel there are savings which can be generated by leveraging the financial assistance programs offered by pharmaceutical manufacturers, but to achieve these cost reductions it will require the County and its collective bargaining units to work in a collaborative effort.

We hope you find our review and summary of the proposals received for the County's specialty pharmaceutical program helpful. As always, should you have any questions or concerns, regarding this information or any other issues facing the County of Albany from an employee benefits perspective, please feel free to contact our office at 315-425-1424.

Thank you and please remain healthy and safe.