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MEMORANDUM

DATE: JANUARY 17, 2025

FROM: LOCEY & CAHILL, LLC

**TO: SHANNON COFFIL, ACTING 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 recently received from the Alera Group and Health Insurance Solution, Inc. (“HISI”) as they relate to the County’s Prescription Benefit Administrator RFP #2024-110.

The County’s Specialty Pharmaceutical RFP relates to a program whereby a third-party utilizes its expertise to enhance the specialty pharmacy copayment or patient assistance programs offered by pharmaceutical manufacturers to generate savings on costly specialty medications to both the covered member and to the County of Albany. The program also provides direct outreach to patients to review potential cost reductions using alternative medications designed to treat the covered member’s illness or injury while ensuring equal to or better outcomes from a medical efficacy perspective.

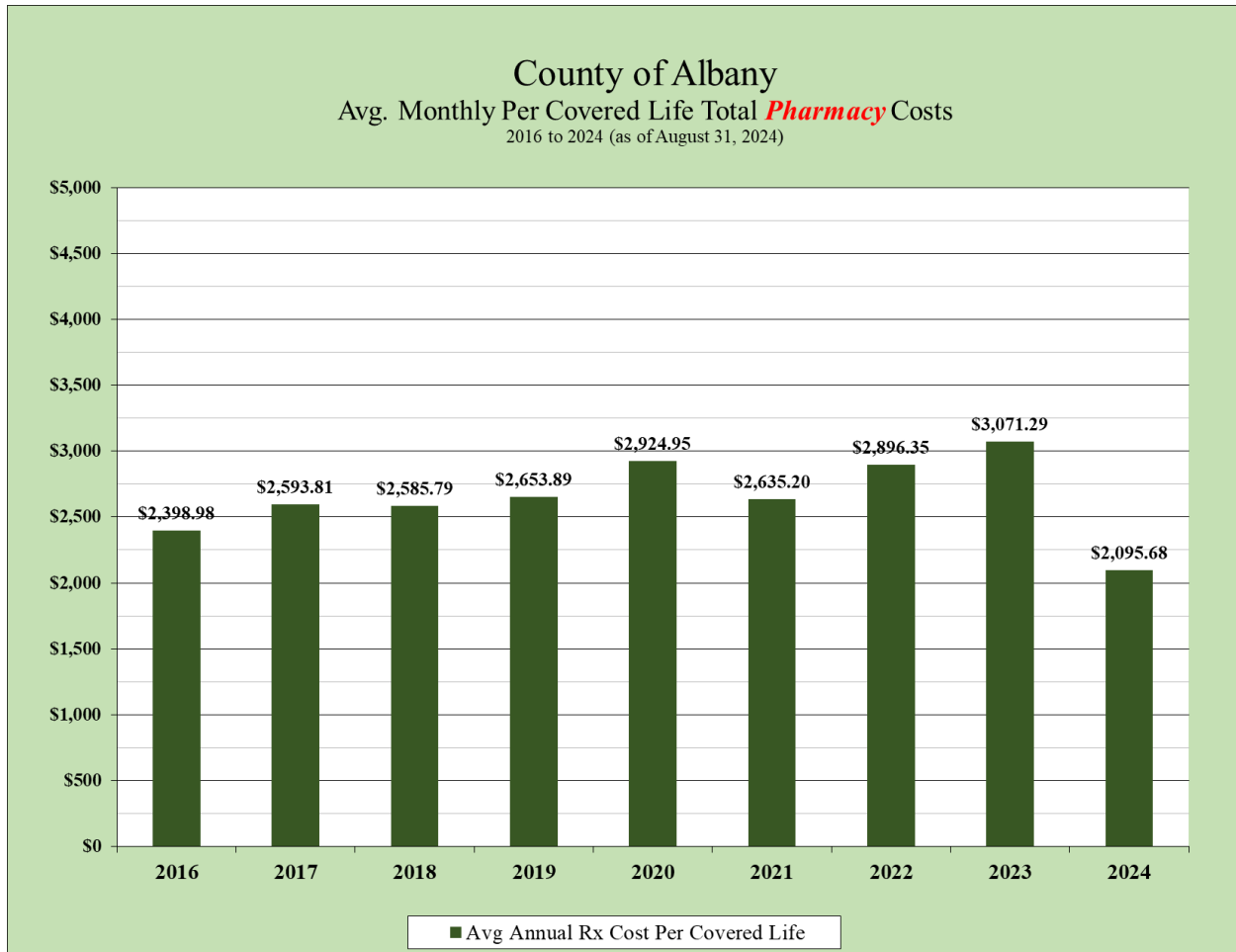
While these programs can be effective in reducing an employer’s costs associated with Specialty Pharmaceuticals, the success and the ultimate cost savings lie in the ability of the PBM to work collaboratively with the County’s Members that utilize these high-cost drugs as well as the drug manufacturers in securing reimbursements for these medicines.

To date, the combination of the use of Express Scripts, Inc. (“ESI”) and HISI has translated to an initial cost savings and an ongoing return on its investment for the County of Albany. In fact, in the first-year of operation, HISI worked with the County to produce a substantive decrease in pharmacy costs on a per covered life basis.

Based on reports provided by the County of Albany, the cost of the pharmacy plan (claims and administrative expenses) in 2020 was \$2,924.95 per covered life. In 2021, the first full year that HISI was implemented with the County, the cost was \$2,635.20 per covered life for the year.

This is an overall cost reduction of 9.91% for the pharmacy benefit plan which in dollars equated to an approximate \$1.4 million reduction in costs from 2020 to 2021. Since that initial reduction, the costs have increased each year by industry average trends with the 2-year average increase being reported at just under 8%.

On the following page, we have provided a summary of the County’s pharmacy benefit plan costs for your review and reference.



Given the current state of the pharmaceutical market and with very generous guaranteed benefits for the covered member of the Albany County Health Insurance Plan, it is 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 while causing the least amount of member disruption and while allowing the County to continue its pursuit of establishing a Municipal Cooperative Health Benefit Plan is the Health Insurance Solutions, Inc. (HISI) Program.

We have come to this conclusion based on our review of the proposals, based on the unique nature of the HISI Program, based on the fact that the County of Albany has to maintain its current benefit model pursuant to its collective bargaining agreements, and based on the fact that the County of Albany is in the process of trying to develop a Municipal Cooperative Health Benefit Plan and be issued a Certificate of Authority from the New York State Department of Financial Services in accordance with Article 47 of the New York State Insurance Law.

We believe that by renewing with HISI, the County of Albany will be continuing a program that has shown some financial success over the past few years with little member impact. We make this statement as it is our understanding that the County has not identified any substantive issues with HISI's approach from a member interaction or use perspective.

Our review and scoring of the proposals are as follows:

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 estimate the impact of HISI on the Count by reviewing pre and post plan costs.
- We previously had concerns with the benefit and administrative integration between this provider and ESI (the County’s current PBM). However, we have determined that as long as this program continues to be set up as an “add-on” to the County’s current prescription drug program, we can get assurance 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 County realized a sharp decrease in pharmacy costs upon the implementation of HISI’s direct negotiation program and other cost cutting approaches. While it is difficult to predict future savings, we believe HISI has demonstrated the ability to assist the County in lowering its pharmacy benefit costs and we believe this will continue if HISI is renewed.
- When HISI first proposed to the County, we had 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 can be measured. We believe HISI effectively communicated and collaborated with members of the County’s Plan, as we didn’t hear of any disruption or complaints over the past couple of years.
- 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, has the least amount of disruption as the County is continuing an existing program, and meets the future needs of the County as it looks to establish an Article 47 Municipal Cooperative Health Benefits Plan.

Alera Group

- The Alera Group proposal would have the County of Albany move its pharmacy benefits program from its current self-insured arrangement with Express Scripts, Inc. to a “non-profit labor organization” plan run by the United Brotherhood of Carpenters and Joiners of America.
- Since both the United Brotherhood of Carpenters and Joiners of America and the County both utilize Express Scripts, Inc as their Pharmacy Benefit Manager, the County would expect to have access to the same pharmacy network and that the management protocols would be similar for members. While not as seamless as continuing with the current plan model, we feel a transition to this plan would present less issues and complications as compared to other solutions which may incorporate a change in Prescription Benefit Managers. Integrating this type of savings with ESI as opposed to introducing a new outside company to the mix.
- We are concerned that a move to the United Brotherhood of Carpenters and Joiners of America Plan could conflict with one or more of the County’s collective bargaining agreements and this would have to be vetted prior to any decision to change the County’s pharmacy benefit plan.

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- Lastly, we are concerned that moving the pharmacy benefits plan to a “non-profit labor organization” plan run by the United Brotherhood of Carpenters and Joiners of America will “derail” the ability of the County to establish an Article 47 Municipal Cooperative Health Benefits Plan.

Our scoring of the RFP’s is as follows:

RFP #2024-110: Prescription Benefit Administrator
Proposal Rating Worksheet
Proposer: Health Insurance Solutions

		Reviewer 1	
Description of Criterion	Weight	Rate	Score
Experience and qualifications of the firm	15%	5	0.75
Quality and feasibility of the proposed approach	20%	5	1
Demonstrated ability to manage high-cost prescription drug costs	25%	5	1.25
References and past performance	20%	5	1
Pricing and overall value	20%	5	1
TOTALS:			5

RFP #2024-110: Prescription Benefit Administrator
Proposal Rating Worksheet
Proposer: Relph Benefit Advisors (Alera Group)

		Reviewer 1	
Description of Criterion	Weight	Rate	Score
Experience and qualifications of the firm	15%	5	0.75
Quality and feasibility of the proposed approach	20%	2	0.4
Demonstrated ability to manage high-cost prescription drug costs	25%	4	1
References and past performance	20%	5	1
Pricing and overall value	20%	4	0.8
TOTALS:			3.95

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In summation, we feel there are additional savings which can be generated beyond this program 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.