



CITY OF LONG BEACH **R-23**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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April 24, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement, and any subsequent amendments, with United Networks of America (UNA) to provide a Prescription Drug Discount Card Program to residents of the City of Long Beach and increase appropriations in the Health Fund (SR 130) and the Department of Health and Human Services (HE) by \$12,500. (Citywide)

DISCUSSION

On July 11, 2006, the City Council requested the City Manager to investigate creating a prescription drug discount program for Long Beach residents. The City Manager assigned this task to the Department of Health and Human Services (Health Department).

After a short Request for Information (RFI) period to gather information from industry leaders, the City Council approved the City's recommendation to pursue a prescription discount card program which would provide the most cost benefit to the plan participant/card holder, the least cost to the City, and provide for program marketing and promotions. A Request for Proposal (RFP) was released on November 6, 2006 for this program and the Health Department received four proposals: Caremark, United Networks of America, ScriptSave and Non Profit Warehouse.

After careful review, we are recommending the City implement the proposal submitted by United Networks of America (UNA). Besides offering the best overall cost savings on comparative brand name and generic prescription medications, there is no cost to the cardholder to obtain the card or use the card. There is no cost to the City associated with implementing the UNA Prescription Drug Discount Card Program. UNA estimates that program participants will save an average of 35 - 45 percent, and in some instances up to 75 percent, on prescription medication. There is \$1.80 administrative fee for each card (paid by the pharmacies), which is less than the other card programs. There will be no City cost for promotion and marketing. UNA will publicize the program to the pharmacies and hospitals in and around the Long Beach area. UNA will also pay the City \$.50 per paid script, for any prescription filled by this program. Funds collected by the Health Department will be utilized for program oversight and additional promotion of the UNA Prescription Drug Discount Card Program.

UNA has no income limit or age limit for participation. The UNA Rx Card is a nationwide program and has over 54,000 participating pharmacies, including 75 currently participating Long Beach pharmacies. Non-member pharmacies can join without cost by contacting UNA member services. No drugs are excluded from the UNA formulary, so patients will be able to have access to any medication their physician prescribes. UNA charges the pharmacies a dispensing fee indirectly. Pharmacy Benefit Managers, agencies who sell drugs to the pharmacies, receive a \$3.75 per script dispensing fee from prescribing pharmacies. A portion of this fee will be paid to UNA.

This matter was reviewed by Deputy City Attorney Lori A. Conway on April 16, 2007 and by Budget and Performance Management Bureau Manager David Wodynski on April 17, 2007.

TIMING CONSIDERATIONS

Timing on this issue is not critical.

FISCAL IMPACT

Pursuant to City Council direction, the Health Department will work with the vendor to delineate an agreement that has no impact to the General Fund. Costs to operate this program, direct and indirect, are planned to be supported by program revenues. Revenue to the City from \$.50 cents per script is estimated to be around \$12,500 per year but will depend upon the volume of participants. It is estimated that this amount will provide for minimal program promotion.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



RONALD R. ARIAS, DIRECTOR
HEALTH AND HUMAN SERVICES

APPROVED:



GERALD R. MILLER
CITY MANAGER