

COUNTY OF SAN MATEO  
Departmental Correspondence

DATE: JUN 06 2001  
HEARING DATE: JUN 19 2001

TO: Honorable Board of Supervisors  
FROM: Gale Bataille, Director, Mental Health Services *Gale Bataille*  
Timothy McMurdo, CEO, Hospital & Clinics *Timothy McMurdo*  
SUBJECT: Amendment to the Agreement with MedImpact Healthcare Systems, Inc.

RECOMMENDATION

Adopt a resolution authorizing the President of the Board to execute an amendment to the agreement with MedImpact Healthcare Systems, Inc. to provide pharmacy benefit management services, to extend the term of the contract by one year and to increase the maximum contract amount.

Background

Following a Request for Proposal (RFP) process in October 1997, MedImpact was selected to provide Pharmacy Benefit Management (PBM) and payment services for MediCal eligible and indigent Mental Health clients as well as indigent primary care clients who are enrolled in the Hospital and Clinics' WELL Program. The initial contract was for two years, from August 11, 1998 through June 30, 2000, with an option to renew for one year. This renewal option was exercised, and the contract will expire on June 30, 2001. The combined efforts of the Mental Health PBM Coordinator and MedImpact have produced significant cost savings in San Mateo's costs for psychoactive medication compared to these costs on a statewide basis (an average reduction of 34%.)

County policy requires that a formal RFP process be initiated to re-bid the Health Services pharmacy benefit management program. We are requesting a one-year extension of the current provider contract with MedImpact in order to allow sufficient time for the RFP process, provider selection, contract negotiation, and complex implementation process, in the event that a new PBM provider is selected.

Discussion

Our experience to date, and that of other counties, is that implementation of a new PBM contract is a very time and labor-intensive process. The implementation phase with MedImpact required intensive staff work and a steep learning curve for both the County and MedImpact. Many challenges arose that required close monitoring and resolution. If a new PBM contractor is selected, it is estimated that contract negotiation and implementation will take 9 to 11 months.

The Mental Health PBM Coordinator is on parental leave and will not return until October 2001. She is a critical participant in the RFP process, bidder selection, and PBM implementation. The RFP has been prepared and will be issued on August 1, 2001. The due date for proposals is October 26, 2001. This one-year contract extension will allow critical program development decisions to be made when the PBM Coordinator returns and will allow her to be available for implementation. It is possible that an additional extension will be necessary if information systems technical changes are extensive or if there are other unanticipated delays.

Term and Fiscal Impact

The term of the amended contract will be from July 1, 1998 through June 30, 2002.

Estimated costs for the additional twelve-month term are \$13,054,000 for Mental Health and \$1,842,533 for the WELL Program. The total twelve-month cost of the contract would be \$14,896,533. The contract is also being amended to increase the maximum total payment amount from \$26,476,316 to \$41,372,849. These contract rates are comparable to those paid by private insurance companies.

Funding for the mental health indigent/uninsured client medications is included in the proposed Mental Health Services budget for 2001-02. Reimbursement to the Mental Health Division for pharmaceutical costs for Federal and State Med-Cal clients will be \$11,454,000. Sales tax provided through realignment will cover 80% or \$1,280,000 of the remaining \$1,600,000 mental health pharmaceutical costs. The net county cost for mental health pharmacy costs is \$320,000.

Funding for the WELL Program PBM costs are included in the proposed SMCGRH budget for 2001-02. Also included in the proposed 2001-02 budget is a new pharmacy utilization management program, which is expected to reduce long-term pharmaceutical expenditures and PBM costs.

RECOMMENDED

  
HEALTH SERVICES DEPARTMENT

RESOLUTION NO. \_\_\_\_\_

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

\* \* \* \* \*

RESOLUTION AUTHORIZING EXECUTION OF AN AMENDMENT TO THE  
AGREEMENT WITH MEDIMPACT HEALTH CARE SYSTEMS, INC.

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of  
California, that

WHEREAS, there has been presented to this Board of Supervisors for its consid-  
eration and acceptance an Amendment to the Agreement, reference to which is hereby  
made for further particulars, whereby a one year extension of the Agreement and an  
increase of the maximum contract amount, with MedImpact Healthcare Systems, Inc. to  
provide prescription benefit management services; and

WHEREAS, this Board has been presented with the Amendment to the Agreement  
and has examined and approved it as to both form and content and desires to enter into  
the Amendment to the Agreement:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the  
President, of this Board of Supervisors be, and is hereby authorized and directed to  
execute said Amendment to the Agreement for and on behalf of the County of San  
Mateo, and the Clerk of this Board shall attest the President's signature thereto.

AMENDMENT TO THE AGREEMENT

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the COUNTY OF SAN MATEO (hereinafter called "County") and MEDIMPACT HEALTHCARE SYSTEMS, INC. (hereinafter called "Contractor"),

W I T N E S S E T H:

WHEREAS, on July 21, 1998, the parties hereto entered into an agreement (hereinafter referred to as the "Original Agreement") for the furnishing of certain services by Contractor to County as set forth in that Original Agreement; and

WHEREAS, it is now the mutual desire and intent of the parties hereto to amend and clarify that Original Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED between the parties that the Original Agreement is amended as follows:

1. Section 2, Payments, Paragraph A, Maximum Amount, of the Original Agreement is hereby amended to read as follows:

"2. Payments

A. Maximum Amount. In full consideration of Contractor's performance of the services described in Schedule A, the amount that County shall be obligated to pay for services rendered under this Agreement shall not exceed FORTY-ONE MILLION THREE HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED FORTY-NINE DOLLARS (\$41,372,849) for the contract term."

2. Section 6, Non-Discrimination, of the Original Agreement is hereby amended to read as follows:

"6. Non-Discrimination

Contractor shall comply with the non-discrimination requirements

described in Schedule C, which is attached hereto, and incorporated herein.

Contractor shall comply with County admission and treatment policies which shall provide that patients are accepted for care without discrimination on the basis of race, color, religion, sex, sexual orientation, national origin, age, handicap, or political affiliation.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Contractor to penalties, to be determined by the County Manager, including, but not limited to:

- i. termination of this Agreement;
- ii. disqualification of Contractor from bidding on or being awarded a County contract for a period of up to three (3) years;
- iii. liquidated damages of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) per violation;
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- i. examine Contractor's employment records with respect to compliance with this paragraph; however such examination shall be allowed to the extent that such inspection does not violate individual or employee privacy rights.
- ii. set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other contractor between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within thirty (30) days of such filing, provided that within such thirty (30) days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall

include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of its response to the complaint when filed.

With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.”

2. Section 13, Term of the Agreement, of the Original Agreement is hereby amended to read as follows:

“13. Term of the Agreement

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement shall be from July 1, 1998 through June 30, 2002. This Agreement may be terminated by Contractor, Director of Health Services or her designee at any time upon sixty (60) days' written notice to the other party.”

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that:

1. These amendments are hereby incorporated and made a part of the Original Agreement and subject to all provisions therein.
2. All provisions of the Original Agreement, including all references to audit and fiscal management requirements unless otherwise amended hereinabove, shall be binding on all the parties hereto.
3. All provisions of the Original Agreement, including all monitoring and evaluation requirements, shall be applicable to all amendments herein.

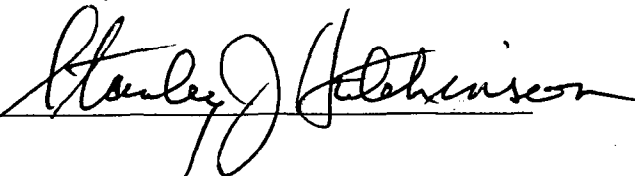
NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that the Agreement of July 21, 1998, be amended accordingly.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hand on the day and year first above written.

COUNTY OF SAN MATEO

MEDIMPACT HEALTHCARE  
SYSTEMS, INC.

By: \_\_\_\_\_  
Michael D. Nevin, President  
Board of Supervisors, San Mateo County

By:  \_\_\_\_\_

Date: \_\_\_\_\_

Date: 5-29-01 \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Clerk of Said Board

Date: \_\_\_\_\_

COUNTY OF SAN MATEO

COUNTY OF  
SAN MATEO

HEALTH SERVICES ADMINISTRATION 1998 MAR 12 A 11: 55

MEMORANDUM

DATE: March 10, 1998

TO: Priscilla Morse, Risk Management/Insurance Division

FROM: Mary Vozikes, Mental Health Services/PONY #MLH 322

CONTRACTOR: MedImpact Healthcare Systems Inc.

DO THEY TRAVEL: Yes

PERCENT OF TRAVEL TIME:

NUMBER OF EMPLOYEES: Yes

DUTIES (SPECIFIC): See attached

COVERAGE:

Comprehensive General Liability:	\$1,000,000
Motor Vehicle Liability:	\$1,000,000
Professional Liability:	\$1,000,000
Worker's Compensation:	\$Yes

**RISK MANAGEMENT**

APPROVE MAR 12 1998 WAIVE \_\_\_\_\_ MODIFY \_\_\_\_\_

**P. MORSE**

REMARKS/COMMENTS:

  
SIGNATURE



# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
5/17/01

**PRODUCER**

JAYCE MCCLELLAN 760-729-3612  
MCCLELLAN INSURANCE AGENCY  
P.O. BOX 99  
CARLSBAD, CA 92018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**COMPANIES AFFORDING COVERAGE**

COMPANY A	HARTFORD CASUALTY INSURANCE COMPANY
COMPANY B	
COMPANY C	
COMPANY D	

**INSURED**

MEDIMPACT HEALTHCARE SYSTEMS  
ATTN: GAIL DAVIS  
10680 TREENA STREET, SUITE 500  
SAN DIEGO, CA 92131

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	72SBANB8869	4/15/01	4/15/02	GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 2,000,000
					PERSONAL & ADV INJURY \$ 1,000,000
					EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 300,000
					MED EXP (Any one person) \$ 10,000
A	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	72SBANB8869 72SBANB8869	4/15/01 4/15/01	4/15/02 4/15/02	COMBINED SINGLE LIMIT \$ 1,000,000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY:
					EACH ACCIDENT \$
					AGGREGATE \$
A	<b>EXCESS LIABILITY</b> <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	72XHUXM6756	4/15/01	4/15/02	EACH OCCURRENCE \$ 4,000,000
					AGGREGATE \$ 4,000,000
					\$
	<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS OTHER
					EL EACH ACCIDENT \$
					EL DISEASE - POLICY LIMIT \$
					EL DISEASE - EA EMPLOYEE \$
	<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

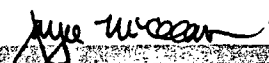
**CERTIFICATE HOLDER**

SAN MATEO COUNTY HEALTH PLAN  
ATTN: MARY VOZIKES  
225 WEST 37TH STREET  
SAN MATEO, CA 94403

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



# ACORD CERTIFICATE OF INSURANCE

DATE (MM/DD)

5/17/01

**PRODUCER**

Calco Ins Brokers & Agent  
 Lic. No. 0B29370  
 1450 Frazee Road #200  
 San Diego CA 92108-1337  
 (619) 260-3844

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**COMPANIES AFFORDING COVERAGE**

- COMPANY  
**A** American Automobile Ins. Co.
- COMPANY  
**B**
- COMPANY  
**C**
- COMPANY  
**D**

**INSURED**

Medimpact Healthcare Systems  
 10680 Treana Street, 5th Floor  
 San Diego, CA 92131

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOT WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				GENERAL AGGREGATE \$ PRODUCTS-COMP/OP AGG \$ PERSONAL & ADV INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
<b>A</b>	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL	WZP80853791	8/01/00	8/01/01	<input checked="" type="checkbox"/> STATUTORY LIMITS EACH ACCIDENT \$ 1,000, DISEASE - POLICY LIMIT \$ 1,000, DISEASE - EACH EMPLOYEE \$ 1,000,
	<b>OTHER</b>				

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS**

Re: All jobs and operations of the named insured in the state of California.

30 days cancellation notice except 10 days for non payment of premium.

**CERTIFICATE HOLDER**

San Mateo County Health Services  
 Attn: Mary Vozikes  
 225 West 37th Street  
 San Mateo, CA 94403

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVE

AUTHORIZED REPRESENTATIVE

*Jay Caswell*  
 Jay Caswell  
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