



## **ADDENDUM II**

### **BLOOMINGTON CITY COUNCIL AGENDA**

**OCTOBER 8, 2012**

#### **ADDITION TO CONSENT AGENDA**

- Item 7F. Analysis of Request for Proposal for Pharmacy Benefit Management Services. *(Recommend that the RFP for Pharmacy Benefit Management Services be awarded to Catamaran, the technicality be waived, the agreement approved, the Mayor and City Clerk be authorized to executed the necessary documents and the Resolution adopted.) Attachments: Resolution and Client Addendum.*

#### **CORRECTION TO REGULAR AGENDA**

- Item 8A. Request Approval of Miller Park Zoo Master Plan. *(Recommend that the Master Plan be adopted as presented, without any funding requirements, and the Resolution adopted.)*

**RESOLUTION NO. 2012 - \_\_\_\_**

**A RESOLUTION WAIVING THE BIDDING PROCESS  
AND AUTHORIZING A CONTRACT FOR  
PHARMACY BENEFIT MANAGEMENT SERVICES**

**BE IT RESOLVED BY THE  
CITY COUNCIL OF THE  
CITY OF BLOOMINGTON, ILLINOIS**

That the sealed bidding process be waived and the Mayor and City Clerk be authorized to execute a contract on behalf of the City for Pharmacy Benefit Management Services for the City's Preferred Provider Organization for Employee/Retiree Health Insurance Plan with Catamaren PBM of Illinois, Inc., for the reasons that the City staff solicited Requests For Proposals from numerous firms and for the other reasons set forth in the memo from the City staff to the City Council included in the packet for the regularly scheduled City Council meeting for October 8, 2012.

PASSED this 8<sup>th</sup> day of October, 2012

APPROVED this \_\_\_\_<sup>th</sup> day of October, 2012.

APPROVED:

\_\_\_\_\_  
Steven F. Stockton  
Mayor

ATTEST:

\_\_\_\_\_  
Tracey Covert  
City Clerk

CLIENT ADDENDUM

Client Name: City of Bloomington
Address: 109 East Olive Street, Bloomington, Illinois 61701
Contact: Kim Nicholson
Activation Date: January 1, 2013

THIS ADDENDUM is effective October 1, 2012 between Catamaran PBM of Illinois, Inc., a Delaware corporation, with its principal place of business at 2441 Warrenville Road, Suite 610, Lisle, Illinois 60532-3642 ("Catamaran") and City of Bloomington Illinois, a Illinois corporation with its principal place of business at 109 East Olive Street, Bloomington, Illinois 61701 ("Client").

WHEREAS, pursuant to the Coalition Master Services Agreement (the "Coalition Agreement") dated October 1, 2012 between Catamaran and Employers Health Purchasing Corporation, an Ohio not-for-profit organization, with its principal place of business at 4143 Fulton Drive NW, Canton, OH 44718 ("EHPC"), those parties desire for prescription drug benefit services to be provided to Client under this separate Client Addendum to be executed between Catamaran and Client; and

WHEREAS, Catamaran provides prescription drug benefit services (the "Services") as described in the Coalition Agreement; and

WHEREAS, Client desire to retain the services of Catamaran as described in the Coalition Agreement; and

WHEREAS, Catamaran and Client acknowledge that this arrangement is part of the Employers Health Purchasing Corporation coalition as provided in the Coalition Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. SERVICES

Pursuant to the Coalition Agreement, Catamaran will provide the Services to clients who are affiliated with EHPC and that have elected to participate under the Coalition Agreement. Pursuant to this Client Addendum, Catamaran will provide the Services directly to Client's Covered Individuals. Client agrees to be bound by all of the terms of the Coalition Agreement and the Coalition Agreement is hereby incorporated by reference and made a part of this Client Addendum.

Client's Pricing Options Choice (Choose 1)

- Pass Through Model - Option 1
Pass Through Model - Option 2
Pass Through Model - Option 3
Pass Through Model - Option 4
Pass Through Model - Option 5
Pass Through Model - Option 6
Traditional Model - Option 1
Traditional Model - Option 2
Traditional Model - Option 3
Traditional Model - Option 4
Traditional Model - Option 5
Traditional Model - Option 6
Shared Savings Model - Option 1
Shared Savings Model - Option 2

Ancillary Services (Choose all that are applicable):

- Clinical Analytics (Complex)
P&T Committee Support (Level 2)
Disease Management Support
Dose Optimization (Retrospective)
High Utilization Program
Pharmacy "Gap in Care" Programs
Therapeutic Interchange Program
Prior Authorization (Overrides)
Prior Authorization (Level 1)
Prior Authorization (Level 2)

## 2. BILLING

2.1 Administrative Payments to Catamaran. Catamaran shall invoice Client for services on the schedule set forth on Attachment 1. Client will pay all valid invoices for such services within thirty (30) days after the date of the invoice. Invoices remaining unpaid over forty-five (45) days following the date of the invoice by Client will be charged a late fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days that payment is late.

2.2 Network Claims Funding. All payments by Client to Catamaran for the Catamaran National Network for Covered Drugs ("Network Claims Funding") shall be made via electronic fund transfer or Automated Clearing House (together "Electronic Payment") debit within ten (10) days after Client receives notification of the amount due from Catamaran. Late payment shall bear a fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days, that payment is late. Catamaran shall retain cash management responsibilities over the Network Claims Funding to help ensure prompt payment to Participating Pharmacies.

2.3 Non-payment. If Client fails to meet the payment obligations of Section 2.2 within the time specified, Client shall be deemed in breach of the Client Addendum. Notwithstanding Section 2.2 of this Client Addendum, or any other provisions contained in this Client Addendum and/or the Coalition Agreement, if Client fails to cure such breach within three (3) business days, Catamaran, in its sole discretion, shall have the non-exclusive and cumulative options to: (a) suspend processing of claims, (b) require Client to pre-fund a pharmacy spend account in the amount of two (2) times the average monthly prescription drug spend of Client, or (c) utilize available deposited or escrowed funds all as set forth in Section 3.4 below.

## 3. GENERAL

3.1 Benefit Plan Administration. Catamaran shall provide support in pharmacy benefit plan development, set-up and administration to assist Client. Catamaran will maintain pharmacy benefit plan administration protocols as requested by Client via plan implementation documents provided by Client to Catamaran. Client and Catamaran shall mutually agree on the format of the implementation documents; however, Client will have the ultimate responsibility for approving all pharmacy benefit plan design and protocols. Additionally, Client acknowledges that nothing in this Client Addendum shall be deemed to confer upon Catamaran the status of fiduciary as defined in the Employee Retirement Income Security Act of 1974, as amended, or any responsibility for the terms or validity of the pharmacy benefit plans.

3.2 HIPPA Compliance. Catamaran and Client agree to the terms of Exhibit B of the Coalition Agreement. The parties' obligations under this section will survive termination of this Agreement.

3.3 Compliance with Laws. Catamaran and Client shall take all actions necessary and appropriate to assure that they comply with the applicable federal, state and local laws and regulations, including, without limitation, the Anti-Kickback Statute, the Public Contracts Anti-Kickback Act, the Stark Law and the laws and regulations relating to disclosure or notification of plan benefits or the terms of Manufacturer Revenue administration under this Client Addendum to Client.

3.4 Notices. Unless otherwise specifically provided herein, all notices, consents, requests, demands and other communications required or permitted hereunder (a) shall be in writing; (b) shall be sent by messenger, certified or registered U.S. mail, a recognized national overnight delivery service for next business day delivery, facsimile or e-mail (with a copy sent by one of the foregoing means), charges prepaid as applicable, to the appropriate address or number set forth below; and (c) shall be deemed to have been given on the date of receipt by the addressee (or, if the date of receipt is not a business day, on the first business day after the date of receipt), as evidenced by (i) a receipt executed by the addressee (or a responsible person in his or her office), the records of the person delivering such communication or a notice to the effect that such addressee refused to claim or accept such communication, if sent by messenger, U.S. mail or recognized national overnight delivery service, or (ii) a receipt, or other evidence of transmittal, generated by the sender's facsimile or e-mail software showing that such communication was sent to the appropriate number or e-mail address on a specified date, if sent by facsimile or e-mail.

All such communications shall be sent to the following addresses or numbers, or to such other addresses or numbers as any Party may inform the others by giving five (5) business days' prior notice:

If to Catamaran: Catamaran PBM of Illinois, Inc.  
2441 Warrenville Road, Suite 610  
Lisle, IL 60432-3642  
Attention: Contract Administration  
Facsimile: (630) 288-9825  
E-Mail: [legal@sx.com](mailto:legal@sx.com)

If to Client: Client Name: City of Bloomington Illinois  
Address: 109 East Olive Street  
Bloomington, Illinois 61702-3157  
Attention: Kim Nicholson, Office of City Clerk  
Phone: (309) 434-2333  
Facsimile: \_\_\_\_\_  
Email: [knicholson@cityclm.org](mailto:knicholson@cityclm.org)

3.5 Except as specifically modified by this Addendum, all of the terms and conditions of the Coalition Agreement will remain in effect. Capitalized terms used herein and not defined shall have the meaning set forth in the Coalition Agreement.

**Accepted By:**  
**CITY OF BLOOMINGTON**

**Accepted By:**  
**CATAMARAN PBM OF ILLINOIS, INC.**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**ATTACHMENT 1**

**FEES**

Clients will pay Catamaran for the services provided herein pursuant to Table 1 below:

<b>TRADITIONAL MODEL</b>			
<b>Administrative Fees</b>			
<b>Base Fees:</b>	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
<b>Paper Claim Fee:</b>	\$2.50 per paper claim		
<b>Retail 30 (&lt;83 day supply) Pharmacy Network</b>			
<b>Brand Drugs</b>	AWP minus 15.60% plus \$1.20 dispensing fee		
<b>Generic MAC Drugs</b>	Catamaran MAC plus \$1.20 dispensing fee		
<b>Non-MAC Generic Drugs</b>	AWP minus 15.60% plus \$1.20 dispensing fee		
<b>Effective Overall Generic Guarantee (Ingredient cost)</b>	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
<b>Retail 90 (≥83 day supply) Pharmacy Network</b>			
<b>Brand Drugs</b>	AWP minus 18.90% plus \$0.00 dispensing fee		
<b>Generic MAC Drugs</b>	Catamaran MAC plus \$0.00 dispensing fee		
<b>Non-MAC Generic Drugs</b>	AWP minus 18.90% plus \$0.00 dispensing fee		
<b>Effective Overall Generic Guarantee (Ingredient cost)</b>	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
<b>Catamaran Mail Service Pharmacy</b>			
<b>Brand Drugs</b>	AWP minus 22.00% plus \$0.00 dispensing fee		
<b>Generic MAC Drugs</b>	Catamaran MAC plus \$0.00 dispensing fee		
<b>Generic Non-MAC Drugs</b>	AWP minus 22.00% plus \$ 0.00 dispensing fee		
<b>Effective Overall Generic Guarantee (Ingredient cost)</b>	Year 1	Year 2	Year 3
	AWP minus 77.5%	AWP minus 78%	AWP minus 78.5%
<b>Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)</b>			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
<b>Manufacturer Revenue (2-Tier)</b>			
<b>Retail 30 Fixed</b>	\$13.00 Paid Claim for Brand Drugs		
<b>Retail 90 Fixed</b>	\$13.00 Paid Claim for Brand Drugs		
<b>Mail Fixed</b>	\$47.50 Paid Claim for Brand Drugs		
<b>Specialty Fixed</b>	\$13.00 Paid Claim for Brand Drugs		
<b>Manufacturer Revenue (3-Tier)</b>			
<b>Retail 30 Fixed</b>	\$16.50 Paid Claim for Brand Drugs		
<b>Retail 90 Fixed</b>	\$42.50 Paid Claim for Brand Drugs		
<b>Mail Fixed</b>	\$54.50 Paid Claim for Brand Drugs		
<b>Specialty Fixed</b>	\$16.50 Paid Claim for Brand Drugs		