



DEPARTMENT OF GENERAL SERVICES
OFFICE OF STATE PROCUREMENT
ACTION AGENDA
December 7, 2022



REVISED

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34-S-OPT/MOD. SERVICES OPTION/MODIFICATION
***Department of Budget and Management, Office of Personnel Services
and Benefits, Employee Benefits Division***

Contract ID: Pharmacy Benefits Plan Management Services and Purchasing Pool Management
ADPICS No.: COJ82773, COJ82774, and COJ82775

Contract Approved: DBM 2-S, 04/26/2017

Contractor(s): Caremark PCS Health, LLC; Northbrook, IL

Contract Description: Provide pharmacy benefits management and prescription drug coverage for State of Maryland employees, retirees, satellite organization employees, direct pay enrollees, and their respective eligible dependents. The plan is self-funded by the State and is a group health plan administered as part of the State Employee and Retiree Health and Benefits Program. The Contract includes management of the Maryland Rx Program, a purchasing pool for pharmacy benefits for State Employee and Retiree Health and Welfare Benefits Program, eligible local government entities, and qualifying not-for-profit organizations in Maryland.

Option Description: Exercise the final renewal option.

Modification Description: Add additional funds to Functional Area 1, Commercial and State of Maryland Rx Purchasing Pool to include extending Transform Diabetes Care and due to increased spending related to inflation, utilization, and drug mix and extending Functional Area 2, the Employer Group Waiver Plan (EGWP) [...].

Award: Caremark PCS Health, LLC; Northbrook, IL

Original Contract Term: 01/01/2018 - 12/31/2020 (w/two 2-year renewal options)

Option Term: 01/01/2023 - 12/31/2024

Modification Term: 01/01/2023 - 12/31/2024

Original Contract Amount: \$ 1,102,686,976

Option Amount: \$ 563,450,886



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Modification Amount: \$ 596,708,324 (Additional Spend)
 \$ 4,840,450 (Transform Diabetes Extension)
 \$ 419,540,545 (EGWP Extension)
 \$ 1,021,089,319

Prior Mods/Options: \$ 0 (Mod #1: Administrative update for payment processing. Delegated Authority - DBM, 02/13/2018)
 \$ 0 (Mod #2: Revised reporting requirement response time and added MBE subcontractor: Delegated Authority - DBM, 06/25/2018)
 \$204,619,773 (Mod #3: Added one year to Functional Area 2, the Employer Group Waiver Plan DBM 9-S-MOD, 09/04/2019)
 \$ 4,185,000 (Mod #4: Added diabetes care program DG 29-SMOD, 01/08/2020)
 -\$ 971,000 (Mod #5: Reduce pricing in response to annual market check contract provision DGS 29-S-MOD 01/02/2020)
 \$506,705,991 (Renewal #1: 01/01/2021 - 12/31/2022 DGS 13-S-OPT, 06/03/2020)
 \$ 0 (Mod #6: Added the Vaccine Program: Delegated Authority - DBM, 09/28/2020)
 \$0 (Mod #7: Revised end date of Functional Area 2: DGS 28-S-MOD 11/18/2020)
 \$314,385,812 (Mod #8: Addition of Funds to Functional Area 1: DGS 28-S-MOD, 11/18/2020)
 \$178,544,114 (Mod #9: Reduce pricing and add funds to include extending Transform Diabetes care and extending Functional Area 2 DGS 22-S-MOD, 06/22/2022)

Total Contract Amount: \$3,894,696,871

Percent +/- (This Item): 143.70%

Total Percent Change: 253.29%

Original Procurement Method: Competitive Sealed Proposals

MBE/VSBE Participation: 5% / 1%

MBE/VSBE Compliance: 2.463% / 0.049%



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Requesting Agency Remarks: [...]

[...] Request to modify the contract to add additional funding to Functional Area 1, Commercial and State of Maryland Rx Purchasing Pool to include extending Transform Diabetes Care through December 31, 2024 and due to increased spending related to inflation, utilization, and drug mix.

Add two additional years to Functional Area 2, the Employer Group Waiver Plan (EGWP) for State retirees who would otherwise need to enroll in Medicare Part D. The EGWP portion, or Functional Area 2, of the Pharmacy Benefits Plan Management Services and Purchasing Pool Management contract is scheduled to end on December 31, 2022, after an additional one-year extension was previously approved. This modification will add a fifth and sixth contract year to EGWP extending the plan through December 31, 2024, as required by recent legislative changes.

The statutory change to eliminate prescription drug benefits for retirees resulted in litigation filed in September 2018. Additional statutory changes to the retirees' benefits design under Senate Bill 946, enacted on May 25, 2019, is on hold. To date, there is no final disposition for said litigation. As such, the Department believes it is in the best interest of the State to add the additional two years from 01/01/2023 - 12/31/2024 for Functional Area 2, the EGWP.

The Contractor is performing both Functional Area 1 and Functional Area 2 services to the Department's satisfaction.

The Department's procurement priority remains the timely completion of legislatively mandated contract award to fulfill the requirements of House Bill 1150 from 2020. The Department was required to procure a technology platform to host an automated bidding process for Pharmacy Benefit Plan Management and Purchasing Pool Management services and to secure professional services to assist the Department of Budget and Management in specifying the terms of a participant bidding agreement. All available Department resources are committed to that effort, which has necessitated this modification to extend the current **Pharmacy Benefits Plan Management Services and Purchasing Pool Management** contract.

Due to the COVID-19 pandemic, the State suspended the State Employee Benefit/Enrollment Fairs and Wellness fairs, which the MBE and VSBE subcontractors typically support. As a result, there wasn't any MBE or VSBE subcontract activity in CY 2020. Subsequently, the State hosted virtual Benefit fairs and Wellness fairs in calendar years 2021 and 2022.



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Fund Source: 100% Reimbursable (Employee Premiums)

Approp. Code: F10A0245

Resident Business: No

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION