

PERSONNEL AND POLICIES COMMITTEE

AGENDA

Called by: Dave Fiduccia, Chairman
Members: Jim Webster, Joe
Hoffman, Angie Goral, Dorothy
Redd, Dave Kelley

DATE: THURSDAY, MAY 7, 2020
TIME: IMMEDIATELY FOLLOWING THE
PUBLIC SAFETY COMMITTEE
MEETING

LOCATION: VIRTUAL MEETING – ZOOM
(WINNEBAGO COUNTY YOUTUBE
LIVE)

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Public Comment – This is the time we invite the public to address the Personnel and Policies Committee with issues and concerns. We ask you to limit your comments to three minutes. Personal attacks or inappropriate language of any sort will not be tolerated. We will allow a maximum of five speakers on a first come basis with sign up at the meeting. Speakers may not address zoning matters which are pending before the ZBA, the Zoning Committee or the County Board. Personnel matters or pending or threatened litigation may not be addressed in open session. An individual may speak a maximum of three times per calendar year on the same topic. This prohibition shall include the repetition of the same topic in a statement on what is purported to be a different topic. After acknowledgement by the chair, please stand and state your name. Thank you.
- D. Resolution Authorizing Gallagher Pharmacy Consulting Services to Conduct a Pharmacy Benefit Manager (PBM) Procurement Review and Contract Negotiation Effective January 1, 2021
- E. Other Matters
- F. Adjournment

RESOLUTION
of the
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS

Sponsored by: David Fiduccia

Submitted by: Personnel and Policies Committee

2020 CR

RESOLUTION AUTHORIZING THE GALLAGHER PHARMACY CONSULTING SERVICES PROPOSAL TO CONDUCT A PHARMACY BENEFIT MANAGER (PBM) PROCUREMENT AND CONTRACT NEGOTIATION EFFECTIVE JANUARY 1, 2021.

WHEREAS, the County of Winnebago, Illinois, offers a self-insured Co-Pay/POS and High Deductible medical plans to active employees and retirees; the County has a Pharmacy Benefit Manger (PBM) contract administered through Employers Health Coalition and OptumRX; and,

WHEREAS, the County's Benefit Consultant has reviewed submitted proposals for the Pharmacy Benefit Manager administration in 2021; and the

WHEREAS, the County's Benefit Consultant recommends engaging the Gallagher pharmacy consulting team in 2020; and

WHEREAS, Gallagher has proposed the following consulting fee of \$35,000 to Winnebago County for the PBM Procurement and Contract Negotiation in 2020. There will be no direct out-of-pocket expenses to Winnebago County for the projects outlined in the fee table below. Gallagher has developed an approach whereas we require the winning PBM to incorporate our consulting fees into their bid. Winnebago County will only pay Gallagher's fee directly in the event that:

- 1) Winnebago County prefers to pay in this manner, or
- 2) Winnebago County decides to extend their PBM contact negotiating separately outside of this RFP procurement, or
- 3) Winnebago County signs a PBM contract for less than three years, or
- 4) Winnebago County contracts with a PBM or carrier outside of the Gallagher procurement, or
- 5) Winnebago County selects a PBM or carrier that has not agreed to include Gallagher's consulting fees.

WHEREAS, the Personnel and Policies Committee of the County Board for the County of Winnebago, Illinois has reviewed the renewal and recommends that the County Board authorize execution of an agreement with Gallagher's Pharmacy Consultant for the PBM procurement and contract negotiation for the self-insured Co-Pay/POS, PPO and HDHP medical plans for the year January 1, 2021 through December 31, 2023.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that the Winnebago County Board Chairman is hereby authorized to execute an agreement effective May 15, 2020 with Gallagher's Pharmacy Consulting Services, for PBM Procurement and Contract Negotiation.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effective immediately upon its adoption and the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the Director of Purchasing, Director of Human Resources and the County Auditor.

Respectfully Submitted,
PERSONNEL AND POLICIES COMMITTEE

AGREE

DISAGREE

DAVID FIDUCCIA, CHAIRMAN

DAVID FIDUCCIA, CHAIRMAN

ANGIE GORAL

ANGIE GORAL

JOE HOFFMAN

JOE HOFFMAN

DAVID KELLEY

DAVID KELLEY

DOROTHY REDD

DOROTHY REDD

JIM WEBSTER

JIM WEBSTER

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this ____ day of _____ 2020.

FRANK HANEY

CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

ATTESTED BY:

LORI GUMMOW

CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS



Insurance | Risk Management | Consulting

Pharmacy Consulting Services Proposal for:
Winnebago County

February 3, 2020

Proposal Submitted by:

Jennifer McMurray, PharmD., CBP
Pharmacy Consultant, Gallagher Pharmacy Practice
Tel: 847-273-3956
Email: Jennifer_McMurray@ajg.com



125-310 Village Boulevard
Princeton, NJ 08540
USA

Insurance | Risk Management | Consulting

February 3, 2020

Dear Winnebago County,

On behalf of Arthur J. Gallagher's Pharmacy Practice, I want to thank you for the opportunity to submit this proposal for Pharmacy Consulting Services to Winnebago County.

As you review our offering, it will be clear that we are the ideal consultant to support Winnebago County with your pharmacy benefit consulting needs. We are excited to engage in this partnership with your organization and we are prepared to begin our work when you are ready to proceed. We look forward to serving your organization with distinction by working on your behalf to advance and protect your interests in the pharmacy benefit market.

If you have any questions, please contact me at 847-273-3956 or Jennifer_McMurray@ajg.com.

Sincerely,

A handwritten signature in black ink that reads 'Jennifer McMurray'.

Jennifer McMurray, PharmD., CBP
Pharmacy Consultant
Gallagher National Pharmacy Practice
Tel: 847-273-3956
Email: Jennifer_McMurray@ajg.com

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OUR DIFFERENTIATORS

Below are several key factors that differentiate Gallagher within the pharmacy consulting industry, making us the best partner to meet your strategic goals:

- **Our People and Experience**—The Gallagher team brings years of results-oriented consulting experience and expertise from every corner of the PBM industry. Given our inside expertise Pharmacy Benefit Managers (PBM), we are especially skilled in PBM contracting, auditing, pricing, underwriting, rebate negotiations, and clinical program development.
- **Our Unique RFP Process**—Gallagher offers an industry-leading RFP process that optimizes financial and qualitative outcomes for our clients. By carefully analyzing the fine print and uncovering potential “pricing optics” up front, we ensure that the selected vendor’s contract is built from a high level of integrity from its inception. Because our client base is so diverse, our RFP tools are designed to be flexible and customizable to support any unique aspect of our clients’ plans, be it consumer-directed health (CDHP) designs, point-of-sale rebates, pass-through financial arrangements, or the carve-out of select PBM services.
- **Our Superior Data Tools** – Gallagher has developed an industry-leading data and analytics tool that allows for Gallagher to receive claims data from our clients’ PBMs in an automated fashion, and then analyze pharmacy data to produce an entire library of key pharmacy management reports to help our clients manage the clinical and financial performance of their programs. Separately, we maintain a database of all key financial parameters from our client’s PBM agreements that, when coupled with our data warehouse, provide the foundation for our advanced auditing capabilities. We regularly make updates to the tool and we employ the highest levels of data security to protect our clients’ data.
- **Our Strong Vendor Relationships**—Gallagher maintains long-standing, cooperative, and professional relationships with all vendors in the marketplace—from the smaller PBMs to the largest—including unique specialty vendors. We take pride in treating vendors fairly while advocating tirelessly for our clients. It is because of this that we are able to establish positive working relationships with C-suite level leaders within every major PBM in the industry. We do not hesitate to leverage these relationships to benefit our clients.

THE WINNEBAGO COUNTY PHARMACY ACCOUNT TEAM

The following Gallagher team members will provide primary support to Winnebago County, and the team will coordinate with additional resources to ensure that all needs are met.

Relationship Manager

Mike Parrott

Lead Pharmacy Consultant

Jennifer McMurray, PharmD, CBP

Clinical Lead:

Brad Daignault, Pharm.D

Finance & Analytics

Hilary Sanberg, AVP of PBM
Pricing and Analytics

PBM Audit Lead:

Karen Mitchell, AVP of
Employer Audits

Jennifer McMurray, Pharm.D., CBP

Pharmacy Consultant, Pharmacy Benefit Consulting

➔ **Lead Pharmacy Consultant:** Responsible for Winnebago County satisfaction with Gallagher's services, and will provide strategic oversight and guidance throughout the engagement(s) and relationship.



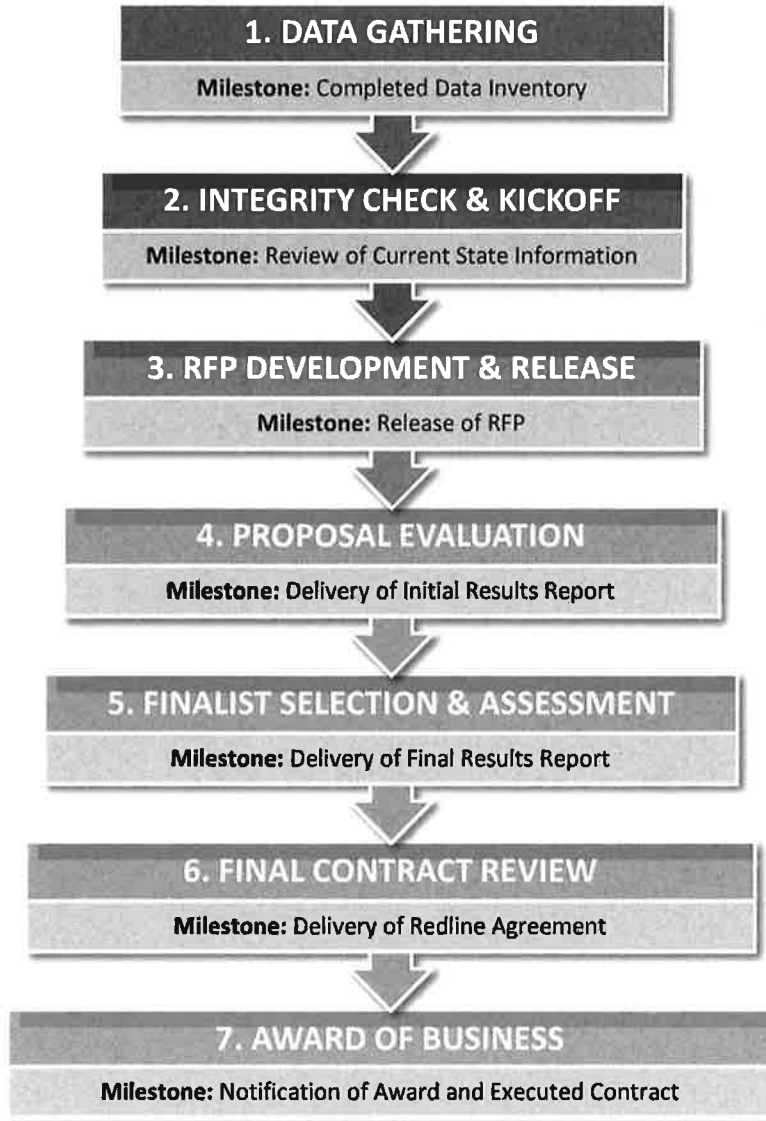
Jennifer McMurray is a Pharmacy Consultant for the Gallagher Pharmacy Practice for Arthur J. Gallagher which specializes in pharmacy strategy, the evaluation and procurement of PBM services, and auditing. Specific services include financial analysis, RFP and contract review, claims auditing, clinical/formulary review, training and education, and consulting services for pharmacy initiatives.

Jennifer has 20 years of experience in pharmacy benefit management as well as total rewards employer benefits. Prior to joining Gallagher, she was Director of Strategy & Planning-Total Rewards for Walgreens, the country's largest pharmacy retailer, where she was responsible for the strategy, planning, implementation, and communication of the healthcare benefits, health & wellness and programs/services for the 250,000 Walgreens team members and their families. Previously, she was Vice President of Clinical Sales/Consulting for Walgreens Health Initiatives (WHI), Pharmacy Benefit Management division of Walgreens, where she was on the executive sales leadership team, responsible for driving the overall strategy for WHI's clinical programs within her team of Clinical Directors across the country. In addition, she was Director of Consultant Relations responsible for educating the consultant community on WHI's products and services. She was also the Clinical Director responsible for identifying and managing WHI's client specific clinical needs. Her areas of focus included analyzing prescription medication trends and assessing cost-containment management strategies (prior authorization, step care therapy, drug utilization review, Specialty pharmacy, formulary analysis, etc.)

Jennifer received her Pharm.D. from the University of Illinois at Chicago. She is also a Certified Benefits' Professional.

PHASE I: PBM PROCUREMENT AND CONTRACT NEGOTIATION

Gallagher offers an industry-leading PBM procurement process, specifically designed by former PBM underwriters and professionals to optimize RFP outcomes for our clients. The following diagram provides a high-level overview of our market-tested approach for PBM procurement.



1. Data Gathering

Once our engagement is confirmed, Gallagher will begin gathering the client data necessary to support the project work at hand. These data elements may include the following:

- Current PBM service agreement
- Plan design information
- Claims data (most recent 12-24 months)
- Rebate reconciliation report
- Network reconciliation report
- Member/employee headcounts

We have developed a structured information gathering approach that we utilize to obtain the information above. Client involvement in the data gathering process is typically minimal. Gallagher will work closely with your PBM to obtain most of the information and data needed. Please be advised that the delivery of this data may require formal approval and documentation and/or the execution of a Confidentiality Agreement or Non-Disclosure Agreement by one or more of the parties involved in the data exchange.

2. Integrity Check & Kickoff

Once data gathering is complete, Gallagher will perform a detailed review of your current PBM contract and recent program performance (typically the past 12 months). This analysis will provide a baseline of the performance and integrity of your current arrangement with your PBM. The Integrity Check process is a critical first step in the process, prior to embarking on the formal RFP. It will provide Gallagher and Winnebago County with a clear view of the current arrangement, and will help us identify the specific areas that may need to be addressed or enhanced through the RFP. These may include:

- Contract language that is no longer market-competitive.
- Desirable contract terms that may be missing (Market Check, Management Credits, etc.).
- Performance of the PBM against existing contractual targets
- Areas for potential audit or deeper analytic review.

Gallagher will conduct a formal kickoff discussion for the RFP process, if needed. Key elements of the meeting will include:

- Confirmation of objectives, overall RFP approach, evaluation and selection criteria, proposal scoring methodology for the RFP.
- Discussion of unique business or legal requirements that Winnebago County may wish to include in the RFP.
- Review of a detailed project plan and timeline, including responsibilities and milestones.
- Socialization of the RFP process with any other internal Winnebago County stakeholders or teams, as needed (i.e. Winnebago County Legal, Procurement, or Finance).
- Identification of appropriate bidders for inclusion in the RFP process, based on the unique needs and characteristics of Winnebago County.
- Confirmation of protocols for communication between Gallagher, bidders, and Winnebago County stakeholders (i.e. Gallagher handles all bidder interaction).

This planning meeting will ensure a thorough understanding of Winnebago County's project objectives, constraints, and desired outcomes at the outset of the RFP process.

3. RFP Development & Release

Our RFP tool is industry leading. We begin with a standardized, tested RFP template that represents the culmination of our decades of experience in PBM underwriting and negotiation. We then customize this template to capture Winnebago County's unique characteristics as a client, including business requirements, corporate culture, and program objectives.

Our RFP includes a detailed catalogue of specific technical requirements designed to eliminate pricing gameplay and optimize the financial outcome for Winnebago County. Our financial and bidding requirements are all structured using "contract-ready" language, allowing us to directly translate and "pull-through" the commitments that bidders make in the RFP to the final service agreement. In addition, Gallagher requires that the PBMs provide an executable contract prior to final vendor selection. This significantly reduces the amount of time and effort required for final review and execution of the resulting agreement.

The RFP is comprehensive, and will address all financial and qualitative aspects of the vendor offerings to Winnebago County, including:

- Pricing & Financial Terms
- Business Requirements
- Legal Requirements
- Utilization Management Approach
- Specialty Management Strategy
- CDHP Integration & Support
- Account Services
- Member Services
- Plan Management Tools & Innovation
- Data Security & IT
- Audit Rights
- Service Performance Guarantees

Gallagher will manage the release of the RFP using our secure delivery system. We can coordinate with client stakeholders as needed to align with any internal procurement protocols that might be relevant to the PBM RFP process (i.e. use of a specific delivery platform, proposal retention procedures, etc.).

4. Proposal Evaluation

Gallagher will conduct a comprehensive evaluation of the quantitative and qualitative aspects of all RFP responses.

Bidder financial proposals will be evaluated using our proprietary pricing evaluation model. As part of this process, Gallagher's financial experts will:

- Use Winnebago County's historical claims data to develop baseline cost projections under the current financial arrangements.

- Evaluate bottom-line project costs under each bidder's proposed financial offer, using forecasting assumptions recommended by Gallagher.
- Develop a line-items comparison of financial offers by each financial guarantee component.
- Identify all deviations from the financial requirements, and incorporate the financial impact of these deviations into our financial results.
- Quantify and assess any proposed credits, allowances, or other financial incentives offered by each bidder.

In addition to the financial evaluation described above, Gallagher will conduct a detailed qualitative evaluation of bidder proposals. Under our qualitative assessment, Gallagher will:

- Evaluate bidders' compliance with minimum vendor requirements and performance guarantees.
- Evaluate the full range of bidders' services and capabilities based on Winnebago County's requirements including account service, member service, clinical management, specialty drug management, etc.
- Assess and quantify the member disruption associated with each bidder's proposed formulary strategy, including detail on the most highly-utilized impacted drugs.
- Assess and quantify the member disruption associated with the unique composition of each bidder's proposed retail network.
- Assess each vendor's proposed performance guarantees against best-in-class comparators.

At the completion of this evaluation process, Gallagher will produce and deliver an **INITIAL RESULTS REPORT** to Winnebago County via a conference call. Our report will include Executive Summary content, suitable for distributing the initial findings to key stakeholders within your organization.

5. Finalist Selection & Assessment

During the Initial Results Meeting, Gallagher will facilitate the selection of finalist bidders for the remainder of the process. We will work with Winnebago County to select finalists that possess the qualifications and capabilities to be a suitable vendor partner for your organization. During this meeting, we will:

- Help Winnebago County select two finalist bidders for continued negotiation.
- Highlight specific areas that we believe are suitable for further negotiation with finalists.
- Determine appropriate follow-up questions for the finalists.
- Agree on timing and logistics for the scheduling the finalist meetings.
- Confirm next steps for reference checks.

Gallagher will also coordinate and facilitate finalist interview meetings, including the following:

- Develop meeting agendas and schedule meetings.
- Hold calls with each finalist to prepare them for the meeting.
- Solicit and evaluate “Best-and-Final Offers” (BAFOs), including enhancements to financial and qualitative commitments for each finalist proposal.
- Conduct PBM client reference check calls on behalf of Winnebago County, and report back on findings (if desired, Gallagher can arrange for Winnebago County to conduct these directly).
- Present updated evaluation results to Winnebago County in a **FINAL RESULTS REPORT** before finalist meetings.
- Facilitate finalist meetings.
- Debrief with Winnebago County to determine follow-up and next steps.
- Support the development of any required management presentations, to facilitate the internal decision-making process within your organization.

6. Final Contract Review

Gallagher will conduct a final contract review of the finalist bidder service agreements, to ensure that all of contractual commitments made during the RFP process are correctly incorporated into the proposed contract draft. We have negotiated many contracts with the PBMs and other ancillary vendors (retail network providers, specialty vendors, claims processors, clinical vendors) and are very familiar with their standard contracts, as well as contracting best practices that will be incorporated into the agreement(s).

During our contract review, Gallagher will provide detailed redline versions of the service agreement to Winnebago County, and will meet with Winnebago County to review these documents and discuss strategies for final negotiation and resolution of any issues identified in our review. Please note that Gallagher is not a law firm, and as such our review of the service agreement will focus on technical, financial, and operational aspects of the vendor arrangement. We recommend that you have your corporate legal staff (or suitable outside counsel) conduct a parallel review of the agreement to address any legal or business concerns that your organization may have.

7. Award of Business

Once award of business is confirmed by Winnebago County, Gallagher will notify all bidders of the award decision, concluding the RFP process. At Winnebago County’s discretion, Gallagher will conduct bidder debrief discussions with all bidders on Winnebago County’s behalf, to help each vendor understand the rationale for the final award decision.

CONSULTING FEES

There will be no direct out-of-pocket expenses to Winnebago County for the projects outlined in the fee table below. We have developed an approach where we require the winning PBM to incorporate our consulting fees into their bid. Winnebago County will only pay our fees directly in the event that:

1. Winnebago County prefers to pay in this manner, or
2. Winnebago County decides to extend their PBM contract negotiating separately outside of this RFP procurement, or
3. Winnebago County signs a PBM contract for less than three years, or
4. Winnebago County contracts with a PBM or carrier outside of the Gallagher procurement, or
5. Winnebago County selects a PBM or carrier that has not agreed to include Gallagher's consulting fees

Service Component	Consulting Fee
PBM Procurement and Contract Negotiation <i>Includes 4 PBMs with two finalists.</i> <i>Any additional respondents would be \$5,000 per vendor.</i> <i>Includes one onsite visit for finalist meetings.</i>	\$35,000

Project Change Control

In the process of engagement, additional work may be required based upon discovery or changes requested by Winnebago County. If variations from the original Scope of Work are deemed necessary and material, a mutually agreed-upon change request addendum will be created. Gallagher will provide a change request addendum for Winnebago County to review and sign before any work outside the original scope is performed or additional expenses are incurred or invoiced to Winnebago County.

Confidentiality

Gallagher agrees to maintain, as strictly confidential, all information relating to Winnebago County. Winnebago County's information is proprietary to Winnebago County and shall be used solely by Gallagher in connection with the services set forth in Agreement. Gallagher will execute the appropriate Confidentiality/Non-Disclosure Agreements deemed necessary to complete the project.

Liability

Under no circumstance will Gallagher be liable to Winnebago County for costs of procurement of substitute goods or services; lost profits; lost sales or business expenditures; investments; or commitments in connection with any business, loss of any goodwill, or for any indirect, special, incidental, or consequential damages arising out of or related to this agreement or use of Gallagher's services, however caused, on any theory of liability, and whether or not Gallagher has been advised of the potential of such damage.

CLIENT SIGNATURE

Agreed to by:

Printed name

Company

Signature

Date