



DENVER
 THE MILE HIGH CITY
 MICHAEL B. HANCOCK
 Mayor

CITY AND COUNTY OF DENVER

Department of Finance
Cash Risk & Capital Funding
Workers' Compensation Unit

201 W. COLFAX AVENUE
 DEPT. 1105
 DENVER, CO 80202-5332
 PHONE: (720) 913-3330
 FAX: (720) 913-3184

Interoffice Memorandum

TO: City Council, Finance Committee

FROM: Raymond F. Sibley
 Director of Risk Management

DATE: September 24, 2013

RE: HSI, Health Management System, Int'l., Cost Containment Solution

This is a request to approve the contract with HSI Cost Containment Solution to provide pharmacy benefit management services for the City and County of Denver's workers' compensation program.

In 2009, the City initiated a competitive process, and the bid was awarded to HSI Cost Containment Solution. HSI Cost Containment Solution provides Pharmacy Benefit Management services related to the City's workers' compensation program. Their primary responsibility is for managing the purchasing, dispensing and reimbursing of prescription drugs. The injured workers' prescriptions are filled at a myMatrixx network pharmacy of their choice. The pharmacies are paid by HSI/myMatrixx who then submits to the City a billing every two weeks. The amount billed is the Average Wholesale Price (AWP) less a set percentage based upon if the medication is filled locally or by mail order and if the medication is generic or brand.

The costs and savings of the program year to date are:

	Jan-March 2010	April-May 2010	July-Sept 2010	Oct-Dec 2010
Total Billed	111,090.49	123,068.01	137,871.02	153,666.53
Total Paid	98,089.21	105,005.05	118,169.00	123,562.60
Total Savings	12,951.28	18,062.96	19,702.02	30,103.93
Percentage Saved	11.664%	14.677%	14.29%	19.59 %

	Jan-March 2011	April-June 2011	July-Sept 2011	Oct-Dec 2011
Total Billed	137,214.81	121,252.48	146,395.25	143,356.58
Total Paid	119,727.77	106,243.48	129,044.85	126,238.64
Total Savings	17,487.04	15,009.00	17,350.40	17,177.94
Percentage Saved	12.74%	12.38%	11.85%	11.94%

	Jan-March 2012	April-June 2012	July-Sept 2012	Oct-Dec 2012
Total Billed	142,342.61	137,152.75	143,088.70	143,932.52
Total Paid	125,687.14	120,241.23	123,117.66	126,121.25
Total Savings	16,655.47	16,911.52	19,971.04	17,811.27
Percentage Saved	11.7%	12.33%	13.96%	12.37

	Jan-March 2013	April-June 2013	July-Sept 2013	Oct-Dec 2013
Total Billed	146,563.95	147,444.74		
Total Paid	128,375.08	129,116.79		
Total Savings	18,188.87	18,327.95		
Percentage Saved	12.41%	12.43%		

Currently, the City is paying a \$3.50 per dispensing fee. This fee is included in the total paid.

This fifth year option will entail services through December 31, 2014. There are no additional option years on this program.

The amount of the contract for 2014 is \$650,000.

Please contact me if you have any questions or require additional information.

RFS:rg