



CITY AND COUNTY OF DENVER

Finance Office
Risk Management
Workers' Compensation Unit

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Interoffice Memorandum

TO: City Council, Finance Committee

FROM: Raymond F. Sibley
 Director of Risk Management

DATE: October 29, 2010

RE: Contract with IMED Cost Containment Solution

This is a request to approve the contract with IMED 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 IMED Cost Containment Solution. IMED 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 IMED/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
Total Billed	111,090.49	123,068.01	137,871.02
Total Paid	98,089.21	105,005.05	118,169.00
Total Savings	12,951.28	18,062.96	19,702.02
Percentage Saved	11.664%	14.677%	14.29%

Currently, the City is paying a \$3.00 per dispensing fee. This fee is included in the total paid.

This second year option will entail services through December 31, 2012. There are additional option years on this program.

The amount of the contract for 2011 is \$600,000.

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

RFS:gla