



BOARD OF SUPERVISORS
AGENDA LETTER

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

**Agenda
Number:**

Department Name: CEO/Human Resources
Department No.: 064
For Agenda Of: 03/03/2009
Placement: Set Hearing
Estimated Tme: 15 minutes on 03/17/2009
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/Human Resources Director,
Director(s): 568-2817
Contact Info: Andreas Pyper 884 8097
Scott Turnbull 568 2821
SUBJECT: Countywide Pharmacy Discount Card Program

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

Set hearing to consider recommendations regarding the Countywide Pharmacy Discount Program, as follows:

- 1) That the Board approve the attached marketing plan, as required by Chapter 26 of the Santa Barbara County Code, Sec 26-132, thereby authorizing the use of the County's seal and name in order to implement a Pharmacy Discount Card Program which would be available to all Santa Barbara County residents and employees of the County of Santa Barbara.
- 2) That the Board direct staff to work with the County Public Information Officer to promote the Pharmacy Discount Card Program to County residents and County employees.

Summary Text:

Adoption of this action would permit the County of Santa Barbara to enter into a partnership with Financial Marketing Concepts, Inc. (FMC) and authorize the use of the County name and its seal for use in promoting a new Pharmacy Discount Card Program, designed to give **free** access to discounted prescription drug purchases to all County residents as well as County employees. The new program would be implemented at **no cost** to the County and would generate revenue, in the form of a royalty, for the County each time prescription drugs are purchased using the pharmacy discount card at a participating pharmacy. This royalty payment would not increase the price of prescriptions for County residents or County employees, as it would be paid by FMC from the customary dispensing fees charged to participating pharmacies.

Background:

In 2008 the County was approached by FMC, which has been in the business marketing non-insurance benefits since 1992, to enter into a partnership to offer a Pharmacy Discount Card Program to all County of Santa Barbara residents and County employees. The County of Ventura has recently implemented FMC's Pharmacy Discount Program, with more than 100,000 cards in distributed in the first month of the program. Over 4000 prescriptions were filled in the first month of the program, which resulted in approximately \$2,000 royalty payment to Ventura County. Currently Marin, Stanislaus, Kern, and Madera County are also considering the implementation of this Pharmacy Discount Card Program. The Pharmacy Discount Card Program has been successfully implemented in Collier, Hardee, Highlands, Baker, and Naples Counties in Florida.

The Pharmacy Discount Card Program would give **free** access to County employees as well as County residents to purchase prescriptions drugs at a discounted price at pharmacies throughout the County, benefiting the insured, uninsured, and underinsured. The County would bear **no cost** for entering into the partnership and would actually receive revenue generated when employees and citizens use the discount card to purchase prescribed medications.

Entering into an agreement with FMC would allow the company the use the County logo in its marketing of the pharmacy discount cards. County Counsel has advised that the use of the County logo requires a marketing plan to be developed and submitted to the Board for approval. Staff has worked with County Counsel to ensure legal compliance in implementing this program and has obtained the legally-required marketing plan and certification from a qualified licensing agent. The marketing plan, developed by a qualified licensing agent, is enclosed as Attachment A to this item.

How it Works:

FMC provides supplies of the Pharmacy Discount Card to pharmacies throughout the County and establishes relationships with pharmacies to promote the use of the card by their customers. By presenting the discount card at any participating pharmacy (whether in Santa Barbara County or anywhere across the nation) users would receive an average savings of 13% to 65% on prescription medications, with the 2008 average being 38% savings off regular prices. As more than 60,000 different prescription drugs are currently discounted through this program many County employees, particularly those in a PPO health plan, would also realize

savings on their prescriptions using the free discount card. In the long term, employee use of the discount card could assist the County in managing the rising costs associated with health care.

Key elements of the program include:

- No limits on usage and no health restrictions
- Covers an entire family
- No income requirement
- No age restrictions
- Can be used at nearly all major pharmacy chains nationwide including Rite-Aid, Walgreens, SAV-ON, Sam's Club, Longs, Wal-Mart etc. as well as several independent pharmacies.

On a residual basis, FMC will pay Santa Barbara County fifty cents (\$.50) for every filled prescription that is purchased using the County's discount card. The royalty payment would not increase the price residents pay for prescription drugs as it is paid by FMC from dispensing fees charged to participating pharmacies. The royalty would be deposited into the General Fund and could be used to finance other innovative County health initiatives. The Public Health Department has indicated that their pharmacies would be willing to participate in the program. Based on the recent experience of the program in Ventura County, it is estimated that approximately 4,000 prescriptions per month would be filled under the program resulting in a royalty payment of \$2,000 per month or \$24,000 per year. FMC advises that organizations that publicize the cards realize even greater revenues.

Performance Measure:

Upon Board approval CEO/HR staff will work with the County Public Information Officer to develop a Public Relations program through which all County residents and County employees will be informed and educated on how to access and use the Pharmacy Discount Card Program.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

There are no direct County costs associated with this program and only limited County personnel time would be required. FMC would establish a private label website and handle all printing and distribution costs of the discount card as well as educating local pharmacists about its use.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

None

Attachments:

1. Pharmacy Discount Card Marketing Plan
2. Chapter 26 of the Santa Barbara County Code, Sec 26-132.

Authored by:

Andreas Pyper, CEO/HR – Employee Benefits

CC:

County Counsel