



BOARD OF SUPERVISORS  
AGENDA LETTER

**Agenda  
Number:**

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

**Department Name:** CEO/Human Resources  
**Department No.:** 064  
**For Agenda Of:** July 7, 2009  
**Placement:** Set Hearing  
**Estimated Tme:** 15 minutes on 07/14/2009  
**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 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 and agreement, as required by Chapter 26 of the Santa Barbara County Code, Sec 26-132 and County Ordinance Ord. No. 4202, § 1, 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 directs 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 for the County, in the form of a royalty, 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 users, 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, and was asked to enter into a partnership to offer a Pharmacy Discount Card Program to all County of Santa Barbara residents. 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.

In May 2009 staff issued a Request for Quote (RFQ) for a Pharmacy Discount Card Program to which three vendors responded:

- Financial Marketing Concepts, Inc
- CVS/Caremark
- ApotheCard, Inc

Staff evaluated the RFQ results and recommends FMC, Inc as the most attractive option for the County. This recommendation is made primarily due to the fact that FMC's Pharmacy Discount Card program has the highest percentage savings and lowest cost of the top 100 list of prescribed brand-name and generic drugs as well as their strong administrative and implementation support, their experience dealing with public entities and their royalty payments.

The County of Ventura recently implemented FMC's Pharmacy Discount Program, with more than 100,000 cards distributed in the first month of the program. Over 6,000 prescriptions are being filled monthly. In the first few months of using this Pharmacy Discount Card program, approximately \$3,000 per month in royalty payments was paid to Ventura County; with an estimated savings of approximately \$130,000 to \$150,000 on prescription medication for Ventura County residents.

Further FMC is increasing its presence in California Counties and is the proposed vendor of choice for Alameda, Contra Costa, San Benito, San Joaquin, Sacramento, Yolo, Stanislaus and Orange Counties. Their Pharmacy Discount Card Program has also been successfully implemented in Amador and Ventura County in California, in Collier, Hardee, Highlands, Dixie,

Sarasota, Charlotte and Baker Counties in Florida, in Rock Island County in Illinois and in York, Snyder and Susquehanna Counties in Pennsylvania.

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 (\$0.50) for the first 8,000 prescriptions filled per month, sixty-five cents (\$0.65) for every filled prescription between 8,000 and 16,000 a month and seventy-five cents (\$0.75) for every filled prescription over 16,000 a month, that is purchased using the 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.

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.

The proposed Pharmacy Discount Card program is an excellent program that will generate revenue for the County while providing citizens and employees with the opportunity to reduce their prescription medication costs.

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

**Authored by:**

Andreas Pyper, CEO/HR – Employee Benefits

**cc:**

County Counsel