

September 10, 2024

Honorable Mayor and City Council  
City of Long Beach  
California

**RECOMMENDATION:**

Recommendation to adopt Specifications No. RFP HR-23-389 and award a contract to CaremarkPCS Health, L.L.C. of Woonsocket, Rhode Island, to deliver comprehensive Pharmacy Benefit Management services for the City's self-insured Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) products for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary subsequent amendments. (Citywide)

**DISCUSSION**

City Council approval is requested to enter into a contract with CaremarkPCS Health, L.L.C. for the delivery of comprehensive Pharmacy Benefit Management (PBM) services for its self-insured Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) products.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on May 3, 2024, and 51 potential proposers specializing in comprehensive PBM services were notified of the RFP opportunity. Of those proposers, 10 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 44 local, minority-owned, and women-owned business groups. There were 6 proposals received on June 4, 2024. Of those 6 proposers, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach vendors (Local). The selection committee determined that CaremarkPCS Health, L.L.C., of Woonsocket, Rhode Island, was the most qualified firm to provide the services.

At the close of the RFP on June 4, 2024, 5 of the submitted proposals were deemed responsive. The Health Insurance Advisory Committee (HIAC) sub-committee, comprised of representatives from the Department of Human Resources, a representative from an Employee Association, and external subject matter experts, reviewed the 5 Proposers' results. They were evaluated based on the following criteria:

- Organizational Capacity and Experience (30 percent)
- Method of Approach (40 percent)

- Communications and Reporting (20 percent)
- Reasonableness of Cost (10 percent)

After a thorough and extensive review process, the evaluation committee selected CaremarkPCS Health, L.L.C. (CVS) to provide comprehensive PBM services for the City's self-insured PPO and HMO products. CVS's proposal showed a business approach best aligned with the City of Long Beach's benefit plan goals and objectives. Additionally, the selection of CVS, who has provided PBM services to the City since 2014, ensures that there are no service disruptions to employees and their dependents.

### **Local Business Outreach**

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Long Beach Buys platform to download RFP specifications. Through outreach, 3 Long Beach vendors were notified to submit proposals, of which zero downloaded and zero submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Assistant City Attorney Gary J. Anderson on August 6, 2024, and by Purchasing Agent Michelle Wilson and Budget Development Officer Jennifer Rodriguez on August 20, 2024.

### **TIMING CONSIDERATIONS**

Open enrollment for plan year 2025 will be conducted in mid-October. City Council action to adopt Specifications No. RFP HR-23-389 and award a contract concurrently is requested on September 10, 2024, to ensure the Human Resources Department will have adequate time to prepare information for distribution to employees in October 2024.

### **FISCAL IMPACT**

The cost of the pharmacy benefit plan in 2025 is approximately \$14.7 million. Sufficient budget is appropriated in the Employee Benefits Fund Group in the Citywide Activities Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and normal workload and is consistent with existing City Council priorities. There is no local job impact with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Joe Ambrosini  
Director  
Human Resources

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER