



**Purchasing Contract  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 27  
AGENDA DATE: Thu 03/11/2004  
PAGE: 1 of 2**

**SUBJECT:** Authorize execution of Amendment No. 8 to the contract with ECKERD HEALTH SERVICES, Pittsburgh, PA for a six-month holdover for pharmacy services and to increase the contract in an amount not to exceed \$2,025,939, for a total revised contract amount not to exceed \$25,076,312.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$2,025,939 is available in the Fiscal Year 2003-2004 Approved Operating Budget of the Community Care Services Department. Of the \$2,025,939, \$695,898 is from the Fiscal Year 2003-2004 Travis County Reimbursement Fund.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Purchasing **DIRECTOR'S**  
**DEPARTMENT:** for Community Care Services; **AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Vikie DeLuyck, Buyer, 972-4014

**PRIOR COUNCIL ACTION:** Council approved the original contract on August 6, 1998. Amendments requiring RCA's were approved on July 29, 1999, September 30, 1999 and June 8, 2000.

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

**MBE / WBE:** This contract was awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established.

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Amendment No. 8 is for a hold over that will cover the period April 2004 through September 2004. It will provide sufficient time for completion of the solicitation process for a pharmacy benefits administrator and subsequent contract award. (The previous seven amendments are summarized on page 2.)

This supply/service agreement with Eckerd Health Services provides pharmaceutical management and dispensing services for enrollees of the City of Austin and Travis County Medical Assistance Programs (MAP). The contract provides for a network of pharmacies, prescriptions for MAP patients, formulary management, and drug utilization review for the MAP enrollees. Travis County reimburses the City of Austin for services it provides to Travis County MAP enrollees.

The 12-month contract began on October 1, 1998 and each of the four 12-month extension options was exercised. In June 2003 the City of Austin Purchasing Office executed a 6-month holdover covering the period of October 2003 through March 2004. The holdover term was required to allow for a solicitation to be issued and a contract awarded.

In September 2003 an RFP was issued soliciting a pharmacy benefits administrator to provide direct pharmacy services to persons served through MAP. The successful proposer would dispense pharmaceuticals to eligible participants utilizing the federal public health pricing (340B Pricing) for some medications and utilizing its own pricing for non-public health priced medications. In November 2003, following an extensive evaluation, the single proposal submitted was deemed non-responsive.



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In December 2003, a revised RFP was issued. Under the revised timeline, proposals were due in February 2004. The evaluation team will make its final selection in March 2004 and submit an RCA shortly thereafter. The anticipated start date for the new pharmacy benefits administrator is July 2004.

Description	Action	Amount
Initial Contract	8/6/98-Council Approved 12-month contract with four extension options	\$2,964,570 (initial 12-mo contract) \$3,083,153 (Year 2) \$3,201,736 (Year 3) \$3,320,318 (Year 4) \$3,438,901 (Year 5)
Amendment No. 1	For increases as follows: Year 1 Year 2 Year 3 Year 4 Year 5	\$603,825 \$312,853 \$356,652 \$406,584 \$463,505
Amendment No. 2	For increase to Year 1	\$150,000
Amendment No. 3	City exercised Year 2 extension option (\$3,961,818)	
Amendment No. 4	City exercised Year 3 extension option (\$4,678,707) and annual increases as follows: Year 2 Year 3 Year 4 Year 5	\$565,812 \$1,120,319 \$1,353,386 \$1,708,759
Amendment No. 4a	City exercised Year 4 extension option (\$5,080,288)	
Amendment No. 5	City exercised Year 5 extension option (\$5,611,165)	
Amendment No. 6	HIPAA compliance-Business Associate Agreement	
Amendment No. 7	Hold over (10/1/03-3/31/04) To extend contract term – no additional funds required	
Proposed Amendment No. 8	Hold over (4/1/04-8/31/04) To extend contract term and increase contract	\$2,025,939