



News from:
COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

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**COMPTROLLER LEMBO SAYS ACTUARIAL REVIEW OF CLAIMS
CONFIRMS \$50 MILLION SAVINGS FIRST YEAR OF NEW
PHARMACY CONTRACT**

Comptroller Kevin Lembo today confirmed that the state -- through its new pharmacy benefits contract with Caremark -- spent \$50 million less in Fiscal Year 2014 than it would have spent under the previous contract for the same claims, according to an actuarial review.

Lembo's office negotiated a new contract with Caremark, effective July 1, 2013 through June 30, 2016, following a competitive bidding process involving both labor and management.

When compared to the prior contract, the projected savings for the new contract was estimated to save \$50 million the first full year (Fiscal Year 2014, which ended July 1) and approximately \$50 million for each of the two following years. A review completed this week confirmed that the state has met its savings target for the first year.

The contract savings include a \$5.5-million credit to the state for aggressively negotiated discounts on the average wholesale prices for mail order, retail brand name and retail generic drugs.

"These savings -- totaling approximately \$50 million -- directly resulted from aggressive renegotiation of our state contract," Lembo said. "Strong and smart contract negotiations, backed up by innovative benefit designs that focus on preventive care and chronic care management, continue to bend the health-care cost trend in the right direction."

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