

## Board of Directors

Monday, January 9, 2012  
2:00 p.m. or close of Legislative Committee meeting

Local Government Center, Room 113  
1201 Court Street NE  
Salem, Oregon

### Agenda

2:00 p.m.

**1. Call to order** AOC President Tammy Baney

**2. Agenda approval (Action)** President Baney

**3. Items moved from Consent Agenda (Possible Action)** President Baney

2:05 p.m.

**4. Consent Agenda (Action) page 3** President Baney

4.1 Minutes from December 12, 2012 meeting page 4

4.2 Financial Reports for period ending December 31, 2011 page 10

4.3 Agreement with Harold, Leahy & VanVactor page 3

2:10 p.m.

**5. Prescription drug programs (Action) page 19** Mike McArthur

Andrew Goldschmidt, NACo & Brad Stone, CVS Caremark

2:30 p.m.

**6. Appoint task force on juvenile parole and probation (Action) page 32** President Baney

2:40 p.m.

**7. ICMA Vantage retirement health savings plan page 33** Mike McArthur

2:50 p.m.

**9. Other business** President Baney

9.1 AOC Legislative Reception, February 20, 4:30-6:30 p.m., Capitol Galleria

**10. Adjourn** President Baney

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**Next AOC Board of Directors meeting – February 20, 2012**

2 p.m. Local Government Center, Salem

**Scheduled AOC Board of Directors meetings for 2012**

*following Legislative Committee meeting at the Local Government Center, Salem  
Time of meetings typically 2 p.m.*

February 20

*AOC Legislative Reception, February 20, 4:30-6:30 p.m., Capitol Galleria*

March 12

April 9

May 14

June 12 *(following AOC spring conference)*

September 10

October 8

December 10

June 10 – 12, AOC Spring Conference *(in Deschutes County, location TBD)*

November 13 – 15, AOC Annual Conference *(location TBD)*

Date: January 9, 2012  
To: Board of Directors  
From: Mike McArthur, executive director  
Subject: Consent Agenda  
Staff: Cara Fischer, deputy executive director

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Should a director wish to move an item off the consent agenda for general discussion and action that may be done immediately following approval of the meeting agenda.

### **6.1 Minutes from December 12, 2011 meeting**

**Requested action:**

Accept the minutes as represented, on next pages of this agenda packet.

### **6.2 Financial Report for period ending December 31, 2011**

**Requested action:**

Accept the financial report as represented on document attached to this agenda packet.

### **6.3 Agreement with Harold, Leahy and Van Vactor**

**Requested action:**

Authorize AOC to enter into an agreement with the law firm of Harold, Leahy & Van Vactor (primarily Bill Van Vactor) for labor and employment policy analyst services.

**Background:**

AOC contracted with Harold, Leahy & Van Vactor in 2008, 2009, 2010 and 2011 for policy analyst services concerning labor and employment issues. Staff is very pleased with the high quality of service provided and believes it prudent and cost-effective to continue this relationship in 2012. The firm offers AOC the same terms in 2012 as in the original 2008 contract: \$145.00 per hour for Mr. Van Vactor's services. The 2012 agreement would not exceed a total of \$24,000 (approximately \$2,000 per month).

The scope of work would include monitor, review and provide recommendations regarding legislation, administrative rule changes and PERS board actions that have an impact on Oregon county governments such as:

- Public Employee Retirement System (PERS)/ public employee retirement
- Employment Relations Board (ERB)/ Collective Bargaining
- Collective Bargaining
- Bureau of Labor and Industries (BOLI) – wage & hour, unlawful employment practices
- Workers Compensation/ Oregon Occupational Safety and Health Division (OR-OSHA)
- Unemployment Insurance
- Miscellaneous workforce matters (independent contractor, employee transfer, etc.)
- Monitor key administrative and court cases relating to these categories.

Association of Oregon Counties  
Board of Directors

Monday, December 12, 2011  
2:00 p.m.

Multnomah County Board Room  
Portland, Oregon

*Present: President Tammy Baney, Commissioner Mary Stern, Judge Pat Shaw, Commissioner Earl Fisher, Commissioner Janet Carlson, Commissioner Wayne Fording, Commissioner Mark Labhart, Commissioner Annabelle Jaramillo, Commissioner Craig Pope, Commissioner Tony Hyde, Commissioner Jim Bernard, Commissioner Diane McKeel*

*Via telephone: Commissioner Simon Hare, Commissioner Sam Brentano, Commissioner Alan Unger, Administrator Ralph Wyatt, Public Works Director Robb Paul*

*Staff: Mike McArthur, Cara Fischer, Eric Schmidt, Laura Cleland, Gil Riddell, Mike Eliason, Emily Ackland, Mark Nystrom, Paul Snider, Joann Hendrix*

President Tammy Baney called the meeting to order at 2:00 p.m.

***2012 AOC appointments to Board and Legislative Committee***

AOC President Tammy Baney moved for adjournment of the 2011 Board of Directors and Legislative Committee and the acceptance of the recommended seating of the 2012 Board of Directors and Legislative Committee.

**Commissioner Tony Hyde moved to approve the seating of the 2012 Board of Directors and Legislative Committee, seconded by Commissioner Craig Pope. Motion carried.**

President Baney then requested the Board of Directors to recess and reconvene after the Legislative Committee meeting is adjourned.

*President Baney called the meeting to order at 3:40 pm*

***Agenda Approval***

**Commissioner Earl Fisher moved to approve the agenda of December 12, 2011 with the addition of 12.2 Health Transformation and 12.3 NACo Nationwide LLC. Seconded by Commissioner Wayne Fording. Motion carried.**

***Consent Agenda***

Accept the minutes as presented from October 10, 2011

Receive the financial reports as presented for periods ending October 31, 2011 and November 30, 2011

**Recommendations & Appointments**

1. The Local Bridge Selection Review Committee is established in the Federal-aid Project Guidelines and Working, an intergovernmental agreement between AOC, LOC and

ODOT. It is the policy setting and project recommending body for all issues associated with the federal Highway Bridge Program and the TIA programs for local agency bridges in Oregon.

\*Renew appointment of Ian Cannon, Multnomah County Bridge Services manager, as a voting member, with a term to expire on November 30, 2015.

\*Renew appointment of Greg Clemmons, Washington County operations engineer, as a voting member, with a term to expire on November 30, 2015.

\*Renew appointment of Mike Kuntz, Jackson County engineer, as the alternate voting member, with a term to expire on November 30, 2015.

2. Recommend Kim Rhodes, Marion County crew leader, be appointed as AOC's representative to the Oregon Utilities Notification Council Board.
3. Concur with AOC president's recommendation to the Oregon Parks and Recreation (OP&R) Departments director to appoint Roger Nyquist to the OP&R Scenic Bikeways Committee.
4. Concur with AOC president's nomination of Jackson County Commissioner John Rashor to represent counties west of the Cascades and Clackamas County Commissioner Jim Bernard as an at-large member to serve on the Oregon Parks and Recreation Department's (OPRD) Local Government Grant Advisory Committee.

#### AOC supplemental budget request

Authorize executive director to receive grant funds from City of Portland, U.S. Department of Agriculture and Oregon Solutions totaling \$78,000 to be used for Oregon Clean Energy Alliance (SOCEA) projects. AOC acts as fiscal agent and grant manager for these funds. \$2,500 stays with AOC for administrative duties the remainder is pass-through on SOCEA's behalf.

**Administrator Ralph Wyatt moved to approve the consent agenda of December 12, 2011, seconded by Commissioner Fisher. Motion carried.**

#### ***Agreement with Community Renewable Energy Association (CREA)***

Mr. McArthur requested the board authorize the executive director to enter into a one-year agreement with the Community Renewable Energy Association to provide advocacy, information and administrative services for that association.

CREA is an Oregon-based intergovernmental organization; its mission is to support policy and advocacy for Community Based Renewable Energy projects in Oregon. Gilliam, Harney, Hood River, Lake, Morrow, Sherman, Union, Wallowa, Wasco and Wheeler counties are active members of CREA.

For the last 18 months, AOC has successfully provided advocacy, information and administrative services for CREA. CREA has requested the relationship continue through 2012. Again, to provide the expertise necessary to fulfill the advocacy component of the contract, AOC will need to enter into a personal services agreement with a specialist.

The terms of the agreement call for a monthly payment to AOC by CREA of \$1,200. Of this fee, \$200 will be kept by AOC as compensation for services provided; the remainder will cover the expense of an independent contractor. During the one-month legislative session in 2012, this fee increases to \$1,800 with \$1,500 dedicated to the contractor and \$300 to AOC for services.

**Commissioner Janet Carlson moved to authorize the executive director to enter into an agreement with Community Renewable Energy Association (CREA) to provide advocacy and administrative services, seconded by Commissioner Jim Bernard. Motion carried.**

***Independent contractor agreement with Doris Penwell***

Mr. McArthur requested the board to authorize the executive director to enter into a personal services agreement with Doris Penwell to provide advocacy and information services called for in the Community Renewable Energy Association agreement.

Ms. Penwell has provided services required under the CREA agreement for the last 18 months. Her knowledge and background have made her particularly valuable in this role; she is a recognized authority of renewable energy policy issues.

For her service, Ms. Penwell will receive compensation of \$1,000 during non-legislative months and \$1,500 during the month of February for the legislative session.

**Commissioner Hyde moved to authorize the executive director to enter into a personal services agreement with Doris Penwell, seconded by Commissioner Fisher. Motion carried.**

***Additional signatory for AOC emergency checks***

Mr. McArthur requested the board approve amending AOC Check Signators Policy to allow for a third emergency signatory. Further, approve adding AOC staff person Mike Eliason as an emergency signatory on AOC bank accounts.

In October of 2008, the AOC Board of Directors approved a check signators policy that includes a provision for emergency check signing authority in the absence of the association treasurer or executive director.

The proviso currently reads:

“The deputy executive director and legal counsel may sign checks for amounts of less than \$5,000; checks must bear both signatures. This provision is allowed only in emergency situations and with approval of either the treasurer or the executive director when neither of those individuals is available to act as signatory.”

Since approval of the policy, this provision has been invoked twice. Two upcoming events cause this request. Mr. McArthur previously announced that upon Paul Snider's retirement Mike Eliason would be named AOC legal counsel. Secondly, Cara Fischer, deputy director, will be away from the office most of January and unavailable as a signatory should an emergency arise. Adding Mr. Eliason now as a signatory on AOC bank accounts adds to a smooth transition when Mr. Snider decides to retire.

**Mr. Wyatt moved to approve the amendment of the AOC Check Signators Policy to allow for a third emergency signatory. Further, approve adding AOC staff person Mike Eliason as an emergency signatory on the AOC bank accounts, seconded by Commissioner Fisher. Motion carried.**

***PSU Center for Public Service request for project funding assistance***

Mr. McArthur requested the board authorize the executive director to enter into an agreement with Portland State University (PSU) Center for Public Service for up to \$5,000 from the PERS Alliance fund to support the Public Sector Employer Total Cost of Compensation Study.

AOC has been requested by Phil Keisling of the PSU Center for Public Service to help fund an expanded study of the total cost of compensation for public employees. The total cost of the study is estimated at \$25,000; AOC is requested to provide \$5,000 for the project.

**Commissioner Carlson moved to authorize the executive director to enter into an agreement with Portland State University Center for Public Service for up to \$5,000 from the PERS Alliance fund to support the Public Sector Employer Total Cost of Compensation Study, seconded by Commissioner Fisher. Motion carried.**

***Prescription drug programs***

Mr. McArthur discussed a request by NACo to approve authorization for NACo staff to negotiate an agreement with CVS Caremark to change the NACo Prescription Discount Card Program to allow counties to receive revenue through the program and to enable state associations and NACo to receive revenue for marketing the program. He added that Coast2Coast, a business that provides similar services to county constituents, is interested in AOC endorsement of its program, independent of the NACo-offered plan.

Discussion ensued regarding the benefits and possible implications to counties about changing the contract with CVS Caremark. Commissioner Hyde said he was opposed to AOC endorsement of the Coast2Coast product.

Further discussion and possible action will be taken at the January 9, 2012 Board meeting.

***AOC Annual Conference location/timing survey***

Cara Fischer reported that at the AOC 2011 annual business meeting on November 17 the membership was asked about preferences for timing and location of annual conferences for 2012-2016. Ms. Fischer explained that AOC will release a request for proposals (RFP) to hotels

and conference centers this winter looking to contract for space for the next five years. When seeking proposals it is necessary to request specific dates for specific years.

Staff proposed holding the annual conference in even number, election years in the Willamette Valley during the week before Thanksgiving. AOC has met for its annual conference at this time since 1938. This allows new commissioner orientation to be held in tandem with the annual conference; legislative leaders to be more concrete in comments they share with membership; and newly elected or re-elected statewide officers to address AOC members as part of the program. Staff believes holding this meeting in the Willamette Valley will increase participation by legislative leadership and state officials.

On this proposed schedule, the dates would be November 13-15, 2012, November 18-20, 2014 and November 15-17, 2016.

Further, staff suggested moving the annual conference to October in non-election years to allow the conference to be held in other parts of the state. Both of these proposals were well received by members present.

Staff was asked to survey the full membership on suggestions raised at the annual meeting. Ms. Fischer reviewed with the Board the proposed survey and requested comments. President Baney proposed e-mailing Ms. Fischer by December 19 with any additional suggestions for the survey prior to distribution.

Commissioner Fisher requested a recap of number of past conference attendees, number of sleeping rooms and meeting rooms required, etc. so members have a background of size of appropriate venues available that would be able to host the AOC Annual Conference.

Mr. Wyatt requested a list of possible venues available throughout the state that would be able to accommodate the AOC Annual Conference.

Ms. Fischer will provide this information to board members and start the survey of full AOC membership in late January.

### ***County-Coordinated Care Organization Agreements: Analysis of Issues and Guidance for Development***

Commissioner Carlson requested support by the AOC Board of Directors to endorse the County-Coordinated Care Organization Agreements: Analysis of Issues and Guidance for Development draft document.

Commissioner Carlson reported that the purpose of this document is to help county officials understand how to implement Section 24 of HB 3650, Partnering with county government, in order to create the robust partnerships between counties and coordinated care organizations (CCOs) necessary for achieving the Triple Aim at the local level. The county responsibilities defined in Section 24 are presented in a matrix, and links each responsibility with a systems issue, and potential outcome measures. The first part of the matrix covers the realm of public health and the second part of the matrix addresses mental health and addictions.

Discussion ensued regarding the draft document. Board members expressed a preference for additional time to review the document and discuss it with their county commissions and county courts before agreeing to an AOC board endorsement. Commissioner Craig Pope suggested that until the full membership has had an opportunity to review the CCO draft document it could state “draft” and allow the AOC logo to be placed upon it.

Commissioner Annabelle Jaramillo requested that "reference use for counties" be added to the document. Commissioner Stern stated that the CCO document is for informational guidance and not a position paper. She added that the paper could be helpful to counties in better understanding the issues

**Commissioner Stern moved to allow the use of the AOC logo with the addition of the words "reference use for counties" added to the document and technical edits corrected, seconded by Commissioner Sam Brentano. Motion carried.**

### ***NACo Nationwide LLC***

Mr. McArthur explained that AOC has an agreement with NACo to endorse the NACo Nationwide Retirement Solutions 457 deferred compensation plan. For several years, AOC has marketed the plan and received compensation for the endorsement.

NACo has now created NACo Nationwide LLC and request that all state associations become members by investing in the company. Other associations raised questions regarding the rules and regulations of the Securities and Exchange Commission. With this proposal, state associations could join for a fee and receive payments directly from the corporation. AOC legal counsel is researching how Oregon law applies to this limited liability corporation.

President Baney and Commissioner Stern raised legal and ethics questions about AOC becoming a member and endorsing one company over another i.e., Nationwide Retirement Solutions. Mr. McArthur said he would take these concerns under advisement and as the corporation evolves, he will return to the Board with more information.

With no further business, President Baney adjourned the meeting at 4:30 p.m.

**Association of Oregon Counties  
General Fund  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$362,754.00	\$497,682.00	(\$134,928.00)	137.2%	
County Dues		552,862.00	574,320.63	(21,458.63)	103.9%	552,862.29
Contract Payments		96,500.00	73,600.00	22,900.00	76.3%	71,711.02
Insurance Annuities		18,792.00	18,792.00		100.0%	16,792.00
Staff Services		226,235.00	176,534.00	49,701.00	78.0%	192,465.16
Interest Earnings		5,000.00	1,510.84	3,489.16	30.2%	3,309.38
Misc. Revenue		5,000.00	408.50	4,591.50	8.2%	32,462.52
Mental Health		22,000.00	12,350.40	9,649.60	56.1%	21,045.60
CLHO	200.00		300.00	(300.00)	0.0%	75.00
Human Services Contract		62,000.00	48,990.63	13,009.37	79.0%	60,763.32
PERS Contribution		60,000.00	65,404.00	(5,404.00)	109.0%	64,125.00
Video Lottery Defense Fund		20,000.00	28,380.98	(8,380.98)	141.9%	38,226.75
Grant Revenues			127,360.00	(127,360.00)	0.0%	
OACES Contribution		10,000.00	10,000.00		100.0%	10,000.00
Revenue Exchange		325,000.00		325,000.00	0.0%	320,000.00
Change in Investment in LGCT					0.0%	3,771.00
<b>Total Revenue</b>	<u>200.00</u>	<u>1,766,143.00</u>	<u>1,635,633.98</u>	<u>130,509.02</u>	<u>92.6%</u>	<u>1,387,609.04</u>
<b>Expenses</b>						
<b>Personal Services</b>						
Salaries	94,506.20	694,904.00	780,944.86	(86,040.86)	112.4%	752,390.98
Payroll Assessment	15,681.15	258,030.00	248,096.33	9,933.67	96.2%	228,884.53
Employee Insurance Annuities	1,566.00	18,792.00	18,792.00		100.0%	16,792.00
<b>Total Personal Services</b>	<u>111,753.35</u>	<u>971,726.00</u>	<u>1,047,833.19</u>	<u>(76,107.19)</u>	<u>107.8%</u>	<u>998,067.51</u>
<b>Materials and Services</b>						
Travel	322.86	70,000.00	85,625.54	(15,625.54)	122.3%	100,260.45
Contract Services	40.63	94,100.00	81,951.67	12,148.33	87.1%	87,219.06
Postage, Printing & Supplies	165.00	20,000.00	21,897.49	(1,897.49)	109.5%	20,801.51
Communications	1,496.64	21,000.00	24,741.15	(3,741.15)	117.8%	20,628.63
Audit & Insurance		9,000.00	9,849.12	(849.12)	109.4%	8,875.80
Auto Expense		15,000.00	14,875.71	124.29	99.2%	17,544.14
GF Staff Services			21,150.00	(21,150.00)	0.0%	10,195.16
Building Expense	3,507.80	75,000.00	77,110.68	(2,110.68)	102.8%	79,301.00
PERS Expense		50,000.00	2,430.00	47,570.00	4.9%	13,217.00
Legislative Expense		5,000.00	8,036.44	(3,036.44)	160.7%	978.56
CRP I.S. Services		4,000.00	10,819.12	(6,819.12)	270.5%	3,312.51
Misc. Expense		3,000.00	4,439.32	(1,439.32)	148.0%	3,274.05
Video Lottery Defense		20,000.00	2,506.70	17,493.30	12.5%	5,434.12
Grant Expenses			128,712.65	(128,712.65)	0.0%	727.27
Data Processing		28,000.00	4,083.40	23,916.60	14.6%	4,375.27
Contingency		50,000.00		50,000.00	0.0%	
Capital Outlay		6,000.00	10,072.93	(4,072.93)	167.9%	3,636.67
Depreciation Expense					0.0%	29,113.22
<b>Total Materials and Services</b>	<u>5,532.93</u>	<u>470,100.00</u>	<u>508,301.92</u>	<u>(38,201.92)</u>	<u>108.1%</u>	<u>408,894.42</u>
<b>Total Expenses</b>	<u>117,286.28</u>	<u>1,441,826.00</u>	<u>1,556,135.11</u>	<u>(114,309.11)</u>	<u>107.9%</u>	<u>1,406,961.93</u>
<b>Current Year Excess/(Deficit)</b>	<u>(117,086.28)</u>	<u>324,317.00</u>	<u>79,498.87</u>	<u>244,818.13</u>	<u>24.5%</u>	<u>(19,352.89)</u>
<b>Budgeted Carryover</b>						
Year End Balance		138,426.00		138,426.00	0.0%	
Year End Balance - Video Lottery Defense		39,969.00		39,969.00	0.0%	
Year End Balance - PERS Fund		100,787.00		100,787.00	0.0%	
Year End Balance - Operating Reserves		45,134.00		45,134.00	0.0%	

**Association of Oregon Counties  
Public Lands  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$59,512.00	\$67,338.00	(\$7,826.00)	113.2%	
County Dues		156,959.00	155,442.28	1,516.72	99.0%	152,419.13
Staff Services		26,400.00	19,800.00	6,600.00	75.0%	26,400.00
OSACA Contribution		6,000.00	6,000.00		100.0%	6,000.00
OACTC Contribution		2,000.00		2,000.00	0.0%	2,000.00
<b>Total Revenue</b>		<b>250,871.00</b>	<b>248,580.28</b>	<b>2,290.72</b>	<b>99.1%</b>	<b>186,819.13</b>
<b>Expenses</b>						
<b>Personal Services</b>						
Salaries	7,920.00	95,040.00	96,040.00	(1,000.00)	101.1%	95,040.00
Payroll Assessment	3,724.62	43,606.00	38,472.90	5,133.10	88.2%	42,419.96
<b>Total Personal Services</b>	<b>11,644.62</b>	<b>138,646.00</b>	<b>134,512.90</b>	<b>4,133.10</b>	<b>97.0%</b>	<b>137,459.96</b>
<b>Materials and Services</b>						
Travel		17,000.00	10,167.80	6,832.20	59.8%	17,680.23
Contract Services	3.69	200.00	1,839.97	(1,639.97)	920.0%	929.07
Postage, Printing & Supplies	11.00	1,200.00	1,207.18	(7.18)	100.6%	893.83
Communications	154.85	2,780.00	1,551.86	1,228.14	55.8%	1,322.38
Audit & Insurance		1,000.00	1,065.83	(65.83)	106.6%	932.26
Auto Expense	71.60	850.00	1,697.79	(847.79)	199.7%	2,004.30
GF Staff Services		26,530.00	19,899.00	6,631.00	75.0%	25,764.00
Legislative Expense		1,800.00	711.55	1,088.45	39.5%	61.80
Misc. Expense		100.00	249.45	(149.45)	249.5%	124.51
Data Processing		848.00	290.66	557.34	34.3%	227.02
Contingency		15,000.00		15,000.00	0.0%	
Capital Outlay		333.00	65.78	267.22	19.8%	253.80
<b>Total Materials and Services</b>	<b>241.14</b>	<b>67,641.00</b>	<b>38,746.87</b>	<b>28,894.13</b>	<b>57.3%</b>	<b>50,193.20</b>
<b>Total Expenses</b>	<b>11,885.76</b>	<b>206,287.00</b>	<b>173,259.77</b>	<b>33,027.23</b>	<b>84.0%</b>	<b>187,653.16</b>
<b>Current Year Excess/(Deficit)</b>	<b>(11,885.76)</b>	<b>44,584.00</b>	<b>75,320.51</b>	<b>(30,736.51)</b>	<b>168.9%</b>	<b>(834.03)</b>
<b>Budgeted Carryover Year End Balance</b>		<b>44,584.00</b>		<b>44,584.00</b>	<b>0.0%</b>	

**Association of Oregon Counties  
CFTLC  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$22,857.00	\$38,606.00	(\$15,749.00)	168.9%	
County Dues		<u>56,400.00</u>	<u>56,403.00</u>	<u>(3.00)</u>	<u>100.0%</u>	<u>56,401.13</u>
<b>Total Revenue</b>		<u>79,257.00</u>	<u>95,009.00</u>	<u>(15,752.00)</u>	<u>119.9%</u>	<u>56,401.13</u>
<b>Personal Services</b>						
<b>Materials and Services</b>						
Contract Services		30,000.00	8,647.66	21,352.34	28.8%	15,493.82
PL Staff Services		26,400.00	19,800.00	6,600.00	75.0%	26,400.00
Misc. Expense		<u>1,300.00</u>		<u>1,300.00</u>	<u>0.0%</u>	<u>768.60</u>
<b>Total Materials and Services</b>		<u>57,700.00</u>	<u>28,447.66</u>	<u>29,252.34</u>	<u>49.3%</u>	<u>42,662.42</u>
<b>Total Expenses</b>		<u>57,700.00</u>	<u>28,447.66</u>	<u>29,252.34</u>	<u>49.3%</u>	<u>42,662.42</u>
<b>Current Year Excess/(Deficit)</b>		21,557.00	66,561.34	(45,004.34)	308.8%	13,738.71
<b>Budgeted Carryover Year End Balance</b>		<u>21,557.00</u>		<u>21,557.00</u>	<u>0.0%</u>	

**Association of Oregon Counties  
Roads Fund  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$480,000.00	\$544,119.00	(\$64,119.00)	113.4%	
Contract Payments		74,000.00	30,750.00	43,250.00	41.6%	59,000.00
Road Revenue Exchange		1,265,000.00	1,265,000.00		100.0%	1,305,000.00
Interest Earnings		3,000.00	2,516.49	483.51	83.9%	4,186.70
Misc. Revenue		1,000.00		1,000.00	0.0%	150.00
CRP Services to AOC		4,000.00	12,674.83	(8,674.83)	316.9%	3,665.10
<b>Total Revenue</b>		<b>1,827,000.00</b>	<b>1,855,060.32</b>	<b>(28,060.32)</b>	<b>101.5%</b>	<b>1,372,001.80</b>
<b>Expenses</b>						
<b>Personal Services</b>						
Salaries	58,575.40	710,000.00	697,334.86	12,665.14	98.2%	676,372.04
Payroll Assessment	12,729.82	275,000.00	236,313.67	38,686.33	85.9%	250,234.24
<b>Total Personal Services</b>	<b>71,305.22</b>	<b>985,000.00</b>	<b>933,648.53</b>	<b>51,351.47</b>	<b>94.8%</b>	<b>926,606.28</b>
<b>Materials and Services</b>						
Travel		76,000.00	34,924.60	41,075.40	46.0%	44,949.82
Membership					0.0%	396.00
Contract Services	1,140.79	81,000.00	24,336.47	56,663.53	30.0%	56,365.21
Postage, Printing & Supplies	73.54	8,000.00	6,646.77	1,353.23	83.1%	5,166.18
Communications	1,173.92	14,000.00	10,728.50	3,271.50	76.6%	9,675.56
Audit & Insurance		9,000.00	8,951.63	48.37	99.5%	7,787.18
Auto Expense	72.15	20,000.00	12,587.19	7,412.81	62.9%	13,887.65
GF Staff Services		96,000.00	67,742.00	28,258.00	70.6%	79,622.00
Building Expense	2,338.53	65,000.00	42,485.60	22,514.40	65.4%	45,917.59
Technology Transfer		109,000.00	109,000.00		100.0%	109,000.00
Legislative Expense		5,000.00	3,146.17	1,853.83	62.9%	347.18
Misc. Expense		2,000.00	3,658.06	(1,658.06)	182.9%	1,591.79
Data Processing	680.00	20,000.00	9,358.11	10,641.89	46.8%	9,977.91
Contingency		100,000.00		100,000.00	0.0%	
Capital Outlay		27,000.00	6,242.17	20,757.83	23.1%	3,096.36
Training	694.24	10,000.00	9,806.03	193.97	98.1%	7,989.40
<b>Total Materials and Services</b>	<b>6,173.17</b>	<b>642,000.00</b>	<b>349,613.30</b>	<b>292,386.70</b>	<b>54.5%</b>	<b>395,769.83</b>
<b>Total Expenses</b>	<b>77,478.39</b>	<b>1,627,000.00</b>	<b>1,283,261.83</b>	<b>343,738.17</b>	<b>78.9%</b>	<b>1,322,376.11</b>
<b>Current Year Excess/(Deficit)</b>	<b>(77,478.39)</b>	<b>200,000.00</b>	<b>571,798.49</b>	<b>(371,798.49)</b>	<b>285.9%</b>	<b>49,625.69</b>
<b>Budgeted Carryover</b>						
<b>Year End Balance</b>		<b>200,000.00</b>		<b>200,000.00</b>	<b>0.0%</b>	

**Association of Oregon Counties  
Forest  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$41,553.00	\$118,872.00	(\$77,319.00)	286.1%	
County Dues		218,669.00	208,030.00	10,639.00	95.1%	140,056.16
Interest Earnings		500.00	297.32	202.68	59.5%	391.21
Misc. Revenue					0.0%	16,296.00
<b>Total Revenue</b>		<b>260,722.00</b>	<b>327,199.32</b>	<b>(66,477.32)</b>	<b>125.5%</b>	<b>156,743.37</b>
<b>Personal Services</b>						
<b>Materials and Services</b>						
Travel		3,000.00		3,000.00	0.0%	
Contract Services		220,000.00	204,974.30	15,025.70	93.2%	156,305.41
Postage, Printing & Supplies					0.0%	95.75
Communications			440.79	(440.79)	0.0%	653.56
GF Staff Services		4,172.00	3,132.00	1,040.00	75.1%	4,056.00
Misc. Expense		500.00		500.00	0.0%	
Contingency		10,000.00		10,000.00	0.0%	
<b>Total Materials and Services</b>		<b>237,672.00</b>	<b>208,547.09</b>	<b>29,124.91</b>	<b>87.7%</b>	<b>161,110.72</b>
<b>Total Expenses</b>		<b>237,672.00</b>	<b>208,547.09</b>	<b>29,124.91</b>	<b>87.7%</b>	<b>161,110.72</b>
<b>Current Year Excess/(Deficit)</b>		<b>23,050.00</b>	<b>118,652.23</b>	<b>(95,602.23)</b>	<b>514.8%</b>	<b>(4,367.35)</b>
<b>Budgeted Carryover Year End Balance</b>		<b>23,051.00</b>		<b>23,051.00</b>	<b>0.0%</b>	

**Association of Oregon Counties  
Business Enterprises  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$277,541.00	\$364,198.00	(\$86,657.00)	131.2%	
Contract Payments		30,000.00		30,000.00	0.0%	11,000.00
NACo Royalties		250.00	24,988.36	(24,738.36)	9995.3%	56,890.53
US Communities		1,500.00	4,704.39	(3,204.39)	313.6%	2,322.41
Insurance Trust Administration		305,000.00	305,064.34	(64.34)	100.0%	302,987.33
Misc. Revenue		2,000.00	25,537.50	(23,537.50)	1276.9%	23,699.34
Business Partnership		10,000.00	29,000.00	(19,000.00)	290.0%	4,973.50
Grant Revenues		120,000.00	59,169.00	60,831.00	49.3%	82,754.00
<b>Total Revenue</b>		<b>746,291.00</b>	<b>812,661.59</b>	<b>(66,370.59)</b>	<b>108.9%</b>	<b>484,627.11</b>
<b>Personal Services</b>						
<b>Materials and Services</b>						
Revenue Transfer		325,000.00		325,000.00	0.0%	320,000.00
Travel		8,000.00	5,090.00	2,910.00	63.6%	8,391.50
Contract Services			19,126.00	(19,126.00)	0.0%	18,000.00
GF Staff Services		50,000.00	37,503.00	12,497.00	75.0%	38,004.00
Misc. Expense		1,000.00	1,000.00		100.0%	
Grant Expenses		120,000.00	74,631.66	45,368.34	62.2%	72,079.80
Contingency		10,000.00		10,000.00	0.0%	
<b>Total Materials and Services</b>		<b>514,000.00</b>	<b>137,350.66</b>	<b>376,649.34</b>	<b>26.7%</b>	<b>456,475.30</b>
<b>Total Expenses</b>		<b>514,000.00</b>	<b>137,350.66</b>	<b>376,649.34</b>	<b>26.7%</b>	<b>456,475.30</b>
<b>Current Year Excess/(Deficit)</b>		<b>232,291.00</b>	<b>675,310.93</b>	<b>(443,019.93)</b>	<b>290.7%</b>	<b>28,151.81</b>
<b>Budgeted Carryover Year End Balance</b>		<b>232,291.00</b>		<b>232,291.00</b>	<b>0.0%</b>	

**Association of Oregon Counties  
Education, Training & Programs  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$6,752.00	\$9,338.00	(\$2,586.00)	138.3%	
County College		6,000.00	2,500.00	3,500.00	41.7%	2,250.00
Scholarships & Donations		1,000.00	25,000.00	(24,000.00)	2500.0%	25,000.00
Revenue Exchange		20,000.00		20,000.00	0.0%	
<b>Total Revenue</b>		<b>33,752.00</b>	<b>36,838.00</b>	<b>(3,086.00)</b>	<b>109.1%</b>	<b>27,250.00</b>
<b>Personal Services</b>						
<b>Materials and Services</b>						
GF Staff Services		8,000.00	6,003.00	1,997.00	75.0%	7,500.00
County College Expense		12,000.00	7,575.89	4,424.11	63.1%	3,053.62
Training		8,000.00	5,000.00	3,000.00	62.5%	8,610.00
Scholarships & Donations		2,000.00	1,769.40	230.60	88.5%	
<b>Total Materials and Services</b>		<b>30,000.00</b>	<b>20,348.29</b>	<b>9,651.71</b>	<b>67.8%</b>	<b>19,163.62</b>
<b>Total Expenses</b>		<b>30,000.00</b>	<b>20,348.29</b>	<b>9,651.71</b>	<b>67.8%</b>	<b>19,163.62</b>
Current Year Excess/(Deficit)		3,752.00	16,489.71	(12,737.71)	439.5%	8,086.38
Budgeted Carryover Year End Balance		3,752.00		3,752.00	0.0%	

**Association of Oregon Counties  
Conference  
Financial Statement  
For the Twelve Months Ending December 31, 2011**

	December Actual	Annual Budget	YTD Actual	Remaining Budget	%of Budget Used	2010 Actual
<b>Revenue</b>						
Beginning Balance		\$97,303.00	\$111,724.00	(\$14,421.00)	114.8%	
Misc. Revenue		2,000.00	37.16	1,962.84	1.9%	
Registration		82,000.00	28,842.00	53,158.00	35.2%	81,204.00
Exhibitors		20,000.00	5,295.00	14,705.00	26.5%	20,581.50
Sponsor Contributions		10,000.00	5,315.00	4,685.00	53.2%	16,500.00
Meals		3,000.00	270.00	2,730.00	9.0%	4,040.00
Fellowship Breakfast			293.00	(293.00)	0.0%	352.00
<b>Total Revenue</b>		<b>214,303.00</b>	<b>151,776.16</b>	<b>62,526.84</b>	<b>70.8%</b>	<b>122,677.50</b>
<b>Personal Services</b>						
<b>Materials and Services</b>						
Meals		53,000.00	9,370.09	43,629.91	17.7%	45,882.08
Banquet Entertainment		6,000.00	10,723.37	(4,723.37)	178.7%	11,219.33
Staff Expense		3,000.00	2,034.80	965.20	67.8%	10,442.00
Travel			292.89	(292.89)	0.0%	1,071.22
Contract Services					0.0%	1,336.88
Postage, Printing & Supplies		10,000.00	3,502.36	6,497.64	35.0%	7,461.38
Audit & Insurance			1,700.00	(1,700.00)	0.0%	1,300.00
Auto Expense			761.40	(761.40)	0.0%	1,286.55
GF Staff Services		28,140.00	21,105.00	7,035.00	75.0%	27,324.00
Misc. Expense		15,000.00	5,206.39	9,793.61	34.7%	30,141.87
Data Processing			489.55	(489.55)	0.0%	133.10
Contingency		15,000.00		15,000.00	0.0%	
<b>Total Materials and Services</b>		<b>130,140.00</b>	<b>55,185.85</b>	<b>74,954.15</b>	<b>42.4%</b>	<b>137,598.41</b>
<b>Total Expenses</b>		<b>130,140.00</b>	<b>55,185.85</b>	<b>74,954.15</b>	<b>42.4%</b>	<b>137,598.41</b>
<b>Current Year Excess/(Deficit)</b>		<b>84,163.00</b>	<b>96,590.31</b>	<b>(12,427.31)</b>	<b>114.8%</b>	<b>(14,920.91)</b>
<b>Budgeted Carryover</b>						
<b>Year End Balance</b>		<b>69,163.00</b>		<b>69,163.00</b>	<b>0.0%</b>	

Association of Oregon Counties  
BALANCE SHEET  
For the Twelve Months Ending December 31, 2011

		<u>YEAR TO DATE</u> <u>ACTUAL</u>
ASSETS		
CURRENT ASSETS		
Petty Cash	\$100.00	
Checking	594,643.00	
Pre-paid Expenses	2,587.60	
Savings	996,440.46	
Due from General Fund	20,393.27	
Accounts Receivable	<u>288,592.83</u>	
TOTAL CURRENT ASSETS		1,902,757.16
FIXED ASSETS		
Furniture & Equipment	218,494.88	
Investment in Local Gov Center	872,953.00	
Accumulated Depreciation	<u>(162,930.41)</u>	
TOTAL FIXED ASSETS		928,517.47
Deferred Compensation Assets		1,830,223.19
Amount to Be Provided for Comp		<u>111,109.46</u>
TOTAL ASSETS		<u><u>4,772,607.28</u></u>
LIABILITIES AND EQUITY		
LIABILITIES		
Accrued Vacation Pay	126,799.23	
Payroll Deductions	11,198.35	
Deferred Income	178,440.49	
Due to Road Fund	20,393.27	
Deferred Compensation Payable	<u>1,805,772.03</u>	
TOTAL LIABILITIES		2,142,603.37
FUND BALANCES		
Invested in Fixed Assets	53,763.84	
Equity in Local Government Cent	869,182.00	
Supplemental Life Insurance	13,316.00	
Fund Balance	(6,480.32)	
Current Year Excess/(Deficit)	<u>1,700,222.39</u>	
TOTAL FUND BALANCES		<u>2,630,003.91</u>
TOTAL LIABILITIES AND EQUIT		<u><u>4,772,607.28</u></u>

Date: January 9, 2012  
To: Board of Directors  
From: Mike McArthur, executive director  
Subject: Prescription drug programs  
Staff: Cara Fischer, deputy executive director

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**Requested Action:**

Consider AOC endorsement of prescription drug programs for county constituents.

**Background:**

At its December 12, 2011, meeting the board was made aware of a request by Coast2Coast, a prescription drug program for county constituents, for AOC to endorse its product. NACo Board of Directors member Commissioner Tony Hyde objected to the proposal and urged that the board hear from NACo about its endorsed prescription drug program before making a decision. NACo has a contractual relationship with CVS Caremark.


NACo staff person Andrew Goldschmidt and Brad Stone of CVS Caremark will attend the January meeting to make a presentation.

**NACo** National Association of Counties

## NACo Prescription Discount Card Program Overview

**Andrew S. Goldschmidt**, CAE, MBA, Director, Membership Marketing, NACo—National Association of Counties  
**Brad Stone**, Regional Vice President, Consumer Programs, CVS Caremark

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**NACo** National Association of Counties  
The Voice of America's Counties

## A Historical Background

- Program Idea to Fruition
- NACo's Process to Create the Program
- Committee Review, RFP, Finalist Interviews, Pilot Stage of the Program
- Early Success Resulted in NACo Board Approval for a Full Rollout of the Program

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**NACo** National Association of Counties  
The Voice of America's Counties

## Where We Are At Today

- Since December 2004:
  - 1436 counties have joined the NACo Prescription Discount Card Program
  - 35.3 million prescriptions have been processed
  - \$441.2 million have been saved

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## NACo Prescription Drug Discount Card

- CVS Caremark Experience
- Who can use a prescription discount card
- Retail Provider Network
- Mail Service
- Specialty Pharmacy
- Service
- Program Participant Materials
- Real Value
- Program Participant Benefits
- County Benefits
- Next Steps

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## CVS Caremark Experience

- CVS Caremark has administered prescription discount card programs since 1992
  - Processed more than 19 million discount card program claims in 2011 across book of business
  - Currently more than 18 million discount card program participants
  - CVS Caremark is Ranked 19th on Fortune 500 for 2011
  - CVS Caremark is the number one provider of prescriptions in the nation – more than One Billion prescriptions filled or managed annually
  - CVS Caremark administers more than 200 prescription discount card programs

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## Who Can Use a Prescription Discount Card

The NACo prescription discount card can be used anytime a prescription is not covered by insurance – even for pets!

- Uninsured
- When a drug is not covered:
  - Underinsured
  - Medicare Plan D participants non-covered drugs
  - All Prescription Plans
- Pet prescriptions

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## Program Participant Benefits

- **Ease**
  - CVS Caremark name is universally recognized by retail pharmacies
- **Choice**
  - Accepted at more than 60,000 chain and independent pharmacies nationwide
- **Recognized program**
  - Operational since 1992, currently servicing millions of program participants
- **Savings**
  - An average of 24% off regular retail pharmacy price
- **No paperwork**
  - Discount provided at point of service
  - Automatic enrollment

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## Retail Provider Network

- "Pharmacy-friendly" network contracting philosophy
  - More than 60,000 participating pharmacies nationwide
- All major chain pharmacies participate, including: CVS, Rite-Aid, Walgreens, and Kroger
- Solid reputation with retailers since 1969
  - Agreement to accept the prescription drug discount card
  - Acceptance of online claims processing system

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## Mail Service and Specialty Pharmacy Programs

- Mail service program participants receive:
  - Mail service delivery to location of program participant's choice
  - Toll-free phone number to CVS Caremark Customer Care
  - Convenient refill options through mail, via telephone or online
  - Access to a registered pharmacist 24 hours a day
- Specialty program participants receive:
  - Discounts on high-cost specialty medications
  - Access to toll-free phone number to clinical support staff
  - Mail service convenience
  - Coordination of care

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**NACO** National Association of Counties  
The Voice of America's Counties

## Real Value

- Full complement of capabilities
  - Retail discounts
  - Mail service discounts
  - Specialty discounts
  - Manufacturer discounts on select products shared with program participants

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**NACO** National Association of Counties  
The Voice of America's Counties

## Real Value (cont.)

- "Lower of" pricing model
  - Designed to provide the best pricing available to cash paying program participant by utilizing a "lower-of" (MAC, usual and customary, ingredient cost, network pricing)
- On select drugs, additional point-of-sale (POS) discounts may apply.
  - These additional POS discounts are shared with program participants
- CVS Caremark works with pharmacies and manufacturers to provide cost-effective medicines for cash paying program participants

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**NACO** National Association of Counties  
The Voice of America's Counties

## Real Value -- NACo Program 2011

- Average savings of 27.3%
- Average savings of \$13.59 per prescription
- Generic medicine average savings
  - 35.2% off retail
  - \$12.22 per prescription
- Brand medicine average savings
  - 15.9% off retail
  - \$21.46 per prescription
- Actual savings varies by drug and pharmacy
  - Based on all claims adjudicated by CVS Caremark for NACo 1/1/2011 through 11/30/2011

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# National Association of Counties

*Market Review of NACo's discount prescription drug program  
compared to Coast2Coast*

*December 1, 2010*



## Market Check of Discount Prescription Drug Pricing

Aon Hewitt was engaged by NACo to provide a quick independent review of the pricing available through NACo's discount Rx program provided by CVS Caremark, compared to the pricing available through Coast2Coast. Coast2Coast is a private label discount card offered by Financial Marketing Concepts, Inc. and uses WellDyne's PBM contracts.

Due to the expedited timeline requested by NACo, Aon Hewitt used the on-line pricing tools available on each of the vendor's websites. The top twenty brand name and the top twenty generic prescriptions filled in October 2010 were used as a basis of comparison, and are shown below. Aon Hewitt compared this list to typical marketplace data and was comfortable that it provided a representative sample. In the sample used for this comparison, brand name drugs represented 45% of the total prescriptions.

### National Association of Counties Top Twenty Brand and Generic Drugs

Brand/Generic	Drug Label Name	NDC11	Quantity
BRAND	PROAIR HFA 90 MCG INHALER	59310057920	8.5
BRAND	VENTOLIN HFA 90 MCG INHALER	00173068220	18
BRAND	LEXAPRO 10 MG TABLET	00456201001	30
BRAND	FLUVIRIN 2010-2011 VIAL	66521011310	0.5
BRAND	LOESTRIN 24 FE TABLET	00430053014	28
BRAND	CYMBALTA 60 MG CAPSULE	00002327030	30
BRAND	SINGULAIR 10 MG TABLET	00006011731	30
BRAND	NEXIUM 40 MG CAPSULE	00186504031	30
BRAND	VIAGRA 100 MG TABLET	00069422030	5
BRAND	CRESTOR 10 MG TABLET	00310075190	30
BRAND	ADVAIR 250-50 DISKUS	00173069600	60
BRAND	SYNTHROID 75 MCG TABLET	00074518213	30
BRAND	LIPITOR 20 MG TABLET	00071015623	30
BRAND	CELEBREX 200 MG CAPSULE	00025152531	30
BRAND	DIOVAN 160 MG TABLET	00078035934	30
BRAND	VIGAMOX 0.5% EYE DROPS	00065401303	3
BRAND	AMBIEN CR 12.5 MG TABLET	00024552131	30
BRAND	DIOVAN 80 MG TABLET	00078035834	30
BRAND	DEXILANT DR 60 MG CAPSULE	64764017530	30
BRAND	SYNTHROID 150 MCG TABLET	00074706913	30

Brand/Generic	Drug Label Name	NDC11	Quantity
GENERIC	TEMAZEPAM 30 MG CAPSULE	00378505001	30
GENERIC	HYDROCHLOROTHIAZIDE 25 MG TAB	00603385632	30
GENERIC	ALPRAZOLAM 0.5 MG TABLET	00378400305	90
GENERIC	FOLIC ACID 1 MG TABLET	65162036111	30
GENERIC	CLONAZEPAM 1 MG TABLET	00093083301	90
GENERIC	ALPRAZOLAM 1 MG TABLET	00378400505	90
GENERIC	CARISOPRODOL 350 MG TABLET	00603258228	90
GENERIC	METOPROLOL TARTRATE 50 MG TAB	00378003210	60
GENERIC	HYDROCODON-ACETAMINOPHEN 5-500	00406035705	90
GENERIC	AMPHETAMINE SALTS 20 MG TABLET	00555097302	60
GENERIC	DIAZEPAM 5 MG TABLET	00378034505	60
GENERIC	CYCLOBENZAPRINE 10 MG TABLET	00378075110	30
GENERIC	CIPROFLOXACIN HCL 500 MG TAB	16252051501	20
GENERIC	FUROSEMIDE 40 MG TABLET	00378021610	30
GENERIC	HYDROCODON-ACETAMINOPHN 10-325	00603388728	120
GENERIC	CLONAZEPAM 0.5 MG TABLET	00093083201	90
GENERIC	TRAZODONE 100 MG TABLET	50111043401	30
GENERIC	NAPROXEN 500 MG TABLET	00093014905	60
GENERIC	HYDROCODON-ACETAMINOPH 7.5-500	00406035805	60
GENERIC	DOXYCYCLINE HYCLATE 100 MG CAP	00143314205	60

In addition to the online pricing tools, Aon Hewitt reviewed pricing data provided by CVS Caremark on the average member paid per prescription along with Aon Hewitt pharmacy pricing data. Aon reviewed pricing for five zip codes around the country, but found absolutely no difference in pricing by zip code. For Coast2 Coast, it was noted that the pricing at Walgreen's was typically 2% higher for brand name drugs than the pricing for other pharmacies. Aon Hewitt based the pricing comparison on pricing for pharmacies other than Walgreen's. The Coast2Coast website did not include pricing for inhalers or liquids. Pricing for these drugs was provided directly by WellDyne through Financial Marketing Concepts. Aon Hewitt has questioned the pricing for Advair supplied by WellDyne as it was somewhat lower than our benchmark pricing. As such we have shown two comparisons, one with Advair and one without.

The table below illustrates the details per Rx for the pricing sample, plus calculates an overall cost based on the number of prescriptions filled for each drug. Based on this sample, Coast2Coast pricing was 1.7% lower than CVSCaremark's with Coast2Coast typically lower on brand drugs and CVSCaremark lower on generics. Excluding Advair from the comparison, Coast2Coast pricing was 0.9% lower than CVSCaremark's. Using CVSCaremark's data on average member cost per script, CVSCaremark's pricing was virtually identical to Coast2Coast's.



**National Association of Counties  
Comparison of Discount Prescription Drug Pricing**

Drug Label Name	Type	Days Supply	QTY	Scripts	Per Script Cost		Total Cost	
					Coast2 Coast	Caremark	Coast2 Coast	Caremark
SYNTHROID 75 MCG TABLET	Brand	30	30	418	\$21.84	\$20.35	\$9,129	\$8,506
SYNTHROID 150 MCG TABLET	Brand	30	30	271	\$25.63	\$24.33	\$6,946	\$6,593
DIOVAN 80 MG TABLET	Brand	30	30	288	\$77.14	\$78.31	\$22,216	\$22,553
DIOVAN 160 MG TABLET	Brand	30	30	347	\$82.52	\$83.94	\$28,634	\$29,127
VIAGRA 100 MG TABLET	Brand	30	5	512	\$92.45	\$94.34	\$47,334	\$48,302
LEXAPRO 10 MG TABLET	Brand	30	30	753	\$101.99	\$104.34	\$76,798	\$78,568
CELEBREX 200 MG CAPSULE	Brand	30	30	358	\$118.73	\$121.88	\$42,505	\$43,633
DEXILANT DR 60 MG CAPSULE	Brand	30	30	283	\$123.03	\$125.01	\$34,817	\$35,378
CRESTOR 10 MG TABLET	Brand	30	30	487	\$124.80	\$128.25	\$60,778	\$62,458
SINGULAIR 10 MG TABLET	Brand	30	30	554	\$129.77	\$133.46	\$71,893	\$73,937
LIPITOR 20 MG TABLET	Brand	30	30	405	\$136.98	\$141.00	\$55,477	\$57,105
CYMBALTA 60 MG CAPSULE	Brand	30	30	560	\$137.76	\$146.93	\$77,146	\$82,281
NEXIUM 40 MG CAPSULE	Brand	30	30	545	\$171.53	\$177.22	\$93,484	\$96,585
AMBIEN CR 12.5 MG TABLET	Brand	30	30	292	\$179.23	\$185.26	\$52,335	\$54,096
ADVAIR 250-50 DISKUS	Brand	30	60	459	\$194.19	\$217.15	\$89,134	\$99,672
FLUVIRIN 2010-2011 VIAL	Brand	30	0.5	625	\$11.86	\$15.43	\$7,411	\$9,644
LOESTRIN 24 FE TABLET	Brand	30	28	619	\$69.11	\$73.02	\$42,780	\$45,199
PROAIR HFA 90 MCG INHALER	Brand	30	8.5	3,253	\$36.29	\$32.46	\$118,040	\$105,592
VENTOLIN HFA 90 MCG INHALER	Brand	30	18	2,146	\$31.99	\$37.61	\$68,641	\$80,711
VIGAMOX 0.5% EYE DROPS	Brand	30	3	308	\$77.34	\$81.31	\$23,821	\$25,043
HYDROCHLOROTHIAZIDE 25 MG TAB	Generic	30	30	1,569	\$7.09	\$6.40	\$11,124	\$10,042
FUROSEMIDE 40 MG TABLET	Generic	30	30	633	\$7.55	\$6.70	\$4,779	\$4,241
DIAZEPAM 5 MG TABLET	Generic	30	60	701	\$8.24	\$7.98	\$5,776	\$5,594
TRAZODONE 100 MG TABLET	Generic	30	30	566	\$8.29	\$7.50	\$4,692	\$4,245
METOPROLOL TARTRATE 50 MG TAB	Generic	30	60	799	\$8.63	\$8.20	\$6,895	\$6,552
FOLIC ACID 1 MG TABLET	Generic	30	30	1,199	\$8.75	\$7.61	\$10,491	\$9,124
CIPROFLOXACIN HCL 500 MG TAB	Generic	30	20	634	\$9.14	\$14.94	\$5,795	\$9,472
TEMAZEPAM 30 MG CAPSULE	Generic	30	30	1,610	\$10.76	\$9.03	\$17,324	\$14,538
ALPRAZOLAM 0.5 MG TABLET	Generic	90	90	1,202	\$11.98	\$10.45	\$14,400	\$12,561
DOXYCYCLINE HYCLATE 100 MG CAP	Generic	30	60	119	\$12.07	\$10.06	\$1,436	\$1,197
CYCLOBENZAPRINE 10 MG TABLET	Generic	30	30	655	\$12.77	\$10.00	\$8,364	\$6,550
ALPRAZOLAM 1 MG TABLET	Generic	90	90	1,049	\$13.33	\$11.01	\$13,983	\$11,549
HYDROCODON-ACETAMINOPHEN 5-500	Generic	90	90	742	\$13.57	\$11.92	\$10,069	\$8,845
HYDROCODON-ACETAMINOPH 7.5-500	Generic	30	60	464	\$13.83	\$11.06	\$6,417	\$5,132
NAPROXEN 500 MG TABLET	Generic	30	60	487	\$14.41	\$12.32	\$7,018	\$6,000
CARISOPRODOL 350 MG TABLET	Generic	90	90	1,013	\$14.64	\$18.71	\$14,830	\$18,953
CLONAZEPAM 1 MG TABLET	Generic	90	90	1,161	\$15.02	\$7.59	\$17,438	\$8,812
CLONAZEPAM 0.5 MG TABLET	Generic	90	90	606	\$15.80	\$13.60	\$9,575	\$8,242
AMPHETAMINE SALTS 20 MG TABLET	Generic	30	60	735	\$32.84	\$40.59	\$24,137	\$29,834
HYDROCODON-ACETAMINOPHN 10-325	Generic	30	120	616	\$41.39	\$38.93	\$25,496	\$23,981
<b>Total</b>				<b>30,043</b>			<b>\$1,249,361.30</b>	<b>\$1,270,447.60</b>
<b>Total without Advair</b>							<b>\$1,160,227.55</b>	<b>\$1,170,775.75</b>

In conclusion, as none of this pricing is actually guaranteed and given the statistically small differences between these two vendors, Aon Hewitt considers the pricing available from Coast2Coast to be comparable, but no better than the pricing from CVSCaremark.

## Capabilities Overview

In addition to a review of pricing, NACo requested that Aon Hewitt provide an overview of capabilities of Coast2Coast compared to CVSCaremark. Given the limited time available to provide this review, Aon Hewitt relied on conversations and e-mail with Marty Dettelbach of Financial Marketing Concepts and Aaron King of Caremark for most of this information.

As noted earlier, Coast2Coast is a private label discount card offered by Financial Marketing Concepts, Inc. and uses WellDyne's PBM contracts. Financial Marketing Concepts Inc. also markets a second private label card called US Pharmacy Card, which is marketed to affinity sponsors. The two cards generate approximately 300,000 filled prescriptions per month. In contrast, the Caremark discount card program processes about 1.6 million prescriptions per month.

In a review of prescription benefit managers (PBMs) done by Drug Benefit News (AIS Health) in 2009, CVSCaremark was ranked as the 3<sup>rd</sup> largest PBM based on total drug spend. WellDyne was not included as one of the top ten. Typically, the larger the PBM, the better they are able to negotiate discounts with pharmacies and drug manufacturers. However, based on the information reviewed in

the pricing analysis, it appears that WellDyne's discounts are comparable with CVSCaremark for their discount card product.

The Coast2Coast card is offered through approximately 50 counties, cities and townships. The names of those counties are available on the Coast2Coast website. In addition, Financial Marketing Concepts provided Aon Hewitt with contact information for several of their current county customers including some who switched from the NACo program. Aon Hewitt has not contacted any of these customers, but can do so if requested by NACo. Financial Marketing Concepts has claimed "the savings percentages for our program is almost double the difference for many of those counties" [that switched from NACo's program].

Customer service is provided at Financial Marketing Concepts headquarters in Florida. Customer service hours are generally 8 AM to 6 or 7 PM Eastern Time. After hours, calls are rolled to a separate call center.

Financial Marketing Concepts provided Aon Hewitt with copies of some sample monthly reports provided to county sponsors. Reports provided included information on total dollars, savings, number of prescriptions and royalty payments. It is assumed that reports on prescription drug utilization such as names and types of drugs is also available, but this data was not requested at this time.

Financial Marketing Concepts provides all of the distribution and marketing materials for the Coast2Coast card. They have a full-time implementation team (mainly employees with a few contractors) who are deployed to the county to assist in implementation and marketing the card. It was implied in a phone conversation that Financial Marketing Concepts provided significantly more assistance with implementation than CVSCaremark. Aon Hewitt is unable to validate this statement.

As NACo is aware, Financial Marketing Concepts provides royalty payment to sponsoring counties based on the number of prescriptions filled by residents. Aon Hewitt was not asked to evaluate the compensation arrangements, but this is noted as it was specifically mentioned by Financial Marketing Concepts.

## **Overall Conclusion**

Changing vendors for the NACo discount prescription card program would be a major undertaking, and should only be considered if there was a substantial upside to this change for both the member counties and for NACo. Based on Aon Hewitt's limited review, we do not see enough compelling reasons to contemplate moving to Coast2Coast. Despite claims by Financial Marketing Concepts that the Coast2Coast card has better prescription drug discounts, the sampling comparison, using NACo's own experience, did not generate any extra savings. In addition, with our limited review of capabilities, we did not see any services that would be improved with making a switch. The only extra benefit that Coast2Coast provides is royalty payments to the Counties.



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Date: January 9, 2012  
To: Board of Directors  
From: Mike McArthur, executive director  
Subject: Appoint task force on county assumption of juvenile parole & probation  
Staff: Paul Snider

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**Requested Action:** Appoint a task force on juvenile parole and probation. The task force will be chaired by Commissioners Jay Dixon and Jim Bernard and will report to the AOC Public Safety steering committee.

**Background:** Some counties have expressed an interest in assuming responsibility for juvenile parole and probation from the Oregon Youth Authority. Other counties have expressed concern. There is no formal proposal at this time, but juvenile directors are in discussion. It is prudent for AOC to take the lead in convening the affected parties to provide advice to the AOC Public Safety steering committee and the AOC Legislative committee.

Date: January 9, 2012  
To: Board of Directors  
From: Mike McArthur, executive director  
Subject: ICMA Vantage Retirement Health Savings Plan

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**Information Only:** ICMA Vantage Retirement Health Savings Plan program.

**Background:** The Association of Oregon Counties provides an incentive to employees to continue employment with AOC to an employee's full retirement age. The program is defined in the AOC Personnel Manual (attached).

Regular full-time and regular part-time employees working 20 or more hours per week are eligible for the long-term disability insurance on the first day of the month after 30 days of employment. The benefit costs for regular part-time employees are pro-rated according to the employee's regular work hours. An employee must use all sick leave and other salary continuation income payable to the employee before benefits are payable under the plan. The premium for this plan is paid by the AOC. For more information, see the AOC's long-term disability insurance policy. The terms and conditions of the plan are governed by the policy.

#### **Retirement Plan**

Regular full-time and regular part-time employees working 20 or more hours per week become a participant in the AOC Employees Pension Plan on the first day of the month after completing six months of service and have attained the age of 20 years. The retirement plan contribution is 15% of the employees' wages, employees pay 6% and the employer pays 9% of the contribution.

#### **Retirement Health Savings Plan**

Regular full-time and regular part-time employees working 20 or more hours per week may opt to participate in the Association of Oregon Counties Retirement Health Saving Plan.

#### **Supplemental Retirement Health Plan**

Regular full-time and regular part-time employees working 20 or more hours per week qualify for the Supplemental Retirement Health Plan after 10 years of continuous employment with AOC subject to the requirements of the plan. Eligible employees (not currently participating in the Supplemental Executive Retirement Plan) with 10-years continuous service are entitled to an additional benefit as an incentive to continue employment with AOC to the employee's full retirement age (as defined by the Social Security Administration). The plan provides that AOC will make a pre-tax contribution to his or her Retirement Health Savings Plan account at the time of retirement in an amount equivalent to the employee's unused sick leave hours times the employee's hourly rate at the time of retirement not to exceed 720 hours.

#### **Pre-Tax Program**

Regular full-time and regular part-time employees working 20 or more hours per week may choose to participate in the pre-tax program. The program options are: Premium Only Plan, Healthcare Flexible Spending Account (FSA), and Dependent Care Assistance Plan (DCAP).

#### **Deferred Compensation Program**

# SUPPLEMENTAL RETIREMENT HEALTH PLAN

(REPLACES THE AOC SUPPLEMENTAL  
EXECUTIVE RETIRMENT PROGRAM  
EXCEPT FOR EMPLOYEES CURRENTLY  
ENROLLED IN THE PROGRAM<sup>1</sup>)

ASSOCIATION OF OREGON COUNTIES  
Salem, Oregon

Adopted by the AOC Board of Directors on July 10, 2006

**ASSOCIATION OF OREGON COUNTIES**  
**SUPPLEMENTAL RETIREMENT HEALTH PLAN**

July 2006

The Supplemental Retirement Health Plan is for AOC employees with over 10 years of continuous service. The plan provides:

- Tax-free supplemental retirement benefit through the AOC Retirement Health Savings (RHS) Program.
- Pre-retirement health care benefits to the employee in event the employee becomes totally and permanently disabled before his or her normal retirement age.
- Pre-retirement health care benefits to the employee's surviving spouse and/or surviving eligible dependents in event the employee does not live to his or her normal retirement age.
- Post-retirement health care benefits which immediately transfer the RHS account to the surviving spouse and/or surviving eligible dependents.
- Benefits are based on AOC payment for the employee's accumulated sick leave at the time of the employee's retirement or at the time of the employee's death or disability prior to retirement.

**HERE'S HOW THE PLAN WORKS**

The Supplemental Retirement Health Plan is provided to all AOC employees<sup>1</sup> who have been employed for 10 consecutive years with AOC. The Plan is provided as an incentive to the employees to continue employment with the AOC to the employee's full retirement age (as defined by the Social Security Administration).

The Plan directs AOC to make a pre-tax contribution for employees with 10 years of continuous employment with AOC to the employee's AOC Retirement Health Savings (RHS) Plan at the time of retirement or at the time of the employee's death or disability prior to retirement in an amount equivalent to the employee's unused sick leave times the employee's final hourly rate at the time of retirement.

The benefits of the Plan become available to the employee when the employee reaches his or her full retirement age and has notified AOC in writing of the effective date of his or her retirement.

If an employee dies before his or her full retirement age while still employed by AOC the benefit will be paid to his or her surviving spouse or dependents via the provisions of the AOC RHS Plan. If an employee becomes totally and permanently disabled before his or her full retirement

age while still employed by AOC the benefit will be paid to the employee according to the provisions of the AOC RHS Plan.

In the event of a retired employee's death, the surviving spouse and/or surviving eligible dependents of the deceased participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits. If no spouse or eligible dependent survives the retired employee, the account will be available to retired employee's named beneficiary or beneficiaries for continuing taxable health care benefits.

EXAMPLE 1: An eligible employee retires at his or her full retirement age of 68 with 720 hours of accumulated sick leave and a final salary of \$85,000, then his or her pre-tax benefit will be calculated as follows and deposited by the AOC in the employee's RHS Plan:

*\$85,000 divided by 2080 hours times 720 hours equals \$29,423 to be deposited in the employee's RHS account.*

EXAMPLE 2: An eligible employee dies at age 60 with 720 hours of accumulated sick leave and a final salary of \$85,000. The benefit would be calculated the same way and deposited by the AOC in the employee's RHS Plan for the surviving spouse and/or the surviving dependent(s) use.

EXAMPLE 3: A retired employee participating in the RHS Plan dies at age 71 with funds remaining in his or her account. The deceased participant's account balance is immediately transferred to the surviving spouse and/or surviving dependent(s) to use for eligible medical benefits. If no spouse or eligible dependents survive the deceased participant, the account balance is transferred to the deceased participant's named beneficiaries but as taxable health care benefits.

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<sup>1</sup> The Board authorized the new plan for future AOC employees, for all current employees with less than 10 years continuous employment with AOC, and for current employees with more than 10 years employment not currently participating in the Supplemental Executive Retirement Plan.