



NEWS RELEASE

Department of General Services - Ron Joseph, Director

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**STRATEGIC SOURCING HELPS STATE
SAVE \$10 MILLION ON PHARMACEUTICALS**

***AmerisourceBergen Will Become Prime Vendor for Pharmaceuticals;
HealthTrans Will Provide Pharmaceutical Benefit Management for Parolees***

SACRAMENTO - The State of California has awarded new contracts that will reduce the cost of providing prescription drugs to parolees and people in State institutions, the Department of General Services announced today.

The two-year contracts, reached through the California Strategic Sourcing Initiative, are projected to help the State save more than \$3.8 million per year on providing drugs for parolees and more than \$1.3 million per year on drugs administered in State institutions. All told, the State expects to save more than \$10 million over the life of the contracts.

"These contracts represent the latest success for strategic sourcing," said Fred Aguiar, Secretary of the State and Consumer Services Agency, which oversees DGS. "They will help the State reduce the cost of administering health care without sacrificing the quality of care."

HealthTrans won the contract to provide pharmaceutical benefit management for parolees. In addition to providing savings for taxpayers, the new contract will streamline administration of the program and increase the number of pharmacies where parolees can receive up their medication. The contract has an estimated value of \$21 million and is projected to reduce the State's costs by 27 percent over previous pharmacy contracts.

AmerisourceBergen Corp. won the contract to become DGS' prime vendor for prescription drugs. As the prime vendor, AmerisourceBergen will be responsible for taking orders and shipping drugs to State institutions, which make roughly \$175 million in drug purchases per year. The new contract preserves discounts already negotiated by DGS with drug manufacturers and is projected to save the State \$1.3 million per year through improved discounts and rebates.

DGS contracts on the State's behalf for drugs used in State prisons, youth correctional facilities, mental hospitals and centers for the developmentally disabled and at the California State University. The Medi-Cal program, the California Public Employees' Retirement System and the University of California operate their own drug purchasing programs.

"Reducing the cost of prescription drugs continues to be a goal," said DGS Director Ron Joseph. "We have been pursuing a number of savings opportunities through the Strategic Sourcing Initiative and will continue to do so as we press ahead."