

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**F A C T S H E E T**

**APPROVAL TO RENEW A BUSINESS AGREEMENT WITH  
ELI LILLY AND COMPANY  
FOR FISCAL YEARS 2005-2006, 2006-2007, AND 2007-2008  
(ALL SUPERVISORIAL DISTRICTS)**

**REQUEST**

Authorize the Director of Mental Health to enter into an Agreement with Eli Lilly and Company, a pharmaceutical corporation. Under this Agreement, the Department of Mental Health (DMH) will receive a 13 percent access rebate on the total dollar value of Zyprexa products paid for by DMH. The effective date of this Agreement is August 1, 2005 through July 31, 2008.

**PURPOSE/JUSTIFICATION**

Board approval of this Agreement will provide funds to DMH in the form of a 13 percent rebate on Zyprexa products. Based on data regarding past usage of Zyprexa products, the savings to DMH is expected to be approximately \$1,000,000 for Fiscal Year (FY) 2005-2006. The rebate shall be in the form of a check from Eli Lilly and Company, who will endeavor to make payments to DMH within 90 days after each six-month period.

Over time pharmaceutical expenditures for DMH have been rising significantly due to the escalating costs of medications and the increasing numbers of indigent consumers served by DMH. Approval of this Agreement will bring funds to DMH in the form of a rebate, lowering pharmaceutical expenditures while allowing DMH to continue to provide the same level of psychiatric care.

There is no additional net County cost. The rebate is included in DMH's FY 2005-2006 Adopted Budget and will be requested during DMH's annual budget process for FYs 2006-2007 and 2007-2008.

The consequence of not approving the retroactive contract would be the potential loss in a portion of the estimated rebate amount of \$1,000,000.

**CONTRACTOR**

Eli Lilly and Company is an Indiana corporation that manufactures and sells pharmaceutical products. The company is a leader in the pharmaceutical industry. It employs more than 35,000 people worldwide and markets its medicines in 159 countries. The company developed a special division with the purpose of using their

resources to provide nationwide assistance to the public sector in order to benefit indigent consumers.

### **CONTRACTING PROCESS**

Seeking rebates from pharmaceutical companies is part of DMH's multi-pronged approach to mitigating the escalating cost of medications provided to indigent consumers. DMH is actively seeking similar agreements from additional pharmaceutical companies to arrange for additional rebates.