File #: 2026-0601, **File Type:** Program **Agenda Number:** 19.

FINANCE, BUDGET, AND AUDIT COMMITTEE
SEPTEMBER 17, 2026

SUBJECT: PHARMACY BENEFIT MANAGEMENT FOR THE WORKERS' COMPENSATION PROGRAM

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. PS134759000 to Matrix Healthcare Services, Inc., dba MyMatrixx, to administer and manage pharmacy benefits, and process and pass through prescription medications for Metro's Workers' Compensation Program (the "Program") in the Not-To-Exceed (NTE) amount of $9,672,000 for the initial three-year base term, $3,256,000 for the first, one-year option, and $3,320,000 for the second, one-year option, for a total NTE amount of $16,248,000, effective October 5, 2026, subject to the resolution of any properly submitted protest(s), if any; and

ISSUE

Metro does not have an established Pharmacy Benefit Management program to efficiently manage workers' compensation (WC) claims. A dedicated contract is an effective tool to control prescription costs, ensure injured employees receive safe, injury-related medication, and streamline the WC claims management process.

BACKGROUND

Metro's FTE workforce of 12,300 employees reports an average of 1,600 WC claims annually, with approximately 2,400 open claims currently managed. The WC division administers the following California mandated benefits:

- Medical Care - Treatment to help an employee recover from a work-related injury or illness, including physician visits, diagnostic tests, medications, medical equipment, and necessary travel costs.
- Temporary Disability Benefits - Wage-replacement payments for employees who are unable to perform their usual job duties during recovery.
- Permanent Disability Benefits - Payments for employees who do not fully recover from their work-related injury, providing compensation for a measurable permanent loss of physical or mental function.

- Death Benefits - Financial support provided to a deceased employee’s spouse, children, or other dependents when a work-related injury or illness results in fatality.
- Supplemental Job Displacement Benefit - A voucher to assist with retraining or skill enhancement for eligible employees who do not return to work or receive permanent disability benefits.

The WC division, comprising of 35 FTEs, supports employees injured on the job and processes their benefits. The division also provides responsive customer service, processes medical bills promptly, and reviews all incoming legal and medical correspondence in strict compliance with the California Labor Code timelines.

The WC landscape in California continues to evolve, presenting increasing challenges for employers like Metro with large WC programs. These complexities are largely driven by rising costs of litigation, an increase in complex cumulative trauma claims, and significantly higher state regulatory assessments.

To address these challenges, the WC division is committed to enhancing the delivery of WC benefits by adopting industry best practices, such as implementing a PBM program to ensure employee safety, streamline claims management, and contain costs. Implementation of the PBM will improve the current process which lacks a centralized approach to pharmacy management. The existing process falls upon each individual adjuster to approve over the counter medication and submit all others through Utilization Review. Additionally, each adjuster must field pharmacy or injured employee inquiries regarding prescription dispensing.

DISCUSSION

Pharmacy Benefit Managers (PBMs) act as intermediaries between workers' compensation insurers or employers, pharmacies, and drug manufacturers. In California, they manage the prescription drug portion of injury claims by processing payments, enforcing clinical guidelines to ensure medications are tied to the workplace injury, and managing costs. PBMs perform several core functions, including:

- Claim Adjudication - They verify if an injured worker's claim is open and process and pass through real-time billing directly at the pharmacy counter, so the worker does not pay out-of-pocket.
- Clinical Management - They review prescriptions to prevent dangerous drug interactions, monitor against excessive opioid use, and ensure medications align with the diagnosis.
- Formulary Compliance - They enforce statutory rules (like the California Division of Workers’ Compensation Formulary) that dictate which medications are preferred or require prior authorization.
- Network Contracting - They negotiate discounted pricing with a network of retail and mail-order pharmacies.

Staff continues to leverage best practices to enhance the WC program. In FY26, medical costs accounted for 27% of the overall Program costs, of which pharmacy costs are a component. The annual average pharmacy spend from FY22 to FY26 was $1,792,158. Industry benchmarks indicate that PBM partnerships can reduce pharmacy spending by 15% to 25% while improving compliance and safety. These savings are achieved by enforcing state fee schedules, utilizing customized formularies, and intercepting expensive, non-approved drugs before dispensing. Further, the recently signed California Senate Bill 41 requires that 100% of drug manufacturer rebates be passed directly to the payer.

In addition, PBM implementation will significantly streamline the claims management process for Metro's in-house claims staff. By automating real-time pharmacy-counter eligibility verification, managing the entire prior-authorization workflow for non-formulary drugs, and handling direct pharmacy dispute resolutions, the PBM removes highly technical, manual clerical tasks from Metro's internal team. This automation allows Metro's in-house adjusters to redirect their time toward core case management, accelerating overall claim closures.

The five-year NTE pass-through costs for the base term and option periods is estimated based on annual average projections plus claims experience inflation. Annually, Metro averages about 4,800 prescriptions.

DETERMINATION OF SAFETY IMPACT

Receiving timely medical care is critical to injured Metro employees. Approval of this item will support the WC division's ability to administer claims promptly.

FINANCIAL IMPACT

The FY27 Budget includes $2.1 million for the contract and pass-through pharmacy payment in Cost Center 0531, Non-Departmental - Operations Risk Management, under Project 100004, PRMA - Workers' Compensation.

Since this is a multi-year contract, the cost center manager and the Chief Risk, Corporate Safety, and Asset Management Officer will be accountable for budgeting the cost in future years, including any options exercised.

Impact to Budget

The source of funding for this action will come from federal, state, and local funding sources that are eligible for bus and rail operations.

EQUITY PLATFORM

The proposed action supports Metro's ability to safely serve the communities and customers who rely on Metro's transportation services and assets by promoting the use of industry best practices to reduce costs associated with administering Metro's WC program.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) goal for this procurement due to the lack of certified small businesses that perform the required services.

VEHICLE MILES TRAVELED OUTCOME

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides workers' compensation pharmacy services in accordance with State-approved fee schedules and helps reduce medical expenditures. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goals #1), "Provide high-quality mobility options that enable people to spend less time traveling," and #5), "Provide responsive, accountable, and trustworthy governance within the Metro organization." This Board action supports the use of industry best practices that reduce costs associated with the administration of the Program.

ALTERNATIVES CONSIDERED

The Board may elect not to approve the recommendation. This option is not recommended because relying on existing internal process limits Metro's efforts to contain rising Program costs, causes the agency to miss out on significant pharmacy savings through negotiated discounts and fee schedules, fails to capture 100% of drug manufacturer rebates mandated by California law, and results in longer claim closures and limited support for injured employees.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS134759000, with Matrix Healthcare Services, Inc., dba MyMatrixx, to administer and manage pharmacy benefits for Metro's Workers' Compensation Program, effective October 5, 2026.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

Prepared by: Claudia Castillo del Muro, Executive Officer, Risk Management, (213) 922-4518

Reviewed by: Kenneth Hernandez, Chief Risk, Corporate Safety, and Asset Management Officer, (213) 922-2990
Mat Antonelli, Chief Vendor/Contract Management Officer, (213) 893-7114

Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

PHARMACY BENEFIT MANAGEMENT/PS134759000

1.	**Contract Number**: PS134759000	
2.	**Recommended Vendor**: Matrix Healthcare Services, Inc. dba MyMatrixx	
3.	**Type of Procurement (check one):** ☐ **IFB** ☒ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: November 25, 2025	
	B. Advertised/Publicized: November 25, 2025	
	C. Pre-Proposal Conference: December 5, 2025	
	D. Proposals Due: January 12, 2026	
	E. Pre-Qualification Completed: July 29, 2026	
	F. Ethics Declaration Forms submitted to Ethics: January 13, 2026	
	G. Protest Period End Date: September 22, 2026	
5.	**Solicitations Downloaded**: 21	**Bids/Proposals Received**: 4
6.	**Contract Administrator**: Bryan Truong	**Telephone Number**: (213) 922-4241
7.	**Project Manager**: Claudia Castillo del Muro	**Telephone Number**: (213) 922-4518

A. Procurement Background

This Board Action is to approve Contract No. PS134759000 to administer and manage pharmacy benefits for Metro's Workers' Compensation Program. Board approval of contract award is subject to the resolution of any properly submitted protest(s), if any.

On November 25, 2025, Request for Proposals (RFP) No. PS134759 was issued as a competitive procurement in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate. The Diversity & Economic Opportunity Department did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) participation goal for this procurement.

Five amendments were issued for this RFP:

- Amendment No. 1, issued on December 12, 2025, revised Exhibit 3, Phase 1 Evaluation, Minimum Qualification Requirements, by removing the required registration with the Department of Managed Health Care, updated LOI 01, Notice of Invitation, to clarify that the period of performance is five years, consisting of a three-year base term and two, one-year options, and revised Section 1.2, Proposal Content of the Submittal Requirements, to align with changes to Exhibit 3.
- Amendment No. 2, issued on December 17, 2025, provided clarification to Exhibit 3, Evaluation Criteria, sub-criteria for Management Plan/Approach, and Section 1.2, Proposal Content of the Submittal Requirements.

- Amendment No. 3, issued on December 19, 2025, corrected the numbering for the Exhibit A, Scope of Services, Deliverables section.
- Amendment No. 4, issued on December 29, 2025, extended the proposal due date from January 5, 2026, to January 12, 2026.
- Amendment No. 5, issued on June 2, 2026, revised Exhibit 2, Schedule of Quantities and Prices, to incorporate new regulatory requirements regarding PBM income and pharmacy reimbursements per Senate Bill 41 (SB 41).

A total of 21 downloads of the RFP were included in the planholders' list. A virtual pre-proposal conference was held on December 5, 2025, and was attended by five participants representing four firms. There were 42 questions received and responses were issued prior to the proposal due date.

A total of four proposals were received by the proposal due date of January 12, 2026, and are listed below in alphabetical order:

1. Enlyte
2. Matrix Healthcare Services, Inc., dba MyMatrixx
3. PMSI, LLC, dba Optum Workers Compensation Services of Florida
4. Prodigy Care Services, LLC

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro's Risk Management, County Counsel, and Return to Work Departments was convened and conducted a comprehensive technical evaluation of the proposals received.

From January 26, 2026, through June 8, 2026, the PET independently evaluated the proposals based on the following evaluation criteria:

Phase I: Minimum Qualifications Requirements: Proposers must meet the following minimum qualifications requirements at the time of proposal submittal:

A. Proposer must have a minimum of five years of experience providing Pharmacy Benefits Management (PBM) services.

B. The proposed Account Manager must have a minimum of three (3) years of experience within the last five (5) years in implementing and managing Workers Compensation (WC) PBM programs for clients of similar type, size, scope, and complexity as those required in the Scope of Services.

C. Proposed key personnel (i.e. other than the Account Manager) must have three (3) years of direct experience working with California WC Insurers (i.e. insurance carriers), California Self-Administered and/or Self-Insured Employers, and/ or California Public Agencies (that administer their own WC programs).

D. Proposer's computerized systems must meet technology requirements to interface with Metro's Riskonnect iVOS system, including electronic data interchange (EDI) via file transfer protocol (FTP).

E. Must have a 24/7 Customer Help Desk to respond to questions from injured workers, pharmacies, and Metro Claim Representatives which includes outreach for prior authorizations (PAs).

The PET deemed all four proposals met the Phase I Minimum Qualifications Requirements and continued with the Phase II Technical Evaluation based on the following evaluation criteria:

• Qualifications of Proposed Key Personnel	10%
• Qualifications of the Proposer	40%
• Management Plan/Approach	20%
• Price	30%

Several factors were considered when developing these weights, giving the greatest importance to qualifications of the proposer.

On April 23, 2026, the PET determined that all four firms were within the competitive range and were invited to oral presentations to present their team's qualifications, discuss their technical approach, and respond to the PET's questions.

The procurement timeline was extended due to the March 2026 network outage and complex lengthy fact finding discussions with proposers regarding SB 41 pricing impacts and PBM income and pharmacy reimbursement regulations.

At the conclusion of the evaluation process, the PET determined MyMatrixx to be the highest ranked firm.

Qualifications Summary of Firms within the Competitive Range:

<u>Matrix Healthcare Services, Inc. dba MyMatrixx</u>

Matrix Healthcare Services, Inc., dba MyMatrixx, founded in 2001 and headquartered in Tampa, Florida, specializes in providing pharmacy benefit solutions for workers' compensation payers and injured workers. MyMatrixx proposed their privately owned network with retail locations in all 50 states including approximately 97% of all pharmacies nationwide. MyMatrixx's key personnel, with a collective 22 years of experience working with California based Workers Compensation accounts, along with an in-house pharmacy network, brings a comprehensive plan to ensure accessibility, cost savings and compliance to California regulations.

MyMatrixx has provided PBM services for Southern California clients, including County of Los Angeles, Athens Administrators, City of Anaheim, City of Burbank, City of San Diego, County of Riverside, County of San Bernardino, California State Compensation Insurance Fund, Disneyland, and Warner Brothers.

PMSI, LLC, dba Optum Workers Compensation Services of Florida (Optum)

PMSI, LLC, dba Optum Workers Compensation Services of Florida (Optum), was founded in April 2011 and is headquartered in Eden Prairie, Minnesota. Optum is a provider of PBM, medical equipment, settlement services, and clinical solutions designed specifically for the workers' compensation and property and casualty insurance industries.

Optum implemented a PBM system for Florida Department of Financial Services, County of San Diego and Secura Insurance.

Enlyte

Enlyte, founded in 1946, is headquartered in San Diego, California. Enlyte is a provider of integrated pharmacy and cost-containment solutions for the workers' compensation, auto, and disability insurance sectors.

Enlyte has provided PBM services to public entities, transportation organizations, and large self-insured employers across California such as Los Angeles Department of Water and Power, California Insurance Guarantee Association, University of California in Oakland, and Sutter Health.

Prodigy Care Services, LLC

Prodigy Care Services, LLC (Prodigy Care Services), was founded in 2020 and is headquartered in Austin, Texas. It is a healthcare services and technology firm focused on PBM, post-acute care, specialty drug management, and ancillary cost-containment solutions.

Prodigy Care Services has provided PBM services to the City of Los Angeles, City of Huntington Beach and EMC Insurance.

A summary of the PET scores is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	**MyMatrixx**				
3	Qualifications of Proposed Key Personnel	79.00	10.00%	7.90	
4	Qualifications of the Proposer	95.83	40.00%	38.33	

5	Management Plan/Approach	87.40	20.00%	17.48	
6	Price	100.00	30.00%	30.00	
7	**Total**		**100.00%**	**93.71**	**1**
8	**Optum**				
9	Qualifications of Proposed Key Personnel	75.00	10.00%	7.50	
10	Qualifications of the Proposer	80.43	40.00%	32.17	
11	Management Plan/Approach	79.65	20.00%	15.93	
12	Price	73.33	30.00%	22.00	
13	**Total**		**100.00%**	**77.60**	**2**
14	**Enlyte**				
15	Qualifications of Proposed Key Personnel	69.30	10.00%	6.93	
16	Qualifications of the Proposer	77.93	40.00%	31.17	
17	Management Plan/Approach	76.40	20.00%	15.28	
18	Price	80.17	30.00%	24.05	
19	**Total**		**100.00%**	**77.43**	**3**
20	**Prodigy Care Services, LLC**				
21	Qualifications of Proposed Key Personnel	49.00	10.00%	4.90	
22	Qualifications of the Proposer	64.58	40.00%	25.83	
23	Management Plan/Approach	50.00	20.00%	10.00	
24	Price	77.20	30.00%	23.16	
25	**Total**		**100.00%**	**63.89**	**4**

C. Price Analysis

The proposed rates have been determined to be fair and reasonable based upon a price analysis, technical evaluation, and fact-finding.

Metro will pay the PBM an administrative fee of $29.50 per prescription and will receive discounts ranging from 19.25% to 92.25% on all prescriptions, depending on the type of drug, that are processed and passed through the PBM.

D. Background on Recommended Contractor

MyMatrixx specializes in providing PBM services tailored for workers' compensation claims and injured employees. Its core expertise includes specialized drug utilization reviews, compliance with California state-specific workers' compensation regulations, the capability to provide injured workers with immediate access to medications right after an accident through a vast nationwide pharmacy network, and the use of proprietary software to give adjusters predictive analytics on claim costs, duration, and recovery.

The proposed Account Manager has 19 years of experience serving worker's compensation clients and has managed MyMatrixx's largest California-based accounts for the past five years. The proposed Account Manager also has 14 years of experience working in MyMatrixx's contact center and demonstrated a thorough understanding of operational processes and problem resolution.

DEOD SUMMARY

PHARMACY BENEFIT MANAGEMENT
PS134759000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) goal for this procurement due to the lack of certified small businesses that perform the required services. It is expected that Matrix Healthcare Services, Inc., dba MyMatrixx, will perform the services of this contract with its own workforce.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

PHARMACY BENEFIT MANAGEMENT FOR THE WORKERS' COMPENSATION PROGRAM

Metro

Finance, Budget, and Audit Committee
September 17, 2026

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. PS134759000 to Matrix Healthcare Services, Inc., dba MyMatrixx, to administer and manage pharmacy benefits, and process and pass through prescription medications for Metro's Workers' Compensation Program (the "Program") in the Not-To-Exceed (NTE) amount of $9,672,000 for the initial three-year base term, $3,256,000 for the first, one-year option, and $3,320,000 for the second, one-year option, for a total NTE amount of $16,248,000, effective October 5, 2026, subject to the resolution of any properly submitted protest(s), if any; and

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ISSUE

Metro does not have an established Pharmacy Benefit Management (PBM) program to efficiently manage workers' compensation (WC) claims. A dedicated PBM contract is essential to control prescription costs, ensure injured employees receive safe, injury-related medication, and streamline the WC claims management process.

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DISCUSSION

- Pharmacy Benefit Managers (PBMs) act as intermediaries between workers' compensation insurers or employers, pharmacies, and drug manufacturers.
- PBMs perform several core functions, including claims adjudication, clinical management, formulary compliance, and network contracting.
- Metro’s annual average pharmacy spending from FY22 to FY26 was $1,792,158. Industry benchmarks indicate that PBM partnerships can reduce pharmacy spending by 15% to 25% while improving compliance and safety.
- California Senate Bill 41 requires that 100% of drug manufacturer rebates be passed directly to the payer.

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PROCUREMENT EVALUATION

Evaluation Criteria	Max. Points	MyMatrixx	Optum	Enlyte	Prodigy Care Services, LLC
Qualifications of Proposed Key Personnel	10.00	7.90	7.50	6.93	4.90
Qualifications of the Proposer	40.00	38.33	32.17	31.17	25.83
Management Plan/ Approach	20.00	17.48	15.93	15.28	10.00
Price	30.00	30.00	22.00	24.05	23.16
Total Score	**100.00**	**93.71**	**77.60**	**77.43**	**63.89**

DEOD did not establish an SBE/DVBE goal due to the lack of certified small businesses that perform the required services.

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NEXT STEPS

Upon Board approval, staff will execute Contract No. PS134759000, with Matrix Healthcare Services, Inc., dba MyMatrixx, to administer and manage pharmacy benefits for Metro’s Workers’ Compensation Program, effective October 5, 2026.

Metro

Thank You!

Metro®