

**State and Public School Life
And Health Insurance Board
Minutes
February 8, 2011**

The 113th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on February 8, 2011 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Janis Harrison
Lloyd Black
William Goff
Shelby McCook
Renee Mallory
Dr. Andrew Kumpuris
Bob Alexander

MEMBERS ABSENT

Dr. Joseph Thompson
Robert Watson
Vance Strange
John Kirtley

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:

George Platt, Leigh Ann Chrouch, Doug Shackelford, Stella Greene, Amy Tustison, Marla Wallace; Paige Harrington, Latryce Taylor, Pamela Lawrence, Lori Eden, Sherry Bryant, Sherri Saxby, Tracy Collins, Michael Stewart, Cathy Harris, EBD; Rhonda Hill, EBD-ACHI; Barbara Melugin, Ron Deberry, David Bridges, Kathy Ryan, ABCBS/Health Advantage; Sarah Sanders, Wayne Whitley, AR Highway & Transportation Dept, Shonda Rocke, Informed Rx; Frances Brown, Bryan Meldrum, NovaSys; Jill Johnson, UAMS-College of Pharmacy; Marc Watts, AR State Employee Association; Sean Seago, Merck; Steve Singleton, ARTA; Kristi Clark, ABA; Treg long, ACR; Sharon Marcum, LifeSynch;

CALL TO ORDER

Meeting was called to order by Janis Harrison, Chairman.

APPROVAL OF MINUTES

The request was made by Harrison to approve the October 12, 2010 minutes. Mallory made the motion to approve minutes. Alexander seconded. All were in favor. Minutes approved.

FINANCIALS by Leigh Ann Chrouch, CFO

Chrouch presented detailed financial statements for the Arkansas State Employees (ASE) and the Public School Employees (PSE) and the penalties assessed by state agencies and school districts for September 2010 through December 2010.

McCook requested that information for behavioral health be included in the financials.

DRUG UTILIZATION & EVALUATION COMMITTEE by Dr. William Golden

Dr. Golden reported the DUEC met on February 7, 2011. Golden presented the following recommendation for the Board's consideration.

1. **MAXALT** - Generic Name: rizatriptan (RYE za TRIP tan) is used to treat migraine headaches.

Dr. Golden informed the Board the packaging for Maxalt has changed from 12 tablets to 18 tablets per package. The current Policy is 12 tablets per 31 days.

Recommendation – Allow for 18 tablets per 45 days. The DUEC committee agreed to allow EBD to manage the prescription and co-pay adjustments and to inform the committee if needed.

McCook made the motion to accept the recommendation for Maxalt tablets. Mallory seconded. All were in favor. Motion carried.

2. **FIRST REVIEW MEDICATIONS – NEW DRUGS Oct-Dec 2010**

GILENYA CAP 0.5MG (fingolimod) is the first oral therapy approved for the treatment of patients with relapsing forms of multiple sclerosis (MS) to reduce the frequency of clinical exacerbations and to delay the accumulation of physical disability.

Recommendation: Tier 3 status (specialty drug) with prior authorization

McCook made the motion for GILENYA CAP 0.5MG to be placed on the Tier 3 status with prior authorization. Black seconded. All were in favor. Motion carried.

PRADAXA CAP 75, 150MG is FDA-approved for the prevention of stroke and blood clots in patients with abnormal heart rhythm (atrial fibrillation).

Recommendation: Tier 3 status with prior authorization and a quantity limit of 2 tablets a day per 31 days.

McCook made the motion to place PRADAXA CAP 75, 150MG on tier 2 with prior authorization and a quantity limit of 2 tablets a day per 31 days. Black seconded. All were in favor. Motion carried.

3. REVIEW OF NEWER DIABETES DRUGS FOR TYPE 2 DIABETES

Dr. Golden provided the Board with a report on the plan cost and member utilization for Diabetes drugs in 2010.

- a. TZD's-Thiazolidinediones (Rosiglitazone, Pioglitazone), (Avandia, Avandaryl, Avandamet, Actos, ActoplusMet)

Recommendation: Restrict the access to Rosiglitazone. Stop covering rosiglitazone (Avandia, Avandamet and Avandaryl) effective July 1, 2011. No Pioglitazone (Actos) without metformin (at a near maximum daily dose- 1000mg daily) or a contraindication to metformin.

McCook made the motion to delay the decision until next month. The DUEC will re-present their recommendation for TZD's with step therapy criteria.

- b. Exenatide (Byetta), Liraglutide (Victoza) and Sitagliptin (Janumet) Saxagliptin, (Onglyza, Kombiglyze XR)

Recommendation: Option 1 – Discontinue covering Exenatide (Byetta), Liraglutide (Victoza) based on lack of outcomes evidence. Option 2- Deny if any insulin claim in past 30 days. Continue no monotherapy access for exenatide or liraglutide. PA all prescription. Criteria requires a current metformin fill for 90 of the past 120 days goal A1c, and then require inpatients who cannot tolerate metformin, the use of a sulfonylurea or the use of pioglitazone, unless contraindicated due to HF, edema, or fracture risk.

Recommendation: Option 1- Discontinue covering Sitagliptin (Janumet) Saxagliptin, (Onglyza, Kombiglyze XR) based on lack of outcomes evidence. Option 2- Deny if any insulin claim in past 30 days. Continue no monotherapy access for sitagliptin or saxagliptin. PA all prescription, criteria requires a current metformin fill for 90 days of the past 120 days at the maximum or near maximum dose failure to reach goal A1C, and require the use of concomitant sulfonylurea and/or pioglitazone in patients who have not reached their HbA1C goal with metformin monotherapy, unless contraindicated due to HF, edema or fracture risk

The Board was interested in option 2 for Exenatide (Byetta), Liraglutide (Victoza) and Sitagliptin (Janumet) Saxagliptin, (Onglyza, Kombiglyze XR). The Board decline to make a decision until the DUEC return with a viable mechanism on how to implement option 2.

- c. Pramlintide (Symlin, SymlinPen)
Recommendation: Exclude

McCook made the motion that the DUEC develop a step therapy for Pramlintide (Symlin, SymlinPen) before the Board entertain the recommendation to exclude. Alexander seconded. All were in favor. Motion carried.

BENEFITS SUBCOMMITTEE REPORT by Lloyd Black, Co-Chairman

Black reported the Benefits Subcommittee met on January 14, 2011. EBD's Director provided the committee with an overview of the 2010 PSE plan year and also side by side comparison report of the current health plan arrangement for ARHealth active employees and Medicare primary members vs. the Medicare Advantage plan.

Lee provided an overview of the 2010 PSE Plan year review for the Board. Lee said he will present the ASE plan year review in the next meeting.

Black reported the Benefits committee discussed Medicare Advantage as a possible option for the ARHealth Medicare Retiree population, and then they requested further in depth investigation by the BSPW in conjunction with the plan's actuarial firm; to look into financial data on plan's current performance compared to Medicare Advantage Plan without restriction; and evaluate the same advantages of an employer group waiver plan.

Alexander made the motion to accept the Benefits Sub-committee report. McCook seconded. All were in favor. Motion carried.

DIRECTOR'S REPORT by Jason Lee

Lee explained that every year the Board is required to review and adopt the approval of reimbursement of expenses and stipend.

Effective January 1, 2011 and in accordance with ACA §25-16-902, the State and Public School Life and Health Insurance Board ("Board") hereby approves the reimbursement of qualified expenses at the rate established for state employees by state travel regulations with the following limitation regarding non-board meetings.

- *Any meeting or conference attended by any member of the Board must be at the request of the Board Chair or the Executive Director.*

McCook made the motion to adopt. Black seconded. All were in favor. Motion carried.

Effective January 1, 2011 and in accordance with ACA § 25-16-903, the State and Public Life and Health Insurance Board (“Board”) hereby approves the stipend amount of \$60.

McCook made the motion to adopt the stipend amount of \$60. Black seconded. All were in favor. Motion carried.

Lee referenced the financials for the catastrophic reserve amount. Lee explained they have received the December claims and have reassessed that number as per the methodology adopted by the Board; 50% of the average claims for medical and pharmacy for July through December. Lee informed the Board that effective January 1, 2011 the catastrophic reserve amount for ASE will be 8,900.000 and 9,000.000 for PSE.

McCook made the motion to apply the methodology and approve the amount. Black seconded. All were in favor. Motion carried.

Lee provided the Board with a legislative update of the 88th General Assembly - Regular Session 2011.

SB66- Requires Health Plan to an act to require health benefit plans to provide coverage for the treatment of morbid obesity.

Alexander made the motion for EBD’s Director to obtain a legal opinion from the plan’s consultants, and then depending on the findings; obtain a legal opinion from the Attorney General’s Office. McCook seconded. All were in favor. Motion carried.

HB1315 – will require Health Plans to provide health coverage for autism spectrum disorders. Lee informed the Board that Cheiron has reported utilization will be \$5M per year in claims experience.

Alexander suggested the Board send EBD’s Director to speak against the bill because of the cost impact to the plan.

McCook made the motion to obtain Cheiron’s advice and projections on HB1315 and for EBD’s Director to provide the information at the HB Committee meeting.

Meeting Adjourned.

AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

February 8, 2011 1:00 p.m.

1. **Call to Order** *Janis Harrison, Chair*
2. **Approval of Minutes** *Janis Harrison, Chair*
3. **Financials** *Leigh Ann Chrouch, Chief Fiscal Officer*
4. **Sub-Committee Report**
 - a. **Benefits Sub-Committee**
 - b. **DUEC Report**
5. **Director's Report** *Jason Lee, Executive Director*

Next Meeting
March 8, 2011

Arkansas State Employees (ASE) Financials - January 1, 2010 through September 30, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		25,132	1,225	26,357
Actives HD			953	953
Retirees	8,850			8,850
COBRA		132	6	138
Total	8,850	25,264	2,184	36,298

Operations as of 09/30/10

	Current Month	Year to Date (9 months)
Funding		
State Contribution	\$ 13,649,350	\$ 122,472,978
Employee Contribution, Rebates, Life	\$ 7,703,266	\$ 72,027,409
Medicare Subsidy	\$ 384,708	\$ 3,161,713
Total Funding	\$ 21,737,324	\$ 197,662,100
Expenses		
Medical Expenses		
Claims Expense	\$ 15,421,627	\$ 119,972,935
Claims IBNR	\$ -	\$ 2,570,000
Medical Admin Fees	\$ 882,320	\$ 7,951,282
Refunds	\$ 6,001	\$ 21,641
Behavioral Health	\$ -	\$ 2,275,591
Life Insurance	\$ 79,010	\$ 714,878
Pharmacy Expenses		
RX Claims	\$ 5,383,813	\$ 43,172,488
RX IBNR	\$ -	\$ 180,000
RX Admin	\$ 74,445	\$ 606,218
Plan Administration	\$ 148,639	\$ 1,927,648
Total Expenses	\$ 21,995,857	\$ 179,392,682
Net Income/(Loss)	\$ (258,532)	\$ 18,269,417

Balance Sheet as of 09/30/10

Assets	
Bank Account	\$ 18,472,347
State Treasury	\$ 83,282,961
Receivable from Cafeteria Plan	\$ 8,767,656
Receivable from PSE	\$ -
Receivable from Provider	\$ 1,075,854
Receivable from Medicare	\$ 384,708
Accounts Receivable	\$ 75,456
Total Assets	\$ 112,058,981
Liabilities	
Accounts Payable	\$ 4,133,180
Deferred Revenues	\$ 4,174,376
Due to Cafeteria	\$ -
Due to PSE	\$ -
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 32,557,557
Net Assets	\$ 79,501,424
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 69,901,424

ASE Cafeteria Plan Financials 2010- January 1, 2010 through September 30, 2010

Cafeteria Plan Operations as of 09/30/10

<u>Funding</u>	Current Month	Year to Date (9 months)
FICA Savings	\$ 321,418	\$ 3,209,059
Interest, Penalties, Tax Set Off	\$ 4,205	\$ 78,022
Total Funding	\$ 325,623	\$ 3,287,081
<u>Expenses</u>		
Plan Administration	\$ 840	\$ 114,119
Forfeited Benefits (Annual Expense)	\$ -	\$ 6,297,637
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 840	\$ 6,411,757
Net Income/(Loss)	\$ 324,783	\$ (3,124,676)

Balance Sheet as of 09/30/10

<u>Assets</u>		
State Cafeteria (Flexible Benefits)		\$ 822,911
Admin Acct (FICA Savings)		\$ 578,202
State Treasury		\$ 8,733,132
Due from Health Plan		\$ -
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 13,400
Total Assets		\$ 10,147,646
<u>Liabilities</u>		
Accounts Payable		\$ 193,101
Due to Health Plan (FICA Savings Annual)		\$ 7
Due to Health Plan (Forfeited Benefits Annual)		\$ 8,767,649
Total Liabilities		\$ 8,960,758
Net Assets		\$ 1,186,888

Public School Employees (PSE) Financials - October 1, 2009 through September 30, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		36,202	3,551	39,753
Actives HD			2,476	2,476
Retirees	7,654			7,654
COBRA		1,127	120	1,247
Total	7,654	37,329	6,147	51,130

Operations as of 09/30/10

Funding	Current Month	Year to Date (12 months)
District Contribution	\$ 5,527,414	\$ 68,656,707
Employee Contribution, Rebates	\$ 12,564,766	\$ 148,661,729
Dept of Ed \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 50,000,000
Total Funding	\$ 21,273,998	\$ 267,318,436
Expenses		
Medical Expenses:		
Claims Expense	\$ 17,625,213	\$ 192,676,021
Claims IBNR	\$ -	\$ 3,250,000
Medical Admin Fees	\$ 1,264,030	\$ 15,437,040
Refunds	\$ 9,623	\$ (14,206)
Behavioral Health	\$ -	\$ 3,411,510
Pharmacy Expenses:		
RX Claims	\$ 4,609,075	\$ 49,683,757
RX IBNR	\$ -	\$ 90,000
RX Admin	\$ 64,623	\$ 743,295
Plan Administration	\$ 185,442	\$ 3,502,252
Total Expenses	\$ 23,758,007	\$ 268,779,668
Net Income/(Loss)	\$ (2,484,009)	\$ (1,461,233)
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/09-09/30/10	\$ 166,663	\$ 2,000,000
Retiree Premiums for Plan Year 01/01/10-12/31/10	\$ 383,402	\$ 3,450,617
Net Income/(Loss) After Reserves	\$ (1,933,944)	\$ 3,989,385

Balance Sheet as of 09/30/10

Assets	
Bank Account	\$ 15,113,031
State Treasury	\$ 57,737,138
Receivable from Provider	\$ 1,009,046
Accounts Receivable	\$ 415,755
Due from ASE	\$ -
Total Assets	\$ 74,274,969
Liabilities	
Accounts Payable	\$ 4,044,837
Due to ASE	\$ -
Deferred Revenues	\$ 1,466,641
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 33,351,479
Net Assets	\$ 40,923,491
Less Reserves Allocated:	
Active Premiums for Plan Year 10/01/09-09/30/10 (\$2,000,000)	\$ -
Retiree Premiums for Plan Year 01/01/10-12/31/10 (\$4,000,000 + \$600,823 = \$4,600,823)	\$ (1,150,206)
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (11,840,000)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (760,000)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (9,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 5,173,285

Arkansas State Employees (ASE) Financials - January 1, 2010 through October 31, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		25,099	1,215	26,314
Actives HD			948	948
Retirees	8,876			8,876
COBRA		133	7	140
Total	8,876	25,232	2,170	36,278

Operations as of 10/31/10

	Current Month	Year to Date (10 months)
Funding		
State Contribution	\$ 13,648,626	\$ 136,121,604
Employee Contribution, Rebates, Life	\$ 7,191,610	\$ 79,219,020
Medicare Subsidy	\$ -	\$ 3,161,713
Total Funding	\$ 20,840,236	\$ 218,502,336
Expenses		
Medical Expenses		
Claims Expense	\$ 12,729,201	\$ 132,702,136
Claims IBNR	\$ -	\$ 2,570,000
Medical Admin Fees	\$ 880,872	\$ 8,832,154
Refunds	\$ (3,128)	\$ 18,513
Behavioral Health	\$ 566,751	\$ 2,842,343
Life Insurance	\$ 79,036	\$ 793,914
Pharmacy Expenses		
RX Claims	\$ 5,180,234	\$ 48,352,723
RX IBNR	\$ -	\$ 180,000
RX Admin	\$ 71,920	\$ 678,138
Plan Administration	\$ 231,761	\$ 2,159,409
Total Expenses	\$ 19,736,648	\$ 199,129,330
Net Income/(Loss)	\$ 1,103,588	\$ 19,373,006

Balance Sheet as of 10/31/10

Assets	
Bank Account	\$ 10,800,805
State Treasury	\$ 88,283,481
Receivable from Cafeteria Plan	\$ 8,767,677
Receivable from PSE	\$ -
Receivable from Provider	\$ 539,715
Receivable from Medicare	\$ -
Accounts Receivable	\$ 640,207
Total Assets	\$ 109,031,885
Liabilities	
Accounts Payable	\$ 1,256
Deferred Revenues	\$ 4,175,616
Due to Cafeteria	\$ -
Due to PSE	\$ -
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 28,426,872
Net Assets	\$ 80,605,013
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 71,005,013

ASE Cafeteria Plan Financials 2010- January 1, 2010 through October 31, 2010

Cafeteria Plan Operations as of 10/31/10

Funding	Current Month	Year to Date (10 months)
FICA Savings	\$ 357,448	\$ 3,566,507
Interest, Penalties, Tax Set Off	\$ 433	\$ 78,455
Total Funding	\$ 357,881	\$ 3,644,962
Expenses		
Plan Administration	\$ 26,067	\$ 140,187
Forfeited Benefits (Annual Expense)	\$ -	\$ 6,297,637
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 26,067	\$ 6,437,824
Net Income/(Loss)	\$ 331,814	\$ (2,792,862)

Balance Sheet as of 10/31/10

Assets		
State Cafeteria (Flexible Benefits)		\$ 899,317
Admin Acct (FICA Savings)		\$ 9,643,761
State Treasury		\$ -
Due from Health Plan		\$ -
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 13,498
Total Assets		\$ 10,556,577
Liabilities		
Accounts Payable		\$ 270,198
Due to Health Plan (FICA Savings Annual)		\$ 28
Due to Health Plan (Forfeited Benefits Annual)		\$ 8,767,649
Total Liabilities		\$ 9,037,875
Net Assets		\$ 1,518,701

Public School Employees (PSE) Financials - October 1, 2010 through October 31, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		37,409	4,547	41,956
Actives HD			2,977	2,977
Retirees	7,688			7,688
COBRA		1,147	126	1,273
Total	7,688	38,556	7,650	53,894

Operations as of 10/31/10

Funding	Current Month	Year to Date (1 month)
District Contribution	\$ 5,889,236	\$ 5,889,236
Employee Contribution, Rebates	\$ 13,144,391	\$ 13,144,391
Dept of Ed \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 6,931,818
Total Funding	\$ 25,965,445	\$ 25,965,445
Expenses		
Medical Expenses:		
Claims Expense	\$ 14,061,237	\$ 14,061,237
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 1,364,163	\$ 1,364,163
Refunds	\$ 2,805	\$ 2,805
Behavioral Health	\$ 622,250	\$ 622,250
Pharmacy Expenses:		
RX Claims	\$ 4,461,874	\$ 4,461,874
RX IBNR	\$ -	\$ -
RX Admin	\$ 64,477	\$ 64,477
Plan Administration	\$ 293,824	\$ 293,824
Total Expenses	\$ 20,870,630	\$ 20,870,630
Net Income/(Loss)	\$ 5,094,815	\$ 5,094,815
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/10-12/31/11	\$ 789,333	\$ 789,333
Retiree Premiums for Plan Year 01/01/10-12/31/10	\$ 383,402	\$ 3,834,019
Net Income/(Loss) After Reserves	\$ 6,267,550	\$ 9,718,168

Balance Sheet as of 10/31/10

Assets	
Bank Account	\$ 16,664,535
State Treasury	\$ 57,737,499
Receivable from Provider	\$ 513,316
Accounts Receivable	\$ 397,201
Due from ASE	\$ -
Total Assets	\$ 75,312,551
Liabilities	
Accounts Payable	\$ 4,306
Due to ASE	\$ -
Deferred Revenues	\$ 1,450,543
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 29,294,848
Net Assets	\$ 46,017,703
Less Reserves Allocated:	
Retiree Premiums for Plan Year 01/01/10-12/31/10 (\$4,000,000 + \$600,823 = \$4,600,823)	\$ (766,804)
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (11,050,667)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (760,000)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (9,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 11,440,232

Arkansas State Employees (ASE) Financials - January 1, 2010 through November 30, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		25,093	1,215	26,308
Actives HD			958	958
Retirees	8,906			8,906
COBRA		126	8	134
Total	8,906	25,219	2,181	36,306

Operations as of 11/30/10

	Current Month	Year to Date (11 months)
Funding		
State Contribution	\$ 13,647,178	\$ 149,768,782
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	\$ 8,153,197	\$ 90,533,931
Total Funding	\$ 21,800,375	\$ 240,302,713
Expenses		
Medical Expenses		
Claims Expense	\$ 13,493,380	\$ 146,195,516
Claims IBNR	\$ -	\$ 2,570,000
Medical Admin Fees	\$ 919,235	\$ 9,751,389
Refunds	\$ 787	\$ 19,300
Behavioral Health	\$ -	\$ 2,842,343
Life Insurance	\$ 79,193	\$ 873,108
Pharmacy Expenses		
RX Claims	\$ 5,185,555	\$ 53,538,278
RX IBNR	\$ -	\$ 180,000
RX Admin	\$ 72,412	\$ 750,550
Plan Administration	\$ 188,139	\$ 2,347,548
Total Expenses	\$ 19,938,701	\$ 219,068,032
Net Income/(Loss)	\$ 1,861,674	\$ 21,234,681

Balance Sheet as of 11/30/10

Assets	
Bank Account	\$ 7,670,242
State Treasury	\$ 92,288,769
Receivable from Cafeteria Plan	\$ 8,767,677
Receivable from PSE	\$ -
Receivable from Provider	\$ 539,715
Accounts Receivable	\$ 1,725,069
Total Assets	\$ 110,991,474
Liabilities	
Accounts Payable	\$ 105,129
Deferred Revenues	\$ 4,169,657
Due to Cafeteria	\$ -
Due to PSE	\$ -
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 28,524,786
Net Assets	\$ 82,466,687
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 72,866,687

ASE Cafeteria Plan Financials 2010- January 1, 2010 through November 30, 2010

Cafeteria Plan Operations as of 11/30/10

<u>Funding</u>	<u>Current Month</u>	<u>Year to Date (11 months)</u>
FICA Savings	\$ 352,659	\$ 3,919,166
Interest, Penalties, Tax Set Off	\$ 526	\$ 78,981
Total Funding	\$ 353,185	\$ 3,998,147
<u>Expenses</u>		
Plan Administration	\$ 859	\$ 141,046
Forfeited Benefits (Annual Expense)	\$ -	\$ 6,297,637
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 859	\$ 6,438,683
Net Income/(Loss)	\$ 352,326	\$ (2,440,536)

Balance Sheet as of 11/30/10

Assets		
State Cafeteria (Flexible Benefits)		\$ 960,644
Admin Acct (FICA Savings)		\$ 63,122
State Treasury		\$ 9,933,746
Due from Health Plan		\$ -
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 13,147
Total Assets		\$ 10,970,658
Liabilities		
Accounts Payable		\$ 331,953
Due to Health Plan (FICA Savings Annual)		\$ 28
Due to Health Plan (Forfeited Benefits Annual)		\$ 8,767,649
Total Liabilities		\$ 9,099,631
Net Assets		\$ 1,871,028

Public School Employees (PSE) Financials - October 1, 2010 through November 30, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		37,469	4,605	42,074
Actives HD			2,966	2,966
Retirees	7,689			7,689
COBRA		1,126	123	1,249
Total	7,689	38,595	7,694	53,978

Operations as of 11/30/10

Funding	Current Month	Year to Date (2 months)
District Contribution	\$ 5,901,550	\$ 11,790,786
Employee Contribution, Rebates, and ERRP	\$ 13,250,943	\$ 26,395,334
Dept of Ed \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 10,113,636
Total Funding	\$ 22,334,311	\$ 48,299,756
Expenses		
Medical Expenses:		
Claims Expense	\$ 14,938,308	\$ 28,999,545
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 1,381,182	\$ 2,745,345
Refunds	\$ (382)	\$ 2,423
Behavioral Health	\$ -	\$ 622,250
Pharmacy Expenses:		
RX Claims	\$ 4,454,781	\$ 8,916,656
RX IBNR	\$ -	\$ -
RX Admin	\$ 66,213	\$ 130,690
Plan Administration	\$ 237,326	\$ 531,150
Total Expenses	\$ 21,077,429	\$ 41,948,060
Net Income/(Loss)	\$ 1,256,881	\$ 6,351,697
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/10-12/31/11	\$ 789,333	\$ 1,578,667
Retiree Premiums for Plan Year 01/01/10-12/31/10	\$ 383,402	\$ 4,217,421
Net Income/(Loss) After Reserves	\$ 2,429,617	\$ 12,147,784

Balance Sheet as of 11/30/10

Assets	
Bank Account	\$ 10,965,806
State Treasury	\$ 64,741,078
Receivable from Provider	\$ 513,316
Accounts Receivable	\$ 612,382
Due from ASE	\$ -
Total Assets	\$ 76,832,582
Liabilities	
Accounts Payable	\$ 289,270
Due to ASE	\$ -
Deferred Revenues	\$ 1,428,728
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 29,557,998
Net Assets	\$ 47,274,584
Less Reserves Allocated:	
Retiree Premiums for Plan Year 01/01/10-12/31/10 (\$4,000,000 + \$600,823 = \$4,600,823)	\$ (383,402)
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (10,261,333)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (760,000)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (9,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 13,869,849

Arkansas State Employees (ASE) Financials - January 1, 2010 through December 31, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		25,162	1,206	26,368
Actives HD			977	977
Retirees	8,926			8,926
COBRA		114	7	121
Total	8,926	25,276	2,190	36,392

Operations as of 12/31/10

	Current Month	Year to Date (12 months)
Funding		
State Contribution	\$ 13,645,338	\$ 163,414,120
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	\$ 8,359,032	\$ 98,892,962
Total Funding	\$ 22,004,370	\$ 262,307,082
Expenses		
Medical Expenses		
Claims Expense	\$ 13,315,784	\$ 159,511,300
Claims IBNR	\$ -	\$ 2,570,000
Medical Admin Fees	\$ 882,176	\$ 10,633,566
Refunds	\$ 3,077	\$ 22,378
Behavioral Health	\$ 567,390	\$ 3,409,733
Life Insurance	\$ 101,884	\$ 974,992
Pharmacy Expenses		
RX Claims	\$ 5,318,154	\$ 58,856,432
RX IBNR	\$ -	\$ 180,000
RX Admin	\$ 72,458	\$ 823,009
Plan Administration	\$ 217,888	\$ 2,565,436
Total Expenses	\$ 20,478,812	\$ 239,546,844
Net Income/(Loss)	\$ 1,525,557	\$ 22,760,238

Balance Sheet as of 12/31/10

Assets	
Bank Account	\$ 10,381,309
State Treasury	\$ 92,296,636
Receivable from Cafeteria Plan	\$ 8,767,649
Receivable from PSE	\$ -
Receivable from Provider	\$ 507,087
Accounts Receivable	\$ 821,127
Total Assets	\$ 112,773,809
Liabilities	
Accounts Payable	\$ 1,269
Deferred Revenues	\$ 4,275,674
Due to Cafeteria	\$ 98
Due to PSE	\$ 254,522
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 28,781,564
Net Assets	\$ 83,992,245
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 74,392,245

ASE Cafeteria Plan Financials 2010- January 1, 2010 through December 31, 2010

Cafeteria Plan Operations as of 12/31/10

<u>Funding</u>	<u>Current Month</u>	<u>Year to Date (12 months)</u>
FICA Savings	\$ 383,600	\$ 4,302,766
Interest, Penalties, Tax Set Off	\$ 1,167	\$ 80,148
Total Funding	\$ 384,767	\$ 4,382,914
<u>Expenses</u>		
Plan Administration	\$ 26,657	\$ 167,702
Forfeited Benefits (Annual Expense)	\$ -	\$ 6,297,637
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 26,657	\$ 6,465,340
Net Income/(Loss)	\$ 358,110	\$ (2,082,426)

Balance Sheet as of 12/31/10

<u>Assets</u>	
State Cafeteria (Flexible Benefits)	\$ 1,148,152
Admin Acct (FICA Savings)	\$ 422,882
State Treasury	\$ 9,934,588
Due from Health Plan	\$ 98
Due from State Employee Fund	\$ -
Accounts Receivable	\$ 11,046
Total Assets	\$ 11,516,766
<u>Liabilities</u>	
Accounts Payable	\$ 519,979
Due to Health Plan (FICA Savings Annual)	\$ -
Due to Health Plan (Forfeited Benefits Annual)	\$ 8,767,649
Total Liabilities	\$ 9,287,628
Net Assets	\$ 2,229,138

Public School Employees (PSE) Financials - October 1, 2010 through December 31, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		37,513	2,959	40,472
Actives HD			4,651	4,651
Retirees	7,699			7,699
COBRA		1,099	123	1,222
Total	7,699	38,612	7,733	54,044

Operations as of 12/31/10

Funding	Current Month	Year to Date (3 months)
District Contribution	\$ 5,912,554	\$ 17,703,340
Employee Contribution, Rebates, and ERRP	\$ 13,512,119	\$ 39,907,452
Dept of Ed \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 13,295,455
Total Funding	\$ 22,606,491	\$ 70,906,247
Expenses		
Medical Expenses:		
Claims Expense	\$ 16,960,310	\$ 45,959,855
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 1,341,197	\$ 4,086,543
Refunds	\$ 4,886	\$ 7,309
Behavioral Health	\$ 642,016	\$ 1,264,267
Pharmacy Expenses:		
RX Claims	\$ 4,483,079	\$ 13,399,735
RX IBNR	\$ -	\$ -
RX Admin	\$ 66,040	\$ 196,730
Plan Administration	\$ 293,156	\$ 824,307
Total Expenses	\$ 23,790,685	\$ 65,738,745
Net Income/(Loss)	\$ (1,184,194)	\$ 5,167,502
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/10-12/31/11	\$ 789,333	\$ 2,368,000
Retiree Premiums for Plan Year 01/01/10-12/31/10	\$ 383,402	\$ 4,600,823
Net Income/(Loss) After Reserves	\$ (11,459)	\$ 12,136,325

Balance Sheet as of 12/31/10

Assets	
Bank Account	\$ 9,507,906
State Treasury	\$ 64,746,335
Receivable from Provider	\$ 471,138
Accounts Receivable	\$ 277,932
Due from ASE	\$ 254,522
Total Assets	\$ 75,257,834
Liabilities	
Accounts Payable	\$ 4,264
Due to ASE	\$ -
Deferred Revenues	\$ 1,323,180
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 29,167,444
Net Assets	\$ 46,090,390
Less Reserves Allocated:	
Retiree Premiums for Plan Year 01/01/10-12/31/10 (\$4,000,000 + \$600,823 = \$4,600,823)	\$ 0
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (9,472,000)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (760,000)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (9,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 13,858,390

The Drug Utilization and Evaluation Committee (DUEC)

The following recommendations for the Board consideration resulted from a meeting of the DUEC on February 7, 2011.

1. **MAXALT** - Generic Name: rizatriptan (RYE za TRIP tan)

Maxalt is used to treat migraine headaches.

Maxalt packaging has changed from 12 tablets to 18 tablets per package.

Current Policy: 12 tablets per 31 days

Recommendation – Allow for 18 tablets per 45 days.

The committee agreed to allow EBD to manage the prescription and co-pay adjustments and to inform the committee if needed.

2. **FIRST REVIEW MEDICATIONS – NEW DRUGS Oct-Dec 2010**

Drug Name

Tier Status

GILENYA CAP 0.5MG

T3 w PA. Specialty

GILENYA (fingolimod) is the first oral therapy approved for the treatment of patients with relapsing forms of multiple sclerosis (MS) to reduce the frequency of clinical exacerbations and to delay the accumulation of physical disability.

PRADAXA CAP 75, 150MG

T3 w/ PA QL/2tab a day per 31 days

PRADAXA is FDA-approved for the prevention of stroke and blood clots in patients with abnormal heart rhythm (atrial fibrillation).

Jill T. Johnson, Pharm.D., BCPS
 Associate Professor, UAMS College of Pharmacy
 February 7, 2011

Review of Newer Diabetes Drugs for Type 2 Diabetes Mellitus

2010 EBD-by Plan Paid (po drugs only)

Product Name	Plan Cost Paid Amount		
		<u>GLYBURIDE</u>	\$15,087.88
		<u>GLUMETZA</u>	\$12,797.53
<u>ACTOS</u>	\$2,336,900.26	<u>ACARBOSE</u>	\$13,608.55
<u>JANUVIA</u>	\$603,308.54	<u>GLIPIZIDE</u>	\$1,720.11
<u>ACTOPLUS MET</u>	\$484,448.50	<u>STARLIX</u>	\$7,253.36
<u>JANUMET</u>	\$345,818.53	<u>GLUCOVANCE</u>	\$4,430.47
<u>METFORMIN HCL</u>	\$112,556.54	<u>GLYSET</u>	\$5,399.27
<u>GLYBURIDE/METFORMIN HCL</u>	\$140,915.51	<u>ACTOPLUS MET XR</u>	\$6,412.34
<u>ONGLYZA</u>	\$102,631.78	<u>GLUCOPHAGE XR</u>	\$2,039.45
<u>AVANDIA</u>	\$96,569.83	<u>FORTAMET</u>	\$562.44
<u>PRANDIN</u>	\$98,870.28	<u>GLUCOTROL XL</u>	\$526.58
<u>AVANDAMET</u>	\$65,420.78	<u>GLUCOPHAGE</u>	\$2,050.63
<u>GLIPIZIDE ER</u>	\$53,848.98	<u>GLYBURIDE MICRONIZED</u>	\$1,994.51
<u>DUETACT</u>	\$58,679.70	<u>AMARYL</u>	\$196.93
<u>GLIMEPIRIDE</u>	\$33,582.05	<u>GLUCOTROL</u>	\$169.53
<u>METFORMIN HCL ER</u>	\$31,958.80	<u>GLYNASE</u>	\$42.12
<u>NATEGLINIDE</u>	\$51,429.11	<u>RIOMET</u>	\$170.98
<u>AVANDARYL</u>	\$29,392.43	<u>TOLBUTAMIDE</u>	\$216.75
<u>GLIPIZIDE/METFORMIN HCL</u>	\$31,502.97	<u>METAGLIP</u>	\$51.63
<u>GLIPIZIDE XL</u>	\$23,565.96	<u>CHLORPROPAMIDE</u>	\$100.75
		<u>PRECOSE</u>	\$0.00

2010 EBD-by Utilizing Members (po drugs only)

Product Name	Utilizing Members		
		<u>ACARBOSE</u>	62
		<u>GLIPIZIDE/METFORMIN</u>	58
		<u>HCL</u>	
<u>METFORMIN HCL</u>	5,452	<u>DUETACT</u>	36
<u>ACTOS</u>	1,556	<u>AVANDARYL</u>	30
<u>METFORMIN HCL ER</u>	1,446	<u>GLUMETZA</u>	29
<u>GLIMEPIRIDE</u>	1,356	<u>STARLIX</u>	18
<u>GLYBURIDE/METFORMIN</u>		<u>GLUCOVANCE</u>	13
<u>HCL</u>	847	<u>GLYSET</u>	12
<u>GLIPIZIDE</u>	784	<u>GLUCOTROL XL</u>	12
<u>GLIPIZIDE ER</u>	686	<u>GLUCOPHAGE XR</u>	10
<u>JANUVIA</u>	605	<u>ACTOPLUS MET XR</u>	9
<u>GLYBURIDE</u>	574	<u>FORTAMET</u>	7
<u>JANUMET</u>	385	<u>AMARYL</u>	7
<u>ACTOPLUS MET</u>	352	<u>GLUCOPHAGE</u>	5
<u>GLIPIZIDE XL</u>	332	<u>CHLORPROPAMIDE</u>	2
<u>ONGLYZA</u>	173	<u>GLUCOTROL</u>	1
<u>AVANDIA</u>	141	<u>GLYNASE</u>	1
<u>PRANDIN</u>	87	<u>RIOMET</u>	1
<u>AVANDAMET</u>	73	<u>TOLBUTAMIDE</u>	1
<u>GLYBURIDE MICRONIZED</u>	72	<u>METAGLIP</u>	1
<u>NATEGLINIDE</u>	67	<u>PRECOSE</u>	1

3

TZDs (rosiglitazone, pioglitazone), (Avandia, Avandaryl, Avandamet, Actos, ActoplusMet)

CURRENT

- No edits for EBD members

PROPOSED

- Restrict the access to rosiglitazone. Stop covering rosiglitazone (Avandia, Avandamet, Avandaryl) effective July 1, 2011.
- No pioglitazone (Actos) without metformin (at a near maximum daily dose-1000mg daily) or a contraindication to metformin.

4

Exenatide (Byetta) Liraglutide (Victoza)

CURRENT

- No monotherapy allowed
- 120 day lookback for 1 fill of metformin, sulfonylurea, or TZD.

PROPOSED

- Option 1.
 - Discontinue covering these drugs based on lack of outcomes evidence.
- Option 2.
 - Deny if any insulin claim in past 30d.
 - Continue no monotherapy access for exenatide or liraglutide.
 - PA all prescriptions, criteria:
 - require a current metformin fill for 90 of the past 120 days at the maximum or near-maximum dose, failure to reach goal A1C, AND then
 - Require, in patients who cannot tolerate metformin, the use of a sulfonylurea or the use of pioglitazone, unless contraindicated due to HF, edema, or fracture risk.
- If renal function will not allow metformin (CrCl <30mL/min), then should not take exenatide either; For Victoza, use with caution with renal impairment, limited experience.

5

Sitagliptin (Januvia, Janumet) Saxagliptin (Onglyza, Kombiglyze XR)

CURRENT

- No monotherapy allowed
- 120 day lookback for 1 fill of metformin

PROPOSED

- Option 1.
 - Discontinue covering these drugs based on lack of outcomes evidence.
- Option 2.
 - ***Deny if any insulin claim in past 30d.
 - Continue no monotherapy access for sitagliptin or saxagliptin.
 - PA all prescriptions, criteria:
 - Require a current metformin fill for 90 of the past 120 days at the maximum or near-maximum dose failure to reach goal A1C, AND
 - Require the use of concomitant sulfonylurea &/or pioglitazone in patients who have not reached their HbA1C goal with metformin monotherapy, unless contraindicated due to HF, edema, or fracture risk.

***Sitagliptin has the FDA approval to be given with insulin for T2DM. There is no evidence regarding whether sitagliptin with or without insulin results in improved health outcomes. In the company-sponsored trial, sitagliptin + insulin + metformin was "well-tolerated". The A1C was 0.6% less in the sitagliptin group but the insulin arm was fixed.

6

Pramlintide (Symlin, Symlinpen)

CURRENT

- No edits

PROPOSED

- Exclude

State and Public School Life and Health Insurance Board

Benefits Sub-Committee Report

Meeting Date: January 14, 2011

1. PSE 2010 PLAN YEAR REVIEW

Lee provided an overview of the 2010 PSE plan year.

The 2010 Plan Year incorporated only a few changes from 2009; hearing exams, hearing aids, and vision exams were added to the standard schedule of benefits. Enrollment remained stable with just under 75% of eligible employee selecting to join the plan. HDPPO participation increased significantly to more than 10% of the active public school employees. Claims utilization on a per contract per month basis increased above 2009 level; however pharmacy claims, mental health premiums, and administration expenses fell. Trust fund account balance is stable after reserve allocations for 2011, 2012, and 2013.

2. MEDICARE ADVANTAGE – POST HEALTHCARE REFORM DISCUSSION

The committee reviewed a side by side comparison of the current health plan arrangement for ARHealth active employees and Medicare primary members vs. the Medicare Advantage plan.

The committee discussed Medicare Advantage as a possible option for the ARHealth Medicare Retiree population.

The committee requested further in depth investigation by the BSPW in conjunction with our actuarial firm to look into financial data on what we are doing compared to Medicare Advantage Plan without restriction and evaluate the same advantages of a employer group waiver plan.

2010 PSE - Plan Year Review

The 2010 Plan Year incorporated only a few changes from 2009; hearing exams, hearing aids, and vision exams were added to the standard schedule of benefits. Enrollment remained stable with just under 75% of eligible employees electing to join the plan. HD PPO participation increased significantly to more than 10% of the active public school employees. Claims utilization on a per contract per month basis increased above 2009 level however pharmacy claims, mental health premiums, and administration expenses fell. Trust fund account balance is stable after reserve allocations for 2011, 2012, and 2013

	Total	Per Contract Per Month (PCPM)	Percent of Total Spend	Percent of Enrollment	Jan-10	Oct-10
Medical Claims Expense	\$192,676,020.00	\$308.77	73%	ARHealth	94.40%	89.90%
Pharmacy Claims Expense	\$49,683,757.00	\$79.62	19%	ARHealth HD PPO	5.60%	10.10%
Behavioral Health Expense	\$3,411,508.00	\$5.47	1%			
Administration Expense	<u>\$19,682,587.00</u>	\$31.54	7%			
Total *	\$265,453,872.00			<i>2010 Contract Months</i>		<i>624,005</i>

	2007	2008	2009	2010
Medical Claims - PCPM	\$ 279.94	\$ 284.82	\$ 298.97	\$308.77
Pharmacy Claims - PCPM	\$ 81.18	\$ 77.85	\$ 81.78	\$79.62
Behavioral Health - PCPM	\$ 5.32	\$ 6.14	\$ 6.02	\$5.47
Administration - PCPM	\$ 36.67	\$ 30.10	\$ 33.68	\$31.54
	<u>\$ 403.11</u>	<u>\$ 398.91</u>	<u>\$ 420.45</u>	<u>\$ 425.40</u>

	2007	2008	2009	2010
Medical Claims - PCPM	69%	71%	71%	73%
Pharmacy Claims - PCPM	20%	20%	19%	19%
Behavioral Health - PCPM	1%	2%	1%	1%
Administration - PCPM	9%	8%	8%	7%

* Actual financial statement reflects IBNR and Refunds not reflected here

Information taken from September 2010 financial report and ARBenefits.org enrollment data

Contract defined as primary employee member or retiree member - count does not include dependents