AGENDA

State and Public School Life and Health Insurance Board

April 22, 2014

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

I.	*Call to Order*	*John Kirtley, Chairman*
II.	*Approval of March 18, 2014 Minutes*	*John Kirtley, Chairman*
III.	*ASE-PSE Financials March, 2014*	*Marla Wallace, EBD Chief Fiscal Officer*
IV.	*EBD Report*	*Doug Shackelford, EBD Deputy Director*
V.	*DUEC Report*	*Dr. Kat Neill, David Keisner, UAMS*
VI.	*Preliminary Projections for CY 2015 Rates*	*John Colberg, Cheiron*
VII.	*Benefits Sub-committee Report*	*Bob Alexander, EBD Executive Director*
VIII.	*Special Enrollment/Change in Status*	*Bob Alexander, EBD Executive Director*
IX.	*Taskforce Update*	*Bob Alexander, EBD Executive Director*
X.	*Director's Report*	*Bob Alexander, EBD Executive Director*

Upcoming Meetings

May 20th

NOTE: All material for this meeting will be available by electronic means only asepse-board@dfa.arkansas.gov

Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "Members and Staff only"

State and Public School Life
And Health Insurance Board
Minutes
April 22, 2014

The 136th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on April 22, 2014 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT	MEMBERS ABSENT
Renee Mallory	
Robert Boyd	
Lori Freno-Engman	
Carla Wooley-Haugen, Vice-Chair	
Dr. Andrew Kumpuris	
Angela Avery	
Shelby McCook	
Dr. Tony Thurman	
Janis Harrison	
Dan Honey	
Dr. John Kirtley, Chairman	
Dr. Joseph Thompson	
Katrina Burnett	

Bob Alexander, Executive Director, Employee Benefits Division

OTHERS PRESENT:

Dwight Davis, Jill Johnson, David Keisner, UAMS; Doug Shackelford, Michele Hazelett, Lori Eden, Janna Keathley, Marla Wallace, Kristi Jackson, Leslie Smith, Stella Greene, Ethel Whittaker, Tammy McGill, EBD; Pam Lawrence, AHH; Sylvia Landers, Eileen Wider, Minnesota Life; Richard Ponder, J & J; Antrice Kay, Pfizer; Marc Watts, ASEA; Mike Meadors, BYSI; Wayne Whitley, Ronda Walthall, AR Highway & Transportation Dept; Diann Shoptaw, USAble; Peggy Nabors, AEA; Andy Davis, Arkansas Democrat; David Williams, Forest; Kathy Ryan, Takisha Sanders, David Bridges, Kanita Collins, Health Advantage; Ro Summers, ACHI; Andra Kaufman, QualChoice; Susan Walker, Datapath; Karen Henson, Wanda Henry, AGFC; Jeanie Stobaugh, AID; Leo Hausen, BPS; Warren Tayes, Merck; Mark Chambers, Compsych; Jennifer Smith, ASU; Neil Rose, ASBP; Cynthia Foster, ASP; John Colberg, Cheiron; Steve Althoff, Kristie Banks, MTI; Martha Hill, Mitchell Williams, Mike Mertens, AAEA; Connie Bennett, Catamaran

CALL TO ORDER:

Meeting was called to order by John Kirtley, Chairman

APPROVAL OF MINUTES: *by John Kirtley, Chairman*

The request was made by Kirtley to approve the March 18, 2014 minutes.

Harrison made the motion to approve the minutes, Honey seconded; all were in favor.

Minutes approved

FINANCIALS: *by Marla Wallace, CFO EBD*

Wallace reported for March 2014 for PSE & ASE. For PSE, there were four (4) weeks of claims. There was an increase of $5.7 million for the month and $12.7 million year-to-date. Revenues were increased by $4 million due to the $43 million received from the state. There is $10.3 million in the catastrophic reserve.

For ASE, there was an increase of $5 million and year-to-date of $8 million. Expenses decreased by $10 million. After the allocated reserve there is $10.5 million in assets.

EBD REPORT: *by Doug Shackelford, EBD Deputy Director*

Shackelford reported EBD scheduled and attended four (4) regional meetings with school district health insurance representatives. The discussion topics were:

- Funding
- Billing Questions
- Benefit Questions

Shackelford reported that EBD continues its process of streamlining the Voluntary Product program for state employees. EBD recently hired a voluntary product coordinator, who will work closely with our contracted vendor throughout this process. It is the goal to create a voluntary product program which eliminates confusion, allows easier access and provides quality products to state employees.

Dr. Thompson requested a list of the Voluntary Products. Shackelford reported there are fourteen (14) separate vendors.

Shackelford reported EBD will participate in a Disaster Recovery test for the ARBenefits System. This test will include five membership tests, three security role tests and three task system tests. These tests verify that our system works appropriately and that when changes are made, they are registered correctly.

DUEC REPORT: *by Dr. Kat Neill, UAMS*

Dr. Neill reported on new drugs. The review covered products released January 13, 2014 – March 10, 2014.

Recommended Additions:

Brand Name	Placement
Potassium chloride CR 20 meq	T1
Anoro Ellipta Inhalation – medication and inhalation device	T2
Nuvigil 200 mg	T2PA, QL
Radiogardase cap 0.5 gm	T3

Recommended Exclusions:

Brand Name	SIMILAR THERAPIES ON FORMULARY/AWP
Astagraf XL capsules 0.5, 1, or 5mg capsules (SPECIALTY DRUG)	Tacrolimus 5mg immediate release twice daily = $1380/30 days
Adusave Inhalation 10mg	
Duavee tab 0.45-20 mg	
Farxiga 5mg & 10mg	Invokana 300mg = $346.80/30 days
Copaxone inj 40mg/ml - syringe	Copaxone 20mg/ml syringe - once daily dosing AWP = $6,072/box of 30 syringes
Velphoro 500mg chw tab (sucroferric oxyhydroxide)	Renvela - max dose of 14Gm/day (or 18 tabs)- $2,278/30 days
Zohydro ER caps (10, 15, 20, 30, 40, or 50mg)	
Luzu Cream	Clotrimazole cream $3.30/45gm. Econazole $100/85gm
Aptiom tabs (200, 400,600, or 800mg tabs)	Oxcarbazepine 1200mg/day = $300/mo
Kuvan Powder 100mg packet	100mg packet same price as 100mg tab $38.74
Karbinal ER Susp 4mg/5ml	Carbinoxamine solution 4mg/ml = $21/120 ml Carbinoxamine 4mg tab = $0.65/tab
AIF #2 Drug Cream Prep Kit	
Vopac Cream	
VOPAC GB Cream	
Falessa Kit	
Lidolog Kit	
Marlido Kit	
Baclofen cream compounding kit	
Lidocaine compounding kit	
Naproxen cream compounding kit	
Tramadol cream compounding kit	
Bupivilog Kit	

Recommended Exclusions (continued):

Multi-Specialty Kit	
Lupaneta Kit	Lupron 11.25mg = $3,085 Lupron 3.75mg = $1,028. Norethindrone 5mg tabs = $2.65/tab
Zinc gluconate inj 10mg/10ml	
Tretten inj	
Vimizim	
Ferivafa Caps	several generic options for less cost
Lavare Wound Gel Wash	
Pennsaid Solution 2%	New dosage strength. Pennsaid 1.5% currently set to reject.
Dermanic	
Vitapearl caps	various generics available
Citranatal Caps	various generics available
Vitafol-Nano tabs	various generics available

McCook motioned to adopt the recommended additions and exclusions; Honey seconded. All were in favor.

Motioned Approved

The Board will meet for a special meeting May 1, 2014, for further discussion and recommendations from the Delivery Coordination Sub-committee.

PRELIMINARY PROJECTIONS FOR CY 2015 RATES: *by John Colberg, Cheiron*

Colberg reported on the impact, in terms of how much funding is needed for 2015. If there are no changes the amount of funding needed is $278 million. State contribution is $86.6 million and the school district contribution is $80 million. The remaining funding needed is $111 million. If members migrate as projected there will be an additional $34 million needed for employee contributions. For Non-Medicare and Medicare retirees there will be $43 million needed.

The projection is that 8000 members will migrate from the Gold to Bronze plan. Adding a $1000 deductible to the Gold plan would be similar to the Silver plan.

The next projected steps are as follows:

- Incorporate emerging experience
  - Additional claims/eligibility data
  - Behavior change for participants who switched plans between 2012 & 2013
- Re-process 2013 claims experience reflecting changes to the Gold benefit design
- Evaluate taskforce proposals

BENEFITS SUB-COMMITTEE REPORT: *by, Shelby McCook, Vice-Chairman Benefits Sub-Committee*

Colberg presented a report for Medicare Advantage. Topics discussed are:

- How ARBenefits for Medicare Retirees vs. Medicare Advantage
- Current ARBenefits for Medicare Retirees vs. Medicare Advantage
- Savings from Medicare Advantage
- Medicare Prescription Drug Alternatives
- Considerations & Next Steps

Colberg reported the process is each claim is submitted to Medicare. Medicare pays its portions of the benefits, then ARBenefits pays. Some difference with Medicare & Medicare Advantage is:

- Medicare provides benefits that supplement Medicare Part A and Part B vs. Medicare Advantage contracts with the Medicare Advantage Organization to provide Part A and Part B benefits.
- Claim payments – Medicare has two Payers: Medicare (Government) and ARBenefits. Medicare Advantage has a single payer the Medicare Advantage Organization. Medicare Advantage Plan assumes the risk associated with Part A and Part B.

Colberg reported on Preliminary projections for CY 2015 Rates for PSE and ASE. There were three (3) scenarios discussed with rates:

- No Changes.
- Changes to Gold include $1000.00 deductible, remove Silver.
- Changes to Gold include $1000.00 deductible, remove Silver and Non-Medicare Eligible Spouses

Alexander reported on the 2015 Schedule of Benefits and the changes that could occur.

SPECIAL ENROLLMENT/CHANGE IN STATUS: *by Bob Alexander, EBD Executive Director*

Alexander requested the Board for a change in the summary plan description to include the death of a member or spouse to allow sixty (60) days for the change.

Honey motioned to approve the change; Dr. Thompson seconded. All were in favor.

Motioned Approved

In addition, allowing a 60 day special enrollment for anyone who has a qualifying event.

Honey motioned for an amendment to allow all members who have a qualifying event a sixty (60) day enrollment period; Dr. Thompson seconded. All were in favor.

Motioned Approved

TASKFORCE UPDATE: *by Bob Alexander, EBD Executive Director*

Alexander reported the taskforce has the following recommendations:

- Remove part-time employees from the plan
- Offer four (4) plans at 90%, 80%, 70%, & 60%
- To avoid excise taxes prior to 2018 reduce the benefits
- Raise employee contribution to encourage employees to enroll in the Bronze plan
- Separate the active retiree rates
- Separate 2014 rates
- Retirees under sixty five (65) rates increase to $173.00 monthly

The next taskforce meeting will be held April 30, 2014. EBD will make the following recommendations:

- Open enrollment
- Statutory Change
- Exclude part-time employees
- The Board requests authority to terminate the plan
- Adequate funding – there will be a recommendation in terms of how much funding is needed
- Mandatory Wellness and Disease Programs
- Continue reference pricing

DIRECTOR'S REPORT: *by Bob Alexander, EBD Executive Director*

In the past two years, there have been 500 members participate in the Bariatric Pilot Program, without much success. Alexander would like to request the taskforce discontinue the program until further notice.

McCook motioned to adopt the recommendation to the taskforce; Honey seconded. All were in favor.

Motioned Approved

Alexander reported ASE open enrollment will be in September and PSE will be in October or a date the taskforce determines.

Meeting Adjourned

The Board met May 1, 2014 at 1:00 p.m. for a special meeting. The following members attended:

MEMBERS PRESENT	MEMBERS ABSENT
Dr. John Kirtley	Dr. Joseph Thompson
Carla Wooley-Haugen	Dr. Andrew Kumpuris
Janis Harrison	
Lori Freno-Engman	
Renee Mallory	
Katrina Burnett	
Dan Honey	
Angela Avery	
Bob Boyd	
Shelby McCook	
Bob Alexander	

OTHERS PRESENT:

Dr. Hank Simmons, David Keisner, Jill Johnson, Dwight Davis, UAMS; Marla Wallace, Janna Keathley, Michele Hazelett, Lori Eden, Sherry Bryant, Stella Greene, Leslie Smith, Tammy McGill, Ethel Whittaker, EBD; Pam Lawrence, AHH; Marc Watts, ASEA; Larry Dickerson, Ronda Wathall, AHTD; Richard Ponder, J & J; Ro Summers, ACHI; Bill Clary, H & H; Connie Bennett, Sheri Zags, Catamaran; Mark Chambers, ComPsych; Jennifer Smith, ASU; Warren Tayes, Treg Long, ACR; Steve Althoff, MTI; Mark Riley, APA; Ed Green, TASC; Martha Hill, Doug Brown, Mike Mertens, AAEA

CALL TO ORDER:

Meeting was called to order by John Kirtley, Chairman

DUEC REPORT: *by Dr. Kat Neill, Dr. David Keisner, Dr. Dwight Davis, UAMS*

Dr. Neill reported that drugs used in the treatment of pulmonary hypertension were reviewed by the DCC and a report made to the DUEC on April 7th. Recommendations from this report are outlined below.

A. Pulmonary Hypertension

	Current Coverage	Proposed Coverage for 2015
Phosphodiesterase-5 inhibitors	T1	T1PA
Sildenafil (generic Revatio)	T4	Exclude
Adcirca	T2PA	T2PA-Not covered for PAH, QL for ED
Viagra	T3PA	T3PA- Not covered for PAH, QL for ED
Cialis	T3PA	T3PA- Not covered for PAH, QL for ED
Levitra	T3PA	T3PA- Not covered for PAH, QL for ED
Staxyn		
Endothelin-receptor antagonists	T4	T4PA
Tracleer	T4	T4PA
Letairis	-	T4PA
Opsumit		

B. Second Review Drugs

Drug	Current Coverage	Recommendation
Savella (milnacipran) – SNRI used in treatment of fibromyalgia (141 current users)	Tier 3, QL of 100 mg BID	Exclude; Code 13 – no comparative trials to active therapy. Implement in 90 days with communication to current users that includes alternatives.
Dulera (mometasone/formoterol) – ICS/LABA for asthma maintenance	T3	T2 – priced similarly to other T2 ICS/LABA

C. Inflammatory Bowel Disease

Inflammatory Bowel Disease – mesalamine products	
Current Coverage	**Recommendation**
Oral products	
Apriso – Tier 3	T3 with QL #120 for 30 days
Delzicol – excluded	T2 – used for treatment and maintenance
Lialda – Tier 2	Exclude
Pentasa (250 mg ER, 500 mg ER) – Tier 2	Exclude
Rectal products	
Rowasa kit - Tier 3	Exclude
SFRowasa – Tier 3	Exclude
Mesalamine kit – Tier 1	Exclude
	*Recommend with 90 days notification to current users that includes alternative therapy.

Harrison motioned to adopt sections A, B, & C. Wooley-Haugen seconded. All were in favor.

Motion Approved

IMMUNIZATION COVERAGE: *by Dr. Kat Neill, UAMS*

Dr. Neill reported that the DUEC recommends that all vaccines recommended by the CDC Advisory Committee on Immunization Practices (ACIP) be covered through the pharmacy benefit with requested reporting to the immunization registry.

Honey motioned to approve the immunization recommendation. Wooley-Haugen seconded. All were in favor.

Motioned Approved

RHEUMATOID ARTHRITIS PRIOR AUTHORIZATION CRITERIA: *by Dr. Kat Neill, UAMS*

Dr. Neill reported that prior authorization criteria for drugs used to treat rheumatoid arthritis have been updated. A majority of the drugs required a PA. They have been updated based on new guidelines. It will not affect current users. The criteria have been updated for prior authorization for new users.

2015 REFERENCE PRICING RECOMMENDATIONS: *by Dr. David Keisner, Dr. Dwight Davis, UAMS*

Davis reported on the prescription drug program trend analysis (2004- YTD 2014). The current coverage strategy of reference pricing has the potential to put the plan at financial risk due to claims and coverage processing now in effect. Many reference price meds have high co-pays. Financial considerations for reference priced medications include:

- Once a member meets their max out-of-pocket maximum, the member has no cost sharing for the medication. The plan pays 100%.
- Reference pricing does not apply to the Bronze Plan.
- The Bronze Plan gained 11,000 members in 2013 and 15,000 members is 2014.

Two of the top ten medications on the Bronze plan in terms of plan cost are Nexium and Dexilant. These are reference priced on the Gold and Silver Plans.

The following are for consideration:

- Plan savings due to reference pricing are significant and are comparable to a closed formulary. This or a similar approach must be retained to sustain plan savings.
- Reference pricing does not work in a co-insurance model (i.e. current Bronze design).
- According to the ACA, member co-payments/coinsurance related to prescription drugs may be applied to the maximum out-of-pocket. *Today there is uncertainty about this.*
- Expenditures for drugs classified as ***covered*** by the plan apply to the member out-of-pocket maximum threshold; expenditures for drugs classified as ***excluded*** do not.
- Minimally-controlled access to less cost-effective drugs can result in out-of-pocket thresholds being met sooner with the plan assuming 100% of the member's healthcare for the remainder of the year.
- There are market factors that encourage provider/members to select less cost-effective drug options.
- Therefore, it is imperative for the benefit to be structured to encourage/drive toward more cost-effective options and to minimize the plan's financial exposure.
- A closed formulary resolves this issue from a benefit design perspective and affords the plan significantly more leverage in negotiating with pharmaceutical manufacturers.

The following are the recommendations:

- Continue to build the plan's drug benefit on an evidence-based platform.
- Move toward a closed drug formulary where clinical evidence warrants whereby;
    - If Rx-related expenses apply to the maximum out-of-pocket, more drugs are excluded from coverage.
    - If Rx-related expenses are not applied to the maximum out-of-pocket, the reference pricing approach is followed.

The intent is to maintain sufficient latitude in producing an affordable benefit regardless of the ACA ruling.

Boyd motioned for further discussion to consider a closed formulary. McCook seconded. All were in favor.

Motioned Approved

EXCLUSION OF BRAND NAME PRODUCTS WITH A/B RATED GENERICS:

by Dr. Kat Neill, UAMS

DUEC recommends the exclusion of brand name product if there is an A/B rated generic available. If the generic is no longer available, the brand name product will be included in coverage.

COUPON CARDS: *by Dr. Kat Neill, UAMS*

DUEC recommends the exclusion of coupon cards if a mechanism to delineate this process during claim adjudication can be identified.

Dr. Neill reported the exclusion of brand name products with A/B rated generics and coupon cards will be reviewed with the closed formulary discussion.

DIRECTOR'S REPORT: *by Bob Alexander, EBD Executive Director*

Alexander reported at the taskforce meeting April 30, 2014, EBD presented a proposal for recommendations. There was a lot of discussion on funding and savings. The goal is to make the rates more affordable. Possibly lower the Gold plan 50% and increase premiums on the Bronze plan. The taskforce will vote on recommendations at the next meeting May 14, 2014.

Part-time school district employees are recommended to be excluded from the plan. If spouses who have other coverage available are excluded from the plan, the possible savings could be as much as $3.4 million. If all spouses are excluded the possible savings could be $10 million.

Alexander reported open enrollment for PSE will be in October and ASE will be September.

Honey motioned to adjourn. Harrison seconded. All were in favor.

Meeting Adjourned

Public School Employees (PSE) Financials - January 1, 2014 through March 31, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	18487	22438	5009	7838	23206	42008	46702	72284
Retirees	1873	2179	102	105	1211	1517	3186	3801
Medicare	8901	9753					8901	9753
TOTAL	29261	34370	5111	7943	24417	43525	58789	85838

REVENUES & EXPENDITURES				
Funding		Current Month		Year to Date (3 months)
Per Participating Employee Funding (PPE Funding)	$	8,485,280	$	25,476,376
Employee Contribution	$	10,134,339	$	30,593,723
Department of Education $35,000.000 & $15,000,000	$	3,181,818	$	13,295,455
Other	$	563,935	$	575,226
Allocation for Actives - Plan Year 2014	$	3,583,333	$	10,750,000
Total Funding	$	**25,948,706**	$	**80,690,780**
Expenses				
Medical Expenses				
Claims Expense	$	14,237,825	$	49,134,476
Claims IBNR	$	-	$	-
Medical Administration Fees	$	1,626,750	$	4,803,909
Refunds	$	24,997	$	51,304
Employee Assistance Program (EAP)	$	80,827	$	242,951
Pharmacy Expenses				
RX Claims	$	3,492,968	$	11,691,478
RX IBNR	$	-	$	-
RX Administration	$	332,999	$	1,000,423
Plan Administration	$	443,903	$	976,622
Total Expenses	$	**20,240,269**	$	**67,901,163**
Net Income/(Loss)	$	**5,708,436**	$	**12,789,617**

BALANCE SHEET		
Assets		
Bank Account	$	21,100,540
State Treasury	$	49,123,666
Receivable from Provider	$	-
Accounts Receivable	$	1,642,810
Due from ASE	$	505,747
Total Assets	$	**72,372,763**
Liabilities		
Accounts Payable	$	642
Due to ASE	$	-
Deferred Revenues	$	-
Health IBNR	$	28,000,000
RX IBNR	$	1,800,000
Total Liabilities	$	**29,800,642**
Net Assets	$	**42,572,121**
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 ($43,000,000)	$	(32,250,000)
Catastrophic Reserve (2014 - $11,100,000)	$	(10,322,121)
Net Assets Available	$	**(0)**

Public School Employees (PSE) Financials - January 1, 2013 through March 31, 2013				
	Gold	Silver	Bronze	Total
Actives	37,571	7,643	26,389	71,603
Retirees	2,523	37	914	3,474
Medicare	8,449			8,449
Total	48,543	7,680	27,303	83,526

Revenues & Expenditures

	Current Month	Year to Date (3 months)
Funding		
District Contribution	$ 8,178,489	$ 24,545,889
Employee Contribution	$ 11,038,910	$ 33,292,699
Dept of Ed $35,000,000 & $15,000,000	$ 3,181,818	$ 13,295,455
Other	$ 24,168	$ 108,586
Allocation for Active/Retiree Premiums for Plan Year 2013	$ 750,000	$ 2,250,000
Total Funding	$ 23,173,384	$ 73,492,628
Expenses		
Medical Expenses:		
Claims Expense	$ 20,729,371	$ 55,458,100
Claims IBNR	$ -	$ -
Medical Admin Fees	$ 1,598,794	$ 4,786,465
Refunds	$ 25,861	$ 52,567
Employee Assistance Program (EAP)	$ 81,817	$ 246,214
Pharmacy Expenses:		
RX Claims	$ 6,275,631	$ 17,438,722
RX IBNR	$ -	$ -
RX Admin	$ 40,527	$ 772,273
Plan Administration	$ 388,152	$ 1,175,884
Total Expenses	$ 29,140,154	$ 79,930,224
Net Income/(Loss)	$ (5,966,769)	$ (6,437,596)

Balance Sheet

Assets	
Bank Account	$ 11,322,719
State Treasury	$ 23,073,950
Receivable from Provider	$ 208,717
Accounts Receivable	$ 5,121,967
Due from ASE	$ 15,614
Total Assets	$ 39,742,967
Liabilities	
Accounts Payable	$ 86
Due to ASE	$ -
Deferred Revenues	$ 1,794,868
Health IBNR	$ 24,700,000
RX IBNR	$ 2,600,000
Total Liabilities	$ 29,094,954
Net Assets	$ 10,648,013
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 ($9,000,000)	$ (6,750,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 ($3,600,000)	$ (3,600,000)
Catastrophic Reserve (2013 - $11,100,000)	$ (298,013)
Net Assets Available	$ 0

Note: 5th Week of Medical and Pharmacy Claims = $5,341,040

Arkansas State Employees (ASE) Financials - January 1, 2014 through March 31, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	24290	44598	1523	2819	2308	4510	28121	51927
Retirees	2463	3425	25	37	55	103	2543	3565
Medicare	8152	10812					8152	10812
TOTAL	**34905**	**58835**	**1548**	**2856**	**2363**	**4613**	**38816**	**66304**

REVENUES & EXPENDITURES				
Funding		Current Month		Year to Date (3 months)
State Contribution		$ 14,317,578	$	42,953,200
Employee Contribution		$ 7,636,636	$	22,908,633
Other		$ 1,247,102	$	1,987,463
Allocation for Actives - Plan Year 2014		$ 2,154,167	$	6,462,500
Total Funding		**$ 25,355,483**	**$**	**74,311,796**
Expenses				
Medical Expenses				
Claims Expense		$ 13,154,499	$	43,938,034
Claims IBNR		$ -	$	-
Medical Administration Fees		$ 1,121,304	$	3,310,903
Refunds		$ 10,684	$	42,371
Employee Assistance Program (EAP)		$ 56,242	$	168,711
Life Insurance		$ 54,747	$	164,137
Pharmacy Expenses				
RX Claims		$ 5,232,324	$	16,584,154
RX IBNR		$ -	$	-
RX Administration		$ 254,796	$	763,156
Plan Administration		$ 372,618	$	1,050,552
Total Expenses		**$ 20,257,215**	**$**	**66,022,019**
Net Income/(Loss)		**$ 5,098,268**	**$**	**8,289,777**
BALANCE SHEET				
Assets				
Bank Account			$	9,360,267
State Treasury			$	71,491,322
Due from Cafeteria Plan			$	668,305
Due from PSE			$	-
Receivable from Provider			$	-
Accounts Receivable			$	439,134
Total Assets			**$**	**81,959,028**
Liabilities				
Accounts Payable			$	2,520
Deferred Revenues			$	4,920
Due to Cafeteria			$	601
Due to PSE			$	505,747
Health IBNR			$	23,200,000
RX IBNR			$	2,400,000
Total Liabilities			**$**	**26,113,788**
Net Assets			**$**	**55,845,240**
Less Reserves Allocated:				
Premiums for Plan Year 1/1/14 - 12/31/14	($7,460,000 + $9,390,000 + $9,000,000)		$	(19,387,500)
Premiums for Plan Year 1/1/15 - 12/31/15	($6,260,000 + $5,400,000)		$	(11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16	($3,600,000)		$	(3,600,000)
Catastrophic Reserve			$	(10,600,000)
Net Assets Available			**$**	**10,597,740**

Arkansas State Employees (ASE) Financials - January 1, 2013 through March 31, 2013				
	Gold	Silver	Bronze	Total
Actives	45,785	2,054	3,445	51,284
Retirees	3,335	36	74	3,445
Medicare	10,255			10,255
Total	59,375	2,090	3,519	64,984

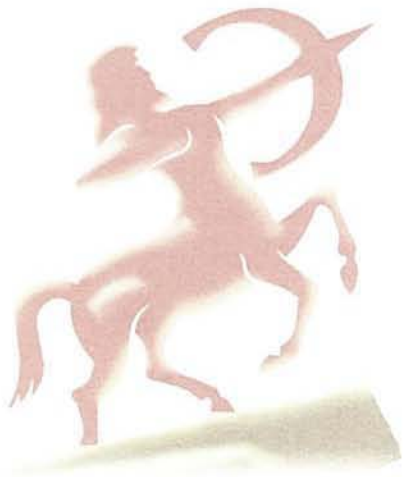
Revenues & Expenditures		
Funding	**Current Month**	**Year to Date (3 months)**
State Contribution	$ 13,534,916	$ 40,618,512
Employee Contribution	$ 7,226,921	$ 21,684,789
Other	$ 273,248	$ 652,032
Allocation for Active/Retiree Plan Year 2013	$ 2,236,667	$ 6,710,000
Total Funding	$ 23,271,751	$ 69,665,333
Expenses		
Medical Expenses		
Claims Expense	$ 18,703,608	$ 49,007,706
Claims IBNR	$ -	$ -
Medical Admin Fees	$ 1,071,956	$ 3,238,560
Refunds	$ 6,761	$ 29,748
Employee Assistance Program (EAP)	$ 56,460	$ 169,424
Life Insurance	$ 54,888	$ 164,655
Pharmacy Expenses		
RX Claims	$ 7,913,454	$ 22,070,233
RX IBNR	$ -	$ -
RX Admin	$ 26,751	$ 592,353
Plan Administration	$ 305,765	$ 858,254
Total Expenses	$ 28,139,642	$ 76,130,933
Net Income/(Loss)	$ (4,867,891)	$ (6,465,600)

Balance Sheet	
Assets	
Bank Account	$ 2,433,700
State Treasury	$ 88,485,345
Due from Cafeteria Plan	$ 610,945
Due from PSE	$ -
Receivable from Provider	$ 151,460
Accounts Receivable	$ 1,490,114
Total Assets	$ 93,171,564
Liabilities	
Accounts Payable	$ 472
Deferred Revenues	$ 87,843
Due to Cafeteria	$ 827
Due to PSE	$ 15,614
Health IBNR	$ 21,100,000
RX IBNR	$ 3,200,000
Total Liabilities	$ 24,404,756
Net Assets	$ 68,766,808
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 ($11,190,000 + $15,650,000)	$ (20,130,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 ($7,460,000 + $9,390,000)	$ (16,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15 ($6,260,000)	$ (6,260,000)
Catastrophic Reserve	$ (10,000,000)
Net Assets Available	$ 15,526,808

Note: 5th week of Medical and Pharmacy Claims = $5,373,491

Arkansas State Employees & Public School Employees Life & Heath Insurance Board

Preliminary Projections for CY 2015 Rates



April 22, 2014

John Colberg, FSA, MAAA
Joe Bawazer, ASA, MAAA

Preliminary Aggregate Projections: PSE

	Total Monthly Premium	Direct State Contribution (subsidy for ME)	School District Contrib.	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums ($/%)		Assumed Enrollment
No changes								
Actives	$278.3	$86.6	$79.9	$111.7	$77.9	$33.9	44%	44,415
Non-Medicare Eligible Retirees	$29.0	$0.0	$0.0	$29.0	$24.5	$4.5	19%	3,829
Medicare Eligible Retirees	$19.9	$6.5	$0.0	$13.4	$12.0	$1.4	12%	9,481
Total	$327.2	$93.1	$79.9	$154.2	$114.3	$39.9	35%	57,725
Changes to Gold incl $1,000 deductible; remove Silver								
Actives	$270.4	$86.6	$79.9	$103.9	$77.9	$26.0	33%	44,415
Non-Medicare Eligible Retirees	$27.9	$0.0	$0.0	$27.9	$24.5	$3.4	14%	3,829
Medicare Eligible Retirees	$19.8	$6.5	$0.0	$13.4	$12.0	$1.4	12%	9,481
Total	$318.2	$93.1	$79.9	$145.1	$114.3	$30.8	27%	57,725
Above with Removing Spouses								
Actives	$245.0	$86.6	$79.9	$78.5	$62.9	$15.6	25%	44,415
Non-Medicare Eligible Retirees	$25.9	$0.0	$0.0	$25.9	$21.7	$4.2	20%	3,829
Medicare Eligible Retirees	$18.8	$6.5	$0.0	$12.4	$11.1	$1.3	11%	9,481
Total	$289.8	$93.1	$79.9	$116.7	$95.7	$21.1	22%	57,725

Dollars are shown in Millions.

Note: The figures presented are preliminary and subject to change.

Preliminary Aggregate Projections: ASE

	Total Monthly Premium	State Contribution	Reserve Allocation	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums ($/%)		Assumed Enrollment
No changes; no use of reserves								
Actives	$239.0	$149.4	$0.0	$89.6	$59.3	$30.3	51%	27,968
Non-Medicare Eligible Retirees	$24.1	$5.9	$0.0	$18.1	$12.0	$6.1	51%	2,928
Medicare Eligible Retirees	$51.1	$16.8	$0.0	$34.3	$22.7	$11.6	51%	9,481
Total	$314.2	$172.1	$0.0	$142.1	$94.0	$48.0	51%	40,377
Changes to Gold incl $1,000 deductible; remove Silver								
Actives	$225.3	$149.4	$0.0	$75.9	$59.3	$16.6	28%	27,968
Non-Medicare Eligible Retirees	$22.8	$5.9	$0.0	$16.8	$12.0	$4.8	40%	2,928
Medicare Eligible Retirees	$50.9	$16.8	$0.0	$34.2	$22.7	$11.4	50%	9,481
Total	$299.0	$172.1	$0.0	$126.8	$94.0	$32.8	35%	40,377
Above with $11.66 million reserves used								
Actives	$225.3	$149.4	$8.8	$67.1	$59.3	$7.8	13%	27,968
Non-Medicare Eligible Retirees	$22.8	$5.9	$0.9	$15.9	$12.0	$3.9	32%	2,928
Medicare Eligible Retirees	$50.9	$16.8	$2.0	$32.2	$22.7	$9.4	41%	9,481
Total	$299.0	$172.1	$11.7	$115.2	$94.0	$21.2	23%	40,377

Dollars are shown in Millions.

Note: The figures presented are preliminary and subject to change.

Expected Next Steps

- Incorporate emerging experience
  - Additional claims/eligibility data
  - Behavior change for participants who switched plans between 2012 & 2013
- Re-process 2013 claims experience reflecting changes to Gold benefit design (and alternatives)
  - Figures shown in this presentation based on national average databases
- Evaluate task force proposals

Appendices

Appendix A – Current Benefit Summary

Benefit Option Name: Last Modified: Provider Network:	Gold 1/1/2014 Health Advantage	Silver 1/1/2014 QualChoice	Bronze 1/1/2014 Health Advantage
In-Network (INN) Benefits			
Deductible (Individual / Family)	None / None	$1000 / $2000	$2000 / $3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	$35	$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	$70	$70	Ded. & Coins.
Urgent Care (UC)	$100	$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	$250	$300	Ded. & Coins.
Outpatient Surgery	$100 then Ded. & Coins.	$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	$250 then Ded. & Coins.	$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	$2500 / $5000	$4000 / $8000	$6350 / $9525
Out-of-Network (OON) Benefits [1]			
Deductible (Individual / Family)	$1000 / $2000	$2000 / $4000	$4000 / $8000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	$6000 / $12000	$8000 / $16000	$12700 / $19000
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
Prescription Drugs			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	$15 / $40 / $80 / $100	$15 / $40 / $80 / $100	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	$45 / $120/ $240	$45 / $120 / $240	Ded. & Coins.
Selected Detail Benefits			
Emergency Transportation - Ambulance	INN: $50 Copay; OON: Ded & Coins.	INN: $50 Copay; OON: Ded & Coins.	
Psychiatry	INN: $25 Copay; OON: Ded & Coins.	INN: $25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: $35 Copay; OON: Ded. & Coins.	INN: $35 Copay; OON: Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: $35 ; OON: Ded & Coins.	INN: $50; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of $1400 per ear every 3 years	No Cost; Limit of $1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost

[1] When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network benefits apply.

Appendix B – Assumptions & Disclosures

- Plan Election:
  - For ASE plan election will be similar to 2014.
  - For PSE 8,000 actives leaving Gold.
  - Increases in Medicare eligible retirees (to 8,500 for ASE and 9,000 for PSE).
- Experience period: Calendar year 2013 completed from claims paid through January 2014
- Trend assumption: 7.5% annually for medical and Rx
- PSE claims savings, if NME spouses removed, will be same as 2013 claims.
- Additional details about the assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board.

The employee or dependent must request coverage within 60 days of being terminated from Medicaid or CHIP coverage or within 60 days of determination of eligibility for premium assistance.

Special Enrollment / Change in Status

After certain events, a member may choose to change his / her coverage or the coverage for any eligible dependents. The effective date of coverage after an event is dependent upon the event itself. The effective date for additions, terminations and cancellations is the first of the month following the date of application. Changes to the member's coverage and / or the coverage of any dependent are based on a qualifying event as defined under HIPAA (Health Insurance Portability and Accountability Act) and is dependent upon the participation or lack of participation in your employer's Cafeteria Plan.

The Subscriber must submit an election form within 30 days of a qualifying event. If the Subscriber fails to submit the election form within the initial 30-day time frame, they must wait until the next open enrollment period or experience another qualifying event to make changes to their plan.

Note: Medicare Part D Prescription Drug Coverage does not constitute "group health coverage" as described above when Medicare Part A and/or Part B are already in effect.

Authorized events that allow changes to coverage include but are not limited to the policyholder, marriage, adoptions, divorce, death, court orders, involuntary loss of other group health coverage, and spousal coverage of other group health coverage.

Exceptions: death of member or spouse

Birth and gain or loss of Medicaid allows a sixty (60) day window.

Birth/Adoption: coverage for a member's newborn/adopted child shall become effective as of the date of birth or adoption if the member gives EBD notice of the child by submitting an Election Form to EBD for the child within sixty (60) days of the child's date of birth or adoption. If the member fails to submit the Election Form within the sixty (60) day timeframe provided, the member's newborn/adopted child may not be added until the next open enrollment period or experience of another qualifying event.

Important Note:

ASE (State) Only

No changes in coverage are allowed at the time of transfer from one state agency to another. Steps should be taken to eliminate a lapse of coverage due to a simple transfer.

PSE (School) Only

No transfers on the PSE side, school employees are considered New Hires when changing districts.

PSE COVERAGE FOR SPOUSES

2013 ENROLLMENT PSE

Employees- 46,984 66%

Spouses- 5019 7% ASE has 7077 spouses = 19% total enrollment

Gold- 1278 Silver 588 Bronze 3153

Dependents- 19,349 27%

Large claims over $100,000	over $50,000 < $100,000	over $25,000 <$50,000
Employees- 148/ 65.5%	263/ 72%	714 /79%
Spouses- 29/ 19.6%	50/ 14%	113/ 12.5%
Dependents- 22/ 14.9%	50/ 14%	7/ 8.5%

Total paid claims 2013

Spouses- $26,074,269

Per spouse- $5195

Gold- $9852 Silver- $9470 Bronze- $2510

Total plan savings by deleting coverage for spouses= $10 million.

PSE Coverage For Spouse

Versus Exchange Coverage

Exchange Gold $500 Deductible	PSE Gold
Age 64- $785.04 Per Month	$880.54 Per Month

Exchange Bronze $5500 Deductible	PSE Bronze $2000/$3000
OOPM $6350	OOPM $6350
Age 46 - $256.94 per month	$255.77 per month

2013 Medical claims data

2013 Spouse Plan Paid	2013 Spouse Copay + Coins + Ded	2013 Spouse Submitted	2013 Spouse Allowed	2013 Spouse Copay	2013 Spouse Coinsurnace	2013 Spouse Deductible	Plan
$6,605,827.94	$2,853,715.78	$29,212,030.03	$11,067,237.07	$10,176.96	$955,464.60	$1,888,074.22	PSEBRONZEACT
$9,290,499.38	$976,087.44	$34,615,612.89	$11,591,440.87	$420,102.24	$511,855.73	$44,129.47	PSEGOLDACT
$3,943,129.02	$633,048.93	$12,522,041.98	$4,636,710.09	$173,056.37	$227,945.72	$232,046.84	PSESILVERACT
$19,839,456.34	**$4,462,852.15**	**$76,349,684.90**	**$27,295,388.03**	**$603,335.57**	**$1,695,266.05**	**$2,164,250.53**	

2013 Spouse Plan Paid Rx + Med	2013 Spouse Med Copay + Med Coins + Med Ded+ Rx Copay	Plan
$7,914,096.35	$3,881,266.45	PSEBRONZEACT
$12,591,404.78	$1,651,245.71	PSEGOLDACT
$5,568,768.54	$875,736.91	PSESILVERACT
$26,074,269.67	**$6,408,249.07**	

2013 Pharmacy claims data

2013 Spouse Rx Copay	2013 Spouse Rx Plan Paid	Plan
$1,027,550.67	$1,308,268.41	PSEBRONZEACT
$675,158.27	$3,300,905.40	PSEGOLDACT
$242,687.98	$1,625,639.52	PSESILVERACT
$1,945,396.92	**$6,234,813.33**	

2015 Schedule of Benefits - Gold

	IN-NETWORK	OUT-OF-NETWORK
Annual Deductible - Individual	$1,000	$1,000
Annual Coinsurance Limit - Individual	$2,500	$5,000
True Out-of-Pocket Max - Individual	*$3,500	*$6000
Annual Deductible - Family	$2,000	$2,000
Annual Coinsurance Limit - Family	$5,000	$10,000
True Out-of-Pocket Max - Family	*$7,000	*$12,000
Paid By Plan After Satisfaction Of Deducti	80%	60%
*Does not include copays		

COVERED BENEFITS AND SERVICES	IN-NETWORK COPAYMENT	IN-NETWORK	OUT-OF-NETWORK	APPLIES TO DEDUCTIBLE
ADVANCED IMAGING				
Advanced Imaging	$0	20%	40%	Y
***Charges will apply for such services as MRI, MRA, CTA AND PET Scans** ***Charges will not apply when provided in conjunction with Emergency Room or Inpatient Hospital Services**				
ALLERGY SERVICES				
Services and Specialty Providers (Office Visit and Testing)	$70	20%	40%	N
Injections	$0	$0	0%	N
***Formulation of allergy serum requires coinsurance**				
AMBULANCE SERVICES				
Air Ambulance Transportation	$0	10%	10%	N
Ground Transportation	$50	0%	40%	N
***Limited Benefits**				
BEHAVIORAL/MENTAL HEALTH & SUBSTANCE ABUSE TREATMENT SERVICES				
Office Visit	$35	0%	40%	N
Psychological Testing	$35	0%	40%	N
In-Patient Services	$250	20%	40%	Y
Outpatient Services (Partial Hospital/Day Treatment)	$0	20%	40%	Y
Outpatient Services (Intensive Outpatient)	$0	20%	40%	Y
Residential Treatment	$0	20%	40%	Y
DENTAL SERVICES				

Repair to Non-Diseases Teeth Due to Accident/Injury	$0	20%	35%	Y

COVERED BENEFITS AND SERVICES	IN-NETWORK COPAYMENT	IN-NETWORK	OUT-OF-NETWORK	APPLIES TO DEDUCTIBLE
DIABETES MANAGEMENT SERVICE				
Insulin Pump & Supplies	$0	20%	40%	Y
Glucometers	$0	20%	40%	N
Diabetic Self Management Training	$0	0%	40%	N
***Lancets and insulin needles for diabetics will be paid 100% by the plan for participants in the Diabetic Management Program *Glucometers - Provided through DME/Medical Benefit**				
DURABLE MEDICAL EQUIPMENT/ ENTERAL FEEDING				
DME/Enteral Feeding	$0	20%	40%	Y
***Coverage is provided for medically necessary durable medical equipment. See exclusions. Not all services require pre-certification and may be reviewed for medical necessity by AHH. Refer to Utilization Management section.**				
HEARING SERVICES				
Hearing Screening (Does not apply to out-of- pocket max)	$70	0%	$70 copay	N
***Limited Benefit: One screening every three years**				
Hearing Aid (Does not apply to out-of-pocket max)	$0	0%	0%	N
***Limited Benefit: $1,400 per ear every three (3) years**				
HOME HEALTH SERVICES				
Home Health Services	$0	20%	40%	Y
HOME INTRAVENOUS DRUGS				
Home Intravenous Drugs and Solutions	$0	20%	40%	Y
HOSPICE SERVICES				
Hospice Care	$0	20%	40%	Y
HOSPITAL SERVICES				
In-Patient Services	$0	20%	40%	Y
Outpatient Services	$0	20%	40%	Y
Diagnostic Services	$0	20%	40%	Y
Emergency Room Visit and Observation Services	$250	0%	0%	N
Urgent Care Center	$70	0%	0%	N

*Visits deemed non-emergency charged as hospital services/outpatient, the coinsurance/copayment will apply.

COVERED BENEFITS AND SERVICES	IN-NETWORK COPAYMENT	IN-NETWORK	OUT-OF-NETWORK	APPLIES TO DEDUCTIBLE
MATERNITY AND FAMILY PLANNING SERVICES				
Prenatal and Postnatal Outpatient Care	$0	20%	40%	N
***Prenatal and postnatal outpatient care copayment required on first visit only**				
Inpatient Maternity Services	$0	20%	40%	Y
***Copayment applicable per admission *Hospital length of stay for childbirth: This plan complies with federal law that prohibits restricting benefits for any hospital length of stay in connection with childbirth for the mother and newborn child to less than 48 hours following a normal vaginal delivery or less than 96 hours following a caesarean section delivery**				
Infertility Diagnostic Evaluation: Office Visit	$70	20%	40%	N
Infertility Testing	$0	20%	40%	Y
***Treatment for infertility is not a covered benefit under the ARBenefits Bronze Plan. Services related to infertility are covered up to diagnosis. Testing is not covered during or following treatment**				
PHARMACY BENEFIT - REFER TO RX DRUG COVERAGE SECTION				
Prescription - Generic - Tier I	$15	0%	N/A	N
Prescription - Preferred - Tier II	$40	0%	N/A	N
Prescription - Non-Preferred - Tier III	$80	0%	N/A	N
Prescription Specialty - Tier IV	$100	0%	N/A	N
PHYSICIAN/SPECIALIST SERVICES				
*Primary Care Physician Office Visit	$35	$0	40%	N
*Specialist Office Visit/Specialty Care Services	$70	$0	40%	N
*Other Physician Services provided under Outpatient or In-Patient Care**	$0	20%	40%	N
***Includes such services as debridement and/or wound dressing changes performed in an outpatient setting with or without direct physician attention**				
Medication	$0	20%	40%	Y
***This includes injectable, oral and intravenous medications**				
Radiation Therapy	$0	20%	40%	Y
***Co-pay applies to consultation ONLY. Co-insurance will be applied to office services. **See Professional Services under SPD - Summary of Common Services**				
PREVENTATIVE CARE SERVICES				
Physical Exams/Preventative Care	$0	0%	40%	N
Well Baby/Child Care Visits	$0	0%	40%	N
Immunizations *Vaccinations for the Flu, HPV and Herpes Zoster (Shingles) are covered 100% by the plan under the pharmacy benefit	$0	0%	0%	N

COVERED BENEFITS AND SERVICES	IN-NETWORK COPAYMENT	IN-NETWORK	OUT-OF-NETWORK	APPLIES TO DEDUCTIBLE
PROSTHETIC AND ORTHOTIC DEVICES				
Prosthetic and Orthotic Devices and Services	$0	20%	40%	Y
REHABILITATION SERVICES (INPATIENT)				
Rehabilitation Services	$0	20%	40%	Y
***The limitation for no more than three impatient admission copays does not apply to rehab services**				
REHABILITIATION SERVICES (OUTPATIENT) OR OFFICE VISIT				
Chiropractic	$35	0%	40%	N
***Limited Benefit: Fifteen (15) visits per member per plan year**				
Physical Therapy	$35	0%	40%	N
Occupational Therapy	$35	0%	40%	N
Speech Therapy	$35	0%	40%	N
***There may be coinsurance applied depending on the extent of services.** ****Therapy services billed by or provided by a Specialist MD will have the Specialist Copay ($70)**				
SKILLED NURSING FACILITY (SNF) SERVICI				
SNF Services	$0	20%	40%	Y
TEMPOROMANDIBULAR JOINT (TMJ)/ DYSFUNCTION (TMD) SERVICES				
TMJ/TMD	$0	20%	40%	Y
***Limited Benefit: $1,000 per member per plan year**				
TRANSPLANT SERVICES				
Organ/Bone Marrow Transplant	$250	20%	40%	N
***Copayment applicable per admission.** ***Limited Benefit: Two (2) organ transplants of the same organ per member per lifetime.** ***Limited Benefit: $10,000 lifetime limit for travel and lodging determined by EBD as reasonable and necessary in conjunction with transplant services.** ***Coverage is provided for transplant services subject to pre-authorization (See Utilization Management Section). Transplant services MUST be provided by approved transplant provides and facilities.**				
VISION SCREENING				
Vision Screening	$70	0%	$70 copay	N
***Limited Benefit: One (1) exam every twenty-four (24) months**				

State and Public School Life and Health Insurance Board
Drug Utilization and Evaluation Committee Report

The following report resulted from a meeting of the DUEC on April 7, 2014 with Dr. Kat Neill presiding.

1. Recommended Changes to Current Coverage

A. Delivery Coordination Subcommittee Report – Pulmonary Hypertension

Drugs used in the treatment of pulmonary hypertension were reviewed by the DCC and a report made to the DUEC on April 7th. Recommendations from this report are outlined below.

	Current Coverage	**Proposed Coverage for 2015**
Phosphodiesterase-5 inhibitors		
sildenafil (generic Revatio)	T1	T1PA
Adcirca	T4	Exclude
Viagra	T2PA	T2PA - Not covered for PAH, QL for ED
Cialis	T3PA	T3PA - Not covered for PAH, QL for ED
Levitra	T3PA	T3PA - Not covered for PAH, QL for ED
Staxyn	T3PA	T3PA - Not covered for PAH, QL for ED
Endothelin-receptor antagonists		
Tracleer	T4	T4PA
Letairis	T4	T4PA
Opsumit	-	T4PA

B. SECOND REVIEW DRUGS

Drug	Current Coverage	Recommendation
Savella (milnacipran) – SNRI used in treatment of fibromyalgia	Tier 3, QL of 100 mg BID	Exclude; Code 13 – no comparative trials to active therapy. Implement in 90 days with communication to current users that includes alternatives.
Dulera (mometasone/formoterol) – ICS/LABA for asthma maintenance	T3	T2 – priced similarly to other T2 ICS/LABA

Inflammatory Bowel Disease – mesalamine products	
Current Coverage	Recommendation
Oral products	
Apriso – Tier 3	T3 with QL #120 for 30 days
Delzicol - excluded	T2 – used for treatment and maintenance
Lialda – Tier 2	Exclude
Pentasa (250 mg ER, 500 mg ER) – Tier 2	Exclude
Rectal products	
Rowasa kit – Tier 3	Exclude
SFRowasa – Tier 3	Exclude
Mesalamine kit – Tier 1	Exclude *Recommend with 90 days notification to current utilizers that includes alternative therapy.

2. New Drugs

Johnson reported on new drugs. The review covered products released January 13, 2014 – March 10, 2014.

Recommended Additions:

BRAND name	GENERIC name	PRICING (AWP)	INDICATION	SIMILAR THERAPIES ON FORMULARY/AWP	PLACEMENT
Potassium chloride CR 20 meq		$0.63/tab	For hypokalemia	Several generic options at similar price	T1
Anoro Ellipta Inhalation – medication and inhalation device	(umeclidinium / vilanterol)	$309/60g inhaler	Once daily dosing of 2 bronchodilators: long-acting muscarinic antagonist (LAMA) and a long-acting beta agonist (LABA) for emphysema COPD	Edit to avoid overlapping days supply with Spiriva, Tudorza, Foradil, Serevent, Arcapta	T2
Nuvigil 200 mg	armodafinil	$20/tab		New dosage strength	T2PA, QL
Radiogardase cap 0.5 gm	Prussian blue	$123/bottle of 36	Treatment of radiation exposure		T3

Recommended Exclusions:

BRAND Name	GENERIC name	PRICING (AWP)	INDICATION	SIMILAR THERAPIES ON FORMULARY/AWP	CODE*
Astagraf XL capsules 0.5, 1, or 5mg capsules (SPECIALTY DRUG)	Tacrolimus XR	$71 - $713/30 days	Extended-release form (given once daily) of tacrolimus for transplant rejection prophylaxis	Tacrolimus 5mg immediate release twice daily = $1380/30 days	13
Adusave Inhalation 10mg	loxapine	$174/10mg inhalation	For treatment of acute agitation associated with schizophrenia or bipolar I disorder		13
Duavee tab 0.45-20 mg	conjugated estrogens/ bazedoxifene	$133.50/30 days	Pairs estrogen with bazedoxifene rather than progestin for the prevention of post-menopausal osteoporosis and hot flashes		13
Farxiga 5mg & 10mg	dapagliflozin	$346.80/30 days	For Type 2 diabetes.	Invokana 300mg = $346.80/30 days	13
Copaxone inj 40mg/ml - syringe	glatiramer	$5,568/box of 12/4 week supply	For MS - dosage formulation for 3 times a week dosing	Copaxone 20mg/ml syringe - once daily dosing AWP = $6,072/box of 30 syringes	13
Velphoro 500mg chw tab (sucroferric oxyhydroxide)	sucroferric oxyhydroxide	$1,026/bottle of 90	For the control of serum phosphorus levels in patients with chronic kidney disease on dialysis	Renvela - max dose of 14Gm/day (or 18 tabs)- $2,278/30 days	13

Recommended Exclusions (continued):

Zohydro ER caps (10, 15, 20, 30, 40, or 50mg)	hydrocodone	$7 - $8.58/cap	Hydrocodone ER capsule used to manage pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. First ER dosage form of hydrocodone and is not combined with an analgesic such as acetaminophen. THIS IS NOT AN ABUSE DETERRENT FORMULATION.		13
Luzu Cream	luliconazole	$456/60gm tube	Topical antifungal for treatment of tinea pedia, tinea cruris, and tinea corporis.	Clotrimazole cream $3.30/45gm. Econazole $100/85gm	13
Aptiom tabs (200, 400,600, or 800mg tabs)	eslicarbazepine	$720/30 tabs - once daily dosing of 800mg tabs. Max dose = 1200mg/day	Adjunctive treatment of partial - onset seizures	Oxcarbazepine 1200mg/day = $300/mo	13
Kuvan Powder 100mg packet	sapropterin	$38.74/100 mg packet	For treatment of phenylkitonuria(PKU)	100mg packet same price as 100mg tab $38.74	1
Karbinal ER Susp 4mg/5ml	carbinoxamine maleate ER susp	$51/120ml bottle	Extended release formulation of carbinoxamine for alergic rhinitis, allergic conjunctivitis, mild allergic skin manifestations	Carbinoxamine solution 4mg/ml = $21/120 ml Carbinoxamine 4mg tab = $0.65/tab	13
AIF #2 Drug Cream Prep Kit	Gabapentin-flurbiprofen-cyclobenzaprine-lidocaine-dexamethasone	$1,109	Gabapentin-flurbiprofen-cyclobenzaprine-lidocaine-dexamethasone compounding kit		4
Vopac Cream	acetaminophen and codeine	$487/kit			4
VOPAC GB Cream	acetaminophen and codeine and gabapentin	$487/kit			4
Falessa Kit	levonorgestrel/ ethinyl estradiol/FA	$130/box			13, 4
Lidolog Kit	triamcinolone/ lidocaine	$473/kit			4
Marlido Kit	bupivacaine/ lidocaine	$550/kit			4

Recommended Exclusions (continued):

Baclofen cream compounding kit	baclofen	$292			4
Lidocaine compounding kit	lidocaine	$289			4
Naproxen cream compounding kit	naproxen	$290			4
Tramadol cream compounding kit	tramadol	$293			4
Bupivilog Kit	Triamcinolone/ bupivacaine	$580			4
Multi-Specialty Kit	methylprednisolone inj/ lidocaine inj kit	$615			4
Lupaneta Kit	leuprolide 1 month or 3 month injection & norethindrone 5mg tab for treatment of endometriosos	11.25mg + 90 norethindrone 5mg tabs = $3.085. 3.75mg + 30 norethindrone 5mg tabs = $1,028		Lupron 11.25mg = $3,085 Lupron 3.75mg = $1,028. Norethindrone 5mg tabs = $2.65/tab	4
Zinc gluconate inj 10mg/10ml	zinc		Hospital product		Medical benefit
Tretten inj	catridecacog	$15.96/vial. Each vial contains 2000-3125 IU/vial	For the routine prophylaxis of bleeding in patients with congential Factor XIII A-subunit deficiency.		Medical benefit
Vimizim	elosulfase	$1,280/5ml vial	Orphan drug for the treatment of mucopolysaccharidosis IVA (Morquio A syndrome) - given by IV infusion		Medical benefit
Ferivafa Caps	Iron-C-FA-B12-Biotin-Copper-Docusate capsules - multiple vitamin with iron	$5.47/capsule	Iron-C-FA-B12-Biotin-Cooper-Docusate capsules - multiple vitamin with iron	several generic options for less cost	12
Lavare Wound Gel Wash	Wound cleanser	$1,725/100gm	Wound cleanser		3
Pennsaid Solution 2%	diclofenac	$225/bottle	2 pumps to affected knee two times a day for osteoarthritis of the knee	New dosage strength. Pennsaid 1.5% currently set to reject.	13
Dermanic	niacin, chromium, folic acid, hydroxycobalamin, ferrous cysteine glycinate, zinc	$3.39/tab	Dietary management product		5

Recommended Exclusions (continued):

Vitapearl caps	prenatal vitamin	$4/cap		various generics available	7
Citranatal Caps	prenatal vitamin	$3/cap		various generics available	7
Vitafol-Nano tabs	prenatal vitamin	$3/tab		various generics available	7

3. Discussion Topics

A. Immunization Coverage

DUEC recommends that all vaccines recommended by the CDC Advisory Committee on Immunization Practices (ACIP) be covered through the pharmacy benefit with requested reporting to the immunization registry.

B. Rheumatoid Arthritis Prior Authorization Criteria

Prior authorization criteria for drugs used to treat rheumatoid arthritis have been updated. Drugs include conventional synthetic DMARDs (methotrexate, sulfasalazine, leflunomide), targeted synthetic DMARDS (tofacitinib), and biologic originator DMARDS (adalimumab, certolizumab, etanercept, golimumab, infliximab, abatacept, rituximab, tocilizumab, anakinra).

C. 2015 Reference Pricing Recommendations

The current coverage strategy of reference pricing has the potential to put the plan at financial risk due to claims and coverage processing now in effect. Many reference price meds have high co-pays. Financial considerations for reference priced medications include:

- Once a member meets their max out-of-pocket maximum, the member has no cost sharing for the medication. The plan pays 100%.
- Reference pricing does not apply to the Bronze Plan.
- The Bronze Plan gained 11,000 members in 2013 and 15,000 members in 2014.

Two of the top ten medications on the Bronze plan in terms of plan cost are Nexium and Dexilant. These are reference priced on the Gold and Silver Plans.

DUEC recommends discontinuation of the reference pricing strategy. The general application of this adjustment will involve exclusion of Tier 2 and Tier 3 medications that are currently included in reference pricing groups. For medications that are currently included in the reference price grouping, when these medications qualify for Tier 1 placement within the maximum allowable cost, they will be added to plan coverage.

D. Exclusion of Brand Name Products with A/B rated Generics

DUEC recommends the exclusion of brand name products if there is a A/B rated generic available. If the generic is no longer available, the brand name product will be included in coverage.

E. Coupon Cards

DUEC recommends the exclusion of coupon cards if a mechanism to delineate this process during claim adjudication can be identified.

Respectfully submitted,

Kat Neill
Chair, Drug Utilization and Evaluation Committee

***New Drug Code Key:**

1	Lacks meaningful clinical endpoint data; has shown efficacy for surrogate endpoints only.
2	Drug's best support is from single arm trial data
3	No information in recognized information sources (PubMed or Drug Facts & Comparisons or Lexicomp)
4	**Convenience Kit Policy** - As new drugs are released to the market through Medispan, those drugs described as "kits" will not be considered for inclusion in the plan and will therefore be excluded products unless the product is available solely as a kit. Kits typically contain, in addition to a pre-packaged quantity of the featured drug(s), items that may be associated with the administration of the drug (rubber gloves, sponges, etc.) and/or additional convenience items (lotion, skin cleanser, etc.). In most cases, the cost of the "kit" is greater than the individual items purchased separately.
5	**Medical Food Policy** - Medical foods will be excluded from the plan unless two sources of peer-reviewed, published medical literature supports the use in reducing a medically necessary clinical endpoint. A medical food is defined below: A medical food, as defined in section 5(b)(3) of the Orphan Drug Act (21 U.S.C. 360ee(b)(3)), is "a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation." FDA considers the statutory definition of medical foods to narrowly constrain the types of products that fit within this category of food. Medical foods are distinguished from the broader category of foods for special dietary use and from foods that make health claims by the requirement that medical foods be intended to meet distinctive nutritional requirements of a disease or condition, used under medical supervision, and intended for the specific dietary management of a disease or condition. Medical foods are not those simply recommended by a physician as part of an overall diet to manage the symptoms or reduce the risk of a disease or condition, and all foods fed to sick patients are not medical foods. Instead, medical foods are foods that are specially formulated and processed (as opposed to a naturally occurring foodstuff used in a natural state) for a patient who is seriously ill or who requires use of the product as a major component of a disease or condition's specific dietary management.
6	**Cough & Cold Policy** - As new cough and cold products enter the market, they are often simply re-formulations or new combinations of existing products already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new cough and cold products are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new cough and cold products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.
7	**Multivitamin Policy** - As new vitamin products enter the market, they are often simply re-formulations or new combinations of vitamins/multivitamins in similar amounts already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new vitamins are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new vitamin/multivitamin products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.
8	Drug has limited medical benefit &/or lack of overall survival data or has overall survival data showing minimal benefit
9	Not medically necessary
10	Peer-reviewed, published cost effectiveness studies support the drug lacks value to the plan.
11	**Oral Contraceptives Policy** - OCs which are new to the market may be covered by the plan with a zero dollar, tier 1, 2, or 3 copay, or may be excluded. If a new-to-market OC provides an alternative product not similarly achieved by other OCs currently covered by the plan, the DUEC will consider it as a new drug. IF the drug does not offer a novel alternative or offers only the advantage of convenience, it may not be considered for inclusion in the plan.
12	Other
13	Insufficient clinical benefit OR alternative agent(s) available