

State and Public School Life and Health Insurance Board

Minutes

February 3, 2009

The 97th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday February 3, 2009 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

Members Present

Shelby McCook
Lloyd Black
Joe Musgrove
Vance Strange
Robert Watson
Renee Mallory
Anita Woodall
William Goff

Members Absent

Charlie Campbell
Janis Harrison
Tom Emerick
Dr. Joseph Thompson

Jason Lee, Executive Director, Employee Benefits Division.

Others Present:

George Platt, Leigh Ann Chrouch, Amy Tustison, Paige Harrington, Donna Cook; Stella Greene; Sherry Bryant, Jane Young, Sharon McDonald, Sherri Saxby, Erica Harris Backus, Amy Redd, Gina Grable, Pamela Lawrence, Cathy Harris, EBD; Rhonda Hill, ACHI/EBD; Shonda Rocke, Barry Fielder, Informed Rx; Jill Johnson, Mark Helm, UAMS College of Pharmacy; Barbara Melugin, Kathy Ryan, David Bridges, Ron Deberry; ABCBS/HA; Sharon Marcum, Corphealth; Kim Henderson, AR Development Finance Authority; Judy Prewitt, AR Retired Highway; Karen Payne, American Health Holdings; Jeff Britt, Pfizer; Ashley Simmons, Data Path; Jon Foose; Qualchoice; Patricia Brown, Carol White, PDB Enterprises; Steve Singleton; AR Retired Teachers Association; Dwight Davis, UAMS; Kristi Clark, AR Building Authority; Ed Freyer; Usable; Bryan Meldrum, Kim Suggs, Novasys; Peggy Nabors, AR Education Association; Mona Neal , Public Service Commission; Susan Walker; Wayne Whitley, AHTD

Call to Order

Meeting was called to order by Shelby McCook

Approval of Minutes

The request was made by McCook to approve the October 14, 2008 minutes. Strange made the motion to approve. Mallory seconded. Minutes approved.

The Drug Utilization and Evaluation Committee (DUEC) Report by Dr. William Golden

Dr. Golden reported the DUEC met on January 5, 2009 and then presented several recommendations for the Board consideration.

Brand Cyclobenzaprine

The DUEC reviewed utilization data for brand Cyclobenzaprine products from 9/01/08 through. There was relatively minimum utilization during this period; brand products are currently on tier 2 and the cost of the product is quite significant than the generic.

- Amrix (cyclobenzaprine) 15mg; 30mg - Brand extended-release cyclobenzaprine product indicated for once daily use.
- Fexmid (cyclobenzaprine) 7.5mg - Brand cyclobenzaprine product in strength not currently available in generic.

Recommendation: Exclude from coverage (100% co-payment) brand Cyclobenzaprine products.

Brand Doxycycline Products

The DUEC reviewed utilization data for brand Doxycycline products from 9/01/08 through 11/30/08. Brand products are currently on tier 2.

- Oracea (doxycycline del release) 40mg - Once daily 40mg brand Doxycycline with 30mg immediate release and 10mg in delayed release beads indicated for treatment of rosacea.
- Doryx (doxycycline hyclate) 75mg, 100mg, 150mg - Once daily 40mg brand Doxycycline with 30mg immediate release and 10mg in delayed release beads indicated for treatment of rosacea.

Recommendation: exclude from coverage (100% co-payment) brand doxycycline products.

Strange made the motion to approve the recommendations for Brand Cyclobenzaprine and Doxycycline products. Musgrove seconded. Motion carried.

Zegerid Product

Liquid Proton Pump Inhibitors (PPI) drugs are on a reference pricing schedule. However, Zegerid managed to slip through because it is classified as a combination product. Utilization is minimum; but Zegerid is worthy of consideration to add into the reference pricing schedule.

- Zegerid (omeprazole/sod bicarb) cap 20/1100, 40/1100 - Oral capsules containing omeprazole and sodium bicarbonate, available in both 20mg and 40mg strengths of omeprazole.
- Zegerid (omeprazole/sod bicarb) powder 20/1680, 40/1680 - Omeprazole and sodium bicarbonate in powder for oral suspension.

Recommendation: Add Zegerid capsules to the PPI reference pricing schedule. Leave Zegerid powder at tier 3.

Strange made the motion to approve the recommendation for Zegerid product. Musgrove seconded. Motion carried.

Azithromycin QI

The plan currently has a quantity limit of 6 tablets of Azithromycin 250mg per month. EBRx reports an increasing number of requests for additional amounts of Azithromycin within a one month period. Most often these requests are for additional fills after the first regimen is complete or request for additional amounts prior to the first fill. There is also reported use of Azithromycin to treat skin infections and community- acquired pneumonia.

Recommendation: Remove the limit of 6 tablets of Azithromycin 250mg per month and set a maximum of 15 tablets per 31 days. The committee will review Azithromycin again in 6 months.

Woodall made the motion to approve the recommendation for Azithromycin QL. Strange seconded. Motion carried.

Statins (Jupiter Trail /Referenced Pricing)

The JUPITER trail published the first trial evidence for Crestor in November 2008. The evidence for Crestor showed a decrease in events.

Recommendation: Establish a single reference price for this group of drugs that is adequate for all strengths. Add Crestor 20mg, 40mg but with the same criteria for Lipitor 80mg/tier 2; Crestor 5mg, 10mg would be reference priced based on generic Simvastatin.

- Simvastatin 10mg (\$0.07), 20mg (\$0.29), 40mg (\$0.19), 80mg (\$0.25)
- Lipitor (atorvastatin) 10mg, 20mg, 40mg
- Crestor (rosuvastatin) 5 or 10mg
- Pravachol (pravastatin) 20mg, 40mg, 80mg
- Lescol (fluvastatin) 40mg, 80mg
- Mevacor (lovastatin) 20mg, 40mg or 80mg, 80mg

Musgrove made the motion to accept the recommendation for reference pricing based on generic Simvastatin. Strange seconded. Motion carried.

Non-Sedating Antihistamine Coverage

Due to the over-the-counter (OTC) availability of two different non/low-sedating antihistamines (Claritin and Zyrtec), the plan removed this category of drugs from covered status earlier in 2008.

There are two newer agents and several older agents that are now available without prescription. The committee was presented with two scenarios (both involving fexofenadine) for which fexofenadine may be the most appropriate choice.

Recommendation: Place Fexofenadine on tier 1–Generic (\$10) with prior authorization (PA).

Strange made the motion to approve the recommendation for Fexofenadine. Woodall seconded. Motion carried.

New Drugs

<u>Drug</u>	<u>Tier</u>
Desowen Kit Cream or Ointment	Exclude
Liquadd Soln 5mg/5ml	Exclude w /review in 6 months
Alvesco Aerosol	T3
Keppra XR 500mg	T2 w/review
Stavzor caps	T3
Nplate	Medical
Selfemra	Exclude
Sancuso Pad 3.1mg	T3; QL=5 patches/31days
Durezol Emulsion	Exclude
Veripred 20 Soln	Exclude
Aczone Gel	T3

Musgrove asked about the appeal process for excluded drugs. Musgrove said there are individuals that are in different circumstances and it seems appropriate that they get the proper medical treatment when there is adequate medical information available and the appeal Board deem it appropriate.

Dr. Golden talked about the college of pharmacy appeal process. Dr. Golden said there are some rather unique circumstances and members are accommodated as appropriate by their circumstances. Dr. Golden said the DUEC is always ready to review any of its decisions.

Dr. Golden reported the DUEC also viewed a presentation from Dr. Helm on the Hepatitis C treatment guidelines and they will continue to review the subject more in the future.

Fielder with Informed Rx gave a brief update to the Board on the Plan Performance. Fielder reported that from October 2007 to September 2008 there was a .9% increase in the per member per month cost. After which, Dr. Golden commented the cost control has been pretty good.

The Benefits Subcommittee Report by Joe Musgrove

Musgrove reported the Benefits Subcommittee met on January 23rd and received and update from the BSPW. Musgrove said the work group is still trying to develop a method that will encourage member to improve their health by participating in the variety of programs the plan offers. Musgrove said the work group hopes to have a recommendation for the Benefits Subcommittee in the next meeting. No action was required by the Benefits Subcommittee at this time.

Musgrove said the BSPW is also reviewing the Ambulance benefit. Musgrove informed the Board that EBD has formed an Appeals Committee and they will be taking a closer look at the Ambulance issue over the next couple of weeks.

Musgrove said the committee also discussed the Mental Health Parity Act and LifeSynch provided the Benefits Subcommittee with a summary of the required changes in benefits to bring the plans into compliance.

Marcum clarified that the behavioral healthcare benefit costs could increase by a projected maximum of 1.7% for the ASE group and by 2.7% for the PSE group.

Musgrove made the motion to approve the Benefits Subcommittee report. Black seconded. Motion carried.

Financials by Leigh Ann Chrouch

Chrouch presented detailed financial statements for the Arkansas State Employees (ASE) January 1, 2008 through December 31, 2008 and the Public School Employees (PSE) October 1, 2007 through December 31, 2008. In Addition; the ASE Cafeteria Plan Financial 2008 for January 1, 2008 through December 31, 2008.

Chrouch provided a report of the penalties assessed for state and school agencies for July through December 2008. Act 1009 of 2007 (§21-5-415) states the division shall impose a penalty.

Chairman McCook informed the Board that as the Interim Executive Director for EBD he requested that Chrouch come up with a format somewhat like a budget expenditure report. Lee reported that Milliman is assisting them with this project and they will we have a very detailed report to present to the Board at the next meeting.

Lee referenced page 4 of the PSE financial where it indicated: "Catastrophic Reserve (original allocation \$7,100,000 at 5/1/2007)". Lee said Milliman has advised that the comfortable amount should total 50% of an expected month's worth of claims for pharmacy and medical. Lee said \$7.1M is only about 39%. Lee proposed they add \$2M dollars into the catastrophic reserve for a total of \$9.1M; for a six month average medical and pharmacy claims total.

Musgrove made the motion to have one half reserves in the catastrophic reserve; the official standard is half the month and not some specific dollar figure. Strange seconded. All were in favor. Motion carried.

Lee said January's financial will reflect the allocation.

PSE Illness Burden Report by Jason Lee

Lee said Dr. Thompson inquired about the PSE group to see whether or not the amount of contribution had an impact on the level of participation in the health

insurance program; and of those that did participate in the program, is the plan getting only the sicker population in the group with low contribution.

Lee provided a report to the Board on the comparison of the public school employee health status by district match and geographic location. Lee said the report was formed by the EBD Analytic team and Integrail. Lee provided an overview of the report.

Lee said no direct correlation existed between the illness burden of the people that were enrolled and the additional contribution that the districts were setting.

Musgrove suggested they share the data with ACHI and the Department of Health so that all parties might gain understanding about the healthcare cost in Arkansas.

Lee said ACHI was also one the primary players to help form the data. Lee talked about other factors that might drive the contribution and the percent of enrollment. Lee said the thought that the sicker people were joining when it was most expensive because they had to join is not supported by the data.

Chairman McCook added that AEA should be provided with the information also. McCook said there maybe less financing in those areas where the contributions by the district is low because of the poor economy; therefore, the employee in the school has to have the coverage. McCook said as they are able to come up with data such as this; it will also give them a lot of inside into the value of each benefit the plan provides.

Longitudinal Health Risk Assessment: 5 Year Result by Rhonda Hill

Hill provided a brief explanation of the history of the Health Risk Assessment and the wellness programs. Hill said the purpose of the HRA is to engage the membership into managing their health and guide plan management with baseline data.

Hill's report included the combination results and progress of the HRA for PSE and ASE over the last 5 years. Hill also provided the Board with a demonstration of the HRA questions provided on the website. The Board viewed the response rates, behavior changes, average annual costs by behavior from 2004 through 2008.

Hill informed the Board the membership behaviors are self reported as improving and cost are continuing to rise. Hill presented the future steps for the HRA and recommendations.

- Adjust for medical and pharmacy inflation rates, age, gender
- Complete 2008 claim costs and chart trend
- 4-year PSE analysis
- All forms of tobacco and alcohol use

- Utilize HRA results with claims and administrative data to identify and facilitate targeted health enhancements and for cost benefit analysis of health programs
- Review with Benefits Strategic Planning WG

Lee said he is concerned with the numbers because 70% of the members over the last 5 years have reported significant improvements in their health activity, and yet the plan had a 50% net increase in the cost per member on claims.

Director's Report

Pharmacy Reward

Lee reported they came in significantly under Millimans projections for pharmacy cost on a per member per month bases. Lee said the projected cost was \$68.55 but the actual cost was \$65.00 dollars. Lee said the amount equated to a little over \$5M dollars for calendar year 2007. Lee said the plan shared \$2.7M with 718 pharmacies; a 50/50 split.

Legislative Update

Lee said they are currently tracking several bills that have a direct impact on the plan.

Lee reported HB1031 passed the House and the Senate. Lee said they already provide this benefit under the plan and if the Bill becomes a law the plan will provide the benefit under legal mandate vs. the way the plan is structured.

HB1031- an act to require health benefit plans to provide prostate cancer screening for men forty (40) years of age and over.

HB 1169 - an act to provide additional contributions for health insurance premiums under the public school employees' health insurance program. Lee said the language is worded differently for how the \$35M dollars is allocated to the plan through the Department of Education for public school funding. Lee said the language now reads that the full amount of the appropriations will be provided to the plan. Lee said there was a little more than \$35M in the appropriations but the language said specifically \$35M will go to the plan.

Lee reported there is an amendment to HB1168 that says equal cost for the premium parity can only be achieved if appropriations are made and funds are made available for that purpose. **HB1168**- An Act To Equalize Group Health Insurance Premium Costs Of Retired School Employees And Retired State Employees. **HB1224** - an act to equalize retiree group health insurance premium costs and to permit state contributions to group health insurance premium costs for participants in the Arkansas teacher retirement system who are not state employees.

Lee said there is an appropriation that provides a little over \$11M for that purpose. **HB1163** – an act for the department of finance and administration -

management services division - achieving parity between state and public school retiree health insurance contributions appropriation for the 2009-2010 fiscal year.

Lee reported SB48 takes \$23M from the Pulaski County desegregation money to help offset public school employee premiums. **SB48** - an act for the department of education - public school employee insurance in lieu of Pulaski county desegregation settlement agreement payments appropriation for the 2009-2010 fiscal year.

Lee said SB291 provides \$37.2M of appropriations to the department of education grant and public school trust. **SB291** - an act for the department of education - grants and aid to local school districts appropriation for the 2009-2010 fiscal year

Lee reported HB1283 provides \$15.8M new money for public school employees as well. **HB1283** - an act for the department of education - public school employee health insurance appropriation for the 2009-2010 fiscal year.

Request for Proposal (RFP)

Lee informed the Board that the actuarial and benefit consulting contract expires June 30, 2009. Lee said Milliman has already set the ASE, PSE and Retirees rates for the 2010 plan year, so if there is a new actuary they will not be required to set the rates.

Lee said the cafeteria plan and health savings account vendor contract expires December 31, 2009 for ASE and September 1, 2009 for PSE. Lee explained that both contracts were merged last year into a single RFP; but they will split them into two separate bids for the next plan year.

Lee reported the Case Management RFP with PBD is up for renewal. Lee said they want to go out with a consolidated full case management bid to account for the in-house case management (small cases) and out source case management (large cases).

Lee reported they have Board representation on three of the four RFP's but not for case management as if yet.

EBD Performance Indicator Report for Calendar Year 2008

Lee said the report was put together by EBD's Operations Department and Analytic team. The report provided an overview of some of the major functions that are performed at EBD. Musgrove suggested the Board secretary forward any questions about the report to the Board members.

Musgrove informed the Board that in the future they will receive some request regarding long-term care partnership. Musgrove said they should at least emphasize the partnership facilities among the state and public school

employees and do everything they can to increase participation in the partnership program.

Lee said they are in the process of looking at new long term care term policies and are considering offering it as a voluntary product as opposed to an exclusive RFP arrangement. Musgrove said he would encourage them to at least start encouraging and or requiring policy to be partnership qualified.

McCook suggested the Board adopt a formal process for vendors to follow when they want to offer the plan a product. McCook said he believes it will avoid some awkward and unpleasant situations for the director and Board members.

Meeting adjourned.