AGENDA

State and Public School Life and Health Insurance Board

January 27th, 2020

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

I.	*Call to Order*	*Carla Haugen, Chair*
II.	*Approval of November Minutes*	*Carla Haugen, Chair*
III.	*ASE-PSE Financials*	*Bonnie Casey, EBD Comptroller*
IV.	*DUEC Update*	*Dr. Hank Simmons, DUEC Chair*
V.	*Subcommittee Updates*	*Dr. John Vinson & Susan Gardner, Subcommittee Chairs*
VI.	*Health Risk Analysis Update*	*Elizabeth Montgomery & Mike Motley, ACHI*
VII.	*Plan Update*	*Paul Sakhrani, & Courtney White, Milliman*
VIII.	*Director's Report*	*Chris Howlett, EBD Director*
IX.	*Adjournment*	*Carla Haugen, Chair*

2020 Upcoming Meetings:

February 24th, March 16th, April 13th

NOTE: All material for this meeting will be available by electronic means only

Notice: Silence your cell phones. Keep your personal conversations to a minimum.

STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD MEETING MINUTES

196th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on January 27, 2020 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock AR 72201.

Date | *time* 1/27/2020 1:00 PM | *Meeting called to order by Carla Haugen, Chair*

Attendance

Members Present	Members Absent
Cindy Allen	
Stephanie Lilly-Palmer	
Greg Rogers	
Dr. Lanita White	
Dori Gutierrez	
Lisa Sherrill	
Cindy Gillespie – Proxy – Damian Hicks	
Dr. Terry Fiddler	
Herb Scott	
Melissa Moore	
Carla Haugen – Chair	
Renee Mallory - Vice-Chair	
Amy Fecher	
Dr. John Kirtley	
Chris Howlett, Employee Benefits Division Director	

OTHERS PRESENT:

Rhoda Classen, Bonnie Casey, Theresa Huber, Sharon Parker, EBD; Oktawia DeYoung, Hank Simmons, Micah Bard, Dwight Davis, Sherry Bryant, UAMS EBRX; Takisha Sanders, Jessica Akins, Health Advantage; Elizabeth Montgomery, Mike Motley, ACHI; Mark Adkison, Stephen Carroll, AllCare Specialty; Courtney White, Paul Sakhrani, Milliman; Andy Davis, ADG; Greg Jones, MTI; Frances Bauman, Novo Nordisk; Sean Seago, MERCK; Donna Morey, ARTA; Tabatha Wilson, BLR; Jack Hopkins, Centene; Susan Gardner, ADFA

Approval of Minutes by Carla Haugen, Chair

MOTION by Scott:

Motion to accept the November 18, 2019 minutes.

Lilly-Palmer seconded; all were in favor.

Minutes Approved.

Financials by Bonnie Casey, EBD Comptroller

PSE for the month of November, we paid four (4) weeks of claims for both medical and pharmacy. The FICA savings received for the month was $540,000, and $5.9 million for the year. We had a net loss of $2.6 million for the month and a net loss of $10 million year-to-date. Net assets available are $14.7 million.
PSE for the month of December, we paid four (4) weeks of claims for both medical and pharmacy. The FICA savings received for the month was $539,000, and $6.4 million for the year. We had a net loss of $6 million for the month and a net loss of $16 million year-to-date. Net assets available are $8.2 million.

ASE for the month of November, we paid four (4) weeks of claims for both medical and pharmacy. We had a net gain of $1.7 million for the month and a net gain of $12.5 million year-to-date. Net assets available are $5.9 million.
ASE for the month of December, we paid four (4) weeks of claims for both medical and pharmacy. We had a net gain of $800,000 million for the month and a net gain of $14.2 million year-to-date. Net assets available are $7.6 million.

The projected vs. actual claims and expenditures report shows the monthly amounts are for November and December 2019 and YTD amounts are for all of 2019.

Dr. Kirtley: On line 33 or 34, depending on ASE or PSE, those are the net assets after all of the allocations? We will go ahead and allocate those for the next three years (50%, 30%, 20%).
Casey: Yes, for future years.

DUEC Update by Dr. Hank Simmons, DUEC Chair

The following report pertains to the DUEC meeting at 1:00 p.m. on Monday, January 6th, 2020 with Dr. Hank Simmons presiding.

I. Old Business

A. DCWG Update: *Dr. Sidney Keisner, UAMS*

Summary of drugs reviewed/actions items: Generic	Brand	Current Coverage	Recommendations
Pertuzumab	Perjeta	medical benefit	Add medical PA
Eribulin	Halaven	medical benefit	Add medical PA
Nab-paclitaxel	Abraxane	medical benefit	Add medical PA
Ixabepilone	Ixempra	medical benefit	Exclude
Aprepitant	Cinvanti	medical benefit	Exclude
Fosnetupitant/palonosetron	Akynzeo IV	medical benefit	Exclude

Netupitant/palonosetron	Akynzeo	medical benefit	Exclude
Rolapitant	Varubi	medical benefit/T4	Exclude
Aprepitant	Emend	T2	Add age edit (cover if <7 years old)
Fosaprepitant	Emend IV	Medical benefit	No change
Aprepitant	Emend/generic	T2	No change

Note: drugs that fall under "medical benefit" are adjudicated according to coverage policies of Health Advantage

The DUEC voted to adopt the recommendations as presented.

B. Formulary Cleanup: *Dr. Dwight Davis and Dr. Micah Bard, UAMS*

1. Skeletal Muscle Relaxants - The table below provides a summary of the Plan's utilization of Skeletal Muscle Relaxants for the 3-month period of September 1, 2019 – November 30, 2019.

Label Name	Generic Name	Utilizing Member Count	Rx Count	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
BACLOFEN 10 MG TABLET	BACLOFEN	422	674	$9.46	$13.19	$0.12	
BACLOFEN 20 MG TABLET	BACLOFEN	89	164	$19.32	$13.73	$0.24	
CARISOPRODOL 250 MG TABLET	CARISOPRODOL	5	5	$127.62	$18.40	$2.30	$596.41
CARISOPRODOL 350 MG TABLET	CARISOPRODOL	317	614	$1.44	$9.58	$0.02	
CHLORZOXAZONE 500 MG TABLET	CHLORZOXAZONE	23	37	$19.79	$14.95	$0.25	
CYCLOBENZAPRINE 10 MG TABLET	CYCLOBENZAPRINE HCL	2,730	3,920	$0.67	$5.48	$0.01	
CYCLOBENZAPRINE 5 MG TABLET	CYCLOBENZAPRINE HCL	443	561	$0.55	$5.30	$0.02	
DANTROLENE SODIUM 100 MG CAP	DANTROLENE SODIUM	1	3	$134.32	$33.58	$1.48	$362.01
LORZONE 375 MG TABLET	CHLORZOXAZONE	1	1	$463.75	$40.00	$7.73	$454.75
LORZONE 750 MG TABLET	CHLORZOXAZONE	1	1	$501.50	$40.00	$8.36	$492.50
METAXALONE 400 MG TABLET	METAXALONE	2	3	$193.68	$15.00	$4.84	$563.04
METAXALONE 800 MG TABLET	METAXALONE	176	235	$99.64	$18.15	$1.56	$21,170.53
METHOCARBAMOL 500 MG TABLET	METHOCARBAMOL	434	597	$1.62	$7.55	$0.03	
METHOCARBAMOL 750 MG TABLET	METHOCARBAMOL	403	579	$3.79	$10.39	$0.06	
ORPHENADRINE ER 100 MG TABLET	ORPHENADRINE CITRATE	37	52	$14.07	$13.42	$0.28	
TIZANIDINE HCL 2 MG CAPSULE	TIZANIDINE HCL	33	43	$55.76	$15.54	$0.86	$1,978.39
TIZANIDINE HCL 2 MG TABLET	TIZANIDINE HCL	192	267	$6.49	$11.74	$0.11	
TIZANIDINE HCL 4 MG CAPSULE	TIZANIDINE HCL	105	194	$67.27	$16.56	$1.11	$11,280.23
TIZANIDINE HCL 4 MG TABLET	TIZANIDINE HCL	1,500	2,403	$5.66	$11.69	$0.10	
TIZANIDINE HCL 6 MG CAPSULE	TIZANIDINE HCL	10	15	$222.95	$21.00	$2.08	$3,102.80
Totals		**6,924**			**Quarterly Savings**		**$40,000.66**
	Affected Members	**334**			**Annual Savings**		**$160,002.64**

Recommendation: Apply Reference-Based Pricing to this category of agents.

2. Non-Steroidal Anti-Inflammatory Agents – The table below provides a summary of the Plan's

utilization of the Non-Steroidal Anti-Inflammatory Agents (NSAIDs) for the 3-month period of September 1, 2019 – November 30, 2019.

Label Name	Generic Name	Utilizing Member Count	Rx Count	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
CELECOXIB 200 MG CAPSULE	CELECOXIB	536	932	$11.38	$16.35	$0.25	
CELECOXIB 50 MG CAPSULE	CELECOXIB	2	3	$20.98	$15.00	$0.35	
CELECOXIB 100 MG CAPSULE	CELECOXIB	89	141	$19.31	$14.89	$0.35	
CELECOXIB 400 MG CAPSULE	CELECOXIB	3	4	$93.60	$22.50	$2.08	$347.40
DICLOFENAC POT 50 MG TABLET	DICLOFENAC POTASSIUM	46	60	$32.83	$21.56	$0.54	$1,425.10
DICLOFENAC SOD DR 75 MG TAB	DICLOFENAC SODIUM	581	914	$4.49	$14.36	$0.07	
DICLOFENAC SOD EC 75 MG TAB	DICLOFENAC SODIUM	869	1,309	$3.09	$13.33	$0.05	
DICLOFENAC SOD EC 50 MG TAB	DICLOFENAC SODIUM	169	248	$5.38	$13.89	$0.08	
DICLOFENAC SOD DR 50 MG TAB	DICLOFENAC SODIUM	130	189	$6.64	$15.50	$0.11	
DICLOFENAC SOD ER 100 MG TAB	DICLOFENAC SODIUM	108	178	$56.32	$20.72	$1.44	$8,979.09
DICLOFENAC SOD EC 25 MG TAB	DICLOFENAC SODIUM	12	17	$72.36	$20.45	$0.91	
DICLOFENAC SOD DR 25 MG TAB	DICLOFENAC SODIUM	3	3	$50.97	$34.49	$0.73	
DICLOFENAC-MISOPROST 50-200 TB	DICLOFENAC SODIUM/MISOPROSTOL	6	11	$118.04	$15.62	$2.28	$1,212.98
DICLOFENAC-MISOPROST 75-0.2 TB	DICLOFENAC SODIUM/MISOPROSTOL	28	42	$151.04	$18.89	$2.11	$5,893.33
DICLOFENAC-MISOPROST 75-200 TB	DICLOFENAC SODIUM/MISOPROSTOL	13	25	$155.43	$19.20	$2.23	$3,624.75
DICLOFENAC-MISOPROST 50-0.2 TB	DICLOFENAC SODIUM/MISOPROSTOL	15	27	$144.92	$16.82	$2.37	$3,665.23
ETODOLAC 400 MG TABLET	ETODOLAC	60	99	$47.13	$19.49	$0.64	$3,576.40
ETODOLAC 500 MG TABLET	ETODOLAC	29	50	$56.03	$16.27	$0.83	$2,297.69
ETODOLAC 300 MG CAPSULE	ETODOLAC	13	16	$55.77	$26.94	$0.74	$712.37
ETODOLAC 200 MG CAPSULE	ETODOLAC	3	3	$60.16	$12.14	$1.00	$153.49
ETODOLAC ER 400 MG TABLET	ETODOLAC	6	11	$88.27	$17.73	$2.02	$898.92
ETODOLAC ER 600 MG TABLET	ETODOLAC	5	8	$98.78	$26.08	$2.17	$735.63
ETODOLAC ER 500 MG TABLET	ETODOLAC	5	8	$135.76	$20.03	$2.22	$1,012.55
FENOPROFEN 600 MG TABLET	FENOPROFEN CALCIUM	3	7	$175.23	$15.00	$2.73	$1,159.10
FENOPROFEN 400 MG CAPSULE	FENOPROFEN CALCIUM	1	1	$305.04	$15.00	$3.39	$291.54
FLURBIPROFEN 100 MG TABLET	FLURBIPROFEN	4	5	$15.13	$14.39	$0.32	$39.65
IBU 400 MG TABLET	IBUPROFEN	4	4	$0.00	$4.82	$0.00	
IBU 800 MG TABLET	IBUPROFEN	16	18	$0.58	$9.02	$0.01	
IBUPROFEN 400 MG TABLET	IBUPROFEN	37	45	$0.33	$5.63	$0.01	
IBUPROFEN 600 MG TABLET	IBUPROFEN	387	430	$0.60	$4.52	$0.01	
IBUPROFEN 800 MG TABLET	IBUPROFEN	1,220	1,482	$1.00	$7.76	$0.02	
IBU 600 MG TABLET	IBUPROFEN	1	1	$0.00	$4.50	$0.00	
IBUPROFEN 200 MG CAPLET	IBUPROFEN	1	1	$0.00	$2.35	$0.00	
INDOMETHACIN 25 MG CAPSULE	INDOMETHACIN	80	103	$1.93	$8.64	$0.04	
INDOMETHACIN 50 MG CAPSULE	INDOMETHACIN	183	230	$3.19	$9.81	$0.06	

INDOMETHACIN ER 75 MG CAP	INDOMETHACIN	31	53	$47.16	$17.58	$0.90	$2,081.38
KETOPROFEN ER 200 MG CAP	KETOPROFEN	1	1	$807.57	$15.00	$8.97	$794.07
KETOROLAC 10 MG TABLET	KETOROLAC TROMETH	501	554	$8.02	$14.30	$0.49	$3,076.65
MECLOFENAMATE 100 MG CAP	MECLOFENAMATE NA	1	1	$174.16	$15.00	$5.81	$169.66
MEFENAMIC ACID 250 MG CAP	MEFENAMIC ACID	12	14	$224.92	$12.86	$8.07	$3,090.41
MELOXICAM 15 MG TABLET	MELOXICAM	3,947	6,298	$0.48	$3.92	$0.01	
MELOXICAM 7.5 MG TABLET	MELOXICAM	950	1,511	$0.53	$5.27	$0.01	
NABUMETONE 500 MG TABLET	NABUMETONE	115	217	$6.53	$15.42	$0.09	
NABUMETONE 750 MG TABLET	NABUMETONE	97	161	$5.61	$16.99	$0.08	
NAPROXEN 250 MG TABLET	NAPROXEN	20	29	$1.14	$7.65	$0.02	
NAPROXEN 500 MG TABLET	NAPROXEN	1,213	1,596	$0.88	$7.32	$0.02	
NAPROXEN 375 MG TABLET	NAPROXEN	76	96	$1.66	$6.65	$0.03	
EC-NAPROXEN DR 375 MG TABLET	NAPROXEN	3	5	$8.03	$19.63	$0.11	
NAPROXEN DR 375 MG TABLET	NAPROXEN	4	9	$9.45	$14.61	$0.16	
EC-NAPROXEN DR 500 MG TABLET	NAPROXEN	6	10	$9.86	$14.10	$0.18	
NAPROXEN DR 500 MG TABLET	NAPROXEN	34	48	$14.48	$14.01	$0.27	
NAPROXEN 125 MG/5 ML SUSPEN	NAPROXEN	1	1	$172.13	$0.00	$1.15	
NAPROXEN SODIUM 275 MG TAB	NAPROXEN SODIUM	1	1	$5.65	$15.00	$0.47	
NAPROXEN SODIUM 550 MG TAB	NAPROXEN SODIUM	83	100	$37.63	$19.23	$0.92	
NAPROXEN SOD CR 500 MG TAB	NAPROXEN SODIUM	1	1	$514.29	$15.00	$8.57	$505.29
OXAPROZIN 600 MG TABLET	OXAPROZIN	10	16	$108.34	$18.75	$1.60	$1,571.37
PIROXICAM 20 MG CAPSULE	PIROXICAM	43	86	$17.91	$18.24	$0.52	$1,094.36
PIROXICAM 10 MG CAPSULE	PIROXICAM	3	5	$111.75	$21.00	$1.33	$495.75
SULINDAC 150 MG TABLET	SULINDAC	68	133	$2.59	$12.67	$0.05	
SULINDAC 200 MG TABLET	SULINDAC	39	73	$7.65	$13.61	$0.13	
Totals		**11,928**	**17,644**		**Quarterly Savings**		**$48,904.16**
	Affected Members	**951**			**Annualized Savings**		**$195,616.64**

Recommendation: Apply Reference-Based Pricing to this category of agents.

3. Misc. Antidiabetic Combination Products

Label Name	Utilizing Member Count	Rx Count	Paid Amount	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
PIOGLITAZONE HCL 15 MG TABLET	214	396	$521	$1.32	$10.39	$0.03	
PIOGLITAZONE HCL 45 MG TABLET	202	370	$262	$0.71	$14.06	$0.02	
PIOGLITAZONE HCL 30 MG TABLET	381	696	$734	$1.05	$11.29	$0.02	
GLIMEPIRIDE 1 MG TABLET	194	371	$178	$0.48	$7.53	$0.01	
GLIMEPIRIDE 2 MG TABLET	483	894	$626	$0.70	$9.04	$0.01	
GLIMEPIRIDE 4 MG TABLET	753	1,373	$1,831	$1.33	$12.17	$0.02	
PIOGLITAZONE-GLIMEPIRIDE 30-2	2	4	$1,717	$429.37	$22.50	$11.08	$1,701.96
PIOGLITAZONE-GLIMEPIRIDE 30-4	1	3	$1,571	$523.67	$25.00	$10.47	$1,556.00
Totals	**2,230**	4,107			**Quarterly Savings**		**$3,257.96**
Affected Members	**3**				**Annualized Savings**		**$13,031.84**

Recommendation: Exclude the combination products and limit coverage to the individual components taken separately.

4. Misc. Dermatological Products

Label Name	Utilizing Member Count	Rx Count	Paid Amount	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
CLINDAMYCIN PHOS 1% PLEDGET	69	92	$1,774	$19.28	$16.98	$0.31	
CLINDAMYCIN PH 1% SOLUTION	97	111	$3,305	$29.7	$15.05	$0.34	
CLINDAMYCIN PH 1% GEL	42	54	$2,464	$45.62	$26.01	$1.19	
CLINDAMYCIN PHOSP 1% LOTION	58	63	$4,251	$67.48	$23.74	$1.11	
BENZOYL PEROXIDE 10% GEL	1	1	$7	$7.20	$15	$0.08	
BENZOYL PEROXIDE 10% WASH	1	1	$11	$2.15	$9.65	$0.01	
BENZOYL PEROXIDE 5% GEL	5	5	$3	$2.75	$15	$0.03	
BENZOYL PEROXIDE 5% WASH	1	1	$0	$0	$11.75	$0.00	
PANOXYL 10% ACNE FOAMING WASH	3	4	$0	$0	$6.82	$0.00	
CLIND PH-BENZOYL PERO 1.2-2.5%	3	3	$1,031	$343.81	$76.66	$6.88	$902.61
CLIND PH-BENZOYL PEROX 1.2-5%	49	56	$4,554	$81.33	$32.11	$1.81	$2,149.84
BENZACLIN GEL 50G PUMP	1	1	$348	$347.85	$40	$6.96	$305.06
CLINDAMYCIN-BENZOYL PEROX 1-5%	52	64	$9,287	$145.11	$35.99	$3.44	$6,538.88
CLINDA-BENZOYL PEROX 1-5% PUMP	13	15	$5,739	$382.57	$23.98	$6.45	$5,094.45
CLINDAMYCIN PHOSPHATE 1% FOAM	1	1	$847.91	$847.91	$15	$4.24	$847.91
BENZEPRO 6% FOAMING CLOTHS	1	1	$493	$493	$15	$8.22	$493
Totals	**397**	**473**			**Estimated Quarterly Savings**		**$16,331.75**
Affected Members	**120**				**Estimated Annualized Savings**		**$65,327**

Recommendation: Exclude combination Benzoyl Peroxide/Clindamycin products. Exclude Benzepro Foaming Cloths and Clindamycin 1% Foam.

The DUEC voted to adopt the recommendations as presented.

C. Second Review of Drugs*: by Dr. Jill Johnson, UAMS*

I. Pitolisant (Wakix):

Recommendation: T4PA; Exclude Xyrem; send letters to members and prescribers telling them of Wakix as the alternative.
There are 7 current utilizers of Xyrem on the Plan.

II. Modafinil / Armodafinil:

Recommendation: Remove PA requirement from armodafinil and modafinil. Reference price armodafinil to modafinil.

The DUEC voted to adopt the recommendations as presented.

II. New Business

A. New Drugs: *by Dr. Jill Johnson and Dr. Sidney Keisner, UAMS*

Brand	Generic	Recommendation
Non-Specialty Drugs		
(1) RELAFEN DS	NABUMETONE	Exclude, Code 13
(2) DRIZALMA SPRINKLE	DULOXETINE HCL	Exclude, Code 13
(3) OZOBAX	BACLOFEN	Exclude, Code 13
(4) AKLIEF	TRIFAROTENE	Exclude, Code 13
(5) GLOPERBA	COLCHICINE	Exclude, Code 13; Add colchicine capsules T1.
(6) PRETOMANID	PRETOMANID	T3PA, QL 1/1
Specialty Drugs		
(1) ASPARLAS	CALASPARGASE PEGOL-MKNL	Medical Benefit
(2) BEOVU	BROLUCIZUMAB-DBLL	Medical Benefit
(3) XEMBIFY	IMMUNE GLOBULIN, GAMMA(IGG)KLHW	Cover T4PA; Seek Rebates for class
(4) TRIKAFTA	ELEXACAFTOR/TEZACAFTOR/IV ACAFT	Cover T4PA
(5) VUMERITY	DIROXIMEL FUMARATE	Cover T4PA; QL 4/day
(6) OGIVRI	TRASTUZUMAB-DKST	Medical Benefit
(7) REBLOZYL	LUSPATERCEPT-AAMT	Exclude, Code 13
(8) ZIEXTENZO	PEGFILGRASTIM-BMEZ	T4PA Pharmacy and Medical; Seek Rebates
(9) TRUXIMA	RITUXIMAB-ABBS	Medical Benefit
(10) BRUKINSA	ZANUBRUTINIB	Exclude, Code 1 & 13

The DUEC voted to adopt the recommendations as presented.

Dr. Dwight Davis joined Dr. Simmons to speak about reference pricing and how it works.

Moore: What is reference-based pricing?

Dr. Kirtley: Reference pricing is when, for example, you look at the specifics on Armodafinil and Modafinil and the plan will pay $20 on drug #1 and drug #2 is not the preferred drug and costs $150, the plan will pay the same $20 on drug #2 and the rest is the members responsibility if they choose to use the non-preferred drug. Anything that we reference to, we will pay for up to the cost of that drug and everything else is on the plan member. They do get something paid for if they want that drug.

Dr. Simmons: The reference pricing sometimes is applied to not just two drugs, one versus the other, but it can be applied to a whole variety or class of drugs like the Non-Steroidal Anti-Inflammatory Agents (NSAIDs). If you go back and look at how many different NSAIDS there are, the committee examined them and didn't find significances in the efficacy or toxicity. So, what the group (EBRx) does is to look at the prices of the overwhelming majority of those drugs, say 97% to 98% and then they will make a recommendation for

a reference-based price that is in line with 97% to 98% of the drugs. Let's say there is a special drug that may be mixed up with 2-3% outliers that has a special application mechanism or is mixed with something else, but we don't really see an advantage. It may be a lot more expensive, so the reference price would reflect the 97% to 98% of the majority. That wouldn't mean that you couldn't get the special thing if you wanted to, it would just mean that the plan wouldn't pay anymore for that than the other drugs.

Dr. Fiddler: Is there a place for patient to come to a committee and say that they know this is drug A, but drug B works for me? You respond that is fine, but we are only going to pay reference pricing up to this amount. Does this person have an outlet to come to a committee, group, or board and state that I know other people who say this works for me, can we get this added to the list so that you pay that increased amount?

Dr. Kirtley: I would defer to Dr. Davis, because he does hear some of those claims. The difficulty in the subjective testimony of the one is generally the Drug Utilization and Evaluation Committee (DUEC) is going to make decisions based on the scientific evidence, which is generally well beyond the majority. I know there have been appeals on that but, if it is a drug that has been excluded, it has generally been excluded for some reason. Being a pharmacist, I have had people tell me, for example, that a tablet works better that the capsule or vice versa. It gets difficult when you have a policy for $600 million insurance plan based on the science and then you have the individual that just says this works better for me even if we can't find any science.

Dr. Fiddler: Is this decision made on a national level or state level?

Dr. Kirtley: This is for this insurance plan.

Dr. Fiddler: Okay, people say they will keep complaining about this to their representative and/or senator that will move on up to say I want to get this added. Does that scenario happen?

Dr. Kirtley: It has.

Lilly-Palmer: Depending on what the state plan covers, there is an appeal process that the employee can go through, but it goes through Employee Benefits Division (EBD) and they have to follow the chain. If they are appealing a drug that is not covered or due to reference-based pricing, they can appeal it if it is working better for them, but if there is another drug that is covered, they are going to look at that first. The doctor would have to submit the claim and then it is reviewed. Sometimes, it can go through an appeal process two or three times.

Dr. Davis: Every time that we could potentially decline payment or block access to a drug, there is always a safety net or an appeals process that comes through us (EBRx) and Dr. Simmons and ultimately through a medical director. I would like to point out that these decisions are made based off of the review of the peer reviewed published data and that is across a large population. Sometimes, evidence may exist where there's absolutely no proof that there is a difference. The reference-based pricing approach protects the plan from inflation. We never want a patient left out in the cold if there is a clinical reason. We give the physician an opportunity to make that case. We do surveillance on drugs that we receive appeals on and we bring those back through the committee process because evidence changes over time, so we want to make sure that we have the most relevant evidence to make sure that if we need to adjust our coverage policies, take things off reference pricing and add it to coverage, or exclude it from coverage altogether. We do try to stay on top of that.

Dr. Fiddler: If you have done your evidence based, you have done your due diligence.

MOTION by Dr. Kirtley:

Motion to accept the DUEC recommendations as presented.

Dr. Fiddler seconded; all were in favor.

Motion Approved.

Subcommittee Updates by Susan Gardner, Benefits Subcommittee Chair & Dr. John Vinson, Quality of Care Chair

Gardner and Dr. Vinson provided a review of their respective meetings.

Topics Discussed:
- Approval of Minutes
- Flu Shot/Health Waste Calculator Update
- Plan Update *Benefits only
- Director's Report

Benefits Subcommittee Recommendation
There was a discussion and a motion (by Lilly-Palmer) from the Benefits subcommittee to create a subcommittee to evaluate the medical side of the plan. This would operate like the Drug Utilization and Evaluation Committee (DUEC) which evaluates the pharmacy side of the plan. Through this evaluation, the plan would bring its recommendations in an evidence-based fashion to the Board for consideration.

Dr. Fiddler: Chris, what is your take on this?
Howlett: We would be in support of it. It would basically replicate what we do with the drug side (the Drug Utilization and Evaluation Committee) which is 25% of our spend. We don't really have anything formalized in that respect for 75% of the plan spend on the medical side.
Haugen: Who would be on this committee?
Howlett: We would bring that back to the Board. It would consist of physicians.
Lilly-Palmer: The ultimate goal of that program is to figure out what procedures and routine visits are being utilized the most. We are looking at what is being utilized and what is not and what is going to benefit the plan the most to also keep the cost where it needs to be.
Dr. Kirtley: It has been discussed on and off for several years, because it is 75% of the plan dollars and we don't have a subcommittee of the Board that is really looking at best practices or standards of care. We look at one-off issues. I think this would be a much deeper look much like the DUEC to help educate what we should and shouldn't be paying for and try to get the practitioners involved at the same time so that they are more knowledgeable.
Dr. Vinson: Did you say this would be a new committee or would it be someone who would present this information to the Quality of Care committee? Would it replace Quality of Care, because a lot of what you are talking about could be done in the Quality of Care if there was a right framework or recommendations?

Howlett: It would not be replacing the Quality of Care. The statutorial obligation of the Quality of Care would be to evaluate the program's effectiveness and financial, but not always on the policy. It would more come along side and address some of the things that come out of the Quality of Care as recommendations for the Board to review.

MOTION by Dr. White:

I make a motion to accept the recommendation by the Benefits subcommittee to create a Medical Utilization and Evaluation Committee (MUEC).
Dr. Kirtley seconded. All were in favor.
Motion Approved.

Quality of Care

There was a brief discussion regarding the relationship of the tobacco cessation portion and the lower than average percentage of completion for the wellness.

Health Risk Analysis Update by Elizabeth Montgomery & Mike Motley, ACHI

Montgomery and Motley addressed follow-up questions from the last meeting and discussed the upcoming update of Health WasteCalculator analysis.

Discussion:

Flu Shot

Dr. Fiddler: You were asked to follow-up on those individuals who actually got the flu. There is no follow-up for ASE/PSE of the individuals on our plan to see who actually missed workdays because of the flu. Is there any way of knowing that?

Lilly-Palmer: At that point, what you are getting into is an employee's HIPAA and we would have no way of going agency to agency and asking if a specific employee missed work because of a flu related illness. We wouldn't be able to get that information unless the employee volunteered it. Even then, with the five-day sick leave rule and they have to bring back a doctor's note, it doesn't necessarily have to stipulate why they missed. It would just go in their HIPAA file.

Dr. Kirtley: We will have people who get the flu shot who won't be in the EBD database, because they got it somewhere else. We know last year our number says 38%, but the hope is another 30%-40% got one somewhere at a clinic, fair, while travelling, or paid cash and it wasn't in our claim database. You could probably dig way down in the information and see how many flu tests or Tamiflu scripts we paid for, but that gets into some weird obscure data.

Haugen: Do you have the breakdown of that for ASE and PSE?

Montgomery: I don't, but it is something that we can have as a takeaway. To Dr. Kirtley's point, there are certainly some limitations in utilizing the claims data. For example, I know the Health Department who does their flu vaccination clinics, I'm not sure if that is a claim that goes through EBD? There will be some instances where we may not be capturing that.

Howlett: We partner with the Health Department to come here as well.

Haugen: It would be interesting if we can. Several schools have closed due to the flu. It would be interesting to see which plan is being more utilized.

Low-Value Services

Dr. Fiddler: How does something go up in member count and number of low-value services but decrease in low-value dollars? I can't imagine anyone dropping the price of a service that they were already paying for. Does mean that they went to someone else, a different provider, that offered that same service at a lower price?

Montgomery: What we saw in the data is that there was a lower unit cost that was associated with that particular service. There is some variation, the unit cost is essentially the average across that particular service. We did see that it was a reduced unit cost for that measure, so even though there was an increase in service volume the service itself in terms of unit cost was lower than the previous year.

Dr. Fiddler: Does that mean that the insurance offered a lower amount on that particular service than in the previous year?

Dr. Kirtley: It could also mean that instead of getting ten lab values, they averaged seven, so it is a cheaper claim. You would have to dig way down in the data to see that. There could have been just as many patients/orders or more for lab data, but it could have been cheaper lab data, or the price could have actually come down.

Montgomery: There are a lot of different variables that could be affecting that. Overall, we did see that the unit cost was lower service.

EKGs

Dr. Fiddler: What was some of the suggestions at the Quality of Care that were made to help reduce the costs on this other than communicating with the physician?

Montgomery: There was some discussion more broadly with the role of prior authorizations around some of these services as a way to mitigate low-value service volume. For ACHI, there was a request to look at overall service volume for EKGs. Hopefully that analysis can help in terms of any decisions that are made on annual EKGs. That will include other cardiac screenings as well.

Howlett: PA criteria can be done on a somewhat limited basis. Prescriptive authority of the doctor rendering the treatment of the care, so there are some various pieces in which ACHI will dive into the data a little deeper.

Montgomery: It was also asked that we look into how some of these services are coded and trying to strengthen through provider education and coding these in a way that can help mitigate that as well. Those are just a couple of things that were discussed.

Plan Update by Courtney White & Paul Sakhrani, Milliman

Sakhrani and White provided an educational piece on trend and an update on plan experience for ASE and PSE.

ASE

- Updated projections show an increase in net income of $2.2M in 2019 and decrease in net income of $210K in 2020 (Changes shown relative to November board meeting).

    - Higher other income
    - Lower medical claims
    - Lower pharmacy savings
- 2019 plan experience
    - Estimated surplus of $14.4M
    - Estimated unallocated net assets at the end of 2019 is $8.8M
- 2020 plan experience
    - Allocated reserves for 2020 is $25.1M
    - Estimated surplus of $6.3M
    - Estimated unallocated net assets at the end of 2020 is $15M
    - No plan changes / 5% increase in employee contributions

PSE

- Updated projections show a reduction in net income of $2.0M in 2019 and an increase income of $50K in 2020 (Changes shown relative to November board meeting).
    - Higher medical claims
    - Lower pharmacy savings
- 2019 plan experience
    - Estimated deficit of $2.3M
    - Estimated unallocated net assets at the end of 2019 is $11.3M
- 2020 plan experience
    - Allocated reserves for 2020 is $25.2M
    - Estimated deficit of $4.5M
    - Estimated unallocated net assets at the end of 2020 is $6.8M
    - Allocated reserves for 2020 is 25.3M
    - No plan changes / 0% increase to employee contributions

<u>Discussion:</u>

Dr. Fiddler: Looking at 2021, if trends keep going in a negative way, where are you going to make up this money?

Dr. Kirtley: It will come from a change in benefits and/or funding. On the funding, it is generally premiums that we have direct control over. Every month of claims we get in a current year help to solidify their ability to do actuarial estimates going forward.

Howlett: One of the pieces that have been put in place is the catastrophic fund which is considered allocated. When you are dealing with allocated versus unallocated, the cushion is that you have some catastrophic to cover catastrophic claims situations as well as to buffer us from some of the deviation.

Dr. Fiddler: Did I not recall 9 months ago a different actuary saying that for ASE we were running out of funds on the allocated catastrophic if we continue in the trend in which we were going?

Howlett: What was put into record was an initial need of 27% rate increase and utilizing the funds. I believe that was said in May of 2019 and in June of 2019 they were estimating a $16 million-dollar need. We ended up doing a small increase after we had more claims experience and we could see what is done relative to the need would suffice.

Director's Report by Chris Howlett, EBD Director

Howlett provided an update on the wellness, the bus driver bill, and date concerns for future Board meetings.

As far as the wellness, we ended the year with 83% who had received that wellness discount and 17% that will not. We are looking into the small degradation in the number as we usually average around 89% of the population. We are trying to do a cross walk between those that met it in the previous years. We are also looking into what may have missed the mark for them to receive the discount. We have had about 50/50 on the reporting for the bus driver bill. We have been outreaching to all the independent districts to determine that we double count some of the population that that bill would have possibly affected to a positive or negative. Once I have those numbers, I will provide those to the Benefits and Board. I believe we are about 75% reporting now. Our initial estimate was 30% of the estimated 3,089 bus drivers that would not already be on the plan, which would be around 900 and maybe a little higher. Lastly, I have been working with several of our Board members that have voiced concerns, questions, and comments about our dates. I will be pushing out a more fine-tuned calendar as we go into 2020 to help accommodate those that are travelling in that have obligations as soon as they get back as well as some of the state operating meetings that we have here that usually affect Tuesdays. So, we are going to try to look at maybe a Tuesday/Wednesday combination to try to ease the burden on the whole group. As a Board member, you are required fulfill the financial interest forms. We will email another version of that to you to be able to complete. The deadline for that is Friday.

MOTION by Lilly-Palmer:

> I motion to adjourn the meeting.
>
> Scott seconded; all were in favor.
>
> **Meeting Adjourned.**

Arkansas State Employees (ASE) Financial Statement - January 1, 2019 through November 30, 2019

	ASE SUBSCRIBERS				ASE MEMBERS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
ASE Basic	1,686	52	0	1,738	2,685	74	0	**2,759**
ASE Classic	2,347	74	0	2,421	3,922	105	0	**4,027**
ASE Premium	21,661	1,989	0	23,650	37,302	2,496	0	**39,798**
SUBTOTAL	**25,694**	**2,115**	**0**	**27,809**	**43,909**	**2,675**	**0**	**46,584**
Med Primary	0	197	10,587	10,784	0	411	13,616	**14,027**
TOTAL	**25,694**	**2,312**	**10,587**	**38,593**	**43,909**	**3,086**	**13,616**	**60,611**

REVENUES & EXPENDITURES

		Current Month	Year to Date (11 Month)
	Funding		
1	State Contribution	$ 14,359,912	$ 159,247,704
2	Employee Contribution	$ 8,067,010	$ 89,421,121
3	Other	$ 1,186,023	$ 20,953,218
4	Allocation of Reserves	$ 1,808,667	$ 19,895,334
	Total Funding	$ 25,421,612	$ 289,517,377
	4 Weeks Medical & Pharmacy Claims		
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 15,035,645	$ 176,622,518
6	Claims IBNR		$ -
7	Medical Administration Fees	$ 1,309,672	$ 15,086,538
8	Refunds	$ -	$ -
9	Employee Assistance Plan (EAP)	$ 41,740	$ 459,110
	Life Insurance	$ 76,895	$ 853,475
	Pharmacy Expenses		
10	RX Claims	$ 6,814,105	$ 79,957,538
11	RX IBNR	$ -	$ -
12	RX Administration	$ 85,873	$ 1,312,896
13	Plan Administration	$ 284,835	$ 2,671,853
	Total Expenses	$ 23,648,765	$ 276,963,928
14	**Net Income/(Loss)**	$ 1,772,847	$ 12,553,449

BALANCE SHEET

	Assets	
15	Bank Account	$ 5,449,165
16	State Treasury	$ 79,644,669
17	Due from Cafeteria Plan	$ 9,126,181
18	Due from PSE	
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 1,487,659
	Total Assets	95,707,673
	Liabilities	
21	Accounts Payable	$ 2,087
22	Deferred Revenues	$ 3,780
23	Due to Cafeteria	$ (5,651)
24	Due to PSE	$ 178,016
25	Health IBNR	$ 24,800,000
26	RX IBNR	$ 1,400,000
	Total Liabilities	$ 26,378,231
27	**Net Assets**	$ 69,329,442
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/19-12/31/19 ($5,508,000 + $2,826,000 + $13,370,000)	$ (1,808,666)
29	Premiums for Plan Year 1/1/20-12/31/20 ($1,884,000 + $8,020,000 + $15,180,000)	$ (25,084,000)
30	Premiums for Plan Year 1/1/21-12/31/21 ($5,350,000 + $9,108,000)	$ (14,458,000)
31	Premiums for Plan Year 1/1/22-12/31/22 ($6,072,000)	$ (6,072,000)
32	Catastrophic Reserve ($16,000,000)	$ (16,000,000)
33	**Net Assets Available**	$ 5,906,776

Arkansas State Employees (ASE) Financial Statement - January 1, 2019 through December 31, 2019

	ASE SUBSCRIBERS				ASE MEMBERS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
ASE Basic	1,714	52	0	1,766	2,710	74	0	**2,784**
ASE Classic	2,317	71	0	2,388	3,884	100	0	**3,984**
ASE Premium	21,810	1,999	0	23,809	37,517	2,505	0	**40,022**
SUBTOTAL	**25,841**	**2,122**	**0**	**27,963**	**44,111**	**2,679**	**0**	**46,790**
Med Primary	0	10,617	198	10,815	0	13,654	414	**14,068**
TOTAL	**25,841**	**12,739**	**198**	**38,778**	**44,111**	**16,333**	**414**	**60,858**

REVENUES & EXPENDITURES

		Current Month	Year to Date (12 Month)
	Funding		
1	State Contribution	$ 14,359,912	$ 173,607,616
2	Employee Contribution	$ 8,029,367	$ 97,450,488
3	Other	$ 2,516,071	$ 23,469,289
4	Allocation of Reserves	$ 1,808,666	$ 21,704,000
	Total Funding	$ 26,714,016	$ 316,231,393
	4 Weeks Medical & Pharmacy Claims		
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 17,464,162	$ 194,086,680
6	Claims IBNR		$ (900,000)
7	Medical Administration Fees	$ 1,280,716	$ 16,367,254
8	Refunds	$ -	$ -
9	Employee Assistance Plan (EAP)	$ 41,740	$ 500,850
	Life Insurance	$ 76,928	$ 930,403
	Pharmacy Expenses		
10	RX Claims	$ 6,691,812	$ 86,649,351
11	RX IBNR	$ -	$ -
12	RX Administration	$ 118,677	$ 1,431,573
13	Plan Administration	$ 208,167	$ 2,880,020
	Total Expenses	$ 25,882,202	$ 301,946,130
14	**Net Income/(Loss)**	$ 831,814	$ 14,285,263

BALANCE SHEET

	Assets	
15	Bank Account	$ 7,530,103
16	State Treasury	$ 79,644,669
17	Due from Cafeteria Plan	$ 9,126,181
18	Due from PSE	$ -
19	Receivable from Provider	$ (63,744)
20	Accounts Receivable	$ 393,297
	Total Assets	96,630,506
	Liabilities	
21	Accounts Payable	$ 2,087
22	Deferred Revenues	$ 3,780
23	Due to Cafeteria	$ (5,504)
24	Due to PSE	$ 1,177,552
25	Health IBNR	$ 24,800,000
26	RX IBNR	$ 1,400,000
	Total Liabilities	$ 27,377,915
27	**Net Assets**	$ 69,252,590
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/19-12/31/19 ($5,508,000 + $2,826,000 + $13,370,000)	$ -
29	Premiums for Plan Year 1/1/20-12/31/20 ($1,884,000 + $8,020,000 + $15,180,000)	$ (25,084,000)
30	Premiums for Plan Year 1/1/21-12/31/21 ($5,350,000 + $9,108,000)	$ (14,458,000)
31	Premiums for Plan Year 1/1/22-12/31/22 ($6,072,000)	$ (6,072,000)
32	Catastrophic Reserve ($16,000,000)	$ (16,000,000)
33	**Net Assets Available**	$ 7,638,590

Public School Employees (PSE) Financial Statement - January 1, 2019 through November 30, 2019

	PSE SUBSCRIBERS				PSE MEMBERS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
PSE Basic	4,797	523	0	5,320	7,286	675	0	7,961
PSE Classic	25,795	2,228	0	28,023	49,341	2,668	0	52,009
PSE Premium	16,649	461	0	17,110	22,544	495	0	23,039
SUBTOTAL	**47,241**	**3,212**	**0**	**50,453**	**79,171**	**3,838**	**0**	**83,009**
Med Primary	0	13,480	61	13,541	0	126	14,666	14,792
TOTAL	**47,241**	**16,692**	**61**	63,994	**79,171**	**3,964**	**14,666**	**97,801**

REVENUES & EXPENDITURES

		Current Month	Year to Date (11 Month)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,612,298	$ 93,778,463
2	Employee Contribution	$ 10,149,958	$ 110,986,819
3	Department of Education Funding	$ 4,583,333	$ 83,516,667
4	Other	$ 804,549	$ 13,488,872
5	Allocation of Reserves	$ 1,054,667	$ 11,601,334
	Total Funding	$ 25,204,805	$ 313,372,155
	4 Weeks Medical & Pharmacy Claims		
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 20,320,604	$ 221,994,148
7	Claims IBNR		$ (1,000,000)
8	Medical Administration Fees	$ 1,884,296	$ 23,125,571
9	Refunds	$ -	$ -
10	Employee Assistance Plan (EAP)	$ 84,824	$ 933,061
	Pharmacy Expenses	$ -	$ -
10	RX Claims	$ 5,011,184	$ 55,695,190
11	RX IBNR	$ -	$ -
12	RX Administration	$ 199,148	$ 2,156,127
13	Plan Administration	$ 402,067	$ 2,379,631
	Total Expenses	$ 27,902,123	$ 305,283,728
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ (2,697,318)	$ (10,011,573)

BALANCE SHEET

	Assets	
17	Bank Account	$ 19,769,628
18	State Treasury	$ 132,021,390
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 4,091,545
21	Due from ASE	$ 187,802
	Total Assets	$ 156,070,366
	Liabilities	
22	Accounts Payable	$ 12,250
23	Due to ASE	$ -
24	Deffered Revenues	$ -
25	Health IBNR	$ 27,000,000
26	RX IBNR	$ 1,000,000
	Total Liabilities	$ 28,012,250
27	**Net Assets**	$ 128,058,116
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/19-12/31/19 ($396,000 + $12,260,000)	$ (1,054,666)
29	Premiums for Plan Year 1/1/20-12/31/20 ($264,000 + $7,360,000 + $17,630,000)	$ (25,254,000)
30	Premiums for Plan Year 1/1/21-12/31/21 ($4,900,000 + $10,578,000)	$ (15,478,000)
31	Premiums for Plan Year 1/1/22-12/31/22 ($7,052,000)	$ (7,052,000)
32	Premium Assistance (FICA Savings)	$ (5,932,627)
33	Catastrophic Reserve ($58,500,000)	$ (58,500,000)
34	**Net Assets Available**	$ 14,786,823

Public School Employees (PSE) Financial Statement - January 1, 2019 through Decedmber 31, 2019

	PSE SUBSCRIBERS				PSE MEMBERS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
PSE Basic	4,780	499	0	5,279	7,246	643	0	7,889
PSE Classic	26,354	2,227	0	28,581	50,414	2,651	0	53,065
PSE Premium	455	16,684	0	17,139	22,539	488	0	23,027
SUBTOTAL	**31,589**	**19,410**	**0**	**50,999**	**80,199**	**3,782**	**0**	**83,981**
Med Primary	0	13,518	60	13,578	0	14,705	121	14,826
TOTAL	**31,589**	**32,928**	**60**	64,577	**80,199**	**18,487**	**121**	**98,807**

REVENUES & EXPENDITURES

		Current Month	Year to Date (12 Month)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,615,362	$ 102,393,825
2	Employee Contribution	$ 10,134,607	$ 121,121,426
3	Department of Education Funding	$ 4,583,333	$ 88,100,000
4	Other	$ 1,532,540	$ 15,021,412
5	Allocation of Reserves	$ 1,054,666	$ 12,656,000
	Total Funding	$ 25,920,508	$ 339,292,664
	4 Weeks Medical & Pharmacy Claims		
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 24,223,277	$ 246,217,425
7	Claims IBNR		$ (1,000,000)
8	Medical Administration Fees	$ 2,044,799	$ 25,170,370
9	Refunds	$ -	$ -
10	Employee Assistance Plan (EAP)	$ 84,824	$ 933,061
	Pharmacy Expenses	$ -	$ -
10	RX Claims	$ 5,230,189	$ 60,925,379
11	RX IBNR	$ -	$ -
12	RX Administration	$ 199,322	$ 2,355,449
13	Plan Administration	$ 149,966	$ 2,614,421
	Total Expenses	$ 31,932,378	$ 337,216,106
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ (6,011,869)	$ (16,023,442)

BALANCE SHEET

	Assets	
17	Bank Account	$ 18,214,148
18	State Treasury	$ 128,021,390
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 1,590,847
21	Due from ASE	$ 1,177,552
	Total Assets	$ 149,003,937
	Liabilities	
22	Accounts Payable	$ 12,357
23	Due to ASE	$ -
24	Deffered Revenues	$ -
25	Health IBNR	$ 27,000,000
26	RX IBNR	$ 1,000,000
	Total Liabilities	$ 28,012,357
27	**Net Assets**	$ 120,991,581
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/19-12/31/19 ($396,000 + $12,260,000)	$ -
29	Premiums for Plan Year 1/1/20-12/31/20 ($264,000 + $7,360,000 + $17,630,000)	$ (25,254,000)
30	Premiums for Plan Year 1/1/21-12/31/21 ($4,900,000 + $10,578,000)	$ (15,478,000)
31	Premiums for Plan Year 1/1/22-12/31/22 ($7,052,000)	$ (7,052,000)
32	Premium Assistance (FICA Savings)	$ (6,472,407)
33	Catastrophic Reserve ($58,500,000)	$ (58,500,000)
34	**Net Assets Available**	$ 8,235,174

Arkansas State Employees (ASE) Financials - January 1, 2018 through November 30, 2018

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1684	49		**1733**	2649	72		**2721**
CLASSIC	2159	70		**2229**	3592	97		**3689**
PREMIUM	22248	2008		**24256**	38185	2509		**40694**
PRIMARY		10208	205	**10413**		13185	428	**13613**
TOTAL	**26091**	**12335**	**205**	**38631**	**44426**	**15863**	**428**	**60717**

REVENUES & EXPENDITURES

		Current Month	Year to Date (11 Month)
	Funding		
1	State Contribution	$ 14,578,144	$ 160,133,372
2	Employee Contribution	$ 8,011,482	$ 88,662,821
3	Other	$ 522,512	$ 18,155,859
4	Allocation of Reserves	$ 1,501,000	$ 16,511,000
	Total Funding	$ 24,613,138	$ 266,952,052
	5 wks medical and pharmacy claims		
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 18,599,198	$ 184,375,521
6	Claims IBNR	$ -	$ -
7	Medical Administration Fees	$ 1,209,092	$ 13,398,104
8	Refunds	$ -	$ -
9	Employee Assistance Program (EAP)	$ 54,189	$ 598,210
	Life Insurance	$ 78,100	$ 863,000
	Pharmacy Expenses		
11	RX Claims	$ 7,865,287	$ 76,020,198
12	RX IBNR	$ -	$ (600,000)
13	RX Administration	$ 246,388	$ 1,349,235
14	Plan Administration	$ 632,042	$ 4,474,639
	Total Expenses	$ 28,684,297	$ 280,478,908
15	**Net Income/(Loss)**	$ (4,071,159)	$ (13,526,856)

BALANCE SHEET

	Assets	
16	Bank Account	$ 1,761,023
17	State Treasury	$ 97,233,794
18	Due from Cafeteria Plan	$ 5,949,466
19	Due from PSE	
20	Receivable from Provider	$ -
21	Accounts Receivable	$ 372,614
	Total Assets	$ 105,316,896
	Liabilities	
22	Accounts Payable	$ 1,076
23	Deferred Revenues	$ 3,780
24	Due to Cafeteria	$ (1,003)
25	Due to PSE	$ 187,987
26	Health IBNR	$ 26,500,000
27	RX IBNR	$ 600,000
	Total Liabilities	$ 27,291,840
	Net Assets	$ 78,025,057
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000 + $8,262,000 + $4,710,000)	$ (1,501,000)
29	Premiums for Plan Year 1/1/19 - 12/31/19 ($5,508,000 + $2,826,000+$13,370,000)	$ (21,704,000)
30	Premiums for Plan Year 1/1/20 - 12/31/20 ($1,884,000+$8,020,000)	$ (9,904,000)
31	Premiums for Plan Year 1/1/21 - 12-31/21 ($5,350,000)	$ (5,350,000)
32	Catastrophic Reserve (2017 $20,600,000)	$ (30,600,000)
33	**Net Assets Available**	$ 8,966,057

35

Arkansas State Employees (ASE) Financials - January 1, 2018 through December 31, 2018

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1659	48		1707	2617	71		2688
CLASSIC	2144	71		2215	3594	98		3692
PREMIUM	22511	2012		24523	38628	2518		41146
PRIMARY		10249	201	10450		13199	419	13618
TOTAL	26314	12380	201	38895	44839	15886	419	61144

REVENUES & EXPENDITURES

		Current Month	Year to Date (12 Month)
	Funding		
1	State Contribution	$ 14,575,624	$ 174,708,996
2	Employee Contribution	$ 7,989,326	$ 96,652,147
3	Other	$ 1,545,730	$ 19,701,589
4	Allocation of Reserves	$ 1,501,000	$ 18,012,000
	Total Funding	$ 25,611,680	$ 291,062,732
	4 wks medical and pharmacy claims		
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 17,006,829	$ 201,382,350
6	Claims IBNR	$ -	
7	Medical Administration Fees	$ 1,212,675	$ 14,610,780
8	Refunds	$ -	
9	Employee Assistance Program (EAP)	$ 54,114	$ 652,324
	Life Insurance	$ 77,998	$ 940,998
	Pharmacy Expenses		
11	RX Claims	$ 6,530,878	$ 82,551,076
12	RX IBNR		$ (600,000)
13	RX Administration	$ 119,647	$ 1,468,882
14	Plan Administration	$ 462,269	$ 4,936,908
	Total Expenses	$ 25,002,141	$ 305,943,317
15	**Net Income/(Loss)**	$ 609,539	$ (14,880,585)

BALANCE SHEET

	Assets	
16	Bank Account	$ 795,071
17	State Treasury	$ 97,440,202
18	Due from Cafeteria Plan	$ 5,949,466
19	Due from PSE	
20	Receivable from Provider	
21	Accounts Receivable	$ (221,449)
	Total Assets	$ 103,963,290
	Liabilities	
22	Accounts Payable	$ 1,924
23	Deferred Revenues	$ 3,780
24	Due to Cafeteria	$ (1,479)
25	Due to PSE	$ 187,738
26	Health IBNR	$ 26,500,000
27	RX IBNR	$ 600,000
	Total Liabilities	$ 27,291,962
	Net Assets	$ 76,671,328
	Less Reserves Allocated	$ -
28	Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000 + $8,262,000 + $4,710,000)	$ -
29	Premiums for Plan Year 1/1/19 - 12/31/19 ($5,508,000 + $2,826,000+$13,370,000)	$ (21,704,000)
30	Premiums for Plan Year 1/1/20 - 12/31/20 ($1,884,000+$8,020,000)	$ (9,904,000)
31	Premiums for Plan Year 1/1/21 - 12-31/21 ($5,350,000)	$ (5,350,000)
32	Catastrophic Reserve (2017 $20,600,000)	$ (30,600,000)
33	**Net Assets Available**	$ 9,113,328

35

REVISED Public School Employees (PSE) Financials - January 1, 2018 through November 30, 2018

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	4543	473		**5016**	6839	622		**7461**
CLASSIC	24774	2188		**26962**	47192	2589		**49781**
PREMIUM	17192	545		**17737**	23033	587		**23620**
PRIMARY		12851	56	**12907**		13975	114	**14089**
TOTAL	**46509**	**16057**	**56**	**62622**	**77064**	**17773**	**114**	**94951**

REVENUES & EXPENDITURES

		Current Month	Year to Date (11 Month)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,407,887	$ 91,481,985
2	Employee Contribution	$ 9,868,834	$ 107,577,003
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 4,583,333	$ 83,516,667
4	Other	$ 1,123,194	$ 12,541,460
5	Allocation of Reserves	$ 1,883,333	$ 20,716,663
	Total Funding	$ 25,866,581	$ 315,833,778
	5 wks medical and pharmacy claims		
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 23,363,960	$ 211,174,873
7	Claims IBNR		$ 2,300,000
8	Medical Administration Fees	$ 2,028,239	$ 20,696,568
9	Refunds	$ -	
10	Employee Assistance Program (EAP)	$ 80,288	$ 872,382
	Pharmacy Expenses		
11	RX Claims	$ 5,911,595	$ 52,089,047
12	RX IBNR	$ -	$ (400,000)
13	RX Administration	$ 72,057	$ 2,096,239
14	Plan Administration	$ 351,696	$ 4,725,287
	Total Expenses	$ 31,807,835	$ 293,554,396
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ (5,941,254)	$ 4,179,382

BALANCE SHEET

	Assets	
17	Bank Account	$ 12,979,843
18	State Treasury	$ 142,807,802
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 9,759,944
21	Due from ASE	$ 187,987
	Total Assets	$ 165,735,575
	Liabilities	
22	Accounts Payable	$ 2,009
23	Due to ASE	
24	Deferred Revenues	$ -
25	Health IBNR	$ 28,000,000
26	RX IBNR	$ 1,000,000
	Total Liabilities	$ 29,002,009
27	**Net Assets**	$ 136,733,566
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000 + $660,000+18,100,000 DOE)	$ (1,883,333)
29	Premiums for Plan Year 1/1/19 - 12/31/19 ($396,000+12,260,000)	$ (12,656,000)
30	Premiums for Plan Year 1/1/20 - 12/31/20 ($264,000+7,360,000)	$ (7,624,000)
31	Premiums for Plan Year 1/1/21 - 12/31/21($4,900,000)	$ (4,900,000)
32	Premium Assistance (FICA Savings)	$ (5,713,696)
33	Catastrophic Reserve (2017 $58,500,000)	$ (58,500,000)
34	**Net Assets Available**	$ 45,456,537
35		

REVISED Public School Employees (PSE) Financials - January 1, 2018 through December 31, 2018

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	4546	460		**5006**	6908	608		**7516**
CLASSIC	25357	2174		**27531**	48451	2572		**51023**
PREMIUM	17126	531		**17657**	22941	567		**23508**
PRIMARY		12873	51	**12924**		13995	102	**14097**
TOTAL	**47029**	**16038**	**51**	**63118**	**78300**	**17742**	**102**	**96144**

REVENUES & EXPENDITURES

		Current Month	Year to Date (12 Month)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,412,642	$ 99,894,627
2	Employee Contribution	$ 9,842,329	$ 117,419,332
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 4,583,333	$ 88,100,000
4	Other	$ 1,237,800	$ 13,779,260
5	Allocation of Reserves	$ 1,883,333	$ 22,599,996
	Total Funding	$ 25,959,437	$ 341,793,215
	4 wks medical and pharmacy claims		
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 21,705,653	$ 232,880,526
7	Claims IBNR		$ 2,300,000
8	Medical Administration Fees	$ 1,911,173	$ 22,607,741
9	Refunds	$ -	
10	Employee Assistance Program (EAP)	$ 80,460	$ 952,842
	Pharmacy Expenses		
11	RX Claims	$ 4,916,943	$ 57,005,990
12	RX IBNR	$ -	$ (400,000)
13	RX Administration	$ 194,258	$ 2,290,497
14	Plan Administration	$ 430,160	$ 5,155,447
	Total Expenses	$ 29,238,647	$ 322,793,044
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ (3,279,210)	$ 900,171

BALANCE SHEET

	Assets	
17	Bank Account	$ 9,357,005
18	State Treasury	$ 140,114,775
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 10,913,515
21	Due from ASE	$ 187,738
	Total Assets	$ 160,573,032
	Liabilities	
22	Accounts Payable	$ 2,009
23	Due to ASE	
24	Deferred Revenues	$ -
25	Health IBNR	$ 28,000,000
26	RX IBNR	$ 1,000,000
	Total Liabilities	$ 29,002,009
27	**Net Assets**	$ 131,571,023
	Less Reserves Allocated	
28	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000 + $660,000+18,100,000 DOE)	$ -
29	Premiums for Plan Year 1/1/19 - 12/31/19 ($396,000+12,260,000)	$ (12,656,000)
30	Premiums for Plan Year 1/1/20 - 12/31/20 ($264,000+7,360,000)	$ (7,624,000)
31	Premiums for Plan Year 1/1/21 - 12/31/21($4,900,000)	$ (4,900,000)
32	Premium Assistance (FICA Savings)	$ (6,235,993)
33	Catastrophic Reserve (2017 $58,500,000)	$ (58,500,000)
34	**Net Assets Available**	$ 41,655,030
35		

PROJECTED PAID CLAIMS AND EXPENSES BY MONTH

PSE

November 2019

Medical Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
23,960,000	25,987,342	2,027,342	202,680,000	201,673,544	(1,006,456)

Note: IBNR no change

Pharmacy Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
7,000,000	6,336,347	(663,653)	55,440,000	50,684,005	(4,755,995)

Note: IBNR no change

Expenses/Other

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
2,750,000	2,434,966	(315,034)	29,990,000	25,024,055	(4,965,945)

ASE

November 2019

Medical Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
18,010,000	15,035,645	(2,974,355)	174,620,000	176,622,518	2,002,518

Note: IBNR no change

Pharmacy Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
9,040,000	6,814,105	(2,225,895)	81,540,000	79,957,538	(1,582,462)

Note: IBNR no change

Expenses/Other

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
2,140,000	1,799,015	(340,985)	23,810,000	20,383,872	(3,426,128)

PROJECTED PAID CLAIMS AND EXPENSES BY MONTH

PSE

December 2019

Medical Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
18,320,000	24,223,277	5,903,277	221,000,000	246,217,425	25,217,425

Note: IBNR no change

Pharmacy Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
6,070,000	5,230,189	(839,811)	61,510,000	60,925,379	(584,621)

Note: IBNR no change

Expenses/Other

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
2,750,000	2,478,911	(271,089)	32,740,000	30,073,301	(2,666,699)

ASE

December 2019

Medical Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
14,760,000	16,564,162	1,804,162	189,380,000	194,086,680	4,706,680

Note: IBNR no change

Pharmacy Claims

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
7,260,000	6,691,821	(568,179)	88,800,000	86,649,351	(2,150,649)

Note: IBNR no change

Expenses/Other

PROJECTED Monthly Amount	ACTUAL Monthly Amount	DIFFERENCE Monthly Amount	PROJECTED YTD Total	ACTUAL YTD Total	DIFFERENCE YTD Total
2,140,000	2,626,228	486,228	25,950,000	21,210,099	(4,739,901)

NOTES FOR November & December 2019 FINANCIALS

PSE For November 2019

- We paid 4 weeks of claims for both medical and pharmacy.
- FICA Savings received for the month was $540,000. Total FICA savings for the year was $5.9 million
- We had a net loss of $2.6 million for the month and a net loss of $10 million year-to-date – Line 16.
- Net Assets available are $14.7 million – Line 34.

PSE For December 2019

- We paid 4 weeks of claims for both medical and pharmacy.
- FICA Savings received for the month was $539,000. Total FICA savings for the year was $6.4 million
- We had a net loss of $6 million for the month and a net loss of $16 million year-to-date – Line 16.
- Net Assets available are $8.2million – Line 34.

ASE For November 2019

- We paid 4 weeks of claims for both medical and pharmacy.
- We had a net gain of $1.7 million for the month and a net gain of $12.5 million year-to-date – Line 14.
- Net Assets available are $5.9 million – Line 33.

ASE For December 2019

- We paid 4 weeks of claims for both medical and pharmacy.
- We had a net gain of $800,000 for the month and a net gain of $14.2 million year-to-date – Line 14.
- Net Assets available are $7.6 million – Line 33.

The projected vs. actual claims and expenditures reports show the monthly amounts for November and December 2019 and the year-to-date amounts for November and December of 2019.

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

The following report pertains to the DUEC meeting at 1:00 p.m. on Monday, January 6th, 2020 with Dr. Hank Simmons presiding.

I. Old Business

A. DCWG Update: *Dr. Sidney Keisner, UAMS*

Summary of drugs reviewed/actions items: Generic	Brand	Current Coverage	Recommendations
Pertuzumab	Perjeta	medical benefit	Add medical PA
Eribulin	Halaven	medical benefit	Add medical PA
Nab-paclitaxel	Abraxane	medical benefit	Add medical PA
Ixabepilone	Ixempra	medical benefit	Exclude
Aprepitant	Cinvanti	medical benefit	Exclude
Fosnetupitant/palonosetron	Akynzeo IV	medical benefit	Exclude
Netupitant/palonosetron	Akynzeo	medical benefit	Exclude
Rolapitant	Varubi	medical benefit/T4	Exclude
Aprepitant	Emend	T2	Add age edit (cover if <7 years old)
Fosaprepitant	Emend IV	Medical benefit	No change
Aprepitant	Emend/generic	T2	No change

Note: drugs that fall under "medical benefit" are adjudicated according to coverage policies of Health Advantage

The DUEC voted to adopt the recommendations as presented.

B. Formulary Cleanup: *Dr. Dwight Davis and Dr. Micah Bard, UAMS*

1. Skeletal Muscle Relaxants - The table below provides a summary of the Plan's utilization of Skeletal Muscle Relaxants for the 3-month period of September 1, 2019 – November 30, 2019.

Label Name	Generic Name	Utilizing Member Count	Rx Count	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
BACLOFEN 10 MG TABLET	BACLOFEN	422	674	$9.46	$13.19	$0.12	
BACLOFEN 20 MG TABLET	BACLOFEN	89	164	$19.32	$13.73	$0.24	
CARISOPRODOL 250 MG TABLET	CARISOPRODOL	5	5	$127.62	$18.40	$2.30	$596.41
CARISOPRODOL 350 MG TABLET	CARISOPRODOL	317	614	$1.44	$9.58	$0.02	
CHLORZOXAZONE 500 MG TABLET	CHLORZOXAZONE	23	37	$19.79	$14.95	$0.25	
CYCLOBENZAPRINE 10 MG TABLET	CYCLOBENZAPRINE HCL	2,730	3,920	$0.67	$5.48	$0.01	
CYCLOBENZAPRINE 5 MG TABLET	CYCLOBENZAPRINE HCL	443	561	$0.55	$5.30	$0.02	
DANTROLENE SODIUM 100 MG CAP	DANTROLENE SODIUM	1	3	$134.32	$33.58	$1.48	$362.01
LORZONE 375 MG TABLET	CHLORZOXAZONE	1	1	$463.75	$40.00	$7.73	$454.75
LORZONE 750 MG TABLET	CHLORZOXAZONE	1	1	$501.50	$40.00	$8.36	$492.50
METAXALONE 400 MG TABLET	METAXALONE	2	3	$193.68	$15.00	$4.84	$563.04
METAXALONE 800 MG TABLET	METAXALONE	176	235	$99.64	$18.15	$1.56	$21,170.53
METHOCARBAMOL 500 MG TABLET	METHOCARBAMOL	434	597	$1.62	$7.55	$0.03	
METHOCARBAMOL 750 MG TABLET	METHOCARBAMOL	403	579	$3.79	$10.39	$0.06	
ORPHENADRINE ER 100 MG TABLET	ORPHENADRINE CITRATE	37	52	$14.07	$13.42	$0.28	
TIZANIDINE HCL 2 MG CAPSULE	TIZANIDINE HCL	33	43	$55.76	$15.54	$0.86	$1,978.39
TIZANIDINE HCL 2 MG TABLET	TIZANIDINE HCL	192	267	$6.49	$11.74	$0.11	
TIZANIDINE HCL 4 MG CAPSULE	TIZANIDINE HCL	105	194	$67.27	$16.56	$1.11	$11,280.23
TIZANIDINE HCL 4 MG TABLET	TIZANIDINE HCL	1,500	2,403	$5.66	$11.69	$0.10	
TIZANIDINE HCL 6 MG CAPSULE	TIZANIDINE HCL	10	15	$222.95	$21.00	$2.08	$3,102.80
Totals		**6,924**			**Quarterly Savings**		**$40,000.66**
	Affected Members	**334**			**Annual Savings**		**$160,002.64**

Recommendation: Apply Reference-Based Pricing to this category of agents.

2. Non-Steroidal Anti-Inflammatory Agents – The table below provides a summary of the Plan's utilization of the Non-Steroidal Anti-Inflammatory Agents (NSAIDs) for the 3-month period of September 1, 2019 – November 30, 2019.

Label Name	Generic Name	Utilizing Member Count	Rx Count	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
CELECOXIB 200 MG CAPSULE	CELECOXIB	536	932	$11.38	$16.35	$0.25	
CELECOXIB 50 MG CAPSULE	CELECOXIB	2	3	$20.98	$15.00	$0.35	
CELECOXIB 100 MG CAPSULE	CELECOXIB	89	141	$19.31	$14.89	$0.35	
CELECOXIB 400 MG CAPSULE	CELECOXIB	3	4	$93.60	$22.50	$2.08	$347.40
DICLOFENAC POT 50 MG TABLET	DICLOFENAC POTASSIUM	46	60	$32.83	$21.56	$0.54	$1,425.10
DICLOFENAC SOD DR 75 MG TAB	DICLOFENAC SODIUM	581	914	$4.49	$14.36	$0.07	

DICLOFENAC SOD EC 75 MG TAB	DICLOFENAC SODIUM	869	1,309	$3.09	$13.33	$0.05	
DICLOFENAC SOD EC 50 MG TAB	DICLOFENAC SODIUM	169	248	$5.38	$13.89	$0.08	
DICLOFENAC SOD DR 50 MG TAB	DICLOFENAC SODIUM	130	189	$6.64	$15.50	$0.11	
DICLOFENAC SOD ER 100 MG TAB	DICLOFENAC SODIUM	108	178	$56.32	$20.72	$1.44	$8,979.09
DICLOFENAC SOD EC 25 MG TAB	DICLOFENAC SODIUM	12	17	$72.36	$20.45	$0.91	
DICLOFENAC SOD DR 25 MG TAB	DICLOFENAC SODIUM	3	3	$50.97	$34.49	$0.73	
DICLOFENAC-MISOPROST 50-200 TB	DICLOFENAC SODIUM/MISOPROSTOL	6	11	$118.04	$15.62	$2.28	$1,212.98
DICLOFENAC-MISOPROST 75-0.2 TB	DICLOFENAC SODIUM/MISOPROSTOL	28	42	$151.04	$18.89	$2.11	$5,893.33
DICLOFENAC-MISOPROST 75-200 TB	DICLOFENAC SODIUM/MISOPROSTOL	13	25	$155.43	$19.20	$2.23	$3,624.75
DICLOFENAC-MISOPROST 50-0.2 TB	DICLOFENAC SODIUM/MISOPROSTOL	15	27	$144.92	$16.82	$2.37	$3,665.23
ETODOLAC 400 MG TABLET	ETODOLAC	60	99	$47.13	$19.49	$0.64	$3,576.40
ETODOLAC 500 MG TABLET	ETODOLAC	29	50	$56.03	$16.27	$0.83	$2,297.69
ETODOLAC 300 MG CAPSULE	ETODOLAC	13	16	$55.77	$26.94	$0.74	$712.37
ETODOLAC 200 MG CAPSULE	ETODOLAC	3	3	$60.16	$12.14	$1.00	$153.49
ETODOLAC ER 400 MG TABLET	ETODOLAC	6	11	$88.27	$17.73	$2.02	$898.92
ETODOLAC ER 600 MG TABLET	ETODOLAC	5	8	$98.78	$26.08	$2.17	$735.63
ETODOLAC ER 500 MG TABLET	ETODOLAC	5	8	$135.76	$20.03	$2.22	$1,012.55
FENOPROFEN 600 MG TABLET	FENOPROFEN CALCIUM	3	7	$175.23	$15.00	$2.73	$1,159.10
FENOPROFEN 400 MG CAPSULE	FENOPROFEN CALCIUM	1	1	$305.04	$15.00	$3.39	$291.54
FLURBIPROFEN 100 MG TABLET	FLURBIPROFEN	4	5	$15.13	$14.39	$0.32	$39.65
IBU 400 MG TABLET	IBUPROFEN	4	4	$0.00	$4.82	$0.00	
IBU 800 MG TABLET	IBUPROFEN	16	18	$0.58	$9.02	$0.01	
IBUPROFEN 400 MG TABLET	IBUPROFEN	37	45	$0.33	$5.63	$0.01	
IBUPROFEN 600 MG TABLET	IBUPROFEN	387	430	$0.60	$4.52	$0.01	
IBUPROFEN 800 MG TABLET	IBUPROFEN	1,220	1,482	$1.00	$7.76	$0.02	
IBU 600 MG TABLET	IBUPROFEN	1	1	$0.00	$4.50	$0.00	
IBUPROFEN 200 MG CAPLET	IBUPROFEN	1	1	$0.00	$2.35	$0.00	
INDOMETHACIN 25 MG CAPSULE	INDOMETHACIN	80	103	$1.93	$8.64	$0.04	
INDOMETHACIN 50 MG CAPSULE	INDOMETHACIN	183	230	$3.19	$9.81	$0.06	
INDOMETHACIN ER 75 MG CAP	INDOMETHACIN	31	53	$47.16	$17.58	$0.90	$2,081.38
KETOPROFEN ER 200 MG CAP	KETOPROFEN	1	1	$807.57	$15.00	$8.97	$794.07
KETOROLAC 10 MG TABLET	KETOROLAC TROMETH	501	554	$8.02	$14.30	$0.49	$3,076.65
MECLOFENAMATE 100 MG CAP	MECLOFENAMATE NA	1	1	$174.16	$15.00	$5.81	$169.66
MEFENAMIC ACID 250 MG CAP	MEFENAMIC ACID	12	14	$224.92	$12.86	$8.07	$3,090.41
MELOXICAM 15 MG TABLET	MELOXICAM	3,947	6,298	$0.48	$3.92	$0.01	
MELOXICAM 7.5 MG TABLET	MELOXICAM	950	1,511	$0.53	$5.27	$0.01	
NABUMETONE 500 MG TABLET	NABUMETONE	115	217	$6.53	$15.42	$0.09	
NABUMETONE 750 MG TABLET	NABUMETONE	97	161	$5.61	$16.99	$0.08	
NAPROXEN 250 MG TABLET	NAPROXEN	20	29	$1.14	$7.65	$0.02	
NAPROXEN 500 MG TABLET	NAPROXEN	1,213	1,596	$0.88	$7.32	$0.02	
NAPROXEN 375 MG TABLET	NAPROXEN	76	96	$1.66	$6.65	$0.03	
EC-NAPROXEN DR 375 MG TABLET	NAPROXEN	3	5	$8.03	$19.63	$0.11	
NAPROXEN DR 375 MG TABLET	NAPROXEN	4	9	$9.45	$14.61	$0.16	
EC-NAPROXEN DR 500 MG TABLET	NAPROXEN	6	10	$9.86	$14.10	$0.18	
NAPROXEN DR 500 MG TABLET	NAPROXEN	34	48	$14.48	$14.01	$0.27	

NAPROXEN 125 MG/5 ML SUSPEN	NAPROXEN	1	1	$172.13	$0.00	$1.15	
NAPROXEN SODIUM 275 MG TAB	NAPROXEN SODIUM	1	1	$5.65	$15.00	$0.47	
NAPROXEN SODIUM 550 MG TAB	NAPROXEN SODIUM	83	100	$37.63	$19.23	$0.92	
NAPROXEN SOD CR 500 MG TAB	NAPROXEN SODIUM	1	1	$514.29	$15.00	$8.57	$505.29
OXAPROZIN 600 MG TABLET	OXAPROZIN	10	16	$108.34	$18.75	$1.60	$1,571.37
PIROXICAM 20 MG CAPSULE	PIROXICAM	43	86	$17.91	$18.24	$0.52	$1,094.36
PIROXICAM 10 MG CAPSULE	PIROXICAM	3	5	$111.75	$21.00	$1.33	$495.75
SULINDAC 150 MG TABLET	SULINDAC	68	133	$2.59	$12.67	$0.05	
SULINDAC 200 MG TABLET	SULINDAC	39	73	$7.65	$13.61	$0.13	
Totals		**11,928**	**17,644**		**Quarterly Savings**		**$48,904.16**
	Affected Members	**951**			**Annualized Savings**		**$195,616.64**

Recommendation: Apply Reference-Based Pricing to this category of agents.

3. Misc. Antidiabetic Combination Products

Label Name	Utilizing Member Count	Rx Count	Paid Amount	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
PIOGLITAZONE HCL 15 MG TABLET	214	396	$521	$1.32	$10.39	$0.03	
PIOGLITAZONE HCL 45 MG TABLET	202	370	$262	$0.71	$14.06	$0.02	
PIOGLITAZONE HCL 30 MG TABLET	381	696	$734	$1.05	$11.29	$0.02	
GLIMEPIRIDE 1 MG TABLET	194	371	$178	$0.48	$7.53	$0.01	
GLIMEPIRIDE 2 MG TABLET	483	894	$626	$0.70	$9.04	$0.01	
GLIMEPIRIDE 4 MG TABLET	753	1,373	$1,831	$1.33	$12.17	$0.02	
PIOGLITAZONE-GLIMEPIRIDE 30-2	2	4	$1,717	$429.37	$22.50	$11.08	$1,701.96
PIOGLITAZONE-GLIMEPIRIDE 30-4	1	3	$1,571	$523.67	$25.00	$10.47	$1,556.00
Totals	**2,230**	4,107			**Quarterly Savings**		**$3,257.96**
Affected Members	**3**				**Annualized Savings**		**$13,031.84**

Recommendation: Exclude the combination products and limit coverage to the individual components taken separately.

4. Misc. Dermatological Products

Label Name	Utilizing Member Count	Rx Count	Paid Amount	Plan Pd/Rx	Mbr Paid/Rx	Plan Pd/Unit	Total Savings
CLINDAMYCIN PHOS 1% PLEDGET	69	92	$1,774	$19.28	$16.98	$0.31	
CLINDAMYCIN PH 1% SOLUTION	97	111	$3,305	$29.7	$15.05	$0.34	
CLINDAMYCIN PH 1% GEL	42	54	$2,464	$45.62	$26.01	$1.19	
CLINDAMYCIN PHOSP 1% LOTION	58	63	$4,251	$67.48	$23.74	$1.11	
BENZOYL PEROXIDE 10% GEL	1	1	$7	$7.20	$15	$0.08	
BENZOYL PEROXIDE 10% WASH	1	1	$11	$2.15	$9.65	$0.01	
BENZOYL PEROXIDE 5% GEL	5	5	$3	$2.75	$15	$0.03	

BENZOYL PEROXIDE 5% WASH	1	1	$0	$0	$11.75	$0.00	
PANOXYL 10% ACNE FOAMING WASH	3	4	$0	$0	$6.82	$0.00	
CLIND PH-BENZOYL PERO 1.2-2.5%	3	3	$1,031	$343.81	$76.66	$6.88	$902.61
CLIND PH-BENZOYL PEROX 1.2-5%	49	56	$4,554	$81.33	$32.11	$1.81	$2,149.84
BENZACLIN GEL 50G PUMP	1	1	$348	$347.85	$40	$6.96	$305.06
CLINDAMYCIN-BENZOYL PEROX 1-5%	52	64	$9,287	$145.11	$35.99	$3.44	$6,538.88
CLINDA-BENZOYL PEROX 1-5% PUMP	13	15	$5,739	$382.57	$23.98	$6.45	$5,094.45
CLINDAMYCIN PHOSPHATE 1% FOAM	1	1	$847.91	$847.91	$15	$4.24	$847.91
BENZEPRO 6% FOAMING CLOTHS	1	1	$493	$493	$15	$8.22	$493
Totals	**397**	**473**			**Estimated Quarterly Savings**		**$16,331.75**
Affected Members	**120**				**Estimated Annualized Savings**		**$65,327**

Recommendation: Exclude combination Benzoyl Peroxide/Clindamycin products. Exclude Benzepro Foaming Cloths and Clindamycin 1% Foam.

The DUEC voted to adopt the recommendations as presented.

C. <u>Second Review of Drugs</u>*: by Dr. Jill Johnson, UAMS*

I. Pitolisant (Wakix):

Recommendation: T4PA; Exclude Xyrem; send letters to members and prescribers telling them of Wakix as the alternative.
There are 7 current utilizers of Xyrem on the Plan.

II. Modafinil / Armodafinil:

Recommendation: Remove PA requirement from armodafinil and modafinil. Reference price armodafinil to modafinil.

The DUEC voted to adopt the recommendations as presented.

II. New Business

A. <u>New Drugs</u>*: by Dr. Jill Johnson and Dr. Sidney Keisner, UAMS*

Brand	Generic	Recommendation
Non-Specialty Drugs		
(1) RELAFEN DS	NABUMETONE	Exclude, Code 13
(2) DRIZALMA SPRINKLE	DULOXETINE HCL	Exclude, Code 13
(3) OZOBAX	BACLOFEN	Exclude, Code 13
(4) AKLIEF	TRIFAROTENE	Exclude, Code 13
(5) GLOPERBA	COLCHICINE	Exclude, Code 13; Add colchicine capsules T1.

(6) PRETOMANID	PRETOMANID	T3PA, QL 1/1
Specialty Drugs		
(1) ASPARLAS	CALASPARGASE PEGOL-MKNL	Medical Benefit
(2) BEOVU	BROLUCIZUMAB-DBLL	Medical Benefit
(3) XEMBIFY	IMMUNE GLOBULIN, GAMMA(IGG)KLHW	Cover T4PA; Seek Rebates for class
(4) TRIKAFTA	ELEXACAFTOR/TEZACAFTOR/IV ACAFT	Cover T4PA
(5) VUMERITY	DIROXIMEL FUMARATE	Cover T4PA; QL 4/day
(6) OGIVRI	TRASTUZUMAB-DKST	Medical Benefit
(7) REBLOZYL	LUSPATERCEPT-AAMT	Exclude, Code 13
(8) ZIEXTENZO	PEGFILGRASTIM-BMEZ	T4PA Pharmacy and Medical; Seek Rebates
(9) TRUXIMA	RITUXIMAB-ABBS	Medical Benefit
(10) BRUKINSA	ZANUBRUTINIB	Exclude, Code 1 & 13

The DUEC voted to adopt the recommendations as presented.

***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 eternally 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

State and Public School Life and Health Insurance Board
Benefits Sub-Committee and Quality of Care Summary Report

The following report resulted from a meeting of the Benefits Sub-Committee and Quality of Care meeting.

Topics Discussed:
- Approval of Minutes
- Flu Shot/Health Waste Calculator Update
- Plan Update *Benefits only
- Director's Report

Flu Shot/Health Waste Calculator Update: Elizabeth Montgomery & Mike Motley, ACHI

Motley and Montgomery addressed follow-up questions from the last meeting and discussed the upcoming update of Health Wasted Calculator analysis.

Plan Update: Paul Sakhrani and Courtney White, Milliman

Sakhrani and White provided an educational piece on trend and an update on plan experience for ASE and PSE.

ASE

- Updated projections show an increase in net income of $2.2M in 2019 and decrease in net income of $210K in 2020 (Changes shown relative to November board meeting).
    - Higher other income
    - Lower medical claims
    - Lower pharmacy savings
- 2019 plan experience
    - Estimated surplus of $14.4M
    - Estimated unallocated net assets at the end of 2019 is $8.8M
- 2020 plan experience
    - Allocated reserves for 2020 is $25.1M
    - Estimated surplus of $6.3M
    - Estimated unallocated net assets at the end of 2020 is $15M
    - No plan changes / 5% increase in employee contributions

PSE

- Updated projections show a reduction in net income of $2.0M in 2019 and an increase income of $50K in 2020 (Changes shown relative to November board meeting).
    - Higher medical claims
    - Lower pharmacy savings
- 2019 plan experience
    - Estimated deficit of $2.3M
    - Estimated unallocated net assets at the end of 2019 is $11.3M
- 2020 plan experience
    - Allocated reserves for 2020 is $25.2M
    - Estimated deficit of $4.5M
    - Estimated unallocated net assets at the end of 2020 is $6.8M
    - Allocated reserves for 2020 is 25.3M
    - No plan changes / 0% increase to employee contributions

Director's Report: Chris Howlett, EBD Director

Quality of Care
Howlett provided an update on the 2020 wellness. There was a brief discussion regarding the relationship of the tobacco cessation portion and the lower than average percentage of completion for the wellness.

Benefits Subcommittee
Howlett provided an update on the bus driver bill and a wellness update. There was a discussion and a motion (by Lilly-Palmer) to create a subcommittee to evaluate the medical side of the plan. This would operate like the Drug Utilization and Evaluation Committee (DUEC) which evaluates the pharmacy side of the plan. Through this evaluation, the plan would bring its recommendations in an evidence-based fashion to the Board for consideration.

JANUARY 2020
EBD BOARD PRESENTATION

Mike Motley, MPH
Director, Analytics

Izzy Montgomery, MPA
Policy Analyst

1.27.2020

ACHI
INSPIRING HEALTHY ACTS

FLU VACCINATION RATES AMONG EBD MEMBERS

Flu Season	Total Members with Flu Vaccine	Total Member Enrollment	Percentage of Total Members
FY 2013	51,574	148,180	35%
FY 2014	62,444	148,510	42%
FY 2015	51,481	146,293	35%
FY 2016	52,361	147,704	35%
FY 2017	46,100	150,002	31%
FY 2018	57,452	152,724	37%
FY 2019	59,626	156,983	38%

OBJECTIVE

Review updated Health Waste Calculator analysis assessing low-value services within the plan

HEALTH WASTE CALCULATOR BACKGROUND

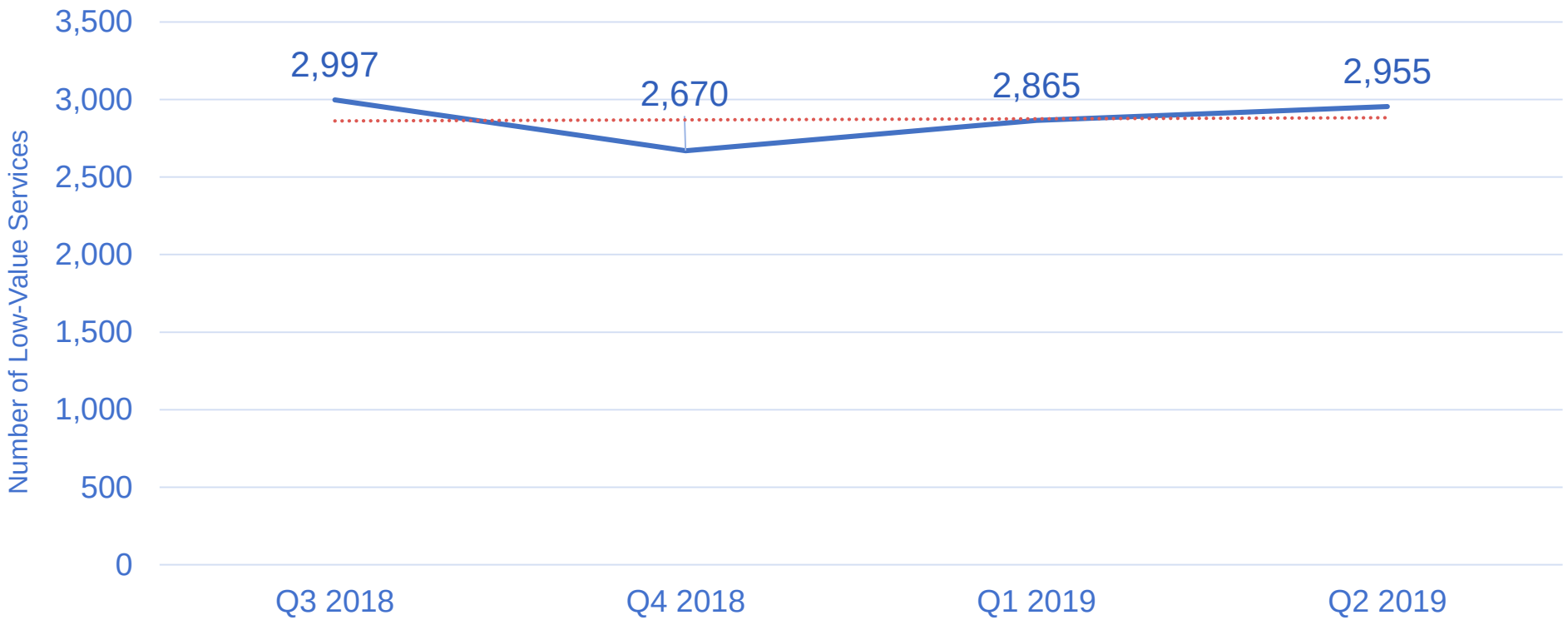
- MedInsight Health Waste Calculator is a tool which identifies low-value services and spending
- ACHI utilized tool to examine common treatments deemed to be low-value or potentially unnecessary
- Two additional states have published reports based on findings from this tool, including Virginia and Washington

PREVIOUS 8 LOW-VALUE SERVICES

*Values in red reflect updates based on July 2018 – June 2019 output.

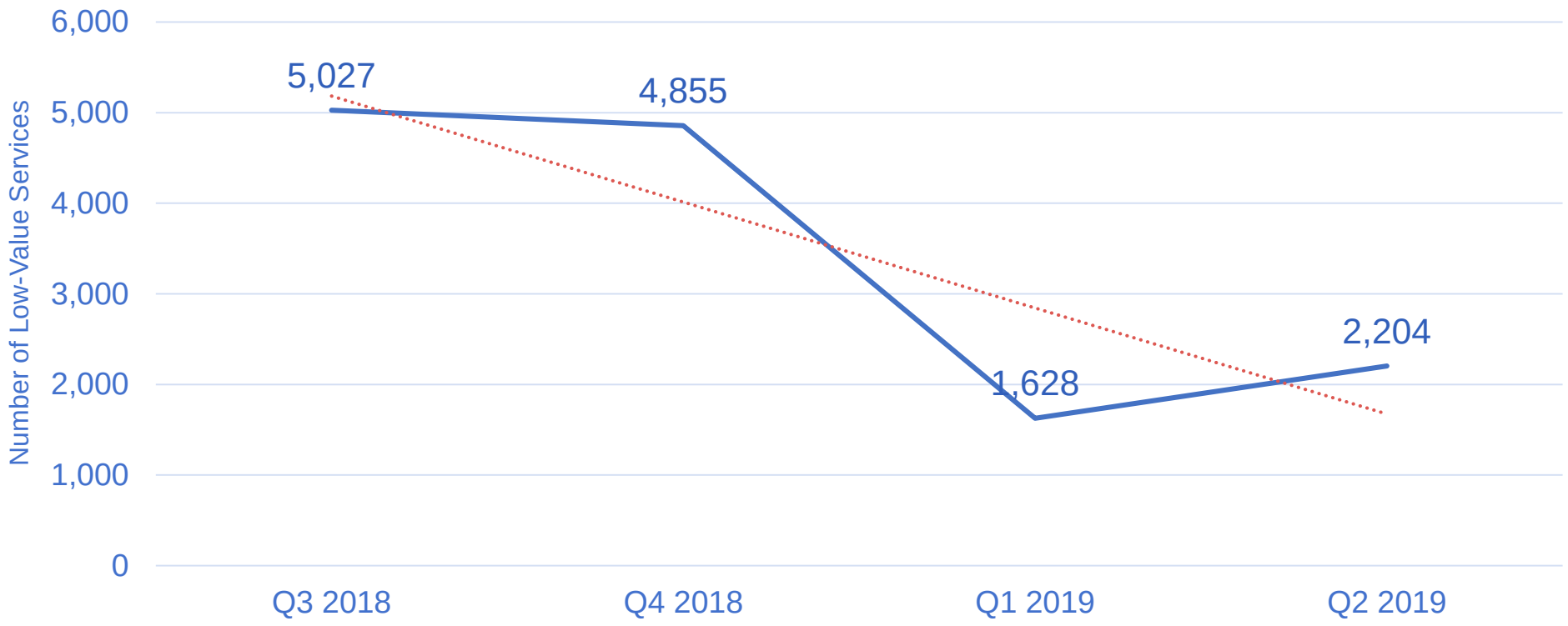
Low-Value Service (July 2017 – June 2018 Vs. July 2018 – June 2019)	Distinct Members with Low-Value Service	Number of Low-Value Services	Low-Value Dollars
1. Don't obtain baseline lab studies in low-risk patients undergoing low-risk surgery — specifically complete blood count, basic or comprehensive metabolic panel, coagulation studies when blood loss (or fluid shifts) is expected to be minimal.	9,243 9,625↑	10,970 11,532↑	$1,957,979 1,636,242↓
2. Don't order annual electrocardiograms (EKGs) or any other cardiac screening for low-risk patients without symptoms.	11,335 12,465↑	12,545 13,686↑	$1,769,594 $2,035,939↑
3. Don't routinely order imaging tests for patients without symptoms or signs of significant eye disease.	6,907 6,622↓	10,430 9,528↓	$1,061,830 $1,048,872↓
4. Don't order unnecessary cervical cancer screening (Pap smear and HPV tests) in all women who have had adequate prior screening and are not otherwise at high risk for cervical cancer.	7,641 6,499↓	7,777 6,623↓	$735,239 $515,631↓
5. Don't perform coronary angiography in patients without cardiac symptoms unless high-risk markers are present.	215 193↓	220 195↓	$452,377 $333,337↓
6. Don't do imaging for uncomplicated headache.	385 413↑	396 425↑	$121,819 $161,720↑
7. Don't perform population-based screening for 25-OH-Vitamin D deficiency.	3,398 2,462↓	3,533 2,569↓	$201,953 $116,358↓
8. Don't prescribe oral antibiotics for members with upper URI or ear infection (acute sinusitis, URI, viral respiratory illness, or acute otitis externa).	23,993 18,956↓	30,796 23,083↓	$110,931 $77,763↓

LOW-VALUE SERVICES QUARTERLY TREND: PREOPERATIVE BASELINE LABS



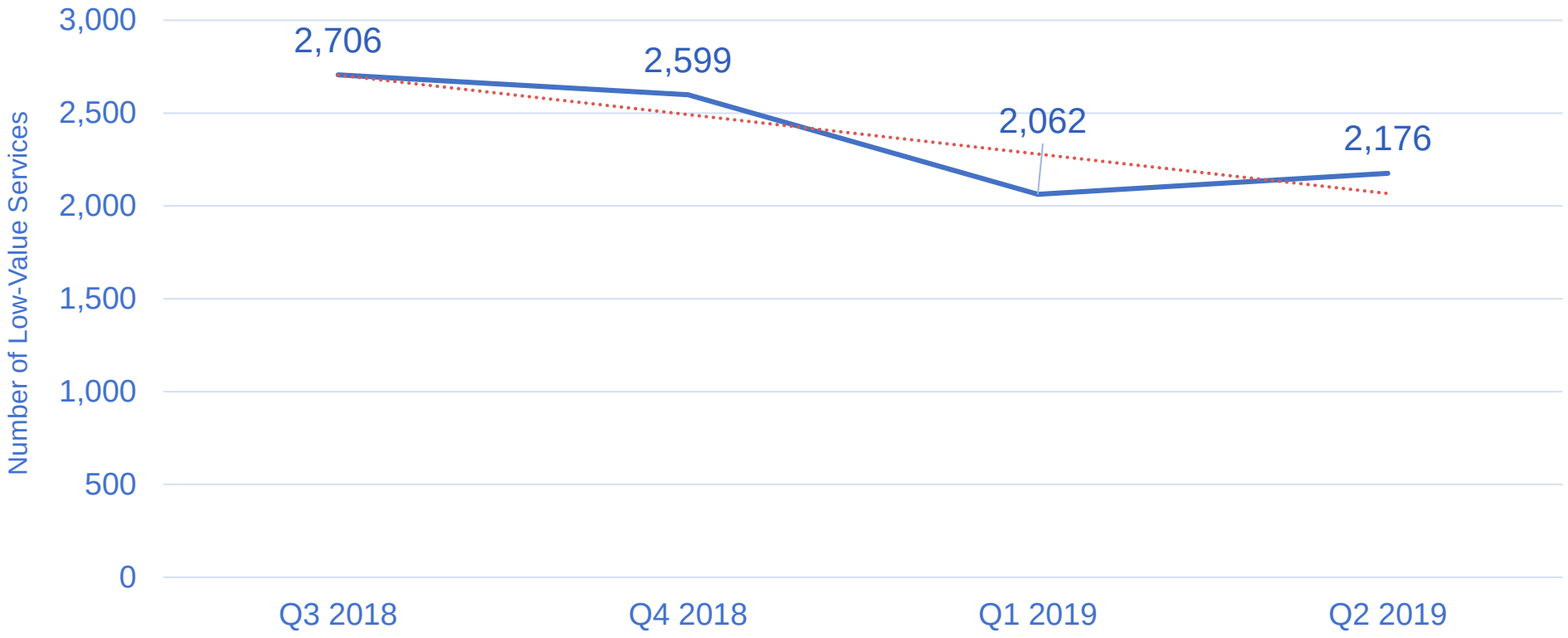
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: ANNUAL EKG'S



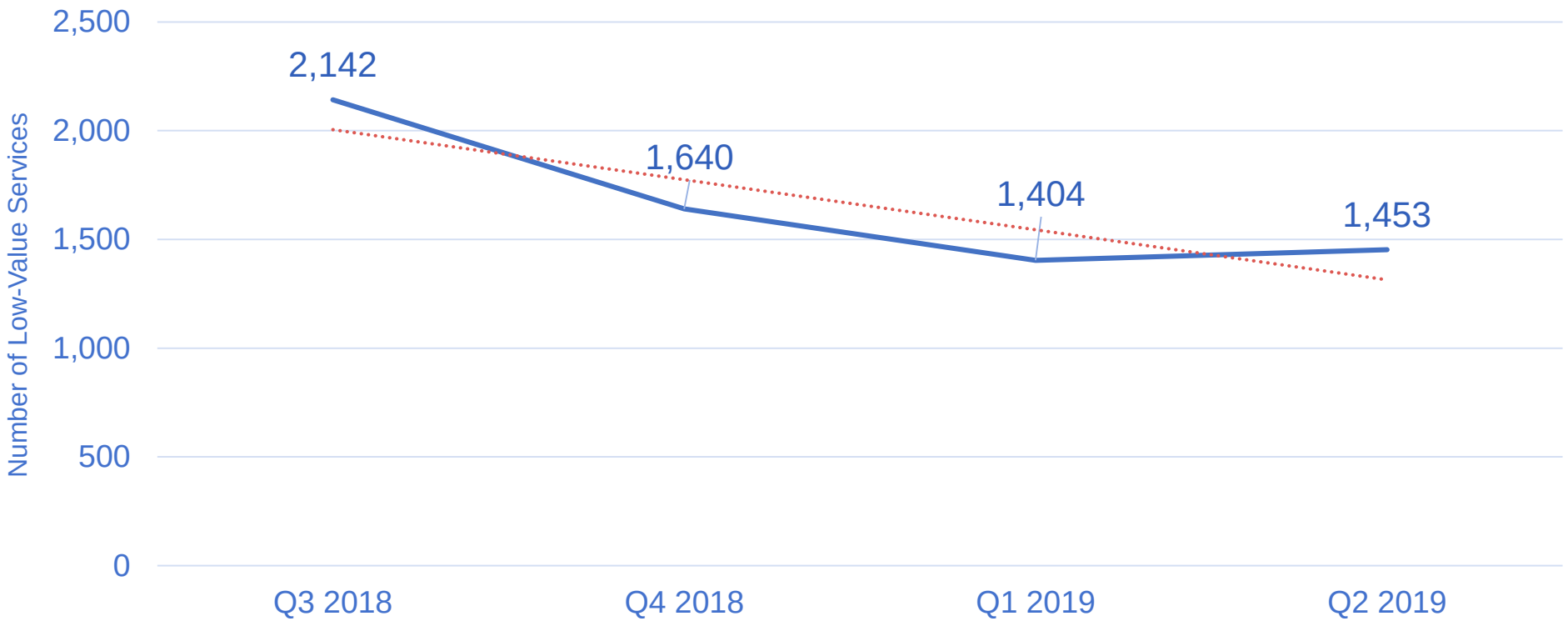
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: EYE IMAGING



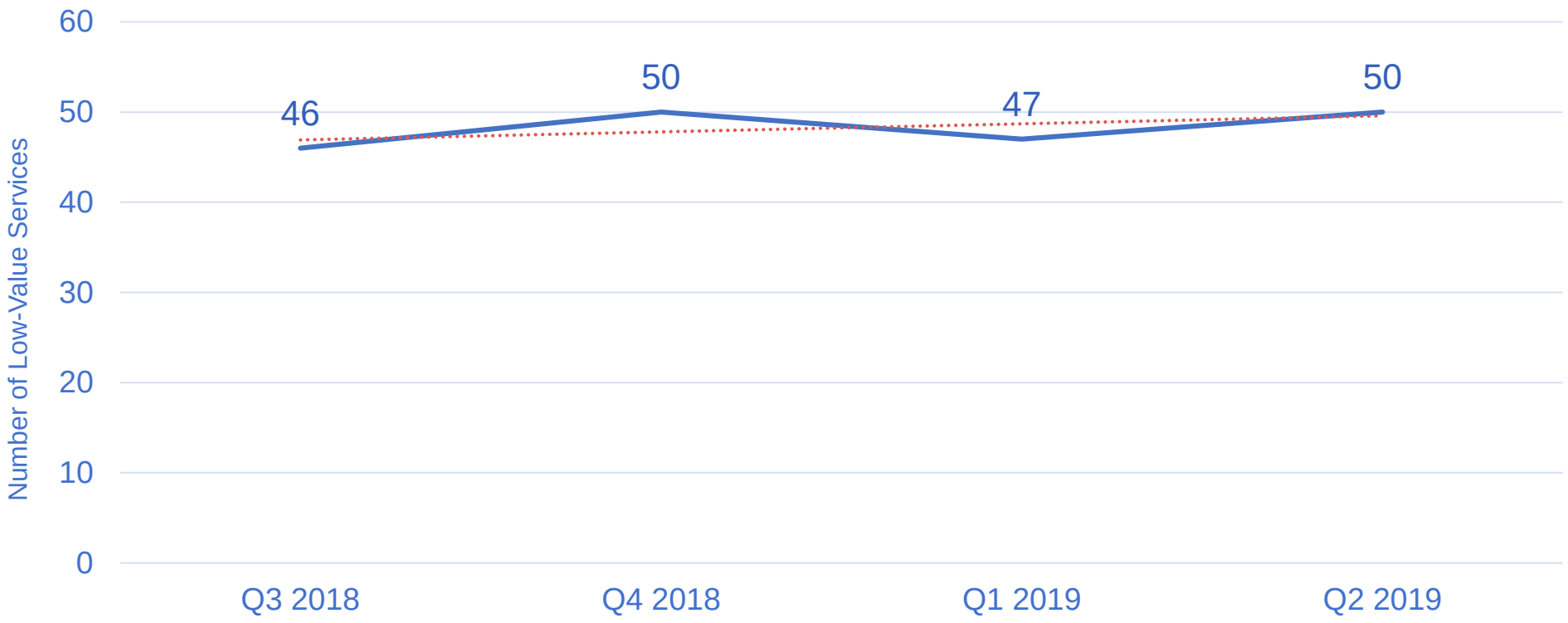
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: CERVICAL CANCER SCREENINGS



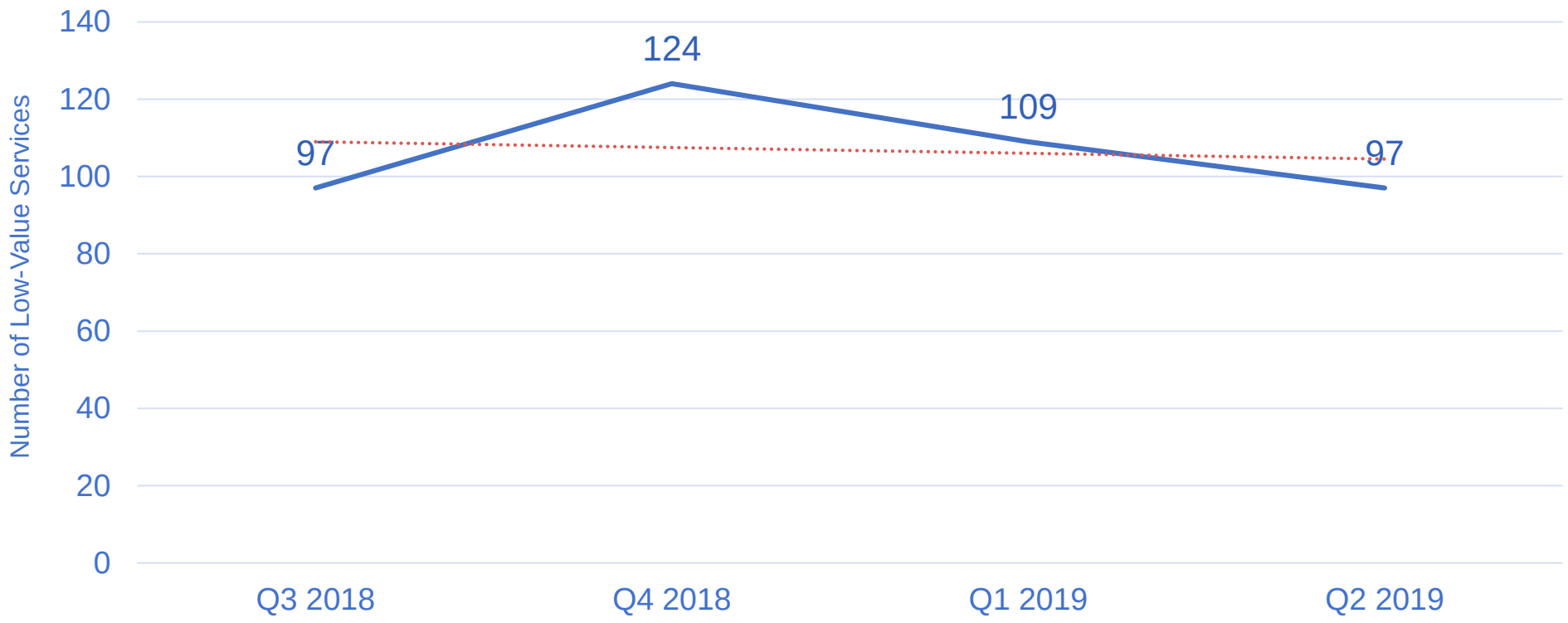
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: CORONARY ANGIOGRAPHY



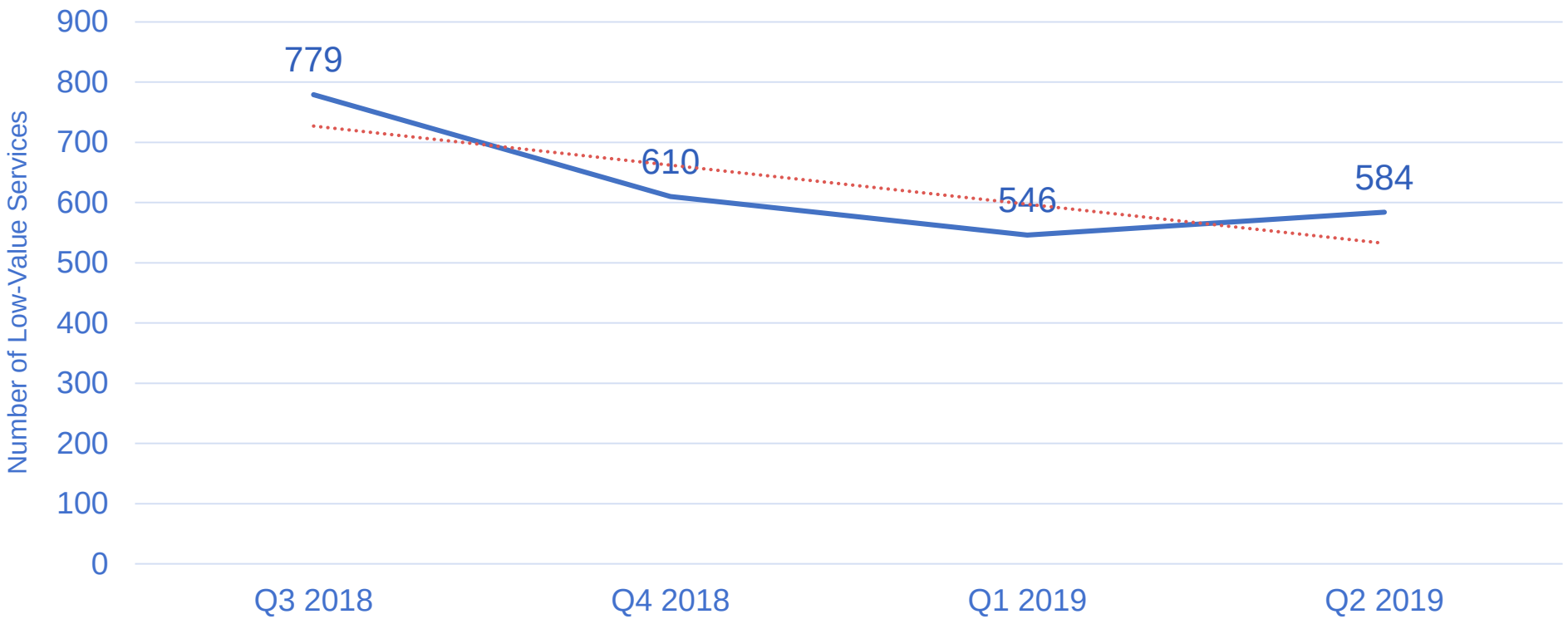
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: IMAGING FOR UNCOMPLICATED HEADACHE



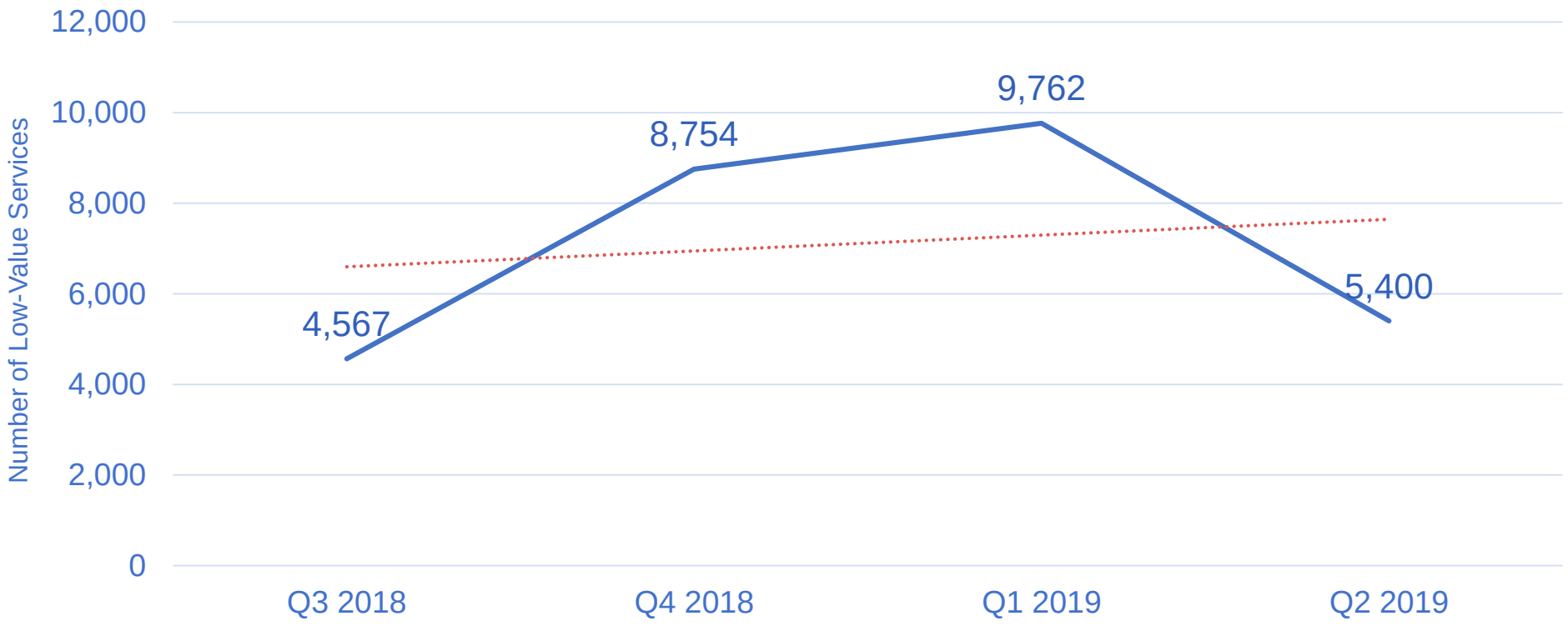
Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: POPULATION-BASED VITAMIN D SCREENING



Note: Quarters represent calendar year quarters, not state fiscal year quarters.

LOW-VALUE SERVICES QUARTERLY TREND: ANTIBIOTICS FOR URI & EAR INFECTION



Note: Quarters represent calendar year quarters, not state fiscal year quarters.

NEW LOW-VALUE SERVICES WITHIN EBD

Low-Value Service (July 2018 – June 2019)	Distinct Members with Low-Value Service	Number of Low-Value Services	Low-Value Dollars
4. For asymptomatic adults without a chronic medical condition, mental health problem, or other health concern, don't routinely perform annual general health checks that include a comprehensive physical examination and lab testing.	5,389	5,487	$873,053
7. Don't prescribe opiates in acute disabling low back pain before evaluation and a trial of other alternatives is considered.	3,890	7,650	$313,964
8. Don't do imaging for low back pain within the first six weeks, unless red flags are present.	1,546	1,547	$184,456

CONCLUSIONS

- Most of the previous top 8 low-value services have trended downward based on most recent data
- Annual EKGs remain a costly low-value service area
- Ongoing monitoring is warranted for previous top 8, as well as two new measures entering the top 8, along with review of current coverage policies

RECOMMENDATIONS

- Add two new measures to the previous 8 for ongoing monitoring
- Look for opportunities to continue reductions in all low-value services, especially these new measures
- Review patient cost share components related to each of the measures

State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through December 31st

State and Public School Life and Health Insurance Board of Directors

Courtney White, FSA, MAAA
Paul Sakhrani, FSA, MAAA

27 JANUARY 2020

Milliman

Agenda

- Education - Trend
- Arkansas State Employees (ASE)
  - Plan Experience
- Public School Employees (PSE)
  - Plan Experience
- Appendices
  A. Plan summary
  B. Assumptions / methodology
  C. Limitations & caveats

What is a Trend?

General direction in which something is developing or changing. From a health care pricing perspective, primarily refers to the rate of change in utilization, unit cost, and/or claim costs per member per month (PMPM).

Out of Office
Americans who reported working from home, by occupation
CHANGE
Management, business and financial
2000 1,032,000
2010 1,830,000
41.9%
Service
769,000
956,000
24.3%
Sales
582,000
849,000
45.9%
Education, legal, community service, arts and media
538,000
770,000
43.1%
Office and administrative support
457,000
595,000
30.2%
Computer, engineering and science
252,000
432,000
71.4%
Production, transportation and material
243,000
296,000
21.8%
Construction and extraction
87,000
197,000
126.4%
Installation, maintenance and repair
93,000
116,000
24.7%
Health care
55,000
100,000
81.8%
Source: Census Bureau
The Wall Street Journal

NETFLIX

ZACK'S
MIGHTY
TORTILLA CHIPS

Trends
2020

VOTE NOW
FITNESS
TRENDS 2020
#ACSMTrends

MILLENNIAL
BUYERS

Milliman

Machine
Learning

Secular Utilization Trend Drivers

- Units of service like admits, days, visits, exams, claims, scripts
  - Evolutionary changes in medical care
    - Use of more outpatient services
    - Introduction of new technologies and drugs
    - Use of alternative treatments
  - Increases in supply of services
    - More hospital beds
    - More physicians
    - More free-standing surgery centers
  - Improvement in overall care through self-care or preventive care
  - Seasonality
  - Change in Malpractice suits or institutional policy lead to defensive medicine
  - Benefit design may discourage utilization due to high cost sharing or encourage utilization through generous discretionary services
  - Utilization review or second opinions
  - Anticipated loss of coverage or pent-up demand
  - Managed care penetration
  - Health care reform or state mandates

Secular Unit Cost Trend Drivers

- Average cost per units of service (amounts negotiated with providers)
  - Inflation
  - Provider contracting limits (i.e., annual change limited to external index)
  - Cost shifting – lower provider reimbursement for Medicaid/Medicare could lead to higher provider reimbursement for commercial or self-insured
  - Medical practice patterns lead to change in mix or intensity
    - Increased number of tests in hospital stay
    - Shift towards more specialized physician care
    - Upcoding
  - Facility mix – reimbursement can vary due to operating costs, nurse wages, energy costs
  - New technology, new drugs, or organ transplants
  - Large claims – low frequency and high unit cost
  - Health care reform or state mandates
  - Patent protection for pharmacy

Other Trend Drivers

- Age/gender
  - Old > younger
  - Female > Male
- Benefits
  - Deductible
  - Copays and coinsurance
  - Internal limits and benefit maximums
  - Out-of-pocket limits
- Geography
- Selection
  - Favorable or adverse results due to non-random changes

Steps to Develop Trend

1. Complex statistical analysis to simple algebra
2. Summarize utilization and/or claim costs incurred from a set period of time, usually over the span of multiple calendar years
    1. Summary can be broken out by types of service (i.e., Inpatient, Outpatient, Professional, etc.)
    2. Using rolling averages for credibility
    3. Can also be shorter periods like 1, 3, or 6 months
3. Remove large claims over a defined threshold (i.e., $100,000)
4. Compare the metric (i.e., utilization, average cost, PMPM) from two periods of time (March over March) to determine the annual trend

Application

- Compounding impact
  - Short term
  - Long term
- Timing – annual trends
  - Midpoint of base period
  - Midpoint of projection period
  - Example 1
    - Data based on CY2019 – midpoint or average is July 1, 2019
    - Rating CY2021 – midpoint or average is July 1, 2021
  - Example 2
    - Data based on 4Q2019 – midpoint or average is October 15, 2019
    - Rating CY2021 – midpoint or average is July 1, 2021
- Trend factors
  - 5% annual trend
    - Example 1 → CY2019 to CY2021 – 2 years or 1.05^2 = 1.1025 or 10.25% increase (not 10%)
    - Example 2 → 4Q2019 to CY2021 – 20.5 months or 1.05^(20.5 / 12) = 1.0869 or 8.69% increase

Trend Example – ASE Medical

Incurred Month	Medical PMPM				Annual Medical Trends		
	Monthly	3 Mo Avg	6 Mo Avg	12 Mo Avg	Monthly	3 Mo Avg	6 Mo Avg
Jan-18	$275.69	$266.43	$273.80	$253.22	36.5%		
Feb-18	$232.59	$259.04	$265.12	$255.08	10.7%		
Mar-18	$261.58	$256.61	$264.82	$256.16	5.2%	16.5%	
Apr-18	$268.68	$254.27	$260.33	$260.64	25.0%	13.2%	
May-18	$251.06	$260.44	$259.74	$261.56	4.7%	11.1%	
Jun-18	$251.61	$257.12	$256.86	$263.14	8.1%	12.2%	14.3%
Jul-18	$273.54	$258.73	$256.49	$265.12	9.5%	7.5%	10.2%
Aug-18	$304.43	$276.51	$268.47	$266.80	7.1%	8.2%	9.6%
Sep-18	$250.77	**$276.25**	$266.68	$265.75	-4.8%	3.9%	7.8%
Oct-18	$324.00	$293.05	$275.86	$268.10	9.5%	4.2%	5.7%
Nov-18	$270.06	$281.58	$279.04	$269.38	6.1%	3.8%	5.9%
Dec-18	$273.98	$289.35	$282.79	$269.80	1.9%	5.9%	4.9%
Jan-19	$267.01	$270.34	$281.69	$269.07	-3.2%	1.5%	2.9%
Feb-19	$222.95	$254.56	$268.04	$268.25	-4.1%	-1.7%	1.1%
Mar-19	$247.14	$245.68	$267.41	$267.04	-5.5%	-4.3%	1.0%
Apr-19	$256.50	$242.19	$256.21	$266.02	-4.5%	-4.7%	-1.6%
May-19	$273.28	$258.97	$256.77	$267.88	8.9%	-0.6%	-1.1%
Jun-19	$256.06	$261.95	$253.81	$268.25	1.8%	1.9%	-1.2%
Jul-19	$258.48	$262.62	$252.39	$267.00	-5.5%	1.5%	-1.6%
Aug-19	$280.36	$264.97	$261.96	$265.00	-7.9%	-4.2%	-2.4%
Sep-19	$266.82	**$268.56**	$265.25	$266.33	6.4%	-2.8%	**-0.5%**
Oct-19	$308.34	$285.15	$273.87	$265.03	-4.8%	-2.7%	-0.7%

Example:
Sep-19: 3 Mo Avg Med = $268.56
Sep-18: 3 Mo Avg Med = $276.25

Annual trend
→ $ 268.56 / $ 276.25 – z1 = -0.5%

- Claims reflect amounts paid to providers after member cost sharing
- 3 Mo and 6 Mo Avg equal three month of incurred claims / three months of members

Arkansas State Employees (ASE)

Executive Summary

- Updated projections show an increase in net income of $2.2M in 2019 and decrease in net income of $210K in 2020 (Changes shown relative to November board meeting).
  - Higher other income
  - Lower medical claims
  - Lower pharmacy savings
- 2019 plan experience
  - Estimated surplus of $14.4M
  - Estimated unallocated net assets at the end of 2019 is $8.8M
- 2020 plan experience
  - Allocated reserves for 2020 is $25.1M
  - Estimated surplus of $6.3M
  - Estimated unallocated net assets at the end of 2020 is $15M
  - No plan changes / 5% increase in employee contributions

Total Plan Experience

Funding	2018	2019	2020
State Contribution	$ 174.70	$ 173.61	$ 172.32
Employee Contribution	96.70	97.45	102.52
Other	19.70	23.47	22.46
Total Income	$ 291.10	$ 294.53	$ 297.29
Medical Claims	$ (201.40)	$ (194.22)	$ (205.91)
Pharmacy Claims	(81.90)	(87.91)	(98.13)
Administration Fees[1]	(22.70)	(18.30)	(17.57)
Plan Administration	N/A	(2.90)	(3.22)
Total Expenses	$ (306.00)	$ (303.33)	$ (324.83)
Pharmacy Savings	$ -	$ 1.47	$ 8.76
Net Income / (Loss) Before Reserve Allocation	$ (14.90)	$ (7.34)	$ (18.78)
Allocation of Reserves	$ 18.00	$ 21.70	$ 25.10
Net Income / (Loss) After Reserve Allocation	$ 3.10	$ 14.37	$ 6.33

Average Membership			
Active Employees / Pre-65 Retirees	48,093	47,716	47,716
Post-65 Retirees	12,914	13,351	13,752
Total Enrolled	61,008	61,068	61,468

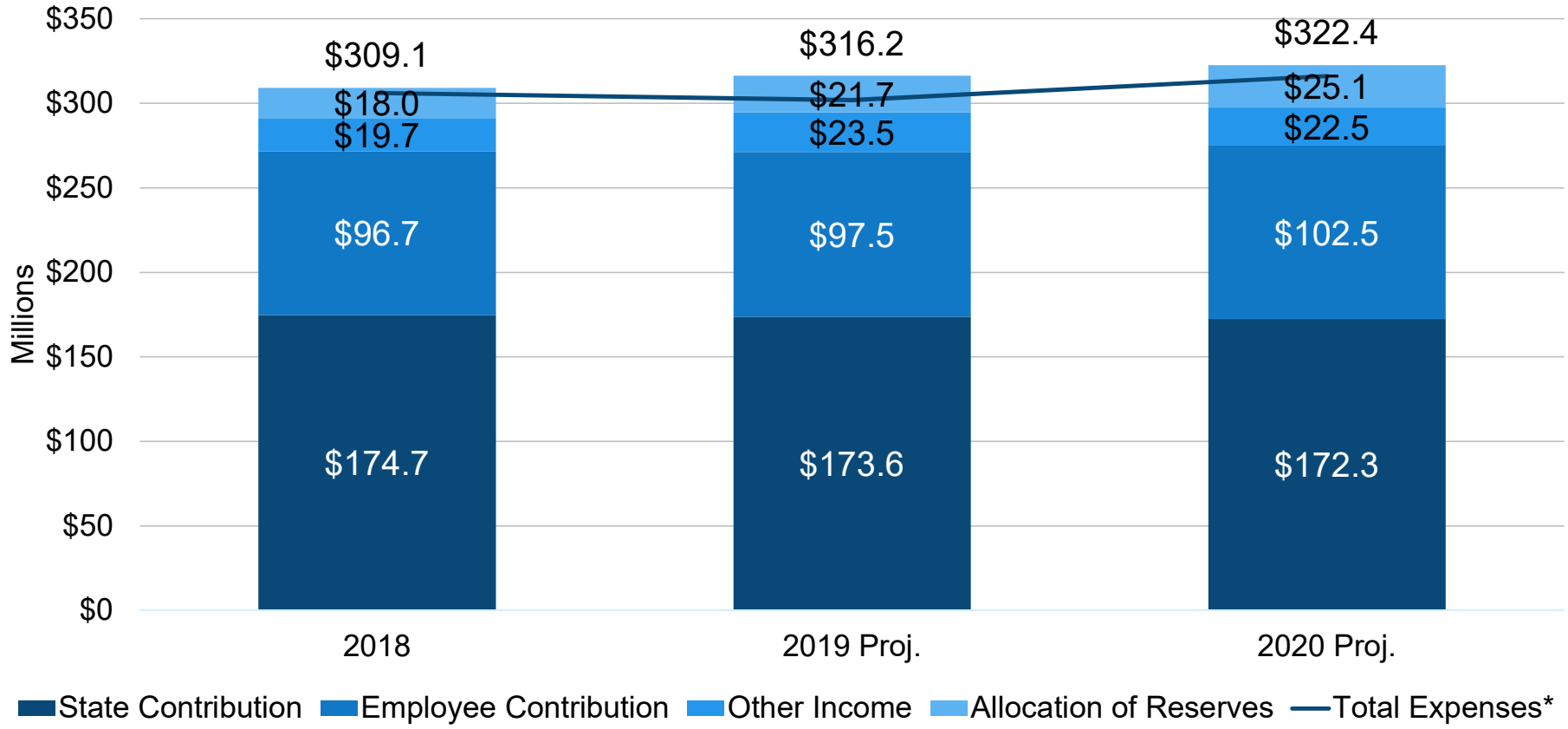
Total Income PMPM[2]	$ 422.22	$ 431.53	$ 437.08
Total Expenses PMPM[3]	$ (417.98)	$ (411.93)	$ (428.50)

[1] 2018 Administration Fees included Plan Administration

[2] Allocation of Reserves included in Total Income

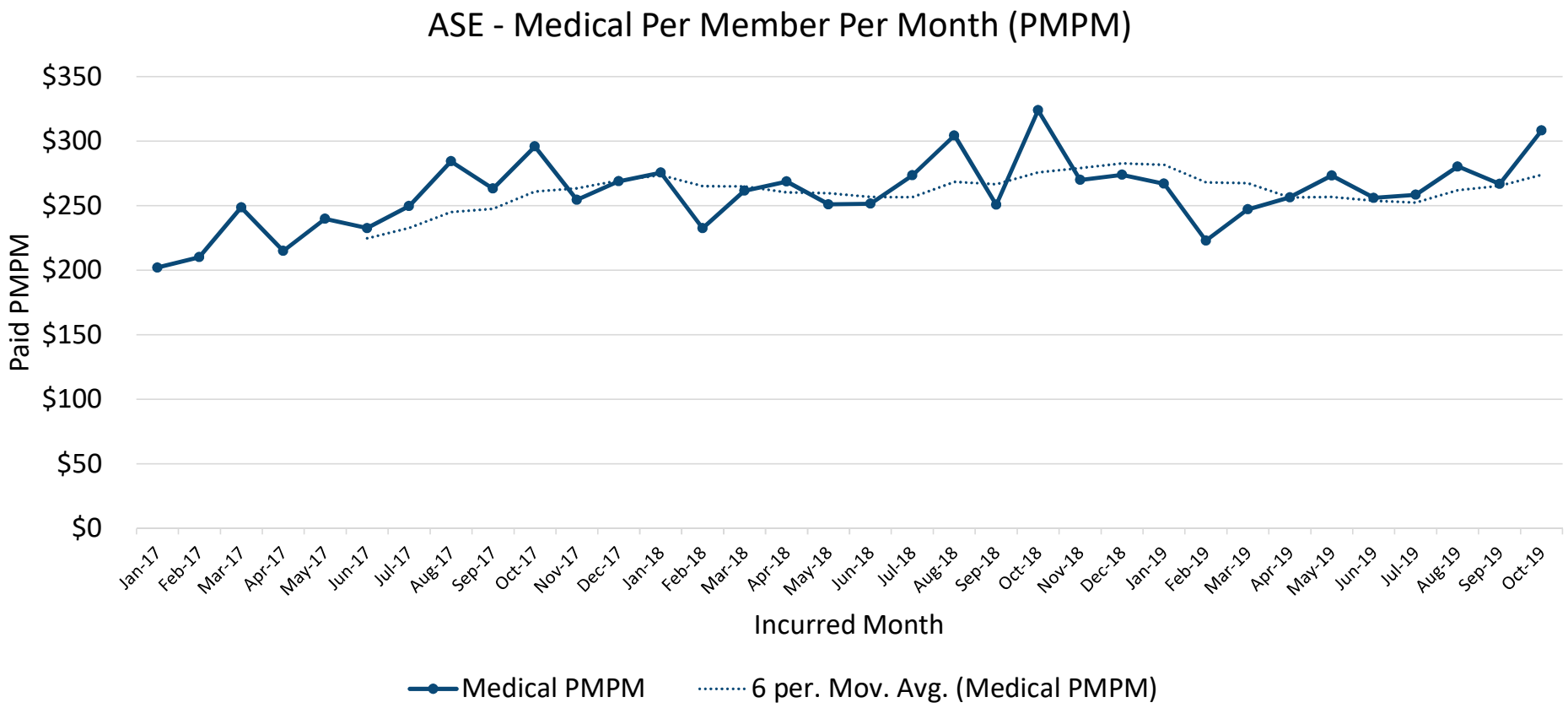
[3] Total Expenses offset by Pharmacy Savings

Income vs. Expenditure

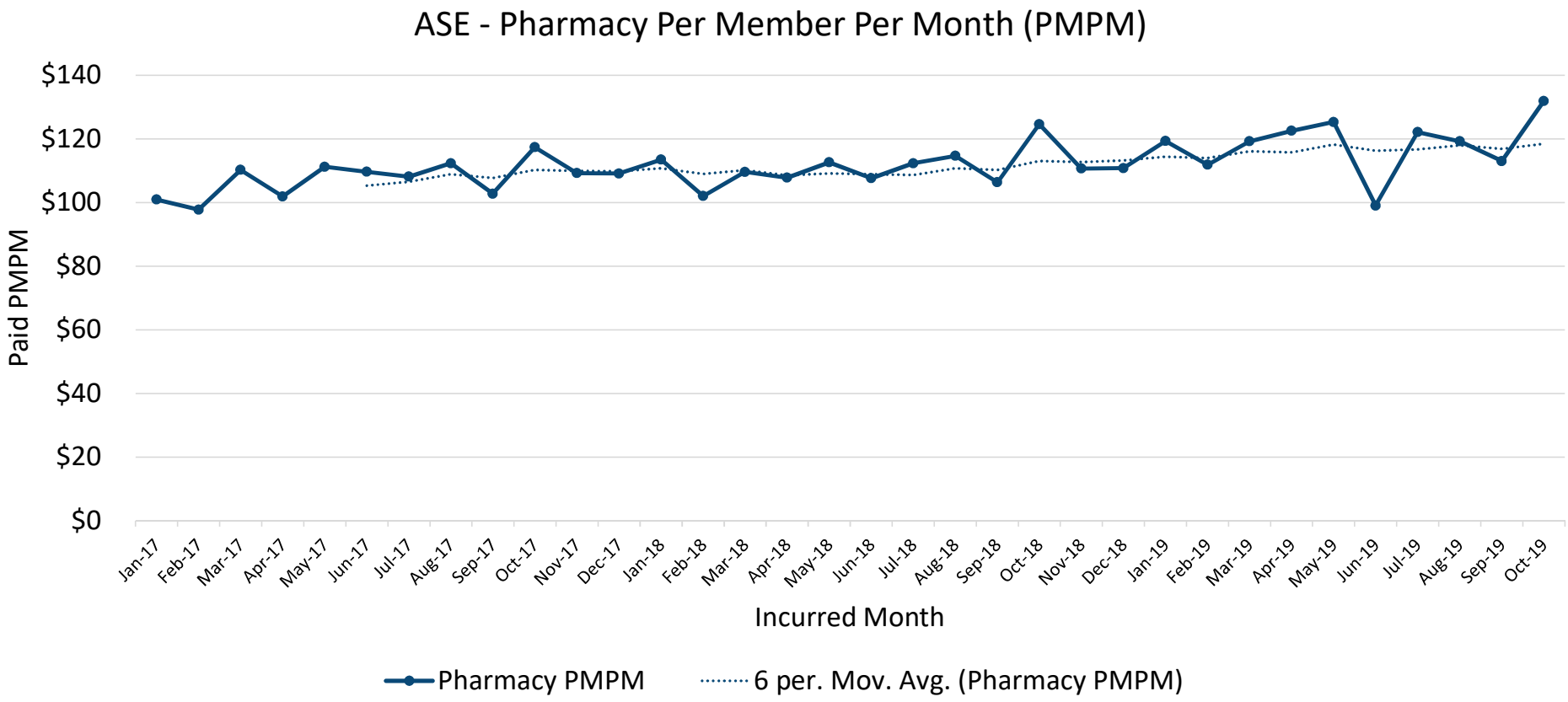


* Total Expenses offset by Pharmacy Savings

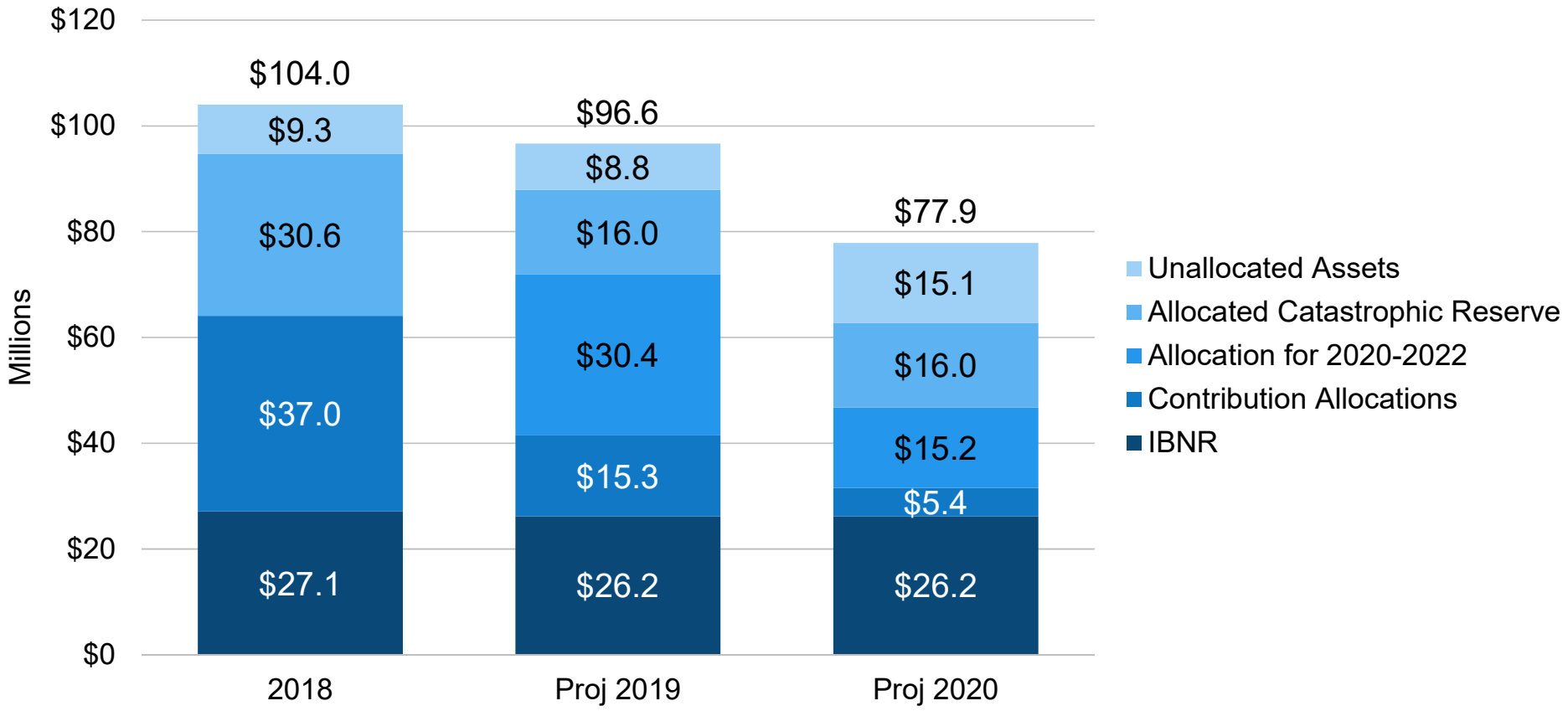
Monthly Trend - Medical



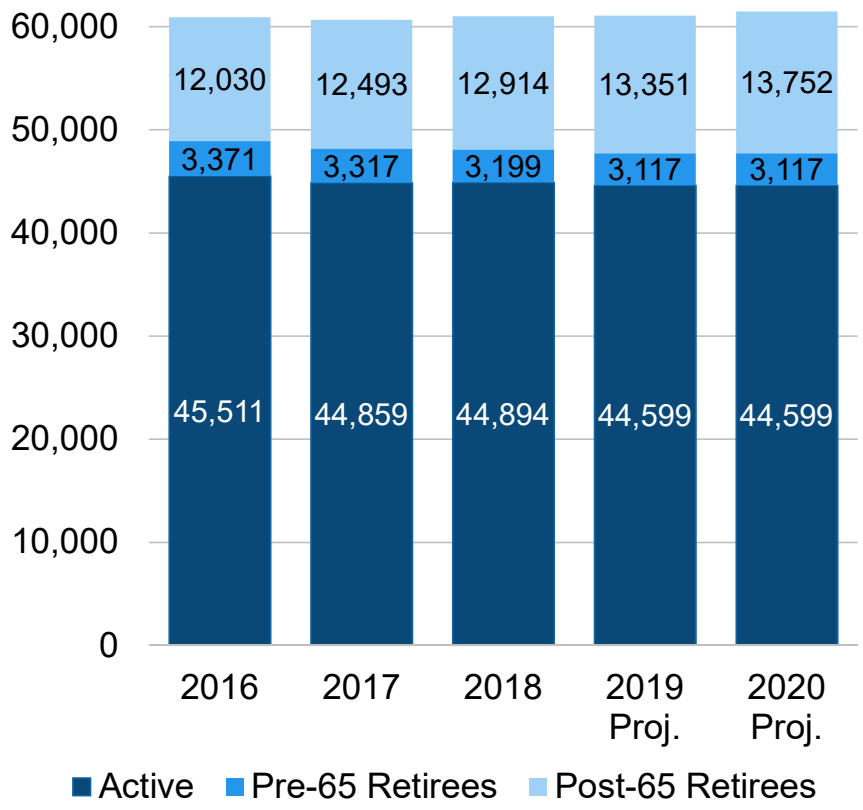
Monthly Trend - Pharmacy

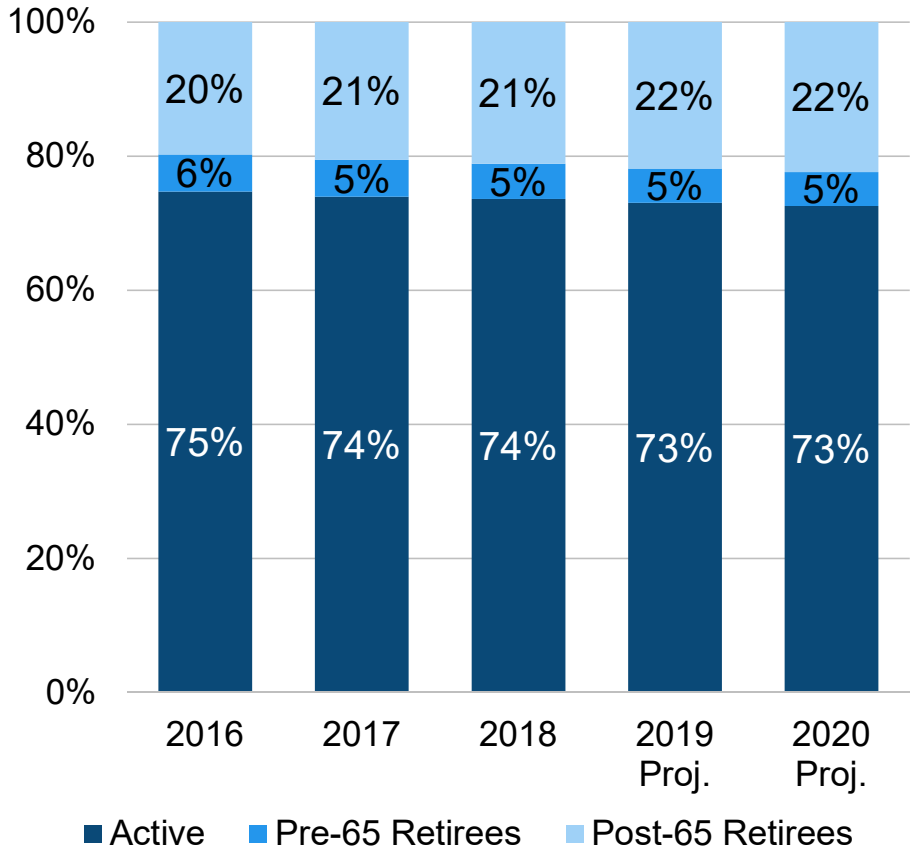


End of Year Assets



ASE - Average Membership by Status





Public School Employees (PSE)

Executive Summary

- Updated projections show a reduction in net income of $2.0M in 2019 and an increase in net income of $50K in 2020 (Changes shown relative to November board meeting).
  - Higher medical claims
  - Lower pharmacy savings
- 2019 plan experience
  - Estimated deficit of $2.3M
  - Estimated unallocated net assets at the end of 2019 is $11.3M
- 2020 plan experience
  - Allocated reserves for 2020 is $25.2M
  - Estimated deficit of $4.5M
  - Estimated unallocated net assets at the end of 2020 is $6.8M
  - No plan changes / 0% increase to employee contributions

Total Plan Experience

Funding	2018	2019	2020
PPE Funding	N/A	$ 102.39	$ 106.32
Employee Contribution[1]	217.40	121.12	125.15
Dept of Ed Funding	88.10	88.10	88.10
Other	13.80	15.02	15.79
Total Income	$ 319.30	$ 326.64	$ 335.36
Medical Claims	$ (235.20)	$ (249.41)	$ (270.32)
Pharmacy Claims	(56.80)	(62.10)	(69.91)
Administration Fees[2]	(30.90)	(28.46)	(28.10)
Plan Administration	N/A	(2.61)	(3.01)
Total Expenses	$ (322.90)	$ (342.59)	$ (371.34)
Pharmacy Savings	$ -	$ 1.03	$ 6.24
Net Income / (Loss) Before Reserve Allocation	$ (3.60)	$ (14.91)	$ (29.74)
Allocation of Reserves	$ 4.50	$ 12.66	$ 25.22
Net Income / (Loss) After Reserve Allocation	$ 0.90	$ (2.26)	$ (4.52)

Average Membership			
Active Employees / Pre-65 Retirees	79,949	82,309	84,661
Post-65 Retirees	13,536	14,282	15,138
Total Enrolled	93,485	96,591	99,800

Total Income PMPM[3]	$ 288.64	$ 292.72	$ 301.09
Total Expenses PMPM[4]	$ (287.84)	$ (294.67)	$ (304.86)

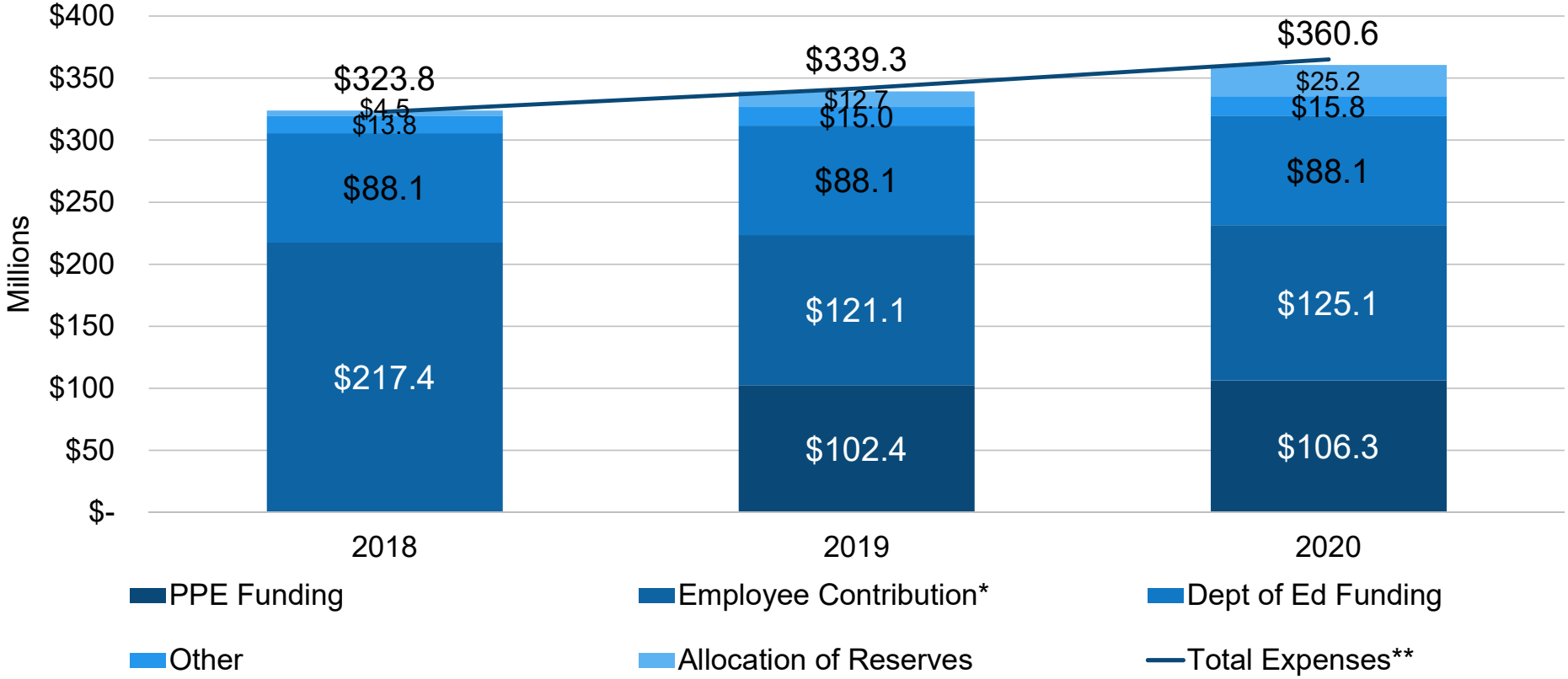
[1] 2018 Employee Contribution included PPE Funding and Allocation from Department of Education

[2] 2018 Administration Fees included Plan Administration

[3] Allocation of Reserves included in Total Income

[4] Total Expenses offset by Pharmacy Savings

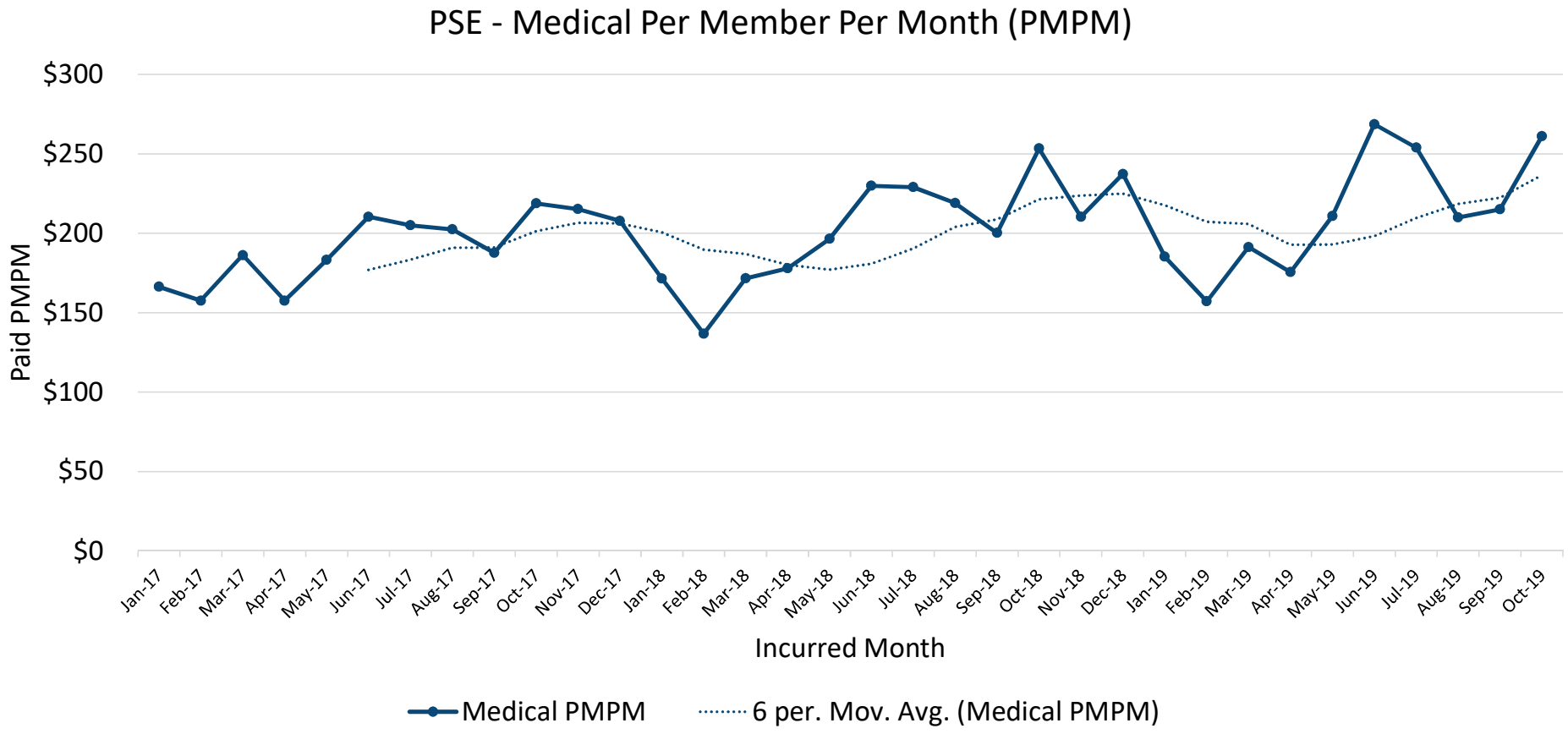
Income vs. Expenditure



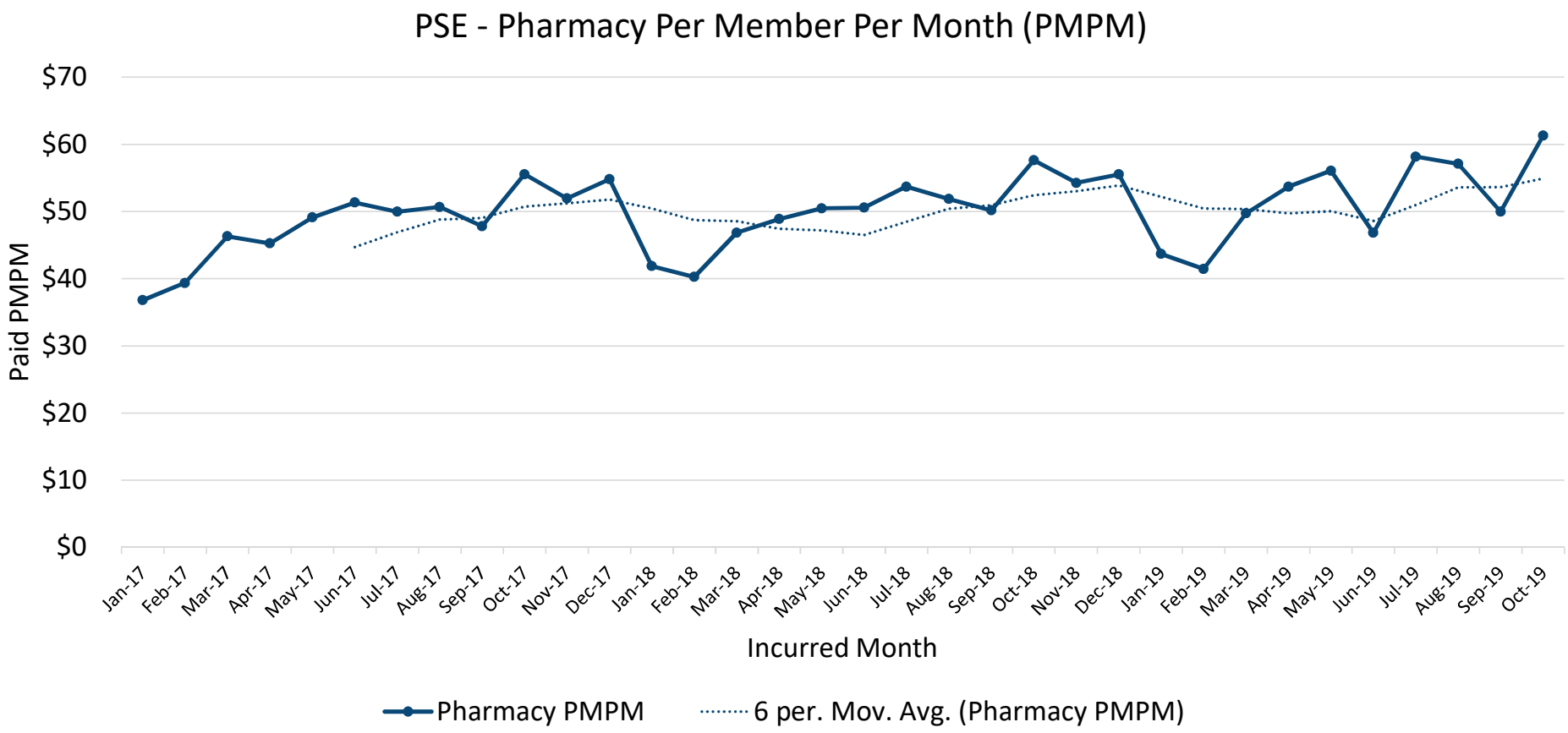
* 2018 Employee Contribution includes PPE Funding

** Total Expenses offset by Pharmacy Savings

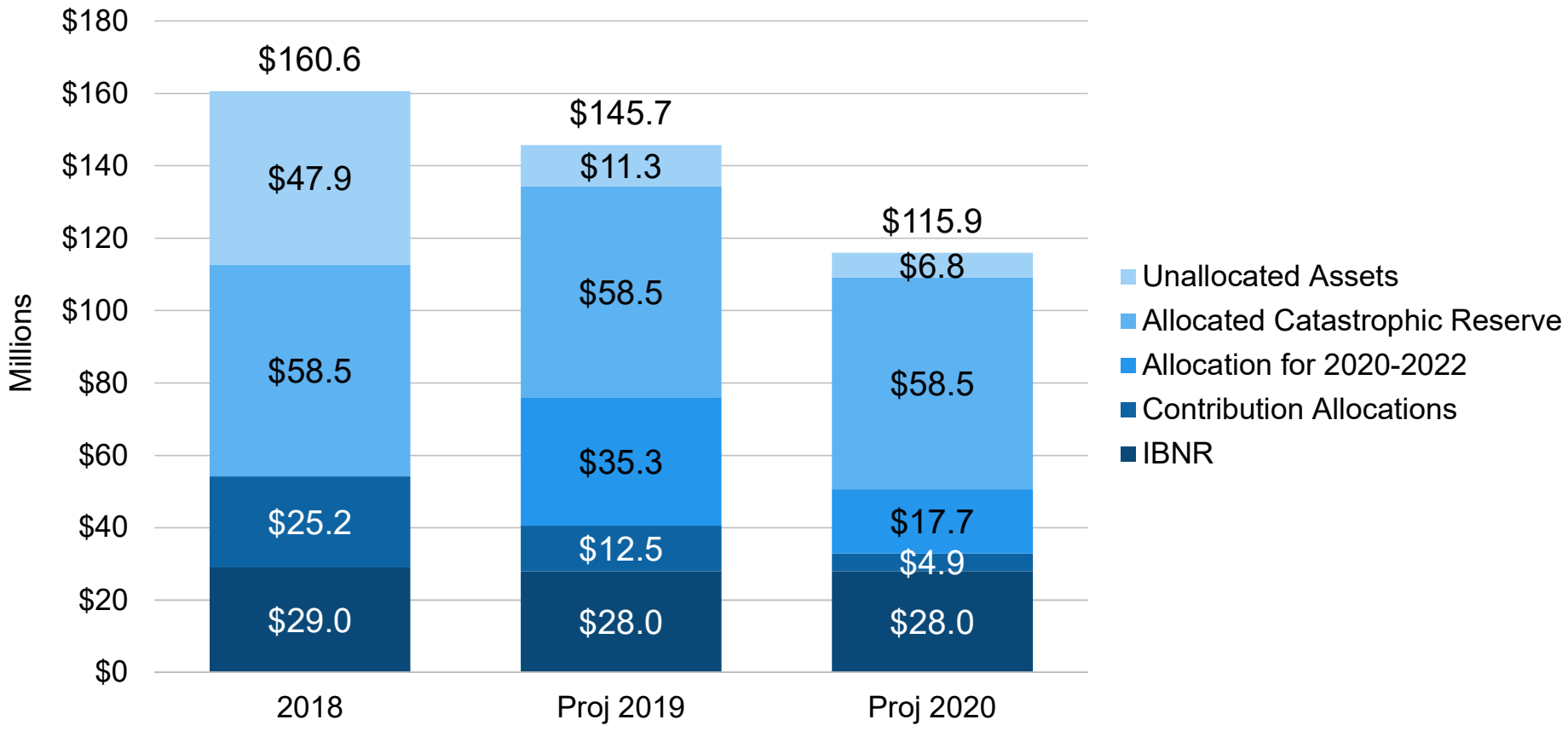
Monthly Trend - Medical



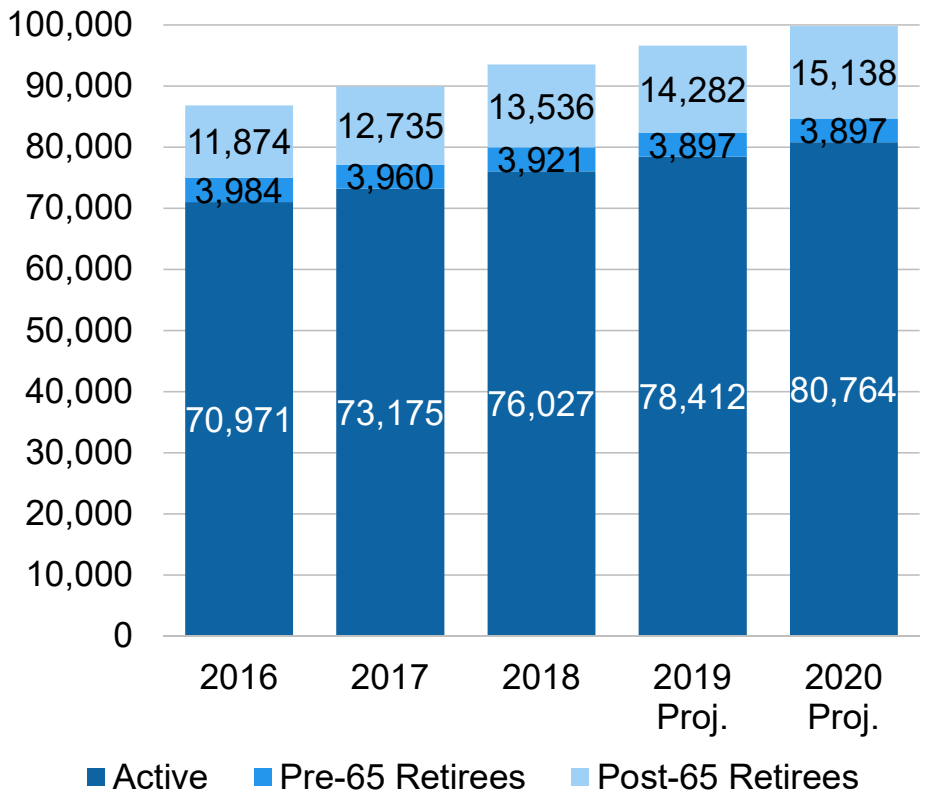
Monthly Trend - Pharmacy

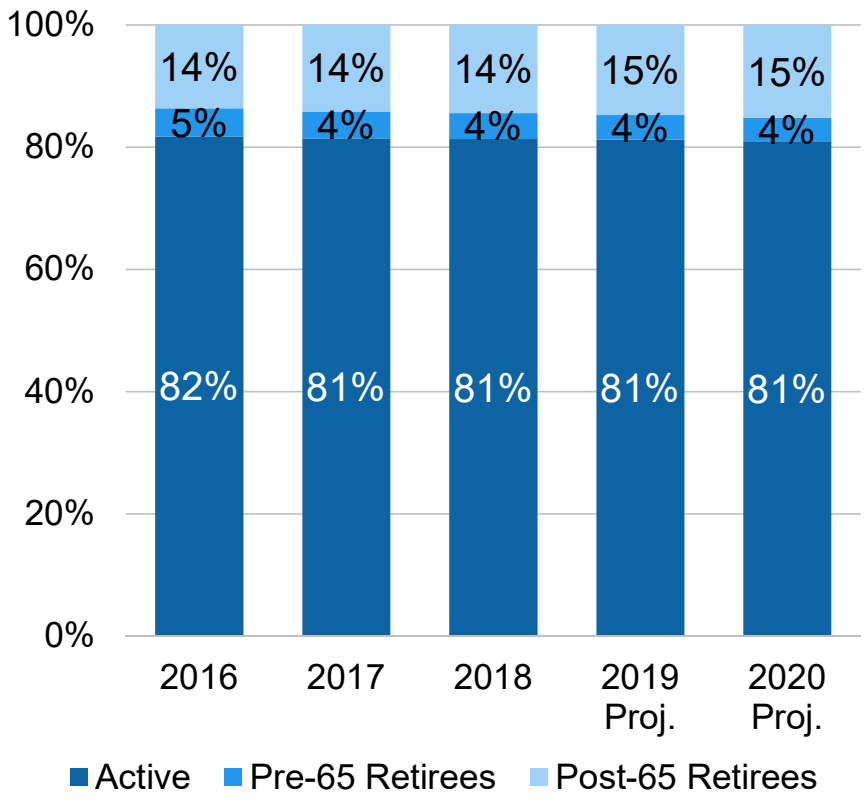


End of Year Assets



PSE - Average Membership by Status

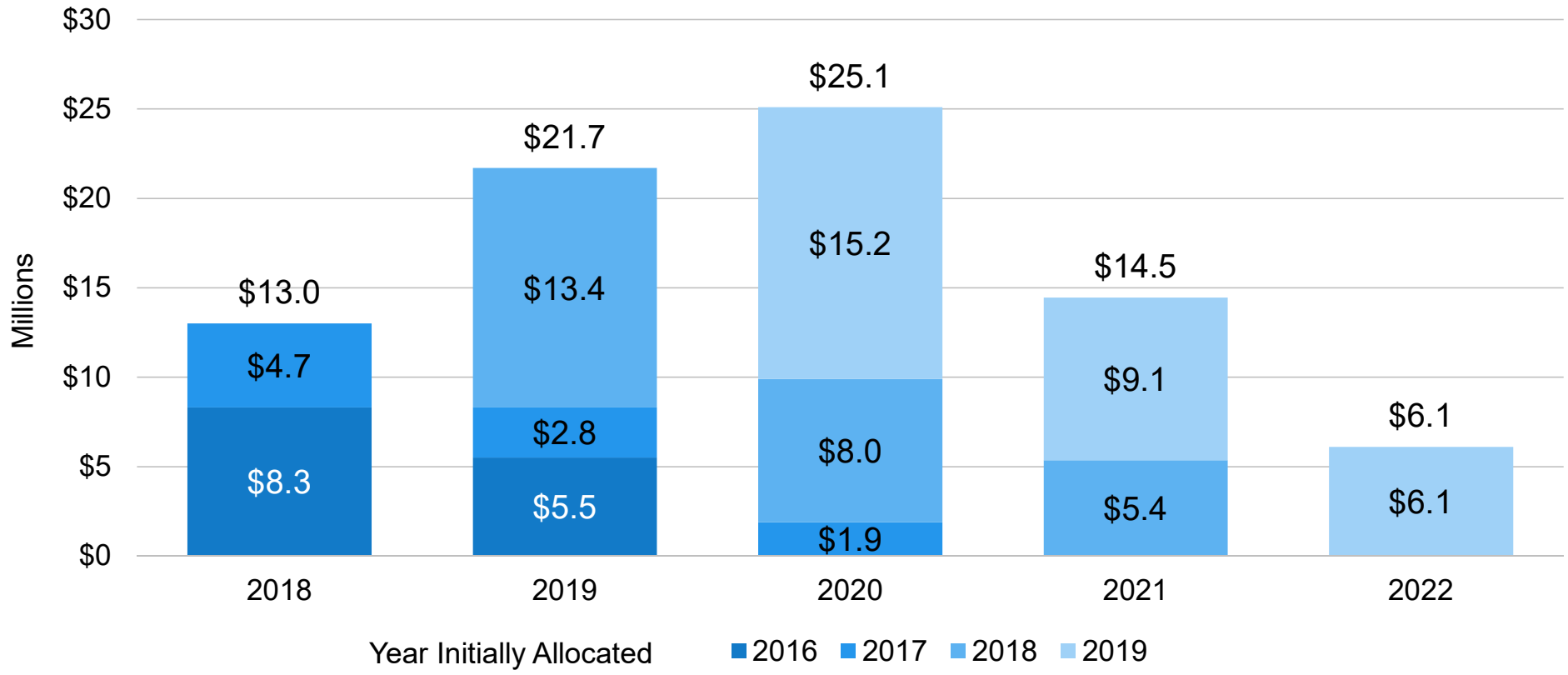




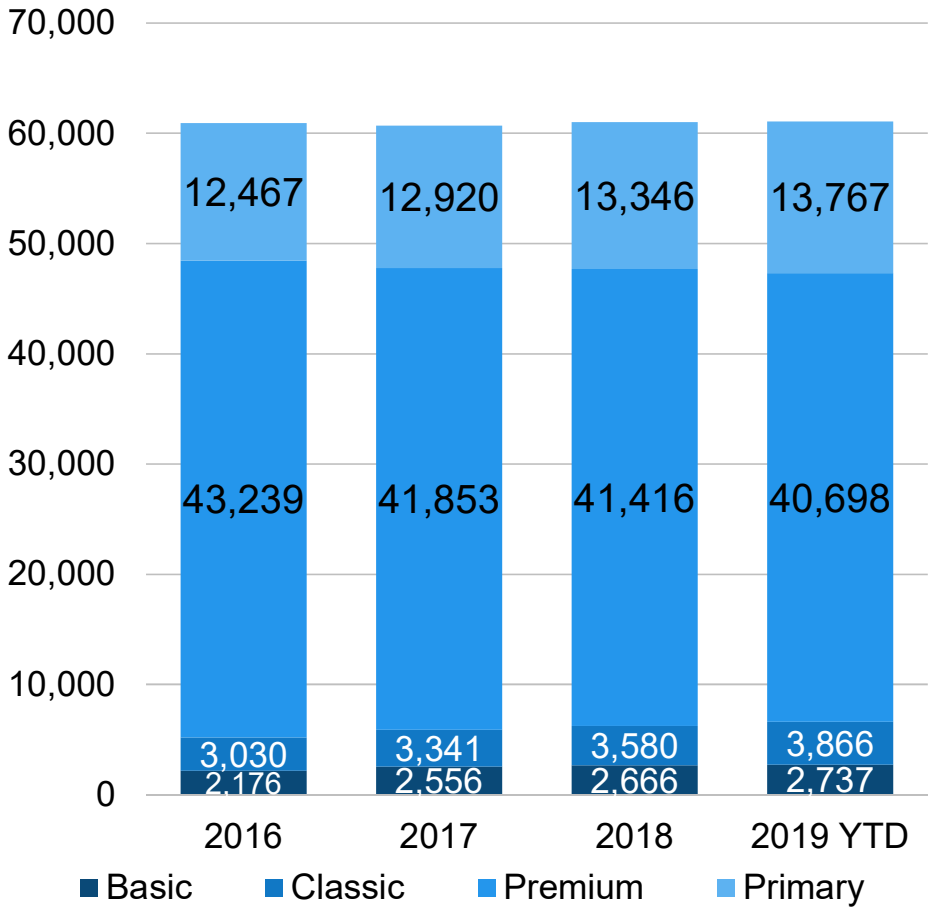
Appendix

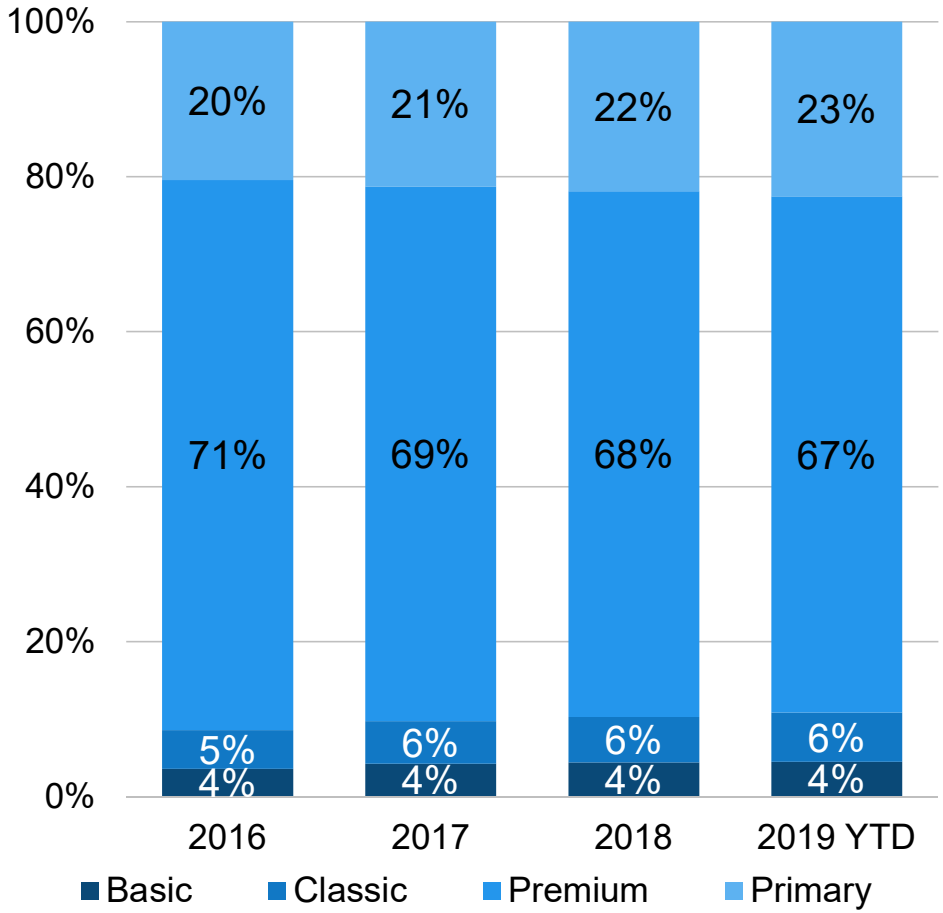
ASE - Reserves Allocation by Year

The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.

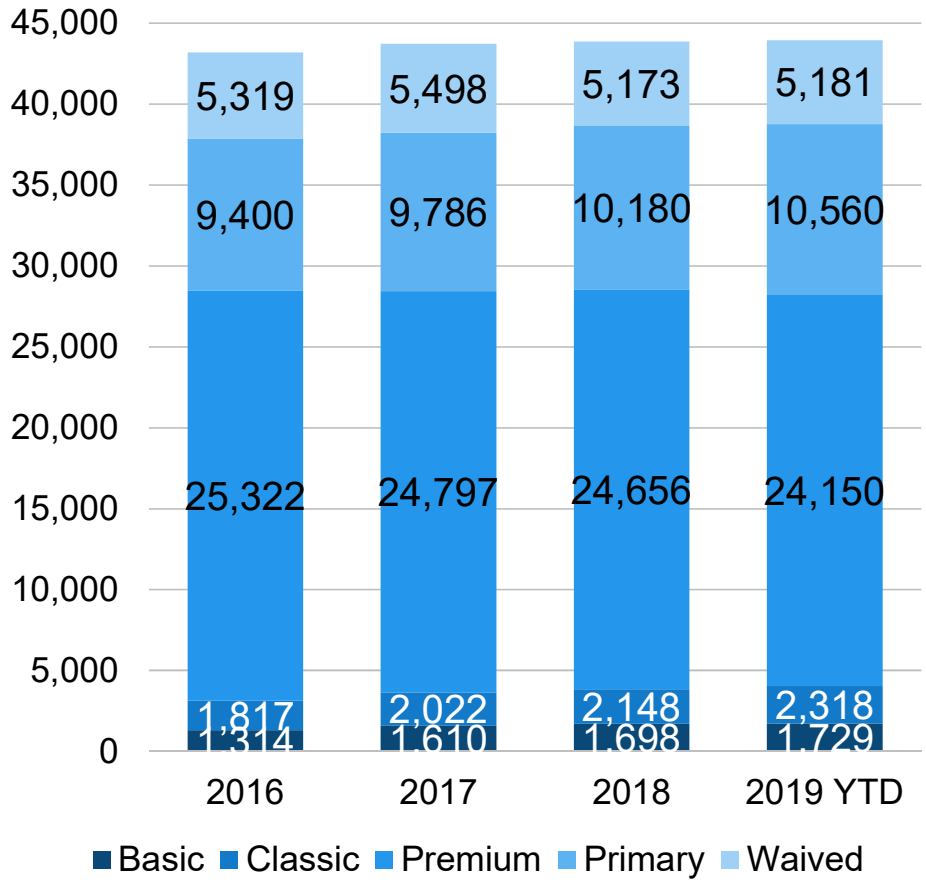


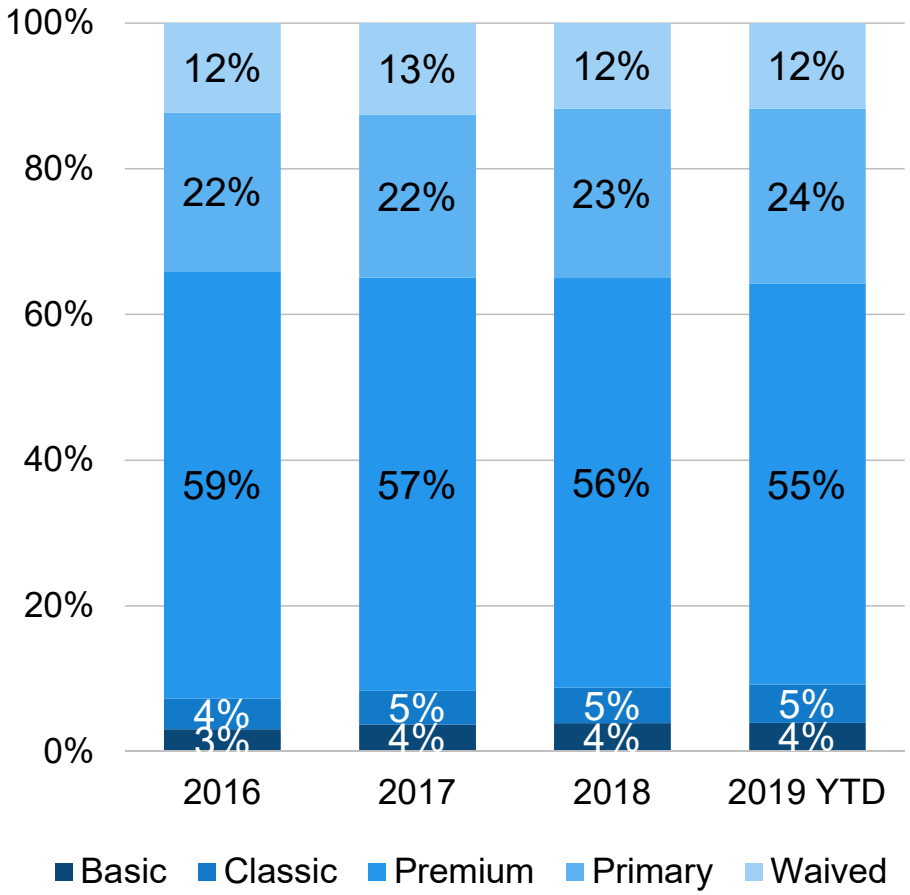
ASE - Average Membership by Plan





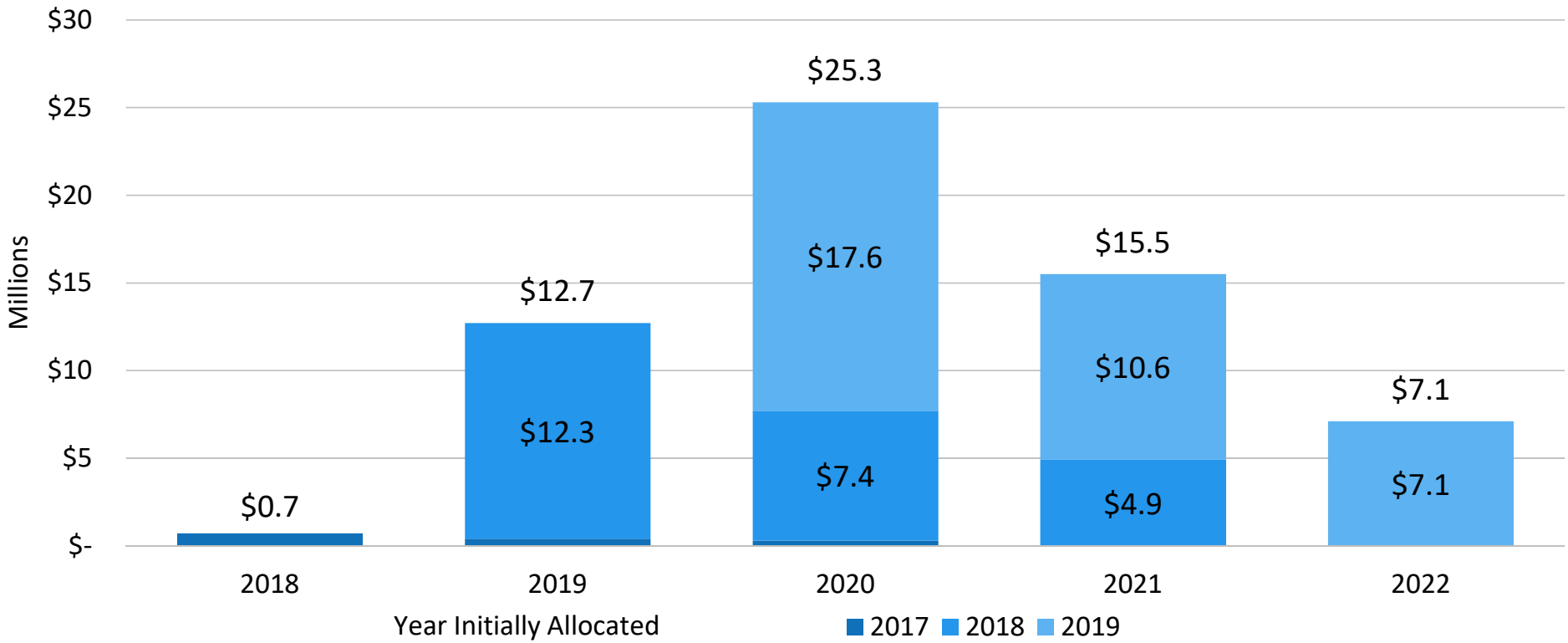
ASE - Average Enrollment (Subscribers) by Plan



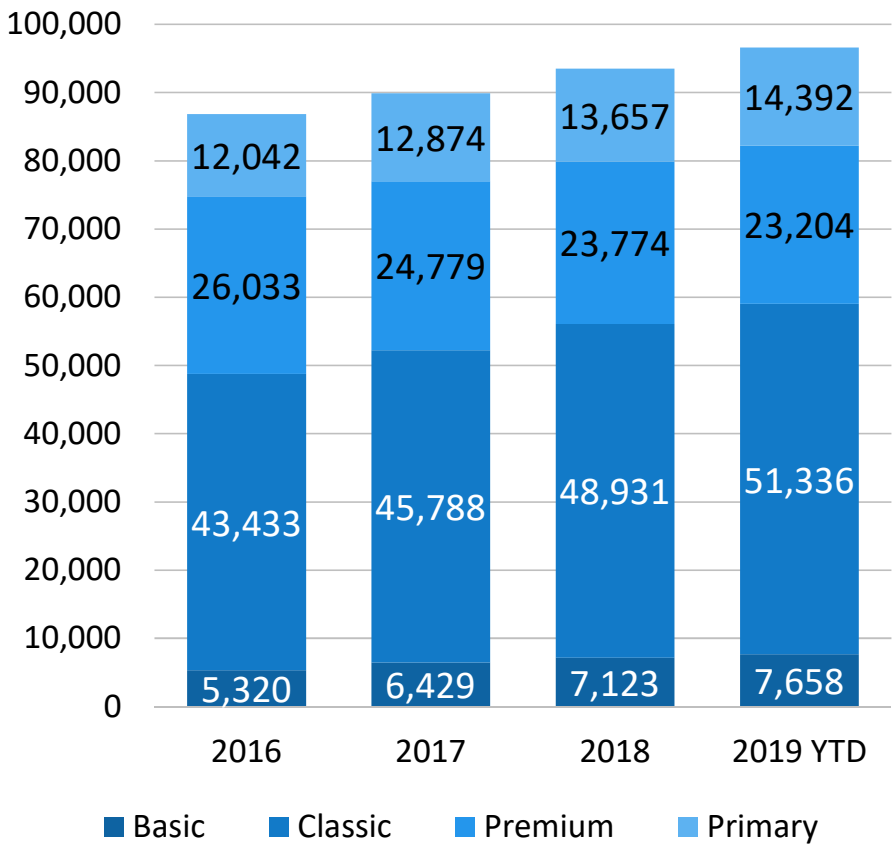


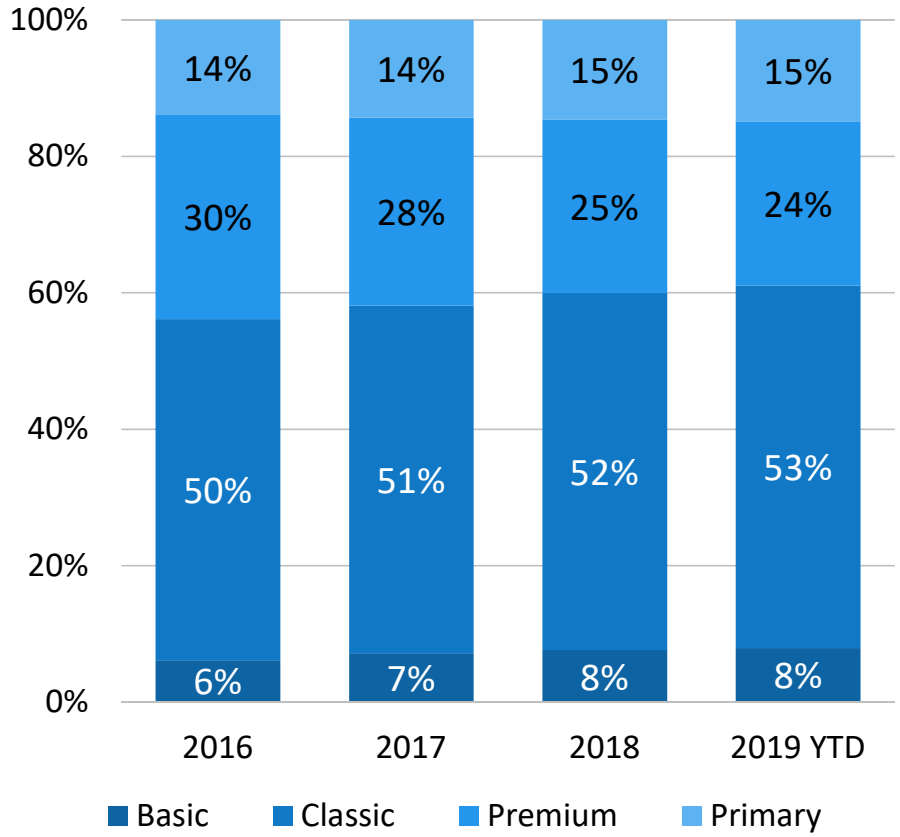
PSE - Reserves Allocation by Year

The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.

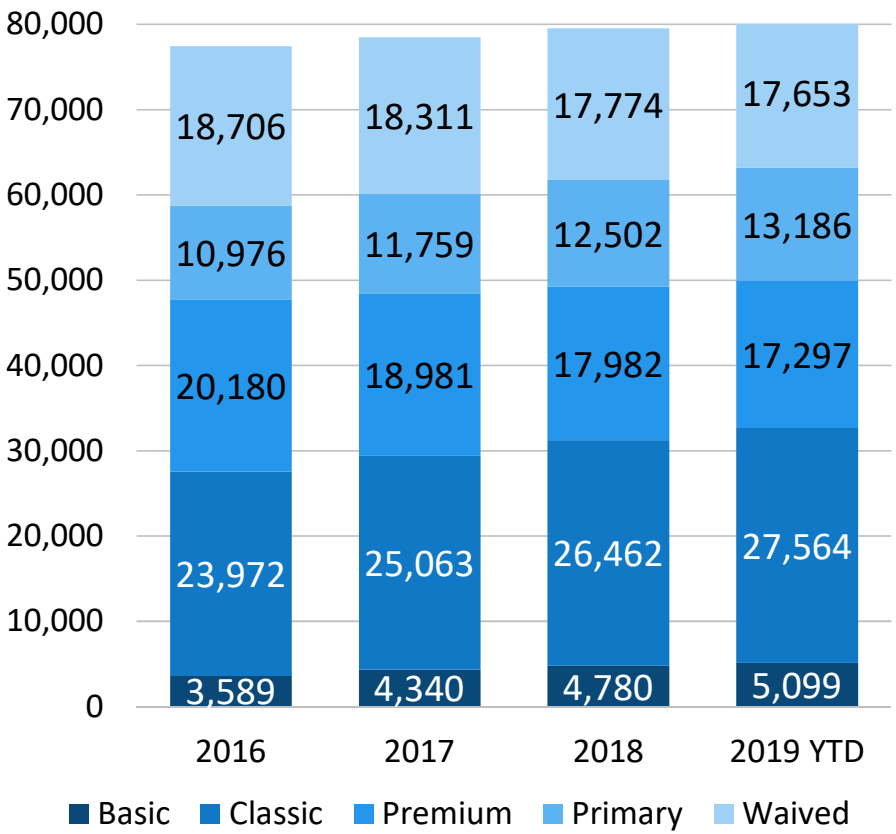


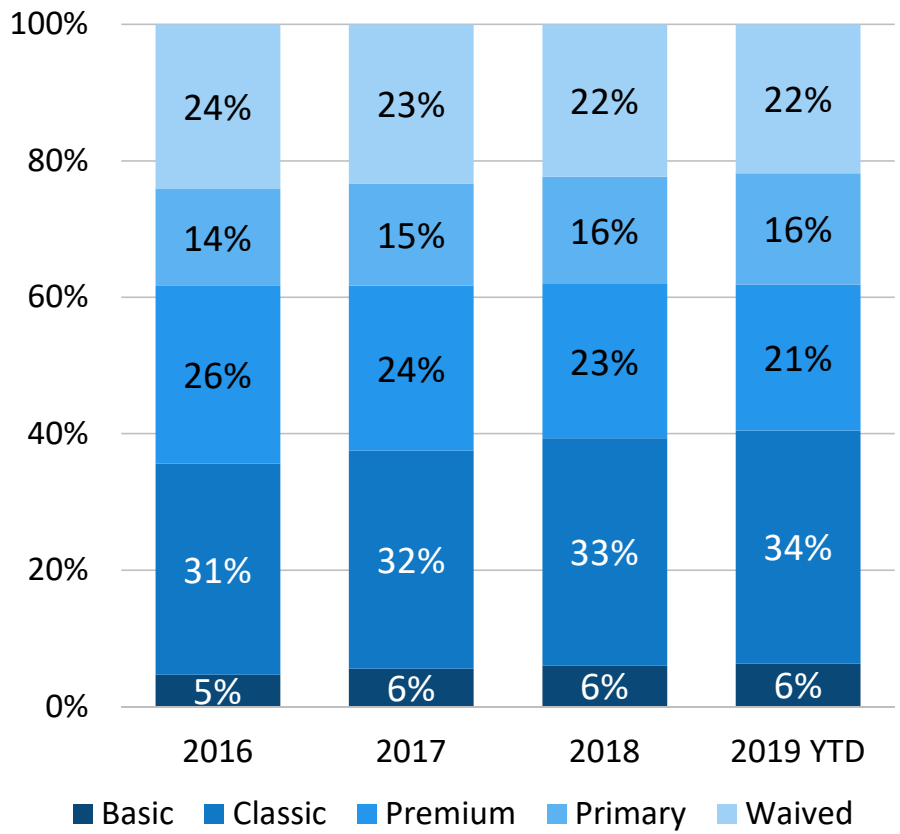
PSE - Average Membership by Plan





PSE - Average Enrollment (Subscribers) by Plan





Assumptions & Methodology

Assumptions - Trend

Division	Group	Medical Trend	Pharmacy Trend
ASE	Active/Pre-65 Retirees Post-65 Retirees	5.0% 5.0%	8.0% 8.0%
PSE	Active/Pre-65 Retirees Post-65 Retirees	6.0% 5.0%	8.0% 8.0%

Assumptions & Methodology

Assumptions – Benefit Plan Changes (2018 to 2020)

- ASE
  - No significant plan cost changes for Active, Pre-65, and Post-65 benefit plans
- PSE
  - No changes for Post-65 benefit plan
  - Active and Pre-65 (2019 changes)
    - Premium
      - Deductible decrease from $1,000 to $750 (individual)
      - Out-of-Pocket Maximum (OOPM) decrease from $3,500 to $3,250 (individual)
      - Pharmacy OOPM increase from $3,100 to $3,350 (individual)
    - Classic
      - Deductible decrease from $2,000 to $1,750 (individual)
      - Medical coinsurance limit increase from $4,450 to $4,700 (individual)
    - Basic
      - Deductible decrease from $4,250 to $4,000 (individual)
      - Medical coinsurance limit increase from $2,200 to $2,450 (individual)

Assumptions & Methodology

Assumptions – Other

- Age/Gender
  - Age/Gender factor based on Milliman Health Cost Guidelines™
- Enrollment Projections
  - Actual enrollment utilized for January 2019 through November 2019
  - Projected December 2019 based on historical seasonality pattern
  - Projected 2020 based on historical trend rates
- Pharmacy Savings
  - $1.25 million in savings per month beginning in September 2019. Allocated between ASE / PSE based on pharmacy claims expense.
  - Pharmacy claims starting to reflect savings beginning in June 2019
- QualChoice Run-out Administration Fees
  - Actual run-out fees through September 2019
- Plan Administration Expense
  - ASE - $3.96 PMPM for CY2019 ($4.37 PMPM for CY2020)
  - PSE - $2.26 PMPM for CY2019 ($2.51 PMPM for CY2020)

Assumptions & Methodology

Methodology

1. Summarized fee-for-service (FFS) medical and pharmacy claims incurred from November 1, 2018 to October 30, 2019 and paid from November 1, 2018 to December 31, 2019. Medical claims include withholds starting January 2019.
2. Converted the paid and incurred claims to incurred claims using completion factors. This incorporates the incurred but not reported (IBNR) claim reserve.
3. Summarized member months for November 1, 2018 to October 31, 2019.
4. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
5. 2019 Projection composed of actual claims experience from January 2019 – October 2019 along with projected claims experience from November 1, 2019 – December 31, 2019.
6. 2020 Projected the incurred claims PMPM from the midpoint of the experience period (May 1, 2019) to the midpoint of the contract period (July 1, 2020).
7. Made adjustments for seasonality, benefit changes, and age/gender mix.
8. Accounted for rating period fees and administrative expenses.
9. Where applicable, converted incurred budget to paid budget based on historical payment patterns.

Limitations

Courtney White and Paul Sakhrani are Members of the American Academy of Actuaries and a Fellow of the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render opinion contained herein. To the best of our knowledge and belief, this analysis is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The assumptions used in the development of the 2019 and 2020 budget are based on historical ASE and PSE claims, funding, and plan administration, historical ASE and PSE members by benefit plan, age/gender, and by month, 2018 and 2019 ASE and PSE benefit plan summaries, 2020 fees and administrative expenses, conversations with EBD regarding the program, and actuarial judgment.

While we reviewed the ABCBS and EBD information for reasonableness, we have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Expected outcomes are sensitive to the underlying assumptions used. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Any reader of this report should possess a certain level of expertise in areas relevant to this analysis to appreciate the significance of the assumptions and the impact of these assumptions on the illustrated results. The reader should be advised by their own actuaries or other qualified professionals competent in the subject matter of this report, so as to properly interpret the material.

This presentation has been prepared for the sole use of the management of the State of Arkansas Employee Benefits Division for setting the ASE and PSE budget for CY2019 and CY2020. It may not be appropriate for other purposes. Milliman does not intend to benefit any third party from this analysis.

Milliman

Thank you

Courtney White, FSA, MAAA
Paul Sakhrani, FSA, MAAA