

State and Public School Life and Health Insurance Board

Minutes

October 14, 2008

The 96th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday October 14, 2008 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

Members Present

Shelby McCook
Janis Harrison
Joe Musgrove
Tom Emerick
Dr. Joseph Thompson
Vance Strange
Robert Watson
Renee Mallory
Anita Woodall
William Goff

Members Absent

Charlie Campbell
Lloyd Black

Sharon Dickerson, Executive Director, Employee Benefits Division.

Others Present:

John Bauerlein, Milliman, George Platt, Jason Lee, Leigh Ann Chrouch, Amy Tustison, Paige Harrington, Sherry Bryant, Kim Wilmot, Jane Young, Sharon McDonald, Shannon Roberts, Sherri Saxby, Marty Usrey, Amy Redd, Faith Houston, Cathy Harris, EBD; Rhonda Hill, ACHI/EBD; Tera Gardner EBD/FBMC; Shonda Rocke, Barry Fielder, NMHC; Jill Johnson, UAMS College of Pharmacy; Barbara Melugin, Kathy Ryan, ABCBS/HA; Sharon Marcum, Corphealth; Marc Watts, ASEA; Kim Henderson, ADFA; Judy Prewitt, AHTD; Jan Marie Reed, AHH; Jeff Britt, Pfizer; Joseph Chang, Securian, Tom Crawford

Call to Order

Meeting was called to order by Shelby McCook

Approval of Minutes

The request was made by McCook to approve the July 15, 2008 minutes. Strange made the motion to approve. Mallory seconded. Minutes approved.

Newly Appointed Board Member *by Chairman McCook*

Chairman McCook introduced new Board Member, William Goff.

Mr. Goff is Assistant Commissioner for finance and administration with the Arkansas Department of Education. Mr. Goff has been appointed to the chair previously held by Dr. Bobbie Davis.

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

Dr. Golden reported the DUEC meet on August 4, 2008 and presented the following recommendations for the Board's consideration.

Maxalt Quantity Limits

Dr. Golden reported the trade packaging for MAXALT tablets has changed from 9 tablets to 12 tablets per trade package.

Recommendation: Change the quantity limits for Maxalt from 9 tablets per 25 days to 12 tablets for ever 31 day supply.

Advicor Coverage

Dr. Golden informed the Board the DUEC voted to exclude the new drug Simcor from coverage at the DUEC meeting in May 2008. Simcor is a combination product containing simvastatin and niacin. It was also determined that the committee would reconsider Advicor as well at a later date. Advicor is a combination product containing lovastatin and niacin and is currently placed in Tier 2. The committee reviewed the utilization data for 2Q08. There is lesser data available for lovastatin than simvastatin.

Recommendation: Exclude Advicor from the prescription drug plan as well.

New Drugs Recommendations:

<u>Drug</u>	<u>Tier</u>
Treximet	Exclude
Patanase spray	T3
Relistor	Tabled - Dr. Golden requested Johnson research some PA criteria for populations and conditions.
Cimzia	T3 w/PA 1. Moderate-severe Crohn's disease 2. non-responder to conventional therapy 3. Failure of Humira or Remicade ❖ The DUEC will review the drug Cimzia in 6 mos.

Opioid Analgesics

Dr. Golden explained the dangers posed by common over-the-counter (OTC) medications like acetaminophen.

Recommendation:
Adopt appropriate quantity limits that prohibit dosing in excess of 4gm of acetaminophen daily.

Other Discussions

Dr. Golden reported the DUEC also receive updates from Informed Rx and UAMS College of Pharmacy on the following:

- Plan Performance
- Lipitor 80MG
- Xolair
- Neuropathic Pain Medications

Strange made the motion to approve the DUEC's recommendations. Mallory seconded. All were in favor. Motion carried.

Dickerson reported the makers of Prilosec (Omeprazole) have offered the plan a substantial rebate; however, the plan but does not cover the prescription Prilosec (Omeprazole). Dickerson stated it would not be beneficial for them to make any changes at this time; but may be financially advantageous in the future. Dickerson said the DUEC will be reviewing this in the future.

Financials by *Leigh Ann Chrouch*

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

Dickerson advised the Board that it's very important to save and earmark the money received for increase per budgeted position for the last six months of the biennium. Chrouch said they did that for this fiscal year and then indicated where the allocations are found in the financials.

Dickerson reminded the Board there is a process that EBD goes through anytime they identify a potential savings. Dickerson explained that the Board and DFA's chief fiscal officer approval is required before trust fund monies can be spent.

Chrouch referenced the penalties assessed for state and school agencies for June, July and August 2008. Chrouch reported she received a payment today from the Decatur School District. Act 1009 of 2007 (§21-5-415) states the division shall impose a penalty.

Medical Travel by *Tom Emerick*

Emerick presented an article to the Board about U.S. employers turning to medical travel as quality, cost saving health benefits. Emerick reported an estimated \$250,000 thousands Americans have traveled outside the United States for care; and an estimated 10 M in the next 5 to 10 years. Emerick said he believes it's something the Board needs to consider and others should consider as well. Emerick said we have a notion to believe that the best care is

in the U.S.; but in reality there are hospitals around the world that provide care every bit as well as the U.S. and at a fraction of the cost.

Emerick talked about the Apollo Hospital and facilities located in Monterrey, Mexico and Costa Rica. Emerick suggested the EBD team start examining this as an alternative; while not to force people to go outside of the U.S. for care, but to offer it as an option. Emerick commented it is an opportunity to really change fundamentally how healthcare is paid for in the U.S. Emerick said his personal interest is to help create a world market, and to see more hospitals and integrated health systems in the U.S. began to match prices. Emerick said it would be very good for the public and the cost to the plan and give the terrific teachers and state employees of Arkansas an additional alternative.

Chairman McCook suggested that it might be possible to tie this in with case management. McCook referred the issue to the BSPW for review. McCook instructed the BSPW to research other states and plans that offer medical travel.

The Benefits Subcommittee Report by Janis Harrison

Harrison reported the Benefits Subcommittee meet on Friday, October 10, 2008. Harrison said Jason Lee gave a report on what the Benefits Strategic Planning Work group (BSPW) has been working on.

Harrison reported the subcommittee voted to move away from the voluntary Health Risk Assessment (HRA) and into a mandatory HRA that can be tied into the wellness program; the Benefits committee felt there may be some other options to look into as well.

RECOMMENDATION: Allow the BSPW to continue to study the ARHealth Reward Incentive Program for the state and public school program and investigate fully the tax provisions and search for examples of the 105 plan. Also, determine the most feasible way to carry out the incentive program and report findings in the next Benefits Subcommittee meeting. Strange made the motion to approve. Woodall seconded. All were in favor. Motion carried.

Harrison reported Sharon Marcum with Corphealth gave an overview to the Benefits committee on a website for kids in response to a request from the Board. Harrison said the committee viewed screens shots for the website that included collaborative efforts by the Dept. of Agriculture and the Center for Disease Control. Corphealth reported they hope to have the project completed by the beginning of November 2008.

Harrison said she reported information about the employer contribution to the Benefits Committee. Harrison said in January they should have a \$25 dollar supplement to the state employee side which would increase the employer matching amount to \$375 dollars per budgeted position. Harrison reported the

budget for next biennium has been proposed with the maximum amount employer matching of \$425 dollars.

Medicaid Reimbursement Rate And Pse Fiscal Year Projections *by John Bauerlein, Milliman*

Bauerlein informed the Board that EBD and Milliman was asked by the Education Committee to project the public school program financial aggregate numbers through fiscal year 2015. Bauerlein said they were asked to do projections under the current funding arrangement and then under several alternative arrangements; In addition, what the additional cost would be to meet certain funding or subsidy goals.

Bauerlein presented the PSE fiscal year projections that were presented to the Education Committee and the results from the Medicaid reimbursement rate analysis to the Board.

Director's Report *by Sharon Dickerson*

Dickerson presented a summary of the impact of aggressive Plan management on state and public school employees over the last four plan years. Dickerson reported the aggressive management and attention to detail has generated savings and a recouped plan cost in the excess of \$73M. Dickerson said the greatest savings was due to the transition of the public school employees and retirees away from a fully-insured plan to a self-insured plan.

The Board said farewell to Dickerson and wished her a happy retirement.

Meeting adjourned.