

**State and Public School Life
And Health Insurance Board
Minutes
October 12, 2010**

The 112th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on October 12, 2010 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

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

MEMBERS ABSENT

Dr. Joseph Thompson
Robert Watson
Vance Strange
Bob Alexander
John Kirtley

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:

George Platt, Leigh Ann Chrouch, Michelle Hazelett, Doug Shackelford, Stella Greene, Amy Tustison, Latryce Taylor, Amy Redd, Pamela Lawrence, Laurie Fowler, Sherry Bryant, Sherri Saxby, Tracy Collins, Cathy Harris, EBD; Rhonda Hill, EBD-ACHI; Barbara Melugin, Ron Deberry, ABCBS/Health Advantage; Sarah Sanders, AR Highway & Transportation Dept, Shonda Rocke, Informed Rx; Joseph Chang, Securian; Bryan Meldrum, Dwane Tankersley; NovaSys; John Greer, Humana; Jill Johnson, UAMS-College of Pharmacy; Saintete' Martinez; Marc Watts, AR State Employee Association; Mark DeClerk, LILLY; Mona Neal, Public Service Commission; Jon Foose, Qualchoice; Diann Shoptaw, USable; Derrick Smith, Mitchell Williams Law Firm

CALL TO ORDER

Meeting was called to order by Janis Harrison, Chairman.

APPROVAL OF MINUTES

The request was made by Harrison to approve the September 14, 2010 minutes. Goff made the motion to approve minutes. Mallory seconded. All were in favor. Minutes approved.

FINANCIALS by Leigh Ann Chrouch, CFO

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

Goff suggested they include a year- to-date comparison report with the financials.

DRUG UTILIZATION & EVALUATION COMMITTEE REPORT by Jason Lee

Lee presented the DUEC report on behalf of Dr. Golden. Lee reported the DUEC meet on October 4, 2010 and reviewed the following medications.

1. Second Review Medications

- a) **Saphris** (asenapine) Sublingual tablets are indicated for the acute treatment of adult patients with schizophrenia and as monotherapy for acute mania or mixed episodes associated with bipolar 1 disorder.

The DUEC upheld the previous decision to exclude based on the current information.

- b) **Avandia** (rosiglitazone) is an oral diabetes medicine that helps control blood sugar levels.

The DUEC decided to continue with the current policy– tier 3 status.

- c) **Victoza**[®] is a non-insulin once-daily medication that may help improve blood sugar levels in adults with type 2 diabetes.

Recommendation: Cover Victoza w/prior authorization (PA) – tier 3 status.

McCook made the motion to approve the recommendation for Victoza. Black seconded. Motion carried.

2. Formulary Management Rules

The DUEC reviewed 6 defined formulary management rules from the Benefits Strategic Planning Workgroup (BSPW). The DUEC made some edits to the document. The information was forwarded to the Benefits Subcommittee for further analysis.

The DUEC required no action from the Board.

3. NEW DRUGS

<u>Drug Name</u>	<u>Tier Status</u>
DULERA AER 100-5MCG, 200-5mcg An additional combination ICS/LABA product approved for the treatment of asthma in patients 12 years of age and older	T3/PA
IPRIVASK INJ 15MG Is indicated for the prophylaxis of deep vein thrombosis (DVT), which may lead to pulmonary embolism (PE), in patients undergoing elective hip replacement surgery	T3 /QL 12d/30d
ZUPLENZ MIS 4MG, 8mg Prevention of Postoperative, Chemotherapy- and Radiotherapy-Induced Nausea & Vomiting	Exclude
TRIBENZOR TAB Is a combination product for the treatment of hypertension. Amlodipine; hydrochlorothiazide, HCTZ; olmesartan is not indicated for the initial treatment of hypertension	Exclude
BIOTHRAX INJ Is used to help prevent anthrax in people exposed to the bacteria through the skin or lungs	Exclude
JEVTANA INJ 60/1.5ML Antineoplastics in Combination with Prednisone for the Treatment of Patients with Hormone-Refractory Metastatic Prostate Cancer Previously Treated with a Docetaxel-Containing Treatment Regimen	N/A medical
DESONIL PLUS KIT CREAM Topical corticosteroid used in the treatment of skin irritation including inflammation, redness, and itching	Exclude
DESONIL PLUS KIT OINTMENT Topical corticosteroid used in the treatment of skin irritation including inflammation, redness, and itching	Exclude
XERESE CRE 5-1% Acyclovir; hydrocortisone is a topical agent for the treatment of herpes labialis (cold sores)	Exclude
SILENOR TAB 3MG, 6mg Is indicated for the treatment of insomnia characterized by difficulty with sleep maintenance	Exclude
XEOMIN INJ 100UNIT, XEOMIN INJ 50 UNIT Treatment of adults with cervical dystonia, to decrease the severity of abnormal head position and neck pain in both botulinum toxin-naïve and previously treated patients and blepharospasm in adults previously treated with BOTOX (onabotulinumtoxinA)	Tier 3/PA

<u>Drug Name</u>	<u>Tier Status</u>
RELHIST CHW	Exclude
NOVAFERRUM SOL A combination product containing Ascorbic Acid, Folate, Polysaccharide iron complex, and Vitamin B 12)	Tier 3
CLOBETAPLUS KIT CREAM Clobetasol is used to relieve the inflammatory and pruritic manifestations of moderate to severe corticosteroid-responsive dermatoses and psoriasis	Exclude
CLOBETAPLUS KIT OINTMENT Clobetasol is used to relieve the inflammatory and pruritic manifestations of moderate to severe corticosteroid-responsive dermatoses and psoriasis	Exclude
MELOXICAM KIT COMFORT Is used to relieve pain, tenderness, swelling, and stiffness caused by osteoarthritis (arthritis caused by a breakdown of the lining of the joints) and rheumatoid arthritis (arthritis caused by swelling of the lining of the joints)	Exclude
TEKAMLO TAB 150-10MG, 150-5mg Aliskiren; amlodipine (Tekamlo) is a combination product for the treatment of hypertension	T3/step therapy
TEKAMLO TAB 300-10MG Aliskiren; amlodipine (Tekamlo) is a combination product for the treatment of hypertension	T3/step therapy

McCook made the motion to approve the recommendations for new drugs.
Mallory seconded. Motion carried.

BENEFITS SUBCOMMITTEE REPORT *by Jason Lee*

Lee presented the report for the Chairman of the Benefits Subcommittee, Jeff Altemus. Lee reported the Benefits Subcommittee met on Friday, October 8^h and discussed the following:

a. Formulary Management Rules

Lee presented the Formulary Management Rule document to the Benefits Committee. Lee explained under the new appeal process, they are required to provide a written notice to the member explaining the policy that was used to support any denial. Lee said this is the starting point for solidifying the rules under which the pharmacy formulary is managed. The set of rules state the current process used by the DUEC and Board; and is not designed to modify any management process.

The Benefits subcommittee made an edit to the document. One of the conditions a new drug would be reviewed by the DUEC; “During a mid-quarter emergency review”.

Recommendation: Adopt the formulary management rules as presented.

Jill Johnson, UAMS College of Pharmacy/EBRx referenced the list of reasons for which the college of pharmacy will bring new products to the DUEC for review.

- “When medical literature shows a significant change in outcome or new clinical data”.

Johnson explained that new clinical data appears all the time, and unless it’s clinically relevant and will change the outcome they shouldn’t commit to revisiting a new drug every time there is new data. Johnson suggested they change the phrase “will bring” to “may bring” or delete the phrase “new clinical data”.

Johnson said the suggestion for brand products could interfere with the reference pricing strategy that is currently in place.

- Brand products on tier 2 will automatically move to tier 3 when a generic equivalent is released with the generic version added to tier 1; if a generic is removed from the market or has significant shortages in supply, the equivalent brand product on tier 3 will automatically move to tier 2.

Johnson suggested they change the word “will” to “may” or include the statement “do not apply to reference pricing”. Johnson said that will give them some latitude to continue with the reference price strategy.

Lee said he would be more comfortable with adding the statement “do not apply to reference pricing” instead of the word change so that it does not leave the decision to review up to the committee.

McCook made the motion to adopt the formulary management rules with the exception they include the statement “do not apply to reference pricing” for brand products on tier 2 and remove the phrase “ or new clinical data” as one of the conditions for which the college of pharmacy will bring new products to the DUEC for review.

Mallory seconded. Motion carried.

Lee said there will be additional rules added over the course of the next few months.

b. Appeals Process

Lee presented the appeal process document from the Summary Plan Description (SPD) that employees are required to follow to have any claim appealed. The Benefits subcommittee made an edit to the documents that incorporate the “Internal” process. Lee informed the committee the document has also been changed to incorporate the Independent Review Organization (IRO) required by the plan due to healthcare reform.

Lee provided the Board with the appeals activity summary report. The report indicated there were 179 written events submitted to EBD for review over a 16 month period. Lee explained the report does not illustrate the number of member initiated phone calls that came into the Member Services team on a monthly basis. The Member Services staff averages approximately 3,500 calls per month with significant increases during open enrollment. Many of these calls are in response to member questions about claims and are either handled during the call or transferred to Health Advantage or NovaSys Health for further assistance with claim or provider specific details. The report also contained information for the number of appeals that resulted in approvals and denials.

McCook informed the Board of the discussion that took place during the Benefits meeting regarding the appeals process. McCook said he does not understand the carriers’ part in the appeals process.

Health Advantage Representative, Ron Dewberry and NovaSys Representative Dwane Tankersley addressed the Board. They requested that the EBD Director defined exactly what information they want them to provide.

Lee clarified that the coverage policy that is maintained at the carrier level is at the procedure level.

SURGICAL TREATMENT OF OBESITY & RELATED DISEASES *by John W. Baker, MD, FACS*

Dr. Baker is a board certified, Bariatric and General Surgeon, in solo practice in Little Rock, AR since 1992. He currently is the Secretary-Treasurer of the American Society for Bariatric Surgery (ASBS).

Baker previously addressed the Board in July 2006 and he came back to share some new information for obesity.

No action was taken by the Board.

DIRECTOR'S REPORT *by Jason Lee*

The Board decided by consensus to continue to meet on 2nd Tuesday of every month for the year 2011.

McCook informed the Board he provided the BSPW with information for ambulance fees.

Black informed the Board that Lee made an excellent presentation before the AR Retired Teachers Association last month.

Meeting Adjourned.

AGENDA

**State and Public School
Life and Health Insurance Board
EBD Board Room
501 Building, 5th Floor
1 p.m.
October 12, 2010**

- 1. Call to Order** *Janis Harrison, Chairman*
- 2. Approval of Minutes** *Janis Harrison, Chairman*
- 3. Financials** *Leigh Ann Chrouch, CFO-EBD*
- 4. Subcommittee Reports**
DUEC *Jason Lee, Director*
Benefits Subcommittee *Jason Lee, Director*
- 5. Surgical Treatment of Obesity &
Related Diseases** *John W. Baker, MD, FACS*
- 6. Director's Report** *Jason Lee, Executive Director- EBD*

Next Meeting: 2011 Schedule to be released

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

	ARHealth	Health Adv	NovaSys	Total
Actives		25,137	1,222	26,359
Actives HD			944	944
Retirees	8,825			8,825
COBRA		131	6	137
Total	8,825	25,268	2,172	36,265

Operations as of 08/31/10

	Current Month	Year to Date (8 months)
Funding		
State Contribution	\$ 13,645,336	\$ 108,823,628
Employee Contribution, Rebates, Life	\$ 7,212,440	\$ 64,324,143
Medicare Subsidy	\$ 404,300	\$ 2,777,005
Total Funding	\$ 21,262,077	\$ 175,924,776
Expenses		
Medical Expenses		
Claims Expense	\$ 13,826,853	\$ 104,551,308
Claims IBNR	\$ -	\$ 2,570,000
Medical Admin Fees	\$ 891,527	\$ 7,068,962
Refunds	\$ 4,158	\$ 15,640
Behavioral Health	\$ 283,237	\$ 2,275,591
Life Insurance	\$ 78,941	\$ 635,868
Pharmacy Expenses		
RX Claims	\$ 5,000,552	\$ 37,788,675
RX IBNR	\$ -	\$ 180,000
RX Admin	\$ 69,721	\$ 531,772
Plan Administration	\$ 190,193	\$ 1,779,009
Total Expenses	\$ 20,345,183	\$ 157,396,826
Net Income/(Loss)	\$ 916,894	\$ 18,527,950

Balance Sheet as of 08/31/10

Assets		
Bank Account		\$ 11,578,854
State Treasury		\$ 86,241,831
Receivable from Cafeteria Plan		\$ 8,767,656
Receivable from PSE		\$ -
Receivable from Provider		\$ 518,728
Receivable from Medicare		\$ 404,300
Accounts Receivable		\$ 946,106
Total Assets		\$ 108,457,475
Liabilities		
Accounts Payable		\$ 207,384
Deferred Revenues		\$ 4,187,253
Due to Cafeteria		\$ -
Due to PSE		\$ 52,882
Health IBNR		\$ 21,570,000
RX IBNR		\$ 2,680,000
Total Liabilities		\$ 28,697,519
Net Assets		\$ 79,759,957
Less Reserves Allocated:		
Catastrophic Reserve		\$ (8,100,000)
Pharmacy Reward Program (2010-\$1,500,000)		\$ (1,500,000)
Net Assets Available		\$ 70,159,957

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

Cafeteria Plan Operations as of 08/31/10

<u>Funding</u>	<u>Current Month</u>	<u>Year to Date (8 months)</u>
FICA Savings	\$ 378,275	\$ 2,887,641
Interest, Penalties, Tax Set Off	\$ 19,002	\$ 73,817
Total Funding	\$ 397,276	\$ 2,961,458
<u>Expenses</u>		
Plan Administration	\$ 14,037	\$ 113,279
Forfeited Benefits (Annual Expense)	\$ -	\$ 6,297,637
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 14,037	\$ 6,410,916
Net Income/(Loss)	\$ 383,240	\$ (3,449,459)

Balance Sheet as of 08/31/10

<u>Assets</u>	
State Cafeteria (Flexible Benefits)	\$ 755,706
Admin Acct (FICA Savings)	\$ 246,454
State Treasury	\$ 8,729,228
Due from Health Plan	\$ -
Due from State Employee Fund	\$ -
Accounts Receivable	\$ 23,785
Total Assets	\$ 9,755,172
<u>Liabilities</u>	
Accounts Payable	\$ 125,411
Due to Health Plan (FICA Savings Annual)	\$ 7
Due to Health Plan (Forfeited Benefits Annual)	\$ 8,767,649
Total Liabilities	\$ 8,893,067
Net Assets	\$ 862,105

Public School Employees (PSE) Financials - October 1, 2009 through August 31, 2010

	ARHealth	Health Adv	NovaSys	Total
Actives		36,593	3,606	40,199
Actives HD			2,479	2,479
Retirees	7,610			7,610
COBRA		1,033	108	1,141
Total	7,610	37,626	6,193	51,429

Operations as of 08/31/10

Funding	Current Month	Year to Date (11 months)
District Contribution	\$ 5,591,211	\$ 63,129,293
Employee Contribution, Rebates	\$ 12,170,826	\$ 136,096,963
Dept of Ed \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 46,818,182
Total Funding	\$ 20,943,855	\$ 246,044,438
Expenses		
Medical Expenses:		
Claims Expense	\$ 19,928,401	\$ 175,050,807
Claims IBNR	\$ -	\$ 3,250,000
Medical Admin Fees	\$ 1,294,227	\$ 14,173,010
Refunds	\$ 1,281	\$ (23,830)
Behavioral Health	\$ 304,154	\$ 3,411,510
Pharmacy Expenses:		
RX Claims	\$ 4,258,409	\$ 45,074,682
RX IBNR	\$ -	\$ 90,000
RX Admin	\$ 61,708	\$ 678,673
Plan Administration	\$ 230,797	\$ 3,316,810
Total Expenses	\$ 26,078,977	\$ 245,021,662
Net Income/(Loss)	\$ (5,135,122)	\$ 1,022,776
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/09-09/30/10	\$ 166,667	\$ 1,833,337
Retiree Premiums for Plan Year 01/01/10-12/31/10	\$ 383,402	\$ 3,067,215
Net Income/(Loss) After Reserves	\$ (4,585,053)	\$ 5,923,329

Balance Sheet as of 08/31/10

Assets	
Bank Account	\$ 9,887,709
State Treasury	\$ 62,707,232
Receivable from Provider	\$ 486,395
Accounts Receivable	\$ 322,642
Due from ASE	\$ 52,882
Total Assets	\$ 73,456,860
Liabilities	
Accounts Payable	\$ 727,330
Due to ASE	\$ -
Deferred Revenues	\$ 1,482,031
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 30,049,360
Net Assets	\$ 43,407,499
Less Reserves Allocated:	
Active Premiums for Plan Year 10/01/09-09/30/10 (\$2,000,000)	\$ (166,663)
Retiree Premiums for Plan Year 01/01/10-12/31/10 (\$4,000,000 + \$600,823 = \$4,600,823)	\$ (1,533,608)
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (11,840,000)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (760,000)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (9,100,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 7,107,229

The Drug Utilization and Evaluation Committee (DUEC)

The following recommendations for the Board consideration resulted from a meeting of the DUEC on October 4, 2010.

1. Second Review Medications

- a) **Saphris** (asenapine) Sublingual tablets are indicated for the acute treatment of adult patients with schizophrenia and as monotherapy for acute mania or mixed episodes associated with bipolar 1 disorder.

Recommendation: The committee upheld the previous decision to exclude based on the current information.

- b) **Avandia** (rosiglitazone) is an oral diabetes medicine that helps control blood sugar levels.

Recommendation: Continue with the current policy– tier 3 status.

- c) **Victoza**[®] is a non-insulin once-daily medication that may help improve blood sugar levels in adults with type 2 diabetes.

The committee listened to a member describe his personal experience with the drug Victoza.

Recommendation: Cover Victoza w/prior authorization (PA) – tier 3 status.

The committee will review step therapy for type 2 diabetes management in the next meeting.

2. Formulary Management Rules

The committee reviewed 6 defined formulary management rules from the Benefits Strategic Planning Workgroup (BSPW). The DUEC made some edits to the document. The information was forwarded to the Benefits Subcommittee for further analysis.

3. NEW DRUGS

<u>Drug Name</u>	<u>Tier Status</u>
DULERA AER 100-5MCG, 200-5mcg An additional combination ICS/LABA product approved for the treatment of asthma in patients 12 years of age and older	T3/PA
IPRIVASK INJ 15MG Is indicated for the prophylaxis of deep vein thrombosis (DVT), which may lead to pulmonary embolism (PE), in patients undergoing elective hip replacement surgery	T3 /-QL 12d/30d
ZUPLENZ MIS 4MG, 8mg Prevention of Postoperative, Chemotherapy- and Radiotherapy-Induced Nausea & Vomiting	Exclude
TRIBENZOR TAB Is a combination product for the treatment of hypertension. Amlodipine; hydrochlorothiazide, HCTZ; olmesartan is not indicated for the initial treatment of hypertension	Exclude
BIOTHRAX INJ Is used to help prevent anthrax in people exposed to the bacteria through the skin or lungs	Exclude
JEVTANA INJ 60/1.5ML Antineoplastics in Combination with Prednisone for the Treatment of Patients with Hormone-Refractory Metastatic Prostate Cancer Previously Treated with a Docetaxel-Containing Treatment Regimen	N/A medical
DESONIL PLUS KIT CREAM Topical corticosteroid used in the treatment of skin irritation including inflammation, redness, and itching	Exclude
DESONIL PLUS KIT OINTMENT Topical corticosteroid used in the treatment of skin irritation including inflammation, redness, and itching	Exclude
XERESE CRE 5-1% Acyclovir; hydrocortisone is a topical agent for the treatment of herpes labialis (cold sores)	Exclude
SILENOR TAB 3MG, 6mg Is indicated for the treatment of insomnia characterized by difficulty with sleep maintenance	Exclude

<u>Drug Name</u>	<u>Tier Status</u>
XEOMIN INJ 100UNIT, XEOMIN INJ 50 UNIT Treatment of adults with cervical dystonia, to decrease the severity of abnormal head position and neck pain in both botulinum toxin-naïve and previously treated patients and blepharospasm in adults previously treated with BOTOX (onabotulinumtoxinA)	Tier 3/PA
RELHIST CHW	Exclude
NOVAFERRUM SOL A combination product containing Ascorbic Acid, Folate, Polysaccharide iron complex, and Vitamin B 12)	Tier 3
CLOBETAPLUS KIT CREAM Clobetasol is used to relieve the inflammatory and pruritic manifestations of moderate to severe corticosteroid-responsive dermatoses and psoriasis	Exclude
CLOBETAPLUS KIT OINTMENT Clobetasol is used to relieve the inflammatory and pruritic manifestations of moderate to severe corticosteroid-responsive dermatoses and psoriasis	Exclude
MELOXICAM KIT COMFORT Is used to relieve pain, tenderness, swelling, and stiffness caused by osteoarthritis (arthritis caused by a breakdown of the lining of the joints) and rheumatoid arthritis (arthritis caused by swelling of the lining of the joints)	Exclude
TEKAMLO TAB 150-10MG, 150-5mg Aliskiren; amlodipine (Tekamlo) is a combination product for the treatment of hypertension	T3/step therapy
TEKAMLO TAB 300-10MG Aliskiren; amlodipine (Tekamlo) is a combination product for the treatment of hypertension	T3/step therapy

State and Public School Life and Health Insurance Board

Benefits Sub-Committee Report

Meeting Date: October 8, 2010

1. Formulary Management Rules

Recommendation: Adopt the formulary Management Rules as presented on page 2.

2. Appeals Process & Discussion

The Executive Director provided an overview of the Appeal Process and Appeal Review – see attachments, pgs 3, 4 and 5.