



Meeting Minutes | Health Care Policy Committee

Wednesday, September 20, 2023 | 9:00 a.m.

202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

Minutes Approved December 6, 2023

Board Members Present for All or a Portion of the Meeting: Committee Chairman Alex Shissias

Board Members Present for All or a Portion of the Meeting Via Virtual Means: Mr. Steve Heisler, PEBA Board Chairman Joe “Rocky” Pearce, and Mr. John Sowards.

Others Present for All or a Portion of the Meeting: Peggy Boykin, Amber Carter, Alexis Cohens, Matt Doherty, Justin Ellis, Heather Muller, Laura Smoak, Jacalin Shealy, Rob Tester, Travis Turner, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Jesse Epting, Dr. Tripp Jennings, Andrew Keese, Karen Russell, and Carmen Wilson from BlueCross BlueShield of South Carolina; Robin Scott and Karen Russell from Express Scripts, Inc.; and Mike Madalena; PEBA Consultant.

Others Present for All or a Portion of the Meeting Via Virtual Means: Jessica Moak, Heather Young, and Angie Warren from PEBA.

I. Call to Order

Chairman Alex Shissias called the PEBA Health Care Policy Committee (Committee) meeting to order at 9:00 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes – June 21, 2023

Mr. Steve Heisler made a motion, which was seconded by PEBA Board Chairman Rocky Pearce, and passed unanimously, to approve the minutes from the June 21, 2023, Board meeting.

III. Review of the Impact and Nature of High Dollar Claims, and Plan Strategies to Address Such Claims

Dr. Tripp Jennings, Vice-President, and Ms. Carmen Wilson, from BlueCross BlueShield of South Carolina, reviewed a presentation regarding the increasing share of expense attributable to high dollar claimants in the State Health Plan (SHP), the nature of high-dollar claims, and how BlueCross BlueShield will address these cases.

Ms. Wilson reported that for the period July 2022-June 2023, approximately 10 percent of members in the SHP do not have any claim expenses; However, 57.7 percent of members with paid claims less than \$1,000 account for 2.7 percent of the spend; 2.1 percent of members with

paid claims of more than \$50,000 account for 44.5 percent of the spend; and .08 percent of members with paid claims over \$100,000 account for 27.2 percent of the spend. Ms. Wilson stated that the number of high dollar claims (over \$100,000) continues to rise; with cancer, circulatory system, and musculoskeletal conditions leading the high-dollar claims.

Dr. Jennings reviewed the top 100 high-dollar claimants by archetypes, and stated that 59 percent of high-dollar claims are in the chronic predictable archetype which includes chemotherapy, end-stage renal disease, and cystic fibrosis.

Dr. Jennings reported that there are 24 of the top 100 claimants that have at least 90 percent of their spend related to pharmacy. Also, there were 18,818 claimants with claims expense for the year over \$30,000.

Dr. Jennings discussed national and South Carolina clinical and claims trends, and stated that the average risk of healthcare-associated infections spiked to a five-year high in hospitals during COVID-19, and remains high.

Dr. Jennings advised that the annual cost of musculoskeletal care is greater than heart disease, cancer, and diabetes.

Ms. Wilson concluded the presentation by reviewing high-dollar claimant management strategies that BlueCross BlueShield is taking to address the number of high-dollar claims.

IV. Current Trend Drivers and Pressure Points in the State Health Plan

Mr. Rob Tester, Insurance Policy Director, advised that the State Health Plan is experiencing unusually high trend in 2023. Mr. Tester identified key terms, and explained that trend is change in per exposure unit cost in one period over another.

Mr. Tester reported that the overall plan cost per-member per-month (PMPM) growth rate is 9.7 percent, which includes eight percent medical costs and 12.2 percent pharmacy costs. Mr. Tester added that specialty pharmacy is responsible for 44 percent of the growth rate.

Mr. Tester reviewed factors that influence trend including inflation, utilization, acuity, demographics, and plan design leverage.

Mr. Mike Madalena, SHP consultant, reviewed extraordinary trend pressures in 2023, including specialty pharmacy expenditure growth, which is at historically high levels, although less than two percent of Plan members are using a specialty drug. Mr. Madalena stated that the trend is equally associated with growth in unit cost and growth in volume. Humira is the single highest cost pharmacy product in the SHP, with spend net of rebates projected at over \$76 million in 2023 for around 1,100 patients.

Mr. Madalena advised that out-of-state utilization is also increasing. Year-to-date in 2023, out-of-state spending is 14.9 percent of the Plan's total.

Mr. Madalena pointed out that Behavioral Health and Substance Use Disorder trends are historically high in absolute and relative terms, and increased utilization and provider shortages are drivers of trend.

Mr. Madalena reported that increased provider participation in the Patient Center Medical Home (PCMH) program has led to trend pressures, and PEBA is in the process of evaluating the effectiveness of the PCMH program.

Mr. Madalena concluded by reviewing higher than expected utilization trends for inpatient and outpatient hospital cost, as well as physician office cost, and added that the SHP team continuously reviews major cost drivers to address growing Plan spend.

V. Tentative 2025 State Health Plan Budget Requirements

Mr. Tester reviewed the 2025 Tentative State Health Plan Budget and Continuation Requirements, and reported that there will be a 9.7 percent total contribution rate increase effective January 1, 2025.

Mr. Tester advised that the 2025 rate increase equals to \$83.38 per subscriber per month, effective January 1, 2025. If the increase is distributed proportionally to the employer and enrollee, the State-appropriated funding for the rate increase would equal \$62.416 million for January-June 2025, and the average enrollee rate increase would be \$14.74 per month. If the increase is provided entirely through the employer, the State-appropriated funding for the rate increase would equal \$75.886 million for January-June 2025.

Chairman Shissias made a motion, which was seconded by Mr. Heisler, and passed unanimously, to recommend that the PEBA Board authorize the Executive Director to submit the proposed preliminary budget requirements for the 2025 State Health Plan in the state budget process, with delegation to adjust those requirements upon the recommendations of Plan's consultants based upon additional claims information received prior to the submission deadline.

VI. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, thanked BlueCross BlueShield, Express Scripts, PEBA's Health Plan Actuary Consultant Mike Madalena, and PEBA staff for their continued efforts to provide an affordable, accessible, health plan to the public employees of South Carolina. Ms. Boykin reminded the Committee that PEBA covers approximately 10 percent of the State's population.

VII. Adjournment

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Chairman Shissias, and approved unanimously, the Committee meeting adjourned at 10:19 a.m.