



Meeting Minutes | Health Care Policy Committee

Wednesday, June 26, 2024 | 9:30 a.m.

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

Minutes Approved October 23, 2024

Board Members Present for All or a Portion of the Meeting: Mr. Steve Heisler, PEBA Board Chairman Joe “Rocky” Pearce, and Committee Chairman Alex Shissias.

Board Members Present for All or a Portion of the Meeting Via Virtual Means: Mr. John Sowards

Others Present for All or a Portion of the Meeting: Peggy Boykin, Phyllis Buie, Amber Carter, Kevin Crosby, Matt Doherty, Justin Ellis, Denise Hunter, Heather Kirby, Jessica Moak, Heather Muller, Jacalin Shealy, Laura Smoak, Rob Tester, Katie Turner, Travis Turner, Angie Warren, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Jesse Epting, Dr. Tripp Jennings, and Carmen Wilson from BlueCross BlueShield of South Carolina; Robin Scott from Express Scripts, Inc., Dr. David Louder from the Medical University of South Carolina; Mike Madalena and Emily Madalena from Madalena Consulting; and Alex Tomlinson from Mullikin Law Firm.

Others Present for All or a Portion of the Meeting Via Virtual Means: Heather Young from PEBA.

I. Call to Order

Chairman Alex Shissias called the PEBA Health Care Policy Committee (Committee) meeting to order at 9:30 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes – March 6, 2024

Mr. Steve Heisler made a motion, which was seconded by PEBA Board Chairman Rocky Pearce, and passed unanimously, to approve the minutes from the March 6, 2024, Board meeting.

III. 2025 State Health Plan Approval of Benefits and Contributions

Mr. Rob Tester, Insurance Policy Director, advised that State Health Plan (SHP) employer contribution rates for Plan Year 2025 will increase 11.8 percent. Employee contribution rates for participants of the SHP will remain the same as in Plan Year 2024. It was noted that employer rate changes for 2025 conform to the funding in the Annual Appropriations Bill.

Mr. Tester noted SHP program changes that will begin effective January 1, 2025, including two significant changes to the Medicare Part D prescription drug benefit. Mr. Tester stated that the Part D Standard Defined Benefit has been restructured due to the federal Inflation Reduction Act (IRA). Beginning in 2025, a Part D beneficiary will have no out-of-pocket expense for prescriptions

once the member cost share (True Out-of-Pocket or TrOOP), reaches \$2000 for the year. Because of this methodology, PEBA Plan Part D members will pay copays only until the accumulator reaches the \$2000 TrOOP, which is substantially lower than the current \$8000 State Health Plan TrOOP. It is projected that approximately 28,000 Plan Medicare beneficiaries will reach the TrOOP limit next year and achieve zero cost share status. Mr. Tester stated that this change may be a significant cost driver for the Plan.

Secondly, Mr. Tester advised that the Medicare Prescription Payment Plan (M3P) solution becomes effective for 2025, allowing Medicare Part D members the option to pay copays on a monthly installment plan. Mr. Tester stated that because of the Plan's fixed copay structure, it is not expected that many members will take advantage of this benefit, but it must be offered as an alternative. There is an additional administrative fee to be paid to the Plan's pharmacy benefits contractor for each participant in the M3P program. Mr. Tester pointed out that Federal subsidies associated with the group Part D offering, a material revenue source for the Plan, will be affected as part of the program restructuring.

Mr. Tester informed the Committee of additional changes to the Plan for 2025 including the removal of the patient cost share incentive for services obtained at a Patient Centered Medical Home (PCMH) facility, which will save the Plan around \$14 million per year.

Mr. Tester also noted that the application of normal copays to high-cost diabetic supplies such as Continuous Glucose Monitors, Insulin Pumps, and their associated supplies is estimated to save the Plan around \$1.87 million per year in direct expenditure, and potentially more through patient selection of less costly products.

Mr. Tester advised that the GLP-1 (Glucagon-like Peptide 1 agonists) class of medication designed for treatment of type 2 diabetes, continues to be a major cost driver in the State Health Plan. Widespread misuse facilitated by social media promotion of GLP-1s has led to increased use for weight loss. In the future, GLP-1 medications will be limited to a 30-day supply and will require prior approval, thus reducing waste and the potential for misuse of the medication.

Mr. Tester reported that it is recommended to add coverage for Bone-Anchored Hearing Aids (BAHA) for persons aged 18 and under with hearing loss resulting from a congenital or surgically induced malformation of the external ear canal or middle ear. BAHAs are used for a different type of hearing loss than a cochlear implant. It was noted that there will be a relatively small fiscal impact to add this coverage to the Plan.

Mr. Tester also stated that biofeedback for treatment of fecal incontinence and constipation will be removed as a Plan exclusion, and coverage under the narrow provisions of the Plan administrator's medical policy will be approved. It is noted that the financial impact will be negligible.

Mr. John Sowards made a motion, which was seconded by Mr. Heisler, and passed unanimously, to recommend that the PEBA Board approve the State Health Plan Benefits and Contributions for Plan Year 2025 as presented.

IV. MUSC Plan Update

In this annual review of the Medical University of South Carolina (MUSC) Health Plan, Mr. Tester discussed the latest financial performance, and stated that the 2023 financial performance for the MUSC Health Plan shows a 2.5-point delta in the risk adjusted total loss ratio between the MUSC Health Plan and the State Health Plan.

Dr. Dave Louder, Executive Director of the MUSC Health Alliance, presented the Plan's 2023 quality metrics, addressed performance opportunities, and discussed the overall status of the MUSC plan.

Dr. Louder stated that MUSC is partnering with the State Health Plan, Medicare, and Commercial BlueCross BlueShield to deliver high-quality cancer care across the state by providing their Enhancing Oncology Model which delivers 24/7 access, patient navigation, clinical guidelines, and national best practices. Dr. Louder reported that there are currently 45 patients from the SHP in the enhanced oncology program.

Dr. Louder reviewed the growth of the MUSC Health Plan and discussed how MUSC Health will address the impact of Social Determinants of Health by identifying an individual's health and well-being which includes housing, food, transportation, and financial obligations. MUSC Community Health Workers can connect individuals with specific needs to community resources that can help address their needs.

V. The Relative Risk of Obesity and the Economy of Weight Loss Interventions

Dr. Tripp Jennings of BlueCross BlueShield of South Carolina, and PEBA consultant Mr. Mike Madalena, addressed the prevalence of obesity in our state and nation, and discussed qualitative and economic considerations relating to well-known obesity-counteracting strategies.

Dr. Jennings reported that 66.7 percent of adults in the United States are overweight, including 23.1 percent of those struggling with obesity. 39.7 percent of non-Medicare State Health Plan members are considered obese, with 9.1 percent having severe obesity. Obesity is linked to higher risk for many diseases, which leads to a higher health care spend.

Mr. Madalena reviewed the challenges of pharmacological treatment, including the lack of clear, sustainable health benefits, lack of clear immediate cost-effectiveness, and economic viability.

Mr. Madalena also discussed the many components to the cost of bariatric surgery including the median cost of the bariatric surgery itself, any necessary revisional surgeries due to weight loss failure or complications, and two years of claims associated with the surgery. Mr. Madalena reported that one percent of eligible patients (BMI over 30) ultimately obtain the surgery.

Dr. Jennings reviewed services included in the State Health Plan for behavioral treatment to address obesity including two digital platforms: My Health Planner and Strive (formerly Rally); Wondr Health, a weight management program that started in September 2018; and Virta, a diabetes reversal program that began in March 2023.

Mr. Madalena concluded by stating that PEBA must consider the true cost of obesity when deciding coverage for various treatments, specifically noting that both GLP-1s and bariatric

surgery do not yield a positive return-on-investment and outweigh the cost of obesity. It was noted that behavioral programs are available to members and are a minimal expense.

VI. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, stated that there are a lot of advertisements regarding the use of GLP-1s for weight loss, yet it is not a cost-effective solution. Ms. Boykin reminded the Committee that PEBA's role is to provide an affordable, accessible plan for members that conforms to the funding that the state provides.

VII. Adjournment

There being no further business, and upon a motion by Mr. Heisler, which was seconded by PEBA Board Chairman Pierce, and approved unanimously, the Committee meeting adjourned at 11:02 a.m.