

## Meeting Minutes | Health Care Policy Committee

Wednesday, July 19, 2017 | 2:00 p.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes approved September 21, 2017

**Board Members Present:** Mr. Frank Fusco, Mr. Steve Heisler, Mr. Joe “Rocky” Pearce, Chairman, Mr. Audie Penn, and Mr. David Tigges

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Phyllis Buie, Jennifer Dolder, Amber Carter, Sarah Corbett, Georgia Gillens, Denise Hunter, James Manning, Heather Muller, Thomas Orton, Jacalin Shealy, Laura Smoak, Rob Tester, Travis Turner, Stephen Van Camp, Justin Werner, Chuck Wilson, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Erin Braun from the South Carolina Office of the State Treasurer; Sam Griswold and Wayne Pruitt from the State Retirees Association of South Carolina; Carlton Washington from the South Carolina State Employees Association; Matt Bartels, Rene’ Frick, Brooks Goodman, Dr. Will Harms, Gerald Isreal, Matt Shaffer, and Dr. Shawn Stinson from Blue Cross Blue Shield of South Carolina; Tricia Pool, Karen Russell, Robin Scott, and Traci Young from Express Scripts, Inc.; Dr. David Louder and Dr. Mark Lyles from The Medical University of South Carolina; Michael Craig, Tammy Kell, and Kipper Linville from Novo Nordisk, Inc.; Herman Demmick from Novartis; Andy Madalena, Mike Madalena, and Eric St. Pierre from Gabriel, Roeder, Smith & Company; and Will Kinney from Milliken Law Firm.

### I. Call to Order

Chairman Rocky Pearce called the PEBA Health Care Policy Committee (Committee) meeting to order at 2:02 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act. Chairman Pearce welcomed Mr. David Tigges to the Health Care Policy Committee.

### II. Approval of Meeting Minutes – June 15, 2017

Mr. Audie Penn made a motion, which was seconded by Mr. Frank Fusco, and approved unanimously, to approve the June 15, 2017, Committee meeting minutes.

### III. 2018 State Health Plan Approval of Benefits and Contributions

Mr. Rob Tester, Insurance Policy Director, stated that the employer contribution rate for the State Health Plan will increase 3.3 percent, while employee rates remain the same. Mr. Tester also noted that the benefit structure for the State Health Plan will remain the same for 2018.

Mr. Tester pointed out that the rising cost of specialty pharmacy is the greatest cost challenge facing the health insurance industry today. Specialty expenditure per member through pharmacy increased 22.4 percent in the first quarter of 2017 over the same period a year ago, which is consistent with the increase of prior recent years. Two changes were presented to address specialty pharmacy challenges in the Plan:

- A. Installing a custom exclusive specialty network for specialty medications dispensed through the pharmacy program for the commercial (non-Medicare) membership. This initiative is proposed to assure consistency in the quality of patient care involving specialty medications, and to provide the opportunity to address the rapidly escalating costs associated with specialty pharmacy. Ms. Tricia Pool, Senior Director for Specialty Solutions at Express Scripts Inc., presented slides associated with the proposal and added that better adherence, therapy management, and improved pricing should save the Plan an estimated \$6.7 million annually.
- B. Requiring that specialty drugs administered in a medical setting, and processed by Blue Cross receive prior authorization. Utilization management rules will ensure that therapy is clinically appropriate, and that products are utilized to obtain the best outcome and lowest cost. Mr. Gerald Isreal of Blue Cross addressed questions pertaining to this proposal, which is estimated to achieve net savings of approximately \$3.6 million annually.

Mr. Tester also reviewed enrollment changes effective January 1, 2018, related to a subscriber's former spouse. Mr. Tester advised that Proviso 108.11 of the fiscal 2018 Appropriations Act, states that former spouses will continue to be eligible for coverage only under the terms of a court order, but will have their own individual policies going forward. There will no longer be an employer contribution applied to the former spouse's coverage, with the member obligated to pay the entire rate.

Following further discussion, Mr. David Tigges made a motion, which was seconded by Mr. Fusco, and approved unanimously, to recommend that the PEBA Board approve the 2018 State Health Plan as described by the document entitled Proposed State Health Plan Program Changes effective January 1, 2018.

#### **IV. MUSC Plan Review**

In this annual review of the Medical University of South Carolina (MUSC) Health Plan, Mr. Tester discussed the latest financial performance, while Dr. Dave Louder, Executive Director of the MUSC Alliance, presented the Plan's quality metrics. Dr. Mark Lyles, Chief Affiliations Officer at MUSC, also participated in the discussion.

#### **V. Pharmacy Updates**

Ms. Karen Russell, Senior Clinical Account Executive, and Ms. Traci Young, Senior Account Executive, from Express Scripts, Inc., presented on two programs upcoming for the Plan. Ms. Russell discussed new clinical rules that will go into effect October 1, 2017, and Ms. Young detailed the new maintenance pharmacy network that becomes effective January 1, 2018.

#### **VI. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, stated that she would provide the Director's Report at the full Board meeting.

#### **VII. Adjournment**

There being no further business, and upon motion by Mr. Fusco, which was seconded by Mr. Penn, and approved unanimously, the Committee meeting adjourned at 3:20 p.m.