

ST. LOUIS COUNTY  
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, February 21, 2018 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Gordy Halverson, Committee Co-Chair.

|                  |                   |                               |
|------------------|-------------------|-------------------------------|
| Members Present: | Angie Mattsen     | Gordy Halverson               |
|                  | Heather Ninefeldt | Nora Sandstad for Tom Stanley |
|                  | Jim Gottschald    | Alicia Carrillo               |
|                  | Connie Westlund   | Nancy Hints                   |
|                  | Marsha Ness       | Kevin Gray                    |
|                  | Don Dicklich      | Mark Rubin                    |

|                 |              |                 |
|-----------------|--------------|-----------------|
| Others Present: | Jeff Coenen  | Tiffany Kari    |
|                 | Beth Menor   | Sheri Vetscher  |
|                 | Dave Kuschel | Charlie Hopkins |
|                 | Lon Hanson   |                 |

The December minutes were approved by consensus with no requested changes.

## PRESENTATIONS

1. The first item from the agenda was the 2017 Pharmacy Spend Summary presented by Ms. Vetscher of Prime Therapeutics. Ms. Vetscher provided a handout that compared 2017 data to calendar year 2016. She highlighted the following:
  - The 2017 trend was 1.6% but would have been 4.3% if it weren't for the 2.7% decrease in utilization which Ms. Vetscher attributed to members migrating to the Medicare supplement plan. Net trend could be lower but won't be known until all pharmacy rebates have been received.
  - Parkinson's disease had a new specialty medication come to market this year which has not yet affected the plan.
  - Once a health plan hits the generic-use ceiling, little to no further savings can be gained under mix and trend will be negatively impacted by inflation. Some Prime Therapeutic clients have over 90% generic use so the plan still has potential for savings.
  - Specialty trend was 15.6% all coming from utilization.
  - There was a significant decrease in growth hormone cost contributing to the 14.5% reduction in mix.
  - Per member per Month (PMPM) cost was still over \$100, one of the highest in Prime's book of business and attributable to the older membership demographic.
  - Member share continues to decrease which results in higher premiums or lower reserves.
  - The plan has saved \$1 PMPM in January of 2018 under the new Essential Pharmacy Network which excludes CVS.

- Generic utilization was 85.8%, still room for improvement but in line with benchmark populations. Most employers are moving to three or four copay tiers.
- The plan averages 15 scripts/member/year, about 5 scripts higher than Prime's reference population
- Specialty spend was \$38.28 PMPM (a 16% increase) of which \$38.11 is plan paid as members pay \$40 flat copay
- Specialty spend percent went up 5% from 2016 when it accounted for 30.7% of total PMPM to 36.3% of total PMPM in 2017.
- In 2007 member RX contributions accounted for 16.1% of total Rx costs and has been eroding. In 2017 member share accounted for 8.4% of total Rx costs.
- Ms. Vetscher advised plan design changes to help protect the health fund reserves. She suggested either moving to a smaller network, moving to a generic formulary or closing the formulary.
- Despite the 4% increase in Ingredient cost the plan out-performed BlueCross and BlueShield of Minnesota (BCBSM) and Prime Therapeutic's books of business.
- Brand ingredient cost went up almost 20% due to inflation and increase in specialty but still out-performing the benchmarks.
- Ingredient cost has been a positive for the plan but gains were hampered by an eroding member cost share.
- Generic utilization improved by 2.2%.
- 90 Day Rx utilization rate was high at 35-36% but the reductions in member copay exceeded the savings resulting from deeper discounts and waiving of a dispensing fee.
- Formulary adherence was eroding, meaning the plan was earning less in manufacturer rebates.
- Generic discounts would increase with an increase in generic utilization.
- For every 100 members the plan has an additional 23 scripts over the reference population.
- Crestor and Abilify had generics launched in 2017. Viagra will launch generic next but will not have as great an impact on plan savings as Crestor or Abilify.
- Dermatologics, gastro-intestinal and asthma drove Rx trend.
- In anticipation of Advair's patent expiring, the manufacturer increased the price.
- Spend was down for ADHD medications and up for lifestyle medications
- Diabetes was driving spend but not trend.
- Rx spend on lipids decreased by 50% due to the generic release of Crestor
- The plan experienced a spike in specialty spend between 2016 and 2017 resulting in a \$3/month higher PMPM than the reference population in 2017.
- Specialty spend on the medical side decreased due to new oral cancer medications. The decrease on the medical side exceeded the increase on

- the Rx side resulting in an overall 4% decrease in specialty spend.
- Autoimmune spend account for \$21.05 out of the \$38.28 PMPM in 2017; this was an increase of \$6.30 PMPM from 2016.
  - Average ingredient cost for autoimmune was approximately \$6,000 per month.
  - Step therapy and pre-authorization programs were in place for auto-immune diseases.
  - Cancer Rx on medical side decreased substantially.
  - The plan saved over a half of a million dollars through Rx programs in 2017.
  - Diabetes utilization decreased resulting in a reduction of \$0.47 PMPM.
2. The next item from the agenda was the BCBS/Prime Therapeutics Opioid Initiatives also presented by Ms. Vetscher who provided a handout from which she highlighted the following:
- Prime Therapeutics commissioned a public opinion survey from where they discovered that most young peoples' early experiences with opioids were from left over medications in medicine cabinets. There was no safe way to dispose of them. Flushing them down the toilet resulted in contaminated water and fish. Prime and its partner Walgreens began an initiative to have over 1500 of the 11,000 nation-wide Walgreens house safe medication disposal sites. One of these sites was located in the East Duluth Walgreens.
  - Prime created a substance management program that reduced outliers (or at-risk) and emergency room visits. The program called for:
    - A proprietary algorithm to identify those at risk for opioid abuse
    - A pop up warning screen for the pharmacist
    - 85% through current script prior to a refill
    - Physician outreach and member outreach after Prime & BCBS share data
  - Prime had a 16% reduction in opioid claims over the past year and a 71% reduction in members identified as outliers.
  - BCBSM experienced a reduction of 54% in members identified as outliers.
  - Extended release opioids had higher potential for abuse.

## OLD BUSINESS

3. The next item from the agenda was member feedback on Orthodontia Coverage. Union Representatives brought feedback that their members didn't foresee much value in the added coverage when compared with the increase in the premium. The committee agreed by consensus to not pursue orthodontia coverage.
4. The next item from the agenda was to finalize the 2018 Committee Goals. Mr. Gottschald commented that many Minnesota counties were collectively supporting the elimination of the statutory retiree pooling requirement. If

successful, retirees could remain in the health plan but would be pooled separately from active employees for premium purposes. He was doubtful that any legislative action would be taken this year given that it was a bonding year when it is difficult for legislators to get to all of their legislative priorities.

Next the Committee discussed a specific goal related to pharmacy spend. The Committee agreed by consensus to adopt as a goal the following: *Explore Rx copay alternatives with Prime Therapeutics and BCBSM.*

## NEW BUSINESS

5. The next item from the agenda was the flu vaccination report. Ms. Menor reported 866 total onsite vaccinations in 2017. She also reported that there in 2016 there were 890. Of the 866 who participated in the onsite clinics, 674 were employees, 128 were dependents and 54 were retirees. Total cost was \$13,358.84, substantially below the amount approved by the Committee. The charge per dose was \$15.59 or \$16.96 for preservative-free. Mr. Gottschald commended the Public Health department for their help in keeping these costs down.
6. The next item from the agenda was an update on the Affordable Care Act from Ms. Menor. She reported that the legislation passed on January 22<sup>nd</sup>, 2018 to avoid a government shutdown and it included a clause that delayed the effective date of the Cadillac tax from 2018 to 2020.
7. The next item from the agenda was an inquiry brought forward by Mr. Halverson from some of his membership who requested that the health insurance premium be split between two paychecks each month. With significant increases in the last few years to the family premium, some employees reported difficulty in managing their household expenses with such wide-ranging pay amounts. Mr. Gottschald and Mr. Dicklich responded that this is possible. They cautioned that this change could have a significant impact upon employees bank accounts with scheduled auto-payments so the change would need have broad support and be well-vetted to give employees time to prepare. The transition would require one month with a full health insurance premium taken from the first pay of the month and half of a health insurance premium taken from the second paycheck. They asked that the Committee's union representatives bring the requested change to their respective memberships for feedback.

## OTHER BUSINESS

8. The first item under Other Business was an update on the Total Wellness program from Ms. Kari. She reported that the Total Wellness program closed out at 903 participants last year and year-to-date had already surpassed that number with 981 enrollees. She contributed some of that increase to a short

video introducing the program to new hires within their first six months of employment.

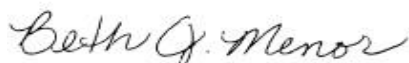
Ms. Kari also announced the annual Community Wellness Day on April 14<sup>th</sup> at the Clyde Iron Heritage Center. The new location was more central than previous locations and organizers were hopeful it would increase traffic plus the new venue had room for more vendors (92+) and included a walking track. There would still be a climbing wall and breakout educational sessions.

Ms. Kari also introduced the Committee to a community-wide initiative she had been involved with around mental illness awareness called Northland Healthy Minds or Make it OK campaign. Health Partners started the campaign where 62 local employers and organizations met monthly, developed a worksite wellness toolkit and hosted a resource laden website. The campaign sought to normalize and create greater awareness around a wide range of mental illnesses. A community kick-off event was scheduled for May at the Norshor theater.

9. The next item under Other Business was an update on the health fund from Mr. Dicklich. He reported that the weekly claims were running 10% above where they were at the same point in the year last year. He committed to bringing details to the next meeting when there has been more time for claims runout.
10. The next item under Other Business was an announcement from Mr. Gottschald that County leadership endorsed a competitive bid for proposals from health plan claims administrators for plan year 2019. He reported that the last time the County went out for bid for its self-insured health plan was in 2012. He added that the bid for proposals would be finalized by May with interviews of finalists held this summer. He welcomed any volunteers from the Committee who were interested in conducting interviews.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor  
Senior Benefits Advisor