ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, October 19, 2016 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Don Dicklich, Committee Co-Chair.

Members Present:	Tom Stanley	Angie Mattson	Gordy Halverson
	Mark Rubin	Jim Gottschald	Heather Ninefeldt
	Nancy Hintsa	Lori Ulvi	Connie Westlund
	Don Dicklich	Bill Evans	
	Marsha Callahan-Ness		
Others Present:	Jeff Coenen	Tiffany Kari	
	Beth Menor	Charlie Hopkins	
	Kay Lokken	Sheri Vetscher	

The September 2016 minutes were approved by consensus.

PRESENTATIONS

1. The first item from the agenda was a pharmacy update by Ms. Vetscher with Prime Therapeutics. Ms. Vetscher provided a written report comparing second quarter of 2016 (YTD) to second quarter 2015 (YTD). She noted the following from her report:

    - There was a 3.1% drop in utilization.
    - There was a 3.9% increase in the unit cost of drugs.
    - There was a 7.5% decrease in high cost versus low cost drugs. Ms. Vetscher credited this movement to the pharmacy (Rx) changes adopted effective January 1, 2016.
    - There was a 7.1% decrease in the total cost per member per month (PMPM).
    - The St. Louis County health plan still had the highest PMPM of any of Ms. Vetscher's clients and remained among the top within Prime Therapeutic's book of business.
    - Specialty drug trend was down 9.2%, mostly from utilization and likely from three patients who completed their Hepatitis C treatments.
    - Non-specialty drug trend was down 6.2% primarily from the Rx benefit design changes and the new generic for Crestor.
    - New cases of specialty drug spend were for the treatment of cancer and pulmonary hypertension.
    - Member contributions were low at 8.8%, down from 9.1% in the prior period.
    - Member cost erosion shifted costs to the plan of approximately $125,000 over the past year.
    - New, more expensive, Diabetes medications have come onto the market which have raised (not lowered as it would in a free market) the price of

existing Diabetes medications resulting in a 19.6% increase in ingredient cost which has overshadowed the 1.7% decrease in utilization.

- The pre-authorization requirement (viral load level) for Hepatitis C has been eliminated due to legal action so expect more Hepatitis C cases.
- Lots of consolidation in the industry which translates to higher costs.
- Target/CVS has surpassed Walgreens as the most expensive pharmacy.
- Available cost-saving plan design changes include: 1) Performance Network E which cuts pharmacies from about 60,000 to 30,000 nationwide, 2) Combining GenRx and FlexRx formularies and 3) adding copay tiers to the health plan design.
- Ms. Vetscher recommended a copay structure based on a percentage with a minimum and a maximum.
- Mr. Hopkins added that most public sector health plans in Minnesota don't have copays, instead drugs go directly to deductible.

OLD BUSINESS

2. The next item from the agenda was action on flu vaccination clinic funding. The Committee agreed by consensus to approve up to $35,000 for worksite flu clinics.

3. The next item from the agenda was an update on the Committee's Advance Care Planning (ACP) initiative. Ms. Menor reported that she and Ms. Kari recently taught two Advance Care Planning classes offered through the St. Louis County quarterly training catalog. There were 28 attendees of whom 86% said they had increased knowledge of ACP upon completion of the class; 75% said they put greater importance on ACP and 57% said they were more likely to complete an advanced care directive. The ACP class was scheduled to be offered again on November 14th as part of a Thanksgiving-themed ACP promotion. Participation in any ACP class or activity would translate to points on members' Total Wellness tracking cards.

4. The next item from the agenda was the tiering tutorial demo. The Committee watched the tiering tutorial video. Ms. Menor reported that the video, prepared with the help of Juli Lattner, would be posted on the Benefits page of the St. Louis County website and the link would be e-mailed to all employee and retiree email addresses. In addition, an article inviting readers to the tiering tutorial video would be appearing in the next issue of the Health Counts newsletter sent to the home addresses of all health plan members.

NEW BUSINESS

5. The next item from the agenda was the financial report from the Auditor. The latest projection was almost $300,000 more favorable than the September report. The updated year-end balance was $3,758,302, a $6.7 million dollar loss from the start of the year.

6. The next item from the agenda was the claims drivers report. Ms. Menor provided the report and noted there wasn't much change since the September report other than breast cancer taking over as the top primary diagnosis by spend among high cases. Ms. Menor also provided a report of all high cases (over $75,000). The report contained 36 cases, 4 of which were breast cancer. The highest case, a fracture, had reached $663,991. Ms. Menor reported it was a family contract which had exceeded $671,000. She noted that it was nearing the current stop loss threshold of $750,000. The Committee requested the high case report be brought on a quarterly basis going forward. Lastly, Ms. Menor provided a report of the top 50 CPT codes by spend. She brought this report to point out that approximately three-quarters-of-a-million dollars worth of prescription drugs were being administered in doctors' offices and billed under professional services rather than under pharmacy spend. This was noteworthy and significant considering the plan's total pharmacy spend was less than $3 million per year in the recent past.

   Ms. Vetscher pointed out $89,326 on the CPT code report was reported under "J9271 – Unmapped Code" which is a catch-all category for a medication that hasn't been assigned a national billing code.

   Ms. Vetscher relayed to the Committee some of the strategies used by the pharmaceutical industry that keep plan costs high:
   1. Evergreening refers to making slight changes to the chemical formulation of a medication such that it is successful in gaining a new patent or extending its existing patent and therefore delaying the release of a generic option.
   2. Buying out generic drug manufacturers and increasing the cost of generic medications as much as 10,000 percent.
   3. Raising prices of existing medications when a new medication comes to market to make up for lost market share.
   4. Encouraging physicians to use existing medications for unapproved medical conditions.
   5. Investing heavily in lobbying activities/efforts.

OTHER BUSINESS

7. The first item under Other Business was brought up by Mr. Stanley regarding facilities and providers who may have different tier assignments. Ms. Menor reported that she was informed by BlueCross BlueShield that if a member is

billed for a tier 2 provider at a tier 1 facility who was not his/her primary provider (e.g. outsourced laboratory) the member is encouraged to contact a client advocate at BlueCross to have their claim adjusted. BlueCross staff assured Ms. Menor that while this can happen it doesn't happen often.

8. The next item brought up under Other Business was the balance of the wellness grant. Mr. Gottschald shared that the only debit from this grant had been the small group fitness reimbursements. He noted that once the grant fund runs out, the default would be for reimbursements to come directly from the health fund and that the Committee would need to take action to abolish the program and inform the participants if this was the chosen course of action. Discussion points included:
    - The program benefits a small group of people.
    - The program is open to everyone.
    - The pilot program is proof of the program's success.
    - There are more alternate programs available now than there were at the time this program was initiated.
    - There was a cost to the member so engagement was high.
    - Some have used this program as a bridge to working out on their own.
    - Working out in small groups provides accountability so engagement was high.

    The Committee took no action.

9. The next item under Other Business was brought up by Mr. Stanley regarding differing premiums between smokers and nonsmokers and if this practice was common in the BCBSM market. Mr. Hopkins shared that BCBSM only offered the premium differential in its small group market and that he knew of only one large group who ran into legal concerns and was ending their tobacco differential.

10. The next item under Other Business was brought up by Mr. Gottschald regarding the plan's stagnant drug copay design that had lagged behind the trends in Rx benefit designs. He encouraged members to go back to their membership to discuss drug copay and pharmacy tiering.

11. The next item under Other Business was brought up by Ms. Lokken regarding the $1,500 dental cap. She expressed concern over the dental cap of $1,500 not keeping up with dental costs and the lack of dentists (or those who accept Delta insurance) in the Cook area. Discussion points included..:
    - Discounted pricing had been negotiated by Delta on our behalf.
    - The cap was increased from $1,000 to $1,500 in 2011.
    - The $1500 cap was reported by Delta as the highest cap in the region.
    - The collective bargaining process was the way in which the 2011 cap increase was accomplished as there is contract language in most labor contracts addressing the dental cap.

With no further business the meeting was adjourned.

Respectfully submitted,

Beth J. Menor
Senior Benefits Advisor