

MISSOURI CONSOLIDATED HEALTH CARE PLAN  
BOARD MEETING  
AUGUST 23, 2018

Attending: Jim McAdams  
Representative Kip Kendrick  
Mark Langworthy (via conference call)  
Director Chlora Lindley-Myers  
Daniel O'Neill  
Senator David Sater (via conference call)  
Representative David Wood

Absent: Linda Luebbering  
Senator John Rizzo  
Viola Schaefer  
Director Randall Williams

Others attending: Judith Muck, Executive Director; Kim Backes, Research Coordinator; Denise Chapel, Director of Vendor Relations; Shelley Farris, Director of Benefit Administration; Stacia Fischer, Chief Financial Officer; Tammy Flaughner, Senior Administrative Specialist; Ryan Hobart, Multimedia Communications Manager; Garry Kornrumpf, Internal Auditor; Jennifer Stilabower, General Counsel; Julie Watson, Chief Population Health Officer; and visitors.

Mr. McAdams called the meeting to order.

There were no public comments.

Representative Wood made a motion to approve the open session minutes of the July 26, 2018, regular MCHCP Board of Trustees meeting. Representative Kendrick seconded. Motion passed unanimously.

Ms. Muck presented the miscellaneous 2019 updates and premiums without contraception coverage.

Ms. Muck began with the miscellaneous 2019 plan updates. These issues were discovered during implementation of the Group Medicare Advantage (MA) Plan with UnitedHealthcare (UHC) and nuances with the Employer Group Waiver Plan (EGWP) Prescription Drug Plan.

The first issue is with the implementation of a specialty copay of \$75, MCHCP learned that the Centers for Medicare and Medicaid Services (CMS) definition of specialty for the EGWP Prescription Drug Plan is very different than

the one used for the commercial side. CMS has a broad definition of specialty that encompasses any drug over \$670. If MCHCP implemented the specialty copay, then those in that plan would pay \$75 on many more drugs than for the commercial plan. It is a very low threshold for that group of drugs. Specialty for the non-Medicare product is defined in the contract as:

Specialty drugs are drugs that meet a minimum of two or more of the following characteristics: (a) produced through DNA technology or biological processes; (b) target chronic or complex disease; (c) route of administration could be inhaled, infused or injected; (d) unique handling, distribution and/or administration requirements; (e) are only available via limited distribution model to Specialty Pharmacy provider(s), per manufacturer requirements; and (f) require a customized medication management program that includes medication use review, patient training, coordination of care and adherence management for successful use such that more frequent monitoring and training may be required.

Our solution so as not to negatively impact our members is to not implement a specialty tier for the EGWP Medicare Prescription Drug Plan.

Secondly, there are a small number of active employees (less than 20) who have Medicare primary coverage due to end-stage renal disease (ESRD) rules. Today they move to the EGWP Plan and receive their Part B drugs through an arrangement MCHCP has with ESI. In the contract with UHC for a Group MA Plan, Part B drugs will be provided through UHC per their contract with CMS. However, the handful of active employees will not move to the Group MA Plan because we do not have a rate that reflects that movement for active employees. ESI cannot provide Part B for only one population per CMS rules. Therefore it makes much more financial sense, for the handful of people not to move to the EGWP Plan and stay in the commercial pharmacy program rather than opening the plan up to financial risk for those retirees who do have access to Part B through UMR.

Thirdly, we have a small subset of less than 50 retirees who have Medicare Part A but have not yet enrolled in Part B. CMS has rules that Medicare eligible individuals must have both Part A and Part B to be enrolled in a MA Plan. So to address the people impacted, we will outreach to them to enroll in Part B, but keep them in the commercial plan until they are successfully enrolled and can be transferred to the MA plan. As always with CMS, their rules do not match up perfectly with our plan year. So to ensure we offer coverage in accordance with statutory requirements, we will keep those retirees in our self-insured plan, coordinate like we do today and then transfer them to MA upon their enrollment into Part B.

Mr. O'Neill made a motion to approve the 2019 miscellaneous updates and plan changes as discussed. Director Lindley-Myers seconded. Motion passed unanimously.

The next issue we have before the board is a correction to the rates approved last month. On page four of eight of the handout provided to the board you will see highlighted rates. These are changes from what was presented last month. The highlighted rate cells for Vested without Medicare and Vested with Medicare for the Health Savings Account plan were too high. Once we brought the issue to the actuary's attention they were able to quickly correct them and that is what MCHCP staff are presenting to the board today.

Finally, we are presenting the board with the 2019 premium equivalent rates for self-insured plans without contraception coverage. There is very little difference between rates with contraception and rates without contraception. The total active member rates vary between \$3 and \$16 depending on the plan type and level of coverage. The member's portion of the premium is for the most part about \$1 dollar less with a few rate cells \$2 dollars less and one rate cell \$3 dollars less.

Mr. O'Neill made a motion to approve the 2019 final premiums as presented. Representative Wood seconded. Motion passed unanimously.

Ms. Muck presented the Pharmacy Benefit Manager (PBM) contract renewal for Express Scripts, Inc. (ESI).

MCHCP brought to the board a recommendation to renew the contract with ESI to administer our self-insured pharmacy benefits. ESI administers our commercial product and our EGWP for Medicare Part D Prescription Drug Coverage. Part of the contract includes an annual market check provision. The market check provision allows MCHCP to negotiate improvement in pricing based on what has been happening in contract negotiations in the marketplace. MCHCP utilizes the services of Willis Towers Watson to conduct the negotiations with ESI.

Ms. Muck shared the results of the market check for the 2019 contract period. The board was provided with the background and assumptions utilized for the market check. Ms. Muck did not review each item, however she noted that ESI provided pricing guarantees for 2019 through 2021. Willis Towers Watson used utilization data from calendar year 2017 to project savings. ESI provided their best and final offer (BAFO) on July 30.

Ms. Muck reviewed the results of the offer and the resulting BAFO results split between year one savings and savings of the three years combined in total. She then reviewed the combined results of both commercial and EGWP. ESI

initially offered improvements that resulted in a first year savings of 3.3 percent and total combined three year savings of 3.9 percent.

After the BAFO, ESI offered an additional 1.4 percent savings for a total of 4.7 percent and a combined three year savings of 4.8 percent. Year one, is projected to realize an \$8.7 million reduction in cost and a combined \$23.4 million over the 3-year period. These results are gross savings (plan plus member out-of-pocket) spend. She then turned to the savings broken up between the plan savings and member savings as a result of the negotiations between ESI and MCHCP.

Again, she focused attention to the last section that combine the results of the commercial population and the EGWP population. In year one, member costs are going down by 2.6 percent or \$608,000 in their out-of-pocket experience, and the plan cost is going down by 5 percent or \$8.1 million. Over the three years, member cost will go down by 2.1 percent or \$1.5 million and the plan costs go down by 5.1 percent or approximately \$26.8 million.

In general, the improvements came from more aggressive generic and specialty pharmacy discount guarantees and brand and specialty rebate guarantees from ESI. The administrative fees charged by ESI did not change from 2018.

Following a brief discussion, Representative Wood made a motion to approve the contract renewal for Express Scripts, Inc. as presented. Representative Kendrick seconded. Motion passed unanimously.

Representative Wood made a motion to adjourn. Mr. O'Neill seconded. Motion passed unanimously. Meeting adjourned.