

**Employee Well-being and Satisfaction Committee Meeting
August 4, 2015**

Ted Pafundi provided updated information on pharmaceuticals based on the last meeting of EWBS to include claims data for the first six months, what is going on in industry, and prescription benchmarking data based on national survey information.

In the past, we talked about pharmacies, in particular, latest information from Humana. The overall spend is about 20 percent for 6 month data. In both public and private industry, specialty drug costs are exceeding the trend between the mid-teens to 25 percent. Specialty drug spend is greater than other scripts.

Pharmacy costs up 20 percent, but the members' use of the plan down 3 percent. What is the pipeline of the new drugs – these will tend to be a higher cost. Some are coming off patent. It takes a while for the pharmaceutical companies to bring the cost down once it comes off patent. It will not go from \$3,000 to \$300 in a couple of months.

6-month data shows a decrease in number of scripts, but cost has gone up – members are taking more expensive scripts. Generic drugs may go off patent, but the price may not be significantly reduced.

Humana's reporting data (Page 4) sites Specialty medications cost for PCS has increased by 46 percent. Specialty scripts currently make up 1.5 percent of all scripts filled for PCS, but represents 60 percent of cost.

Reviewed (Page 5) the top 25 Specialty Drugs by cost.

Pipeline Tracker – Specialty drugs coming to market – moving from specialty to brand or brand to generic.

Formulary management is important – physicians and pharmacists can review the drugs to determine the preferred drugs to recommend first before a non-preferred drug.

Reviewed the member impact from going from Rx3 to 2016 Rx4. Currently Rx3 claim count is 113,435 for period 1/1/15 – 6/30/15.

Claim distribution table;

| Current Level | 1 | 2 | 3 | 4 | 5 |
|---------------|--------|--------|--------|-------|---------|
| 1 | 56,738 | 32,625 | 7,244 | 325 | 98,932 |
| 2 | 1,127 | 5939 | 966 | 7 | 8039 |
| 3 | 10 | 1028 | 3362 | 2064 | 6464 |
| TOTAL | 59,875 | 39,592 | 11,572 | 2,396 | 113,435 |

Recommendation of Rx4 to reduce overall plan increases. However, eliminate the Rx deductible for Tier 2 – those currently on Tier 2 would only pay the co-pay.

Reviewed the three renewal options with different copays for Rx and additional plan design changes with Staff HMO, NPOS deductible, and Out of Pocket Maximum increases.

Option 1 7.54% renewal \$20/\$55/\$95/\$110 (\$250 Tier 4)

Option 2 7.28% renewal \$20/\$50/\$75/\$125 (\$250 Tier 3 & 4)

Option 3 6.45% renewal \$20/\$50/\$90/\$120 (\$250 Tier 3 & 4)

Additional comments and discussions:

There are many drugs that can do the same thing at a different price.

Most of Humana's doctors are familiar with the different drugs – but the doctors may not know each of the plan's formulary. How is Humana going to notify the members of the cost of the drugs?

Humana's website has a listing of drugs and costs, but the member has to be responsible for their knowledge. There will be an outreach to those employees who will be impacted and moved to higher tiers to ensure that they have time to get with their doctors. Rx4 drugs are listed on the Humana website. Drug list change will not be out until about late October once they have the updated information.

Suggested looking at preferred pharmacy. What kind of saving would that generate? Then look at dropping the 50/90 copays. It allows Humana more negotiating to provide the drugs from the pharmaceutical vendors.

There are also opportunities for members to get assistance for drugs.

Motion made to accept Option 3 – seconded.

Unions went to caucus.

Upon return, Beth Primo asked about out-of-pocket maximum – does that include scripts? Max is \$6250/\$12,500 same as today.

The recommendation of Rx 4 is to reduce the renewal and have plan costs lowered. Rx4 is not based upon/generic/formulary/non-formulary instead it is based upon cost.

How many people meet the out of pocket max for year? 23% of employees had no claims – end of year about 13%.

75% of employees spent less than \$2,500 combined – medical and pharmacy – not including premiums.

How many have met the out of pocket? Humana will get the information.

Currently out of pocket maximum is \$3500/\$7000 (there is a typo on form provided).

What we're trying to do is get us at a specific plan design. Recommendation is Option 3 with a caveat of a preferred pharmacy.

Beth Primo – if my prescriptions are currently less than the \$20 co-pay now, how will that change with the new plan? You would still pay less than \$20.

Unions requested that the district look at more information to lower the co-pay, but leaning toward Rx4.

Option 1 was 6.5 – took \$250 off Option 3.

Option 1 gives the committee what was asked for, but with copays.

If Option 3 is chosen then we go back to Humana for payroll models. Option 3 (6.45%) plan design voted on. Suggestion to bring back the formulary in two weeks.