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MINUTES

Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
October 6, 2016 – 1:30 p.m.
Rice Conference Room, Health Department

Approved 11-3-2016

Present:

Municipal Representatives: 8 members

Judy Drake, Town of Ithaca and Board of Directors Chair; Charmagne Rungay, Town of Lansing; Eric Snow, Town of Virgil; Michael Murphy, Village of Dryden; Joan Mangione, Village of Cayuga Heights; Carissa Parlato, Town of Ulysses (arrived at 1:37 p.m.); Jennifer Case, Town of Dryden; arrived at 1:37 p.m.); Schelley Michell Nunn, City of Ithaca (arrived at 1:32 p.m.)

Municipal Representative via Proxy: 3

Tom Brown, Town of Truxton (Proxy – Eric Snow); Laura Shawley, Town of Danby (Proxy – Judy Drake); Betty Conger, Village of Groton (Proxy – Chamagne Rungay)

Union Representatives: 6 members

Phil VanWormer, City of Ithaca Admin. Unit; Olivia Hersey, TC3 Professional Admin. Assoc. Unit; James Bower, Bolton Point-UAW Local 2300; Doug Perine, Tompkins County White Collar President; Tim Arnold, Town of Dryden DPW; David Flaten, TC3 Faculty Association

Union Representatives via Proxy: 4

Teresa Viza, TC Library Staff Ujnit (Proxy – Phil VanWormer); Kate DeVoe, TC Library Professional Staff Unit (Proxy – Phil VanWormer); Tim Farrell, City of Ithaca DPW (Proxy – Phil VanWormer); (Proxy – Phil VanWormer); Jon Munson, Town of Ithaca Teamsters (Proxy – Jim Bower)

Others in attendance:

Don Barber, Executive Director; Meghan Feeley, Michael Larca, ProAct; Ted Schiele, Chair, Owing Your Own Health Committee; Beth Miller, Excellus; Sharon Dovi, TC3; Joe Scotti, CanaRx; Bud Shattuck, Village of Union Springs

Call to Order

Mr. VanWormer, Chair, called the meeting to order at 1:34 p.m.

Changes to the Agenda

There were no changes to the agenda.

Chair's Report

Mr. VanWormer had no report. He welcomed Bud Shattuck, Mayor of the Village of Union Springs. The Village was accepted by the Board of Directors into the Consortium effective January 1, 2017.

Approval of Minutes of September 1, 2016

It was MOVED by Ms. Hersey, seconded by Mr. Murphy, and unanimously adopted by voice vote by members present, to approve the minutes of September 1, 2016 as submitted. MINUTES APPROVED.

Board of Directors Report

Ms. Drake, Chair, reported the Board met on September 22nd and at that meeting adopted a new Logo for the Consortium. The Nominating Committee will be working on bringing forward nominations for the positions of Consortium Chair, Vice Chair, and Secretary addition to filling vacancies on committees. The Board approved membership into the Consortium for the following municipalities: Towns of Moravia, Scipio, Cincinnatus, Springport, and Preble, and the Village of Union Springs. Ms. Drake reported the Board adopted the 2017 budget that included rates for the Metal Level Plans and a 5% premium rate increase. She provided an update on the contract for a Prescription Drug Manager and said this item was deferred to the November Board meeting to allow the Review Committee time to do its due diligence in reviewing the top two proposals. Mr. Barber said these additional municipal members will trigger an additional at-large labor representative seat on the Board of Directors.

Ms. Case and Ms. Parlato arrived at this time.

Executive Director's Report

Mr. Barber reported the Audit and Finance Committee has continued to work on the budget and also Stop Loss retention as the rates are continuing to rise. A number of options dealing with managing prescription drug costs were discussed at the last meeting as well and those discussions will continue. He reported on the Department of Financial Services audit that is underway and said the Department has asked the Consortium to amend its Municipal Cooperative Agreement which requires the Agreement to be approved by each municipality each time an additional municipality joins the Consortium. The Consortium's attorney is drafting a letter to the State in response to this. Two additional municipalities considering participation in the Consortium are the Towns of Hector and Aurelius.

Ms. Michell-Nun arrived at this time.

CanaRx

Mr. VanWormer introduced Joe Scotti from CanaRx. He explained CanaRx is a privately-held international prescription drug provider from Ontario, Canada that has been in existence for 15 years. They offer a voluntary wrap-around prescription drug benefit and are currently being used by the County and Tompkins Cortland Community College. Mr. Scotti said CanaRx offers a voluntary benefit that wraps around the pharmacy benefit for brand-name medications only through the mail. They do not offer generics, narcotics, anything that is temperature sensitive, and no medications that could be made into something else. The incentive to use this program is that it includes a zero copay. They are able to offer this because their pharmacies are located only in Tier I countries (Canada, United Kingdom, Australia, and New Zealand). In order to have a Tier designation those locations have to deliver goods and services that are as good, or better than those coming from the United States.

Mr. Scotti explained that in the 1990's companies moved overseas and created manufacturing points; the drugs dispensed through the CanaRx all go from the same manufacturing point as other pharmacies in the United States use. They only do brand name medications because it is easier to trace those medications. They have developed a formulary for Tompkins County, through its partnership with ProAct, that can be provided to members at a zero copay and provide a savings to the health plan for an average of 65% less than what would be paid for the drugs obtained from pharmacies in the United States.

Mr. Scotti explained the process and how members can enroll into the program and said in addition to members completing an enrollment form a prescription must be sent to CanaRx for a 90-day supply and three refills. Members enrolling the program must also have been on the medication successfully for 30 days prior and must also comply with all of the rules of their health plan. There is no open enrollment period; members may enroll and have prescriptions filled at any time throughout the year. The website, CRXmeds.com, provides information for members on the program.

Mr. Scotti addressed the issue of e-prescribing and said in March there was a mandate issued that stated that all physicians must e-prescribe prescriptions to pharmacies for fulfillment. Although it is true there are exclusions to the rule of which one applies to CanaRx whereby if a pharmacy is located outside of New York the mandate doesn't apply and the physician can still mail or fax a prescription. He said CanaRx only accepts prescriptions they receive by mail or fax and noted that a lot of physicians do not know of the exclusions to this mandate, however, CanaRx is always willing to contact the physician's office.

Ms. Hersey described her past experience using CanaRx and said it was positive and she particularly liked the way medications were packaged. Mr. Scotti explained that medications are dispensed in blister packs which is the actual packaging used by the manufacturer and involves no pill-counting.

Mr. Schiele said in discussions that took place at another Consortium there were questions that came up regarding the legality of CanaRx and asked Mr. Scotti to speak to this. Mr. Scott responded that the first group CanaRx used in the United States was Springfield, Massachusetts. The program is based on FDA (Federal Drug Administration) language that an individual can import up to a 90-day supply of medication for their own personal use. If one were to Google the company they would find communications between CanaRx and the FDA and conversations that took place in 2003. The FDA first stated that medications could not be imported because they were not the same medications and they weren't convinced they were safe. The FDA also had language that stated if someone has an illness and a medication is not available in the United States that individual can go elsewhere to get the medication. The CanaRx attorney responded that if the FDA was stating the medications were not the same but allowing an individual to go elsewhere to get them that there should be no problem. No response was received since that time from the FDA.

Another situation occurred with the State of Maine that decided to implement and international drug program and CanaRx won the bid. CanaRx built the State of Maine a program and after six months the State discovered there is a pharmacy board that exists within the State that had the rights to investigate any medication being dispensed to any resident of the State of Maine. They could not inspect the CanaRx pharmacies because of their location and tried to shut the program down. The Governor and Attorney General wanted to save the program due to the savings and asked that CanaRx help to re-write the legislation to allow the program to continue to exist in the State. He said because CanaRx is a Canadian company it

didn't think it would look good to help with this and the programs were ultimately shut down. There are still lawsuits going on between the State and Pharmacy Board but after new legislation the State of Maine now looks like the other states and CanaRx, although it doesn't have the State, has clients throughout the State of Maine.

Mr. Barber asked if there is a regulatory authority in Canada that CanaRx reports to. Mr. Scotti said they have had some communication with Health Canada. However, because CanaRx is not a pharmacy but works as an agent to find someone a pharmacy where they can get the best prices for their medication, they were informed they could not have a pharmacist on staff because that would define them as a pharmacy. They do, however, have pharmacy technicians on staff that verify every order and provides patients with a contact number to reach a pharmacist at any time.

In response to concerns relating to liability Mr. Scotti said CanaRx is an insured prescription provider that has product and professional liability coverage and would add the Consortium to that coverage at no cost. There is also hold harmless language in the contract for all of the members and fiduciaries at no cost.

Other Options to Lower Prescription Costs

Mr. Barber said the Audit and Finance Committee has discussed with ProAct other options that are available to manage prescription drug costs and one of them is an Exclusive Formulary. This is an arrangement ProAct makes and when there is a drug needed there would be an exclusive drug that is purchased. What this does is eliminate competing drugs and provides a plan with higher rebates. Ms. Feeley said the program is entitled the Premium PPL and excludes medications (mostly brand name) from the formulary.

Another option discussed was the creation of a fourth drug tier for specialty medications to address skyrocketing specialty drug costs, such as creating a fourth tier with a 20% copay for those drugs. Ms. Feeley said Noble Pharmacy, ProActs, Specialty Pharmacy, has a team that works with members to find copay assistance for these drugs to avoid members having copays that could be significantly high.

Ms. Hersey called attention to the information provided and a reference to a maximum amount of copay assistance being available and questioned if a member would be responsible for any amount over the maximum allowed. She expressed concern that members would not be able to afford the medication after reaching the maximum copay assistance and then could not afford the medication they need. Following discussion and a lack of clarity on how the maximum copay benefit would work Ms. Feeley and Mr. Larca were asked to look into this further and provide more information at a subsequent meeting.

It was explained that for many of these high cost medications they are in Tier 3 for which many members pay a copay of \$70; however, the cost of the drugs are significantly more and the remaining portion of the cost falls back to the Consortium. This proposal would increase the member's responsibility; however, with the copay assistance available in many cases the member's share could be as low as \$5. Mr. Barber explained this is one of the strategies that is being considered that would not impact the quality of a medication and could address large premium rate increases in the future.

Mr. Larca said from January 2016 to June 2016 the Plan spent \$1.7 million on specialty medications and members paid only \$9,000. If the Consortium went to a 20% shift it would essentially go into a copay assistance program.

Ms. Case referred to a reference that 30% of the drugs have no copay assistance available; therefore, a member would be responsible for paying the full 20% of the prescription cost which could be hundreds of dollars. Mr. Larca responded and said a cap on what a member would be responsible to pay could be placed on the 20%.

Ms. Hersey expressed concern as a labor representative about anyone having an astronomical increase in their medications. She spoke of the need for further discussion to find a way to balance costs and affordability of medications for members. She would like to know how many members have more than one specialty medication they receive on a monthly basis. Mr. Scotti noted that some specialty medications are on the CanaRx formulary and a member would have a zero copay.

Ms. Nunn said she would like the conversation to include information on what the impact would be of doing this for the premium equivalent rates. There was also a request to see what other options/savings for other copay levels. Mr. Scotti offered to work with ProAct to develop further information for the Committee to consider.

Ms. Drake said a look is being taken at other options that can be added to the Consortium's prescription plan menu and nothing would happen until a municipality contracts for it. If a municipality was looking at this fourth tier that is something that would happen through negotiations; however, savings cannot be achieved in the long-term for the Consortium until some of these programs are explored.

Mr. Scotti referred back to the CanaRx program and spoke of the Schenectadymeds program. They instituted an incentive to encourage members to utilize drugs on the CanaRx formulary before going through their ProAct prescription plan in which the copay is higher when not using CanaRx if a drug is available on its formulary. He also said CSEA is greatly supportive of CanaRx and offered to provide documentation attesting to this. Columbia County also experienced a zero trend for three years on pharmacy expenses when they moved to CanaRx.

Members commented that there needs to be efforts made to communicate with employees so they understand this. Ms. Nunn said members of the Committee have been hearing about this and have gained an understanding over a long period of time but there continues to be a lot of resistance and concern which is legitimate. She suggested thinking from a strategic standpoint and creating talking points or framing the issue in a way that will allow members to go back to their organizations to talk about this. She said it is pharmaceutical drugs that are driving the insurance increases and this needs to be communicated and understood. Mr. Schiele commented that the number of people who use the specialty medications is very small, therefore, most members do not know about this.

Flu Clinic Update

Ms. Feeley reported there were 245 vaccinations administered during the flu clinics this year; last year the total was 230.

Next Meeting Agenda Items

The following items were brought forward for the October meeting agenda:

Discussion of appointment process for additional labor representative on the Board of Directors;
Strategies for outreach to employees to ensure they fully understand the CanaRx Program;
Update on Blu4U Program; and
Rebates for specialty drugs and outreach

Adjournment

The meeting adjourned at 2:54 p.m.