



Greater Tompkins County Municipal Health Insurance Consortium

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"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."

MINUTES

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
January 5, 2017, 2016 – 1:30 p.m.
Rice Conference Room, Health Department**

Approved

Present:

Municipal Representatives: 7 members

Judy Drake, Town of Ithaca and Board of Directors Chair; Schelley Michell Nunn, City of Ithaca; Betty Conger, Village of Groton; Eric Snow, Town of Virgil; Bud Shattuck, Village of Union Springs; Laura Shawley, Town of Danby (arrived at 1:31 p.m.); Charmagne Rungay, Town of Lansing

Municipal Representative via Proxy: 2

Tom Brown, Town of Truxton (Proxy – Eric Snow); Jennifer Case, Town of Dryden (Proxy – Judy Drake)

Union Representatives: 8 members

Phil VanWormer, City of Ithaca Admin. Unit; Doug Perine, Tompkins County White Collar President; Jon Munson, Town of Ithaca Teamsters; Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Tim Farrell, City of Ithaca DPW Unit; Tim Arnold, Town of Dryden DPW (arrived at 1:49 p.m.); Jeanne Grace, City of Ithaca Exec Assoc.; David Flaten, TC3 Faculty Association

Union Representatives via Proxy: 2

Teresa Viza, TC Library Staff Unit; Kate Devo, TC Library Professional Staff Unit

Others in attendance:

Don Barber, Executive Director; Steve Locey, Judy Taber, Locey & Cahill; Ted Schiele, Owing Your Own Health Committee

Call to Order

Mr. VanWormer, Chair, called the meeting to order at 1:30 p.m.

Changes to the Agenda

A discussion of whether monthly meetings are needed was added to the agenda.

Approval of Minutes of November 30, 2016

It was MOVED by Ms. Hersey, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the minutes of November 30, 2016 as submitted. MINUTES APPROVED.

Mrs. Shawley arrived at this time.

Chair's Report

Election of Chair and Vice Chair

Mr. VanWormer said the Chair of this Committee should be elected annually. He offered to serve as Chair again or would support nominations for others who may be interested.

It was MOVED by Ms. Hersey, seconded by Ms. Conger, and unanimously adopted by voice vote by members present, to nominate Phil VanWormer to serve as Chair of the Joint Committee on Plan Structure and Design for 2017. MOTION CARRIED.

It was MOVED by Ms. Hersey, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to nominate Laura Shawley to serve as Vice Chair of the Joint Committee on Plan Structure and Design for 2017. MOTION CARRIED.

Discussion of Committee Meeting Schedule

Ms. Hersey said in 2016 the Committee did not meet for a few months and questioned if there is enough business for the Committee to meet each month in 2017. Mr. Barber said one item the Committee will need to discuss is the Tier IV Drug Option and the Committee could assess at the end of each meeting as to whether the next month's meeting is needed. Ms. Michel Nunn said things may arise during the month that needs the Committee's attention and suggested making a decision on whether a meeting is needed during the agenda preparation and if it is not needed a cancellation notice be sent one week prior. Members felt this was a good suggestion.

Report from the Chair of the Board of Directors

Ms. Drake reported at the meeting on November 17th the Board of Directors approved several contracts including extending the contract with Locey & Cahill and awarding the prescription Drug Manager contract. Ms. Michel Nunn questioned if there is a limit to how many municipalities may join the Consortium. Mr. Locey responded that only municipalities located within the six contiguous counties to Tompkins County are eligible but noted there over 100 that may still join. Ms. Drake said the Executive Committee will be discussing this, including how to bring in larger municipalities.

Executive Director Report

Update on Consortium Committees

Mr. Barber reported the Audit and Finance Committee met and discussed several contracts. In January they will be receiving a report from BMI on the medical claims audit as well as looking at the year-end financial report. The Owing Your Own Health Committee has been continuing to discuss CanaRx, the specialty drug co-pay, and other initiatives. Next week a meeting of the Worksite Wellness Coalition will be held; this Coalition is comprised of many businesses and wellness partners throughout the County.

Update on Department of Financial Services Audit

Mr. Barber reported an Exit meeting was held yesterday with Department of Financial Services representatives and the Executive Committee on the draft report that contains 10 recommendations of which one was resolved during the meeting. The last audit contained 16 recommendations. He said many of the recommendations are easy to implement and involve adding specific wording to plan summary documents. He also reported that as a result of the meeting the last audit was able to be closed out.

Ms. Drake noted one recommendation was to provide municipalities with plan documents; however, the Consortium does not have any approved plan documents, with the exception of the

Medicare Supplement plan, that has been approved by the State. Once plans are approved they will be provided to municipalities and they will be responsible for sharing the information with employees.

CanaRx

Mr. Barber reported a webinar was held yesterday to provide information on the program and there were approximately 20 participants. He said the Consortium's legal counsel was asked to provide an opinion on CanaRx and has said that CanaRx has not been approved by the federal government. Mr. Barber said there have been two legal cases in the United States outside of New York State of which both were brought by businesses that felt they were being harmed by CanaRx and its pharmacies. In each case the judges ruled that because the FTC has not signed off that they would side with the plaintiffs and not the defendant. The Consortium's legal counsel further stated that there has been no enforcement by the FTC. Mr. Barber said there are currently 500 plans that are using CanaRx; therefore, if there was enforcement it would have broad implications. The Executive Committee will meet tomorrow and will discuss this. The Board will be having a discussion as well at its meeting later this month.

Appointment of Labor Directors and Alternates to the Board of Directors

Mr. Barber said all labor Directors serving on the Board of Directors must be elected by labor. As the total number of municipalities in the Consortium is now 28 labor is entitled to an additional Director seat on the Board bringing the total number of labor seats on the Board of Directors to five.

Mr. Arnold arrived at this time.

Mr. Barber said the Municipal Cooperative Agreement does not establish a process for selecting additional labor Directors. Mr. Locey spoke of the need to have alternates and suggested creating a pool of alternates that could serve in the absence of a labor Director. He said one of his biggest concerns with the increasing size of the Consortium is the risk of not having a quorum at meetings as this would prevent the Board from conducting business.

Mr. Flaten expressed interest in filling a position of Labor Director or alternate.

Ms. Hersey suggested labor be canvassed to see if there is interest in serving as a Director or as an alternate and said in order to be an effective Director the individual should be knowledgeable of the information that is being discussed. Mr. Locey clarified that there is a requirement for Labor Directors to be members of this Committee. Ms. Drake said she would like to see labor representatives from Cortland become more involved.

A question was raised as to what technical capability is available for members to attend meetings remotely. Ms. Pottorff said currently there is conference call capability; video conferencing is not yet available but is being explored by County ITS staff.

Mr. VanWormer offered to canvas the Committee's membership to see if there is interest in filling the vacant Labor Director seat or being in a pool of alternates.

Premium Impact of Tier 4 for Specialty Drugs

Mr. Locey distributed a memorandum dated January 5, 2017 concerning "Specialty Pharmaceuticals – 4th Tier". He said the Committee began having preliminary discussions about specialty drugs and potentially building a fourth prescription drug tier as another possible drug option offered through the Consortium. The memo explains what options are currently available, what a fourth tier would look like, cost information of specialty drugs, and impacts on premium.

Mr. Locey explained the two plan types that are currently available through the Consortium that are commonly offered throughout New York State: a 2-Tier and a 3-Tier drug benefit program. A 2-Tier prescription drug plan divides covered medications into two categories: generic and brand name medications. A 3-Tier prescription drug plan includes generic drugs which typically have the lowest copay and cost associated with them, Tier 2 are preferred brand name drugs, and Tier 3 are non-preferred brand named drugs. Differences in moving from a 2-Tier to a 3-Tier program are:

- Predominantly all 3-Tier programs have prior authorization whereby a member's physician must receive approval by ProAct before the prescription could be filled.
- Step Therapy requires a member to start with a lower-cost drug and move to another cost drug. New legislation was adopted that changes the rules for step therapy and information will be shared throughout the year as it becomes available.
- Specialty drugs – a member must go through the specialty pharmacy to receive these medications that are designed to treat specific conditions.

Mr. Locey reviewed the impact specialty pharmaceuticals have on the overall plan spend and stated that although they only account for one percent of the total prescriptions they accounted for 28% of the total plan spend for 2015. There were only 785 prescriptions that were filled through the specialty pharmacy out of a total of 76,027 prescriptions that were filled for the Plan in 2015 and the average cost was over \$3,000. He explained the growth in this area and why it has become a big concern and said over the last two years the increase in the average cost of specialty drugs was 27.25%.

One of the goals of adding a fourth drug tier is to change people's buying habits; however, by changing a member's copay to \$200 for example would result in minimal savings (1%). By increasing a copay a goal would be to have members question their physician about the therapies they are on and whether there would be a lower cost alternative that would be as effective. It is not intended to be punitive and in terms of impact on cost there needs to be an impact on utilization with member behavior change including education and dialogue with physicians. He spoke of current trends in the industry and said most municipalities are several years away from where other places are in terms of benefits due to different pay scales and the involvement of collective bargaining. Four-tier drug plans came into existence 5-10 years ago and have been followed by 5- and 6-tier plans as a way to address rising costs.

Mr. Locey said there are some things that ProAct offers that the Consortium may be able to leverage with a fourth tier program that could not only help lower the cost of the program but also insulate the consumer from having a higher cost as well. He reviewed three strategies that are in the process of being developed:

Strategy 1: A fourth tier drug plan that would include a straight copay. The example provided would include a \$200 retail copay and a \$400 mail order (90-day supply) if available. He said it is unclear how a mail order program would work with using the specialty pharmacy and further discussions with ProAct would need to take place. A specific cap would be applied and \$2,500 per year per patient was used as an example. He noted that some employers provide a Health Savings Account.

Strategy 2: This would be the same as Strategy 1 with the exception that instead of a flat dollar copayment amount, the member would be subject to a 20% coinsurance for Tier 4 medications. A cap could also be added to this strategy.

Strategy 3: ProAct has a program whereby they are leveraging a member's coinsurance amount against programs that are offered by the pharmaceutical industry to help people afford these specialty medications. The pharmaceutical manufacturers have set up pools of money to subsidize the out-of-pocket expenses for certain medications. ProAct would contact a manufacturer and would

secure funds to offset a covered member's out-of-pocket cost of the drug. Although a specific co-insurance amount would be stated in a plan document, the Plan would have an agreement with ProAct whereby it would cap the out-of-pocket expense of the member. This strategy would protect a member from having a significant copay while indirectly having the manufacturer's cost lowered.

Mr. Locey said there has always been a lack of information that physicians have available when writing a prescription and it would be better if a physician had access to information about what drugs are available, how effective they are for certain disease classes, and what the cost is for both the plan and member.

Ms. Hersey said she doesn't see a problem in taking advantage of the manufacturer copay assistance; however, many people who take specialty medications do not have alternatives to manage their condition although she believes people need to know what their choices are. Lastly, people need to be able to recognize a skilled doctor and how to make educated decisions about their health and prescriptions.

A question was raised as to how many drugs ProAct would be able to obtain assistance for. Mr. Locey said he is waiting for data from ProAct; however, a previous estimate given was 80%. The member would be protected by the copay amount and the plan would benefit from the amount the Consortium could get back on the drug ingredient cost. He noted if a member did not use ProAct they would be responsible for the copay amount listed in the plan document.

This will continue to be discussed at future meetings.

Next Meeting Agenda

The following items were suggested for inclusion on the next agenda:

Election of a fifth Labor Director and alternates for Labor Directors.

Adjournment

The meeting adjourned at 2:42 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk