



## 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 – APPROVED

#### Greater Tompkins County Municipal Health Insurance Consortium Joint Committee on Plan Structure and Design September 6, 2018 – 1:30 p.m. Rice Conference Room, Health Department

#### ***Present:***

#### ***Municipal Representatives: 11 members***

Eric Snow, Town of Virgil; Jeff Walker, Village of Cayuga Heights; Schelley Michell-Nunn, City of Ithaca; Laura Shawley, Town of Danby; Michael Murphy, Village of Dryden; Sarah Thomas, Tompkins County; Carissa Parlato, Town of Ulysses (excused at 2:48 p.m.); Judy Drake, Town of Ithaca and Board of Directors Chair; Betty Conger, Village of Groton; Bud Shattuck, Village of Union Springs; Charmagne Rumgay, Town of Lansing

#### ***Municipal Representative via Proxy: 2***

Sandy Doty (Proxy – Judy Drake); Tom Brown, Town of Truxton (Proxy – Eric Snow)

#### ***Union Representatives: 6 members***

Tim Farrell, City of Ithaca DPW Unit; Tim Arnold, Town of Dryden DPW Teamsters (excused at 2:51 p.m.); Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Doug Perine, Tompkins County White Collar President; Zack Nelson, Ithaca City Admin. Unit; Jon Munson, Town of Ithaca Teamsters (excused at 2:30 p.m.)

#### **Union Representatives via Proxy: 3**

Jim Bower, Bolton Point Water Unit (Proxy – Olivia Hersey); Theresa Viza, Tompkins County Library Staff Unit (Proxy – Olivia Hersey); Daryl Rutledge, Town of Danby Highway (Proxy – Olivia Hersey)

#### ***Others in attendance:***

Steve Locey, Locey and Cahill; Chris Laverty, ProAct; Sharon Clark, Sundae Earle, TC3 Human Resources

#### **Call to Order**

Ms. Hersey, Chair, called the meeting to order at 1:38 p.m.

#### **Changes to the Agenda**

There were no additions or deletions to the agenda.

#### **Approval of Minutes of June 7, 2018**

It was MOVED by Mrs. Shawley, seconded by Ms. Conger, and unanimously adopted by voice vote by members present, to approve the minutes of the June 7, 2018 meeting as submitted.  
MINUTES APPROVED.

### **Chair's Report**

Ms. Hersey reported the Audit and Finance Committee has been discussing many different things in addition to focusing on the 2019 budget. Today there will be discussion of the ProAct formulary edits and confusion that arose from the letter sent to subscribers. She said after learning that there have been fewer people taking advantage of the CanaRx Program it was suggested that topic also be discussed by this Committee.

### **Board of Directors Chair's Report**

Ms. Drake reported the Board of Directors will be adopting its budget and setting rates for 2019 at its September 27, 2018 meeting. Mr. Barber was unable to attend today's meeting because he is meeting with a group to discuss the purchase of Stop Loss insurance through a Captive.

The Board authorized hiring the Segal Consulting to perform an audit of the Consortium's operations. It will look at the Consortium's consulting contracts, its relationship with ProAct and Excellus, and areas such as Stop Loss. The results of the audit are expected by the end of the year which will help inform work that will be done by the Governance Structure Committee which will be asked to reconvene. She reported the Board accepted the Consortium's 35<sup>th</sup> municipality and could reach 40 by 2018 and said as the Board has grown it has become increasingly challenging to keep everyone engaged. The Committee will be asked to look at is whether the way the Consortium is structured with one representative from every municipality and whether the labor representative formula is the best way for the Consortium to be structured.

In addition to the Operations Audit the Board adopted a revised Code of Ethics/Conflict of Interest Policy that will now require all Directors, consultant, and staff to annually sign and attest that they have received and read the policy. The Executive Committee has been discussing succession planning at the Board and Executive Director level.

Ms. Drake provided the Executive Director's report on behalf of Mr. Barber. She said the Wellness Consultant's report and information on flu clinics was included in the agenda packet. Ms. Berry has been working with the Owning Your Own Health Committee on flu clinics and will be reaching out to municipalities to set up meetings. With regard to flu clinics she said vaccines are free to subscribers, but everyone needs to pre-register. Last year 28% of Consortium subscribers received flu vaccines from flu clinics, their pharmacist, and doctor which is well- above the normal rate of 17%. The 2018 goal is to build on that success.

Ms. Drake reported the Consortium's new website will soon go live and encouraged members to visit the site. The Audit and Finance Committee has also been looking at the issue of creating an assessment fee for municipalities that come into the Consortium without bringing their entire group; however, it is a very difficult issue and in many cases involves retirees who are on Medigap programs. Mr. Locey explained how the Consortium can potentially be impacted when a municipality comes into the Consortium without bringing its entire demographic population. This subject will continue to be discussed and options explored to find a solution that minimizes the Consortium's exposure to taking on adverse risk. Ms. Drake reported the Consortium is also moving towards hiring an Investment Manager as a way to get more of a return on the Consortium's funds.

Ms. Drake reported on new municipal members and said the Board welcomed the Town of Big Flats, Villages of Freeville, Lansing, and Big Flats. There are five more municipalities that will be considered at the next meeting, including Seneca County. Most of the municipalities that have joined the Consortium are small and have no collective bargaining units; however, with the additional municipalities there will be another Labor seat on the Board of Directors. This is something that will

also be discussed by the Governance Structure Committee. She said with these changes there could be discussion of moving meetings to another venue where a real time audio/visual connection is possible if this committee and the new labor groups feel that action is prudent. If there is interest this can be discussed at next month's meeting.

### **Consultant's Report**

Mr. Locey provided an update on budget results and stated that thru July 31, 2018 the Consortium had a net income of \$1.2 million. He reported on a claim that was paid in early August in the approximate amount of \$900,000 and said it will be a Stop Loss claim and is not for one of the individuals who was lasered. It is anticipated that the Consortium will receive \$300,000 in Stop Loss recovery for that claim and in early September it is expected that the Consortium will receive another \$200,000 in claim recovery. This is for a claim that Excellus had advised a member the claim would be paid a certain way but it was not paid that way. It was for an out-of-network provider and resulted in the Consortium being billed more than it should have been for the claim. He said he continues to try to get rebate information and thinks its likely the amount received for the year will be higher than budgeted. They are also trying to analyze what the impact on the Consortium will be with the new members coming in 2019. Mr. Locey said medical claims are slightly over budget and prescription drug claims continue to be below budget. He highlighted the expense distribution, stating that 95.5 cents of each dollar is going towards the payment of claims which shows the Consortium continues to operate very efficiently.

Mr. Locey reported on the 2019 budget and said it is built with a 5% premium rate increase for 2019, 7% for 2020 and the outlying years. He noted that he has not seen less than double-digit increases in the community rated sector in the last several years. The County and City's average rate increases prior to joining the Consortium was in the 9-9.5% range. Mr. Shattuck said he thinks there still may be room to move below the 5% rate increase. Mr. Locey recognized that Directors are balancing their responsibility to their municipality with their role on the Board and noted 5% is the recommendation of Locey and Cahill and that the decision is ultimately up to the Board. The Audit and Finance Committee has also been discussing what an appropriate Fund Balance level should be.

### **Report on Formulary Edits**

Chris Laverty, Account Executive, provided the Committee with the following presentation to address the formulary edits that went into place on August 1, 2018.

The "formulary" for all of the GTCMHIC Prescription Drug Plans is the list of drugs determined to be safe and effective by ProAct's Pharmacy and Therapeutics Committee. This drug list is updated periodically based on clinical research, data, and evidence allowing ProAct to ensure patients are getting optimal care at a reasonable price.

#### **Types of Formularies**

- **Open Formulary** will typically include all FDA approved medications. All of the Consortium's plans are on the Open Formulary.
- **Closed Formulary** is typically a truncated or reduced list of medications which the prescription benefit manager has determined are medically appropriate and cost-effective for the treatment of covered members' illnesses and injuries.

Prescription Benefit Managers (PBMs), like ProAct, have a committee of pharmacists, physicians, and/or other medical care professionals who meet periodically to review clinical and cost data to determine which medications will be included in their formulary and which tier the medication

will be placed in the formulary. The goal of the P&T Committee is to ensure members have access to safe and effective drugs approved by the United States Food & Drug Administration (FDA).

Mr. Munson was excused at this time.

A 3-tier prescription drug benefit program allows members to make informed choices and encourages value when choosing prescription medications. The copayment will vary depending on the tier in which a prescription drug is placed.

**Prescription Drug Tier Definitions**

- **Tier-1** generally generic medications which typically have the lowest copayment amount.
- **Tier-2** preferred brand name drugs which offer some clinical advantages and an overall greater value over other medications in the same drug or disease class.
- **Tier-3** non-preferred brand name drugs (new brand name drugs, drugs that have generic equivalents, and specialty medications). Tier Three drugs typically have the highest copayment amount.

Mr. Locey commented that 83% of the Consortium's prescriptions are Tier 1 and the remaining is split between Tier 2 and Tier 3.

**What is Step Therapy?**

- In some cases, covered members must try lower cost medications which have been proven effective for patients with the same condition (Tier 1 medications) prior to the plan covering more costly medications (Tier 2 and/or Tier 3 medications).
- This is done to ensure the patient is being prescribed the most medically appropriate and cost-effective medication possible.
- Exceptions can be made when your physician submits medical information in support of the higher cost medication allowing covered members to skip Step Therapy.

Mr. Laverty said Step Therapy is ensuring that a member has tried and failed a Tier 1 medication before a Tier-2 medication is approved. He said the best way to avoid situations is to educate members about the formulary and to encourage them to have conversations with their doctor. It was noted the formulary is posted on the ProAct website; however, there are some medications not included as the list is of the most commonly prescribed medications. Mr. Locey said these programs are built into every prescription plan and physicians should be well aware of them. He said he has always advocated that there should be real-time communication between physicians and pharmacy benefit managers to be able to access information about medications that are available, different disease states, and what they cost. It was also noted that this applies to new prescriptions for maintenance medications to treat ongoing conditions.

**What are Prior Authorizations?**

- Some specific medications require that the medical care provider of the covered member provide proof that there is a medically appropriate reason for the medical care provider to prescribe you the prescription medication in question.
- This is done to ensure the patient is being prescribed the most medically appropriate medication and that the medication is being used correctly.
- The covered member may receive a one-time override of the policy if the member has been in the drug in the past.
- Direct communication occurs between ProAct and the medical care provider.
- Members should speak with their medical care provider in advance about providing the required information as decisions take 24-72 hours.

Mr. Lavery said the approval process take 1-2 days and the approval generally lasts for 12 months.

Ms. Parlato was excused at this time.

Mr. Lavery said the Step Therapy and Prior Authorization programs were always supposed to be in place for the Consortium and are in the plan documents. There was an oversight during implementation of the program and they have elected to put them in place effective August 1, 2018. Anyone who was already taking a step therapy medication was grandfathered in; the only people impacted will be those who are being prescribed something for the first time.

Ms. Hersey said she, Ms. Drake, Mr. Barber, and Mr. Perine met to discuss this in July because they were made aware that there were instances where this had gone into effect and caused problems. She suggested that in the future all Directors and labor representatives be copied on all communications being sent to subscribers so they can be aware of what is happening when they are contacted with a concern. Mr. Lavery said he will look into the effective date.

How can covered members enhance their member experience?

- Speak with your medical care provider about your condition and what pharmaceutical products may be available to treat your illness or injury.
- Reference the ProAct formulary before you fill your prescription.
- If you received an initial rejection contact ProAct as you may have an opportunity for an initial override
- You are not responsible for any paperwork as your medical care provider will communicate with ProAct directly.

Mr. Arnold was excused at this time.

Timeline – Why Now?

- The Step Therapy and Prior Authorization pharmacy management programs were always supposed to be in place for all of the 3-tier pharmacy benefit plans when ProAct was hired as the PBM.
- To correct the oversight, the Step Therapy and Prior Authorization Programs became effective on August 1, 2018.
- In an effort to ease member disruption, covered members who were on a medication which required Step Therapy were Grandfathered

Mr. Locey offered a suggestion that ProAct do some outreach to Cayuga Area Physicians and other large physician groups on how to access the formulary from their office. Ms. Nunn suggested materials be provided to educate the Consortium's members about this. Ms. Drake said it is important for people to have their pharmacist contact ProAct if they are told a medication is not covered.

At the request of Ms. Hersey, Mr. Locey will provide the Committee with data showing the number of quarterly letters that were mailed to members with medications eligible for the CanaRx program and how many are using the program. Mr. Locey addressed the low usage of the program and said the increase in the number of generic medications that are available is one thing that has had a huge impact on the program. This will be discussed at the next meeting.

**Next Meeting Agenda**

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

Joint Committee on Plan Structure and Design  
September 6, 2018

Selection of 6<sup>th</sup> Labor Representative to the Board of Directors; and  
Attracting labor members to serve on Board  
Presentation by Beth Miller: Telemedicine available to Consortium in 2019 at no cost to  
Consortium with office visit copays expense to subscriber

**Adjournment**

The meeting adjourned at 2:59 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk