

Employee Benefits Committee Meeting Minutes

October 18, 2016 10:30AM – 12:00 PM

Room 100 Hardyman – Windstream Solutions Center

Presiding: Harris, Bill, Chair, EBC

Present:

Matuszak, Stella, Arts and Sciences
 Campbell, Susan, Agriculture Cooperative Extension
 Morefield, Robyn, College of Engineering
 Collins, Craig, EPHA Administration
 John O’Hair, Mary, College of Education
 Riddell-Peavler, Vicki, College of Dentistry
 Pistilli, Judy, Pharmacy Central Business Operations
 Noe, JoLynn, Admissions and Registrar
 Flowers, Melody, Finance and Administration
 Poston, Lance, Office for LGBQT Resources
 Bender, Patty, Institutional Equity and Equal Opportunity

Ex Officio:

Stamper, Shannan, University Legal Office
 Wilson, Kimberly, VP Human Resources
 Amos, Richard, Chief Benefits Director
 Carbol, Gail, Benefits Manager
 Smith, Ann, Chief Administrative Officer

Recorder: Cara Tackett, Employee Benefits

Agenda Item & Speaker		REPORT	ACTION
Call to order – Bill Harris		Mr. Harris called the meeting to order at 10:35 am.	No action needed.
April 5, 2016 Minutes - Bill Harris		Mr. Harris asked for review and approval of minutes. Susan Campbell motioned for approval, seconded by Robyn Morefield.	Approved
Anthem Annual Review – Lynn Lundy and Diane Fahrback		Ms. Lundy, Anthem Representative, presented UK’s plan benefits compared to their book of business, premium and paid claims review along with Anthem programs available as a part of the health plan coverage. Ms. Lundy then explained that the University is self-funded, meaning that UK pays claims, but Anthem manages a network and administers the benefits for UK employees and their families. Ms. Lundy showed how the University of Kentucky compares favorably with the industry on both the employee and the employer premiums and showed that the University paid \$265,332,993.74 in premiums and claims for the 2015-2016 fiscal year. Ms. Fahrback then explained how Anthem performs “smart analytics” to find members who are at-risk for serious and/or costly medical events or conditions. Ms. Fahrback detailed the different ways Anthem uses Medical Management to identify at-risk and eligible members through case management, maternity management, gaps in care, integrated behavioral health, and disease management, which identifies the 5 most prevalent chronic diseases to help better manage their illness. Medical Management also includes Complexcare, which is case management for chronic conditions such as Rheumatoid Arthritis and Multiple Sclerosis, Autism case management, and transplants. Each of these different specialties identifies members	No action needed.

who are at-risk. Anthem will then reach out to the member to direct them to specialized programs to help treat or maintain their condition. Ms. Fahrbach then explained their Personal Member Management, which provides personalized care for members through 24/7 NurseLine, a Future Moms program, and stay healthy reminders.

Ms. Fahrbach then detailed the Top 5 diagnoses for the UK-HMO, UK-RHP, and the UK-PPO. She presented the cost per member per month on the UK-HMO and compared those with Anthem's book of business. The UK-PPO per member per month cost on their top 5 diagnosis are close to Anthem's book of business. Ms. Noe asked what percentage of employees are on each plan, Ms. Lundy estimated roughly 50% of employees are in the UK-HMO, 30-35% of employees are in the UK-PPO, and the rest are split between the UK-RHP, UK-EPO, and the Medicare Carevout Classic.

Ms. Fahrbach explained that some illnesses can be affected by lifestyle conditions and therefore can be improved with lifestyle or behavioral changes. She stated that annual screenings and onsite health education or offerings to promote healthier lifestyles are helping to manage and lower health care costs by improving these lifestyle conditioned illnesses/diseases.

Ms. Fahrbach then described their Condition care program. This program reaches out to moderate and high risk members to help these members with the management of their illnesses. There are 6,799 members who have been identified with one of the 5 core conditions, asthma, CAD, heart failure, COPD and diabetes. 1,967 of these members have been stratified as high or moderate risk. Ms. Fahrbach stated that this percentage of stratified members is higher than program norms. Ms. Fahrbach then showed the number of UK members that have been successfully contacted, enrolled, and engaged in new programs to help manage their condition.

Ms. Fahrbach explained preventative care and showed that UK-HMO, UK-PPO, and UK-RHP members were above benchmark for participating in 3 out of 5 preventative screenings and screening compliance rates improved over the prior period with were higher than Anthem's book of business. Ms. Fahrbach then detailed the MyHealth Advantage program which identifies gaps in care to help improve compliance with evidence-based care recommendations. Anthem mails MyHealth Notes to remind members of needed screenings. Ms. Fahrbach stated that roughly 19,000 opportunities to close gaps were identified, of these roughly 18% (3,465) became compliant.

Finally, Ms. Fahrbach closed with reminders of resources offered by Anthem to help members control, maintain, monitor, or improve their health and current conditions, or prevent future illnesses.

Ms. Wells started by stating that the University of Kentucky founded the Know Your Rx Coalition in 2011 along with the University of Louisville and Eastern Kentucky University. The coalition now has 22 employer groups and covers roughly 124,000 lives. Ms. Wells stated that the University of Kentucky saved roughly \$5.3 million in 2015 and has saved roughly \$17 million over the course of 3 years. Ms. Wells then explained the pharmacy benefit structure for the University, detailing the minimum and maximum costs, as well as

Know Your Rx Plan Education – Lucy Wells

No action needed.

coinsurance coverage. Ms. Wells stated that about 85 drugs that have lower cost alternatives have been excluded from coverage. Ms. Wells explained that the UK Pharmacies are the only retail option for 90 day fills and that there are deeper discounts to using UK Pharmacies versus other retail pharmacies, including a 50% discount off co-pays, up to \$60 for a prescription, if prescribed by a UK provider. Express Scripts mail-order pharmacy remains an option for a 90 day prescription supply as well. Ms. Wells showed a chart of UK Pharmacy discounts versus other retail pharmacies and explained how this is an incentive to use UK physicians and pharmacies.

Ms. Wells explained that the Know Your Rx Coalition has a consultative process for determining if members can be saving more money. Ms. Wells stated that they review trends and unusual activity on a monthly basis in order to respond quickly and help mitigate costs. The coalition will then reach out to members if they have determined they can help members lower the cost of their prescriptions. Ms. Wells used the example of the Epi-Pen to show that while the cost did not increase for members because of the maximum copayment, cost increased for the University. She also pointed out that there are Epi-Pen Pharma Copay Cards that can reduce member cost to \$0.

Ms. Wells then explained trend components that included drug inflation which caused an increase of \$4.39 in Plan Cost per member per month, while specialty inflation accounted for an increase of \$3.08 in Specialty Plan Cost per member per month. She then showed a chart to illustrate that name brands could increase, while their generic counterparts remained at a lower cost. Ms. Wells showed that the University of Kentucky has a tightly managed plan and that we experienced a negative per member per year trend on non-specialty drugs for 2015.

Ms. Wells showed a chart detailing the Key Metrics by Quarter, from 3rd quarter 2014 through 2nd quarter 2016. She showed that 2014-2015 member costs stayed relatively constant, the University has a very high generic fill rate. High generic fill rate and purchases of 90 day supplies help to drive down plan cost per member per month. Ms. Wells explained that the Plan Cost per member per month is \$72.13, which is a 5.7% trend over the previous period, while Specialty Plan Cost per member per month is \$32.71, which is a 26.4% trend over the previous period. Ms. Wells stated the University has 25+ members that have pharmacy costs of \$10,000 or more per month.

Ms. Wells explained that rebate totals have increased over the previous plan period. Ms. Wells stated that inflation continues to be the largest cost driver of non-specialty Plan Cost per member per month, while discounts are the largest cost saver of non-specialty Plan Cost per member per month. Ms. Wells showed a chart detailing the inflation percentages for the Top 10 indications by Plan Cost. She then showed a chart of the Top 25 Drugs, which represent 39.3% of the total Plan Cost and comprise the 10 indications. 19 of the top 25 drugs are specialty drugs.

Ms. Smith asked Ms. Wells to explain what a specialty drug is. Ms. Wells explained a specialty drug treats more complex diseases, they have a higher cost, are often injectable, are biologics, meaning they are grown

not created. Specialty drugs treat illnesses and diseases that require more complex drug treatments, ie. MS, oncology, rheumatoid arthritis, etc. Ms. Smith then added that specialty drugs can only be sold to specific, licensed pharmacies and explained that UK received the certifications necessary to become a specialty pharmacy which fills a need in Kentucky. Ms. Wells then showed charts illustrating the Top 10 Specialty Indications and the Top 25 Specialty Drugs, which represents 36.4% of the Specialty Plan Cost and comprises the 10 specialty indications.

Next, Ms. Wells detailed the plan demographics and stated that the highest Plan Cost per member was the 65+ age group which cost \$1965.05. She also stated that the ACA's Dependent Care Coverage to Age 26 has largely impacted the number of members in the 20-29 age group. Ms. Wells then went on to explain Patient Stratification and detailed the patient care needs versus plan costs. Patient needs were broken down into well care needs including tobacco cessation, allergies, topical antifungal/antibacterial infection treatment, etc., acute needs including colds and flu, strep throat, headaches, etc., chronic needs including heart disease, diabetes, arthritis, high blood pressure, etc., and complex needs including heart failure, diabetes, cancer, MS, etc.

Ms. Wells then explained channel management and how less than 1% of claims account for 45.3% of Plan Cost. She explained that 93% of Plan Cost for maintenance drugs are filled at retail pharmacies versus using Home Delivery due to UK's pharmacy arrangement.

Ms. Wells concluded by explaining that the Know Your Rx Coalition offers a program called Pharm-Assist which provides free counseling via live pharmacists. The pharmacists attempt to find lower cost prescription alternatives, will contact physicians directly to facilitate authorization for these alternatives, act as a liaison for patients/physicians for issues with prescription benefits, and offers educational resources to inform members on medication information.

Ms. Stamper asked how alternatives are usually found, whether the member generally calls in, or if it's mostly from the data analysis. Ms. Wells stated that while the time members call in seeking counseling on their prescriptions, however, many are caught with the monthly consultative process. There are 5,000 phone conversations per month with two thirds being calls placed by the pharmacist to the member.

Mr. Harris ended the meeting at 11:50 am.

Meeting convened-Bill Harris

No action needed.