

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
June 2, 2014

TRUSTEES PRESENT

Ms. Barbara Krieg, Chairperson
Mr. Luis Salaveria

Mr. Clifford Uwaine
Ms. Maria Zielinski

TRUSTEES ABSENT

Ms. Linda Currivan Musto
Ms. Karolyn Mossman

ATTORNEY: None

EUTF STAFF

Ms. Sandra Yahiro, Administrator
Mr. Derek Mizuno, Assistant Administrator
Ms. Maria Quartero
Mr. Adam Dreher

Mr. Tom Morrison, Benefits Consultant
Ms. Bonny Kahalewai
Ms. Donna Tonaki
Ms. Nicole Wong

OTHERS PRESENT

Ms. Cheryl Archer, Royal State
Mr. Gareth Azama, HMSA
Ms. Sandra Benevides, CVS Caremark
Mr. Andrew Elliott, CVS Caremark
Mr. Christian Fern, HMSA
Ms. Elaine Fujiwara, HDS
Ms. Carolyn Gire, HMSA

Mr. Galen Haneda, HMSA
Ms. Monica Kim, VSP
Mr. Kurt Neuenfeld, CVS Caremark
Mr. Craig Petty, HMSA
Mr. Dan Purcell, Public
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 10:00 a.m. by Trustee Barbara Krieg, Chairperson, in EUTF Conference Room, City Financial Tower, Honolulu, Hawaii, on Monday, June 2, 2014.

II. APPROVAL OF MINUTES

A. The Benefits Committee reviewed the draft minutes of March 24, 2014.

MOTION was made to approve the minutes of March 24, 2014 as circulated. (Salaveria/Uwaine) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-1)

III. OLD BUSINESS

A. Specialty Medications Savings Programs – Specialty Preferred Drug Plan Presentation by Ms. Sandra Benevides and Mr. Kurt Neuenfeld of CVS Caremark regarding the Specialty Medications Savings programs – Specialty Preferred Drug Plan (Step Therapy). Discussion held by Trustees, staff, benefits consultant, and CVS

Caremark regarding the following: (1) this program requires members to use preferred specialty medications for multiple sclerosis, rheumatoid arthritis, and growth hormones. If the physician submits a prior authorization that is approved by CVS, the member may use the non-preferred specialty medication; (2) the anticipated savings to EUTF is \$2.4 million over a 5-year period and for HSTA VB \$426,000; and (3) there would be low disruption to members because the members currently taking a non-preferred specialty medication would be grandfathered, except for members taking growth hormones and Betaseron. The prior authorization would only apply to members that start a new specialty medication.

MOTION was made to recommend that the Board approve the implementation of the Specialty Preferred Drug Plan (Step Therapy) for multiple sclerosis, rheumatoid arthritis, and growth hormones for the EUTF active members (not HSTA VB) and non-Medicare retirees (not HSTA VB) effective as soon as it can be implemented. (Salaveria/Zielinski) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-1)

IV. NEW BUSINESS

A. Compounded Medications Prior Authorization Program

Ms. Sandra Yahiro explained the history and why this item on compound medications is on agenda. There are also concerns that compound medications are being used when they are not needed. Mr. Kurt Neuenfeld of CVS Caremark summarized what compound medications are and the high cost ingredients that are often times not approved by the Federal Food and Drug Administration despite their use in the compound medication. Presentation by Mr. Kurt Neuenfeld of CVS Caremark regarding the Compounded Medications Prior Authorization program. Discussion held by Trustees, staff, benefits consultant, and CVS Caremark regarding the following: (1) the program proactively manages the inappropriate use and rising costs of compound medications; (2) for the period March 2013 to February 2014, for EUTF members, there were a total of 2,730 claims with a gross cost of \$981,000, 333 claims exceeded \$300 that cost EUTF \$790,000 (80% of total claims cost), and a total of 811 utilizers; and (3) requiring a prior authorization for compound medications costing over \$300 would ensure the appropriate use of these high-cost medications that are seeing an increased utilization.

MOTION was made to recommend that the Board approve the implementation of the Compound Medication Prior Authorization program (for compounded medications costing \$300 or more) for the EUTF active employee members (not HSTA VB) and non-Medicare retirees (not HSTA VB) effective as soon as it can be implemented. (Salaveria/Zielinski) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-1)

B. CVS Enhanced Safety & Monitoring Services

Presentation by Ms. Sandra Benevides and Mr. Kurt Neuenfeld of CVS Caremark regarding CVS Caremark's Enhanced Safety & Monitoring services.

Ms. Sandra Yahiro reported there are not a lot of these situations with the high utilization of many controlled substances but it is time consuming when she has handled and discussed these situations. Payment to CVS Caremark for this program would be per member per month on all members, however; there would be a return on investment. Mr. Derek Mizuno reported CVS Caremark guarantees a return on investment of one to one. It would be 4 cents per member, the estimate would be approximately \$50,000 annually based on our membership. Discussion held by Trustees, staff, benefits consultant, and CVS Caremark regarding the following: (1) EUTF currently has CVS Caremark's basic Safety & Monitoring Core Program that identifies potential cases of fraud, waste, or abuse by flagging member profiles with behaviors that cause concern: high numbers of controlled substance claims, multiple prescribers and/or multiple pharmacies, excessive use or high total claim cost; and (2) the "Enhanced" Safety and Monitoring Program would offer EUTF a more extensive range of interventions to address more complex cases of potential prescription misuse and/or abuse. Further discussion by Trustees, staff, benefits consultant and CVS Caremark regarding procedures that CVS Caremark already has in place and estimated savings. Benefits Committee members expressed concerns about implementing the "Enhanced" program. There being no objections by the Benefits Committee members, this item was deferred.

Discussion held by Mr. Kurt Neuenfeld from CVS Caremark, Ms. Carolyn Gire from HMSA, and Mr. Dan Purcell, member of the public, in regards to Mr. Purcell's question if there are systemic problems.

C. CVS's Value Formulary

Presentation by Ms. Sandra Benevides and Mr. Kurt Neuenfeld of CVS Caremark regarding CVS Caremark's Standard; Advanced Control; Value Tiered; and Value formularies. Discussion held by Trustees and Benefits Consultant that there is no grandfathering and the four (4) formularies presented.

1. EUTF's current drug formulary is a hybrid of CVS Caremark's Standard Formulary
 - a. EUTF's plan covers 76 drugs that are not covered in the "Standard Formulary".
2. EUTF could consider adopting any of the 4 CVS Caremark formularies that would save EUTF money:
 - a. Standard Formulary
 - i. Covers generics and most brands;
 - ii. Up to 1.5% annual savings.
 - b. Advanced Control Formulary

- i. Covers select generics and brands;
 - ii. Up to annual 5% savings;
 - iii. Projected New Savings for EUTF \$127,000/yr.
- c. Value Formulary Tiered
 - i. Covers all generics and brands; higher co-insurance on non-formulary brands;
 - ii. Up to annual 9% savings;
 - iii. Projected Net Savings for EUTF \$574,000/yr.
- d. Value Formulary
 - i. Covers all generics and select brands; tier exceptions for non-formulary brands;
 - ii. Up to annual 12% savings;
 - iii. Projected Net Savings for EUTF \$6.9 million/yr.

Mr. Andrew Elliott from CVS Caremark stated if the Board wants to implement this program, to avoid minimum disruption, CVS Caremark would like to have 90 days before implementation. [Trustee Salaveria left at 11:43 a.m.]

Recessed at 11:43 a.m. and Reconvened at 11:45 a.m.

Mr. Elliott from CVS Caremark explained the procedures CVS Caremark takes when a new program is implemented. No action was taken.

D. HMSA's Case Management Program

Presentation by Mr. Christian Fern, Ms. Carolyn Gire, Mr. Gareth Azama, Mr. Craig Petty, and Mr. Galen Haneda from HMSA regarding the following:

- 1. HMSA's Case Management Program
 - a. HMSA covered their Medical Management Strategies
 - i. Precertification
 - ii. Access to Care
 - iii. Hospital Inpatient Case Review and Discharge Planning Assistance
 - iv. Focused Medical Review
 - v. Variable Intensity Review
 - vi. Care Model
 - 1. Re-Admit Risk Management
 - a. Targeted individuals discharged from a hospital;
 - b. Help with follow-up visits and prescription medicine management to reduce the likelihood of readmission;
 - c. Combination of hospital-based care transition specialist plus small team of case managers for post discharge;
 - d. Coordination of community resources.
 - 2. Complex Case Management
 - a. Targets individuals experiencing chronic case issues;
 - b. Helps manage conditions and keep conditions from worsening;

- c. Case Manager assigned to member;
- d. Coordination of community resources.
- 3. Short-Term Care Management
 - a. Targets members who need help to strengthen ability to self-manage;
 - b. Helps manage conditions and follow-ups;
 - c. Small teams assigned to member;
 - d. Coordination of community resources.
- 4. Late-Stage Chronic Care Management
 - a. Targets individuals at high risk of death in 12 months and not on hospice care;
 - b. Helps transition to end of life care, possible hospice;
 - c. Helps member understand care choices: palliative care, active therapy, and supportive care;
 - d. Educates and assists with completing Advance Care Directive;
 - e. Coordination of community resources.

Discussion held by Trustees and HMSA regarding physician referrals. Discussion held by Mr. Dan Purcell, member of the public, and HMSA's Mr. Craig Petty that a person's experience from the neighbor islands would be no different from a person on the island of Oahu. HMSA's strategy is placing staff on site at all locations.

Discussion held by Trustees and HMSA regarding case managers.

E. Affordable Care Act (ACA) Medical and Prescription Drug Out-of-Pocket Maximums

Mr. Tom Morrison from Segal informed the Benefits Committee that starting July 1, 2015 out-of-pocket maximums for both medical and prescription drug cannot exceed specified limits for single and family. Segal will require that CVS Caremark and HMSA be able to provide the impact of combining both medical and prescription drug maximums or set separate maximums because there is a cost of one path versus the other. Mr. Morrison will be presenting to the committee at a future meeting with information and a recommendation regarding whether to combine both medical and prescription drug maximums, or set separate maximums (one for medical and one for drug) that do not exceed the ACA maximum.

V. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 12:28 p.m.

Respectfully submitted,

/s/

Barbara Krieg, Chairperson

APPROVED on July 14, 2014.

DOCUMENTS DISTRIBUTED:

1. Draft Benefits Committee Minutes of March 24, 2014. (3 pages)
2. CVS Caremark Presentation on Specialty Medications Savings programs, Compounded Medications Prior Authorization program, CVS Enhanced Safety & Monitoring services, and CVS's value formulary dated 6/2/14. (15 pages)
3. HMSA's Presentation on HMSA's Case Management Program dated 6/2/14. (17 pages)