

III. NEW BUSINESS

A. CVS/SSI Quarterly Utilization Reports for the period ending June 30, 2023

Ms. Sandra Benevides and Mr. Kurt Neuenfeld, CVS, and Mr. Ty Bowers, SilverScript (SSI), presented prescription drug plan reports for the 12 months ended for EUTF active plans and six months ended for retiree plans noting claim trends PMPM of 10.1% which was lower than the peer group for actives, 27.9% which was higher than the peer group for non-Medicare retirees and 9.1% which was higher than the peer group for the EGWP. Specialty claims trends continues to be an area of concern. Mr. Bowers noted that there was 19.0% price inflation which was primarily driven by utilization of Restasis. Chairperson Tui asked what were the drugs that were in CVS book of business top 25 that were not in the EUTF top 25 and Trustee Audrey Hidano asked how the cost of specialty gout agents are being addressed. EUTF staff, CVS and HMSA will provide a response to these questions.

B. CVS Drug Savings Review

Mr. Neuenfeld provided an update on the Drug Savings Review program which is a retrospective claims review program to identify intervention opportunities to improve prescription drug therapy. The current return on investment for the period July 1, 2022 through June 30, 2023 is 6.9:1. Trustee Wesley Machida asked for past return on investment for this program. CVS will follow up.

C. CVS Prescription Drug Plan Changes

Ms. Benevides recommended addition of the weight management bundle to the EUTF and HSTA VB active and non-Medicare CVS prescription drug plans. Under our current process, the Board must take action to add the utilization management (UM) criteria to new weight management prescription drugs. If this bundle is adopted, the UM criteria will be in place once the new weight management drug is available under the plan and any updates to the UM criteria will automatically be made. This will help to ensure proper use of these drugs and manage costs. CVS confirmed that it will give advanced notice to the Board of any updates to the UM criteria and will continue to notify the Board of pipeline drugs through its monthly carrier report.

Ms. Shelley Chun, Segal, recommended that the Committee adopt the weight management bundle. Mr. Derek Mizuno also noted that since only prescription drugs launched after 2011 will be impacted it does not violate the injunction to maintain the HSTA VB plans at January 1, 2011.

MOTION was made and seconded to recommend to the Board adoption of the weight management bundle for the EUTF and HSTA VB active employee and non-Medicare retiree plans effective December 1, 2023. (Ferguson-Miyamoto/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

Trustee Wesley Machida commented that members schedule COVID vaccination appointments that are often cancelled by CVS. Trustee Audrey Hidano advised that when she attempts to schedule a COVID vaccination appointment near zip code 96813 or 96817, via the CVS website, she is offered appointments in Kapolei instead of Honolulu. Ms. Benevides will look into these concerns.

Ms. Benevides summarized the proposed the calendar year maximum-out-of-pocket (MOOP) situation noting that the current MOOP for the EUTF active prescription drug plan bundled with the HMSA 75/25 medical plan is higher than the MOOP for the EUTF active prescription drug plan bundled with the other HMSA plans. Consistency of the benefit across all the active EUTF CVS plans would assist the members in selecting plans. CVS presented three options in which the MOOP was the same across the four plans – 1) \$4,350 individual/\$8,700 family (current 75/25 MOOP), 2) \$4,000/\$8,000 (rounded version of #3) and 3) \$3,700/\$7,400 (cost neutral to the plan). The Committee asked staff for their recommendation. Mr. Mizuno noted that options 2 or 3 are suggested as a rounded amount or to minimize impact on the plans.

MOTION was made and seconded to recommend to the Board adopting annual maximum out-of-pockets of \$4,000 per individual and \$8,000 per family for all EUTF active employee prescription drug plans administered by CVS, effective January 1, 2025. (Hidano/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

The meeting recessed at 10:10 a.m. and reconvened at 10:16 a.m.

Trustee Ryan Yamane was excused from the meeting at 10:10 a.m.

- D. SSI Update on Medicare Part D Benefit Design and the Inflation Reduction Act
- Mr. Bowers and Mr. Neuenfeld, Ms. Joni Lozano, and Mr. Travis Tate, CVS, provided an update on federal law changes to the EGWP plan including increases in standard Part D plan thresholds, a significant reduction to the MOOP in 2025, CMS price negotiations on 10 prescription drugs and changes to the network transmission fees and administrative costs. On the last item, SSI currently charges a network transmission fee (on average \$0.31 per prescription) for SSI to maintain and administer their real-time electronic interface between the PBM and pharmacies. This fee is currently included in the ingredient cost of the drug. Effective January 1, 2024, CMS will no longer allow this fee to be included in the cost of the drug and SSI will instead charge the EUTF plan an administrative fee of \$0.31 per claim and EUTF will see a corresponding reduction in overall drug costs. In general, this should be cost neutral to the EUTF plan, the member and SSI. SSI will guarantee that the change will be cost neutral to the EUTF plan.

Mr. Bowers recommended utilization management on the GLP-1 (e.g. Ozempic) diabetes class of drugs similar to the commercial plans that were adopted July 1, 2023:

1. 10/1/23 – prior authorization (PA) for new utilizers if they do not have a diagnosis of diabetes or history of usage of other diabetic medications
2. 1/1/24 – PA for all utilizers who don't have a diagnosis of diabetes or history of usage of other diabetic medications

Ms. Chun recommended the utilization management as proposed.

MOTION was made and seconded to recommend to the Board exclusion of GLP-1 drugs (if Medicare prior authorization requirements are not met) from the EUTF EGWP plans including the WRAP effective October 1, 2023 for new utilizers and January 1, 2024 for

all utilizers. (Ferguson-Miyamoto/Machida) Ms. Anne VanHaaren, SSI, and Mr. Bowers noted that it is not necessary to add the utilization management to the WRAP as a denial on the EGWP formulary will preclude the prescription moving onto the WRAP. The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Mr. Bowers noted that Praluent will be excluded on the SSI EGWP formularies effective January 1, 2024 and Repatha will be the covered drug. This change occurred on the CVS commercial plans effective July 1, 2023. Segal suggested allowing manual overrides from July 1, 2023 through December 31, 2023 to allow coverage of Repatha under the EGWP for those members who retiree or move from the CVS non-Medicare retiree plan to the EGWP during this period to avoid members having to change from Repatha to Praluent and then back to Repatha on January 1, 2024.

MOTION was made and seconded to recommend to the Board exclusion of Praluent and manual overrides to cover Repatha for the EUTF and HSTA VB EGWP plans including the WRAP effective January 1, 2024 and July 1-December 31, 2023, respectively. (Ferguson-Miyamoto/Machida) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

E. CVS Formulary Financial Update

1. Choice Formulary

Mr. Travis Tate, CVS Health, presented the Choice Formulary noting that with recent federal law changes, manufacturers of insulin have reduced their list prices and rebates. Similar reductions are expected in the biosimilar space in the future. CVS has provided two options to seek lowest net cost:

1. Standard (no change for EUTF) – low list price and low rebates. Improves cash flow.
2. Choice (would require a switch by EUTF) – high list price and high rebates

98% of CVS clients and 65 out of 68 public sector clients have selected the first option. Only clients with unique plan designs are likely to select the Choice option. The Standard option (and rebate credits) will be implemented for the EUTF and HSTA VB active and non-Medicare retiree plans effective January 1, 2024. Rebate guarantees will be adjusted for the EUTF and HSTA VB EGWP plans effective January 1, 2024.

2. Cost Saver Program

Mr. Tate presented the Cost Saver Program noting that it will automatically provide members using non-specialty generic drugs with the lower EUTF plan or GoodRx price at the pharmacy. The member benefits by having a lower cost, their cost is included in their MOOP and the prescription drug is recorded in their claims history for drug interactions. The Cost Saver Program will be implemented for the EUTF and HSTA VB active and non-Medicare retiree plans effective January 1, 2024.

F. CVS Biosimilar Update

Mr. Neuenfeld and Mr. Tate provided an update on biosimilars noting the following:

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1. Biosimilars are highly similar to a FDA-approved biological reference product normally a specialty drug.
2. Since biologic drugs are unstable and are based on living cells, the biosimilar is not the same as a generic.
3. However, if a biosimilar is FDA-approved as interchangeable, under Hawaii law a pharmacist shall substitute an interchangeable biological product (just like a generic) if the prescriber does not prohibit the substitution and the change results in savings to the member. The FDA is considering removing the interchangeability designation in late 2024 or 2025.
4. Due to the high development costs of biosimilars, the reduced price (often 10-15% less) from the biological reference product is not as significant as generic savings (approx. 80% less). As more biosimilar competition enters the market, as in the case of Humira, the price has dropped for a few products to the 80% range, with more expected in 2024.
5. CVS has launched Cordavis, a wholly owned subsidiary, to bring more biosimilars to market. CVS confirmed that formulary placement will still be based on clinical efficacy and low list price.

IV. NEXT MEETING DATE – November 14, 2023

The next meeting agenda will include HMSA, Kaiser Permanente, Segal, HDS and VSP utilization reports and the Segal active annual report for the period ending June 30, 2023 and active employee plan changes effective July 1, 2024.

V. ADJOURNMENT

MOTION was made and seconded to adjourn the meeting at 11:36 a.m.

(Machida/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-2/
Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Osa Tui, Chairperson

APPROVED on November 14, 2023.

Documents Distributed:

1. Draft Benefits Committee Minutes of August 15, 2023. (4 pages)
2. RxInsights, EUTF-Actives, July 2022 – June 2023, Prescription Benefit Review, prepared by CVS Health, Redacted Version. (18 pages)
3. RxInsights, EUTF Non-Medicare Retiree Report, January – June 2023, Prescription Benefit Review, prepared by CVS Health, Redacted Version. (12 pages)
4. RxInsights, EUTF Medicare Retirees, Jan 2023 – Jun 2023, Prescription Benefit Review, prepared by CVS Health, Redacted Version. (11 pages)
5. Drug Savings Review, prepared by CVS Health. (21 pages)
6. Plan Changes, prepared by CVS Health, Redacted Version. (10 pages)
7. Memorandum to Benefits Committee from Segal Consulting, regarding Drug Plan Changes October 2023, dated October 5, 2023, Redacted Version. (3 pages)

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8. EUTF Medicare Retirees, EGWP Medicare and IRA Updates for 2024-2025 Plan Years, prepared by SilverScript, Redacted Version. (12 pages)
9. Choice Formulary-Creating choice and maximizing value for payors and members in an evolving market, dated October 2023, prepared by CVS Health, Redacted Version. (18 pages)
10. Maximizing the potential of biosimilars, dated October 11, 2023, prepared by CVS Caremark, Redacted Version. (19 pages)