

Meeting Minutes | Health Care Policy Committee

Thursday, May 19, 2016 | 10:00 a.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved June 23, 2016

Board Members Present: Mr. Frank Fusco, Mr. Steve Heisler, Mr. Joe “Rocky” Pearce, Chairman, and Mr. Audie Penn

Others Present for All or a Portion of the Meeting: Peggy Boykin, Phyllis Buie, Sarah Corbett, Ariail Kirk, James Manning, Heather Muller, Laura Smoak, Rob Tester, Travis Turner, Stephen Van Camp, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Wayne Bell and Wayne Pruitt from the State Retirees Association of South Carolina; Kerri Cameron, Brooks Goodman, Karen Patton, Matt Shaffer, and Dr. Shawn Stinson from Blue Cross Blue Shield of South Carolina; Robin Scott and Traci Young from Express Scripts, Inc.; Mike Madalena and Eric St. Pierre from Gabriel, Roeder, Smith & Company (via telephone); Michael Craig from Novo Nordisk, Inc.; and Thompson Kinney from Milliken Law Firm.

I. Call to Order

Chairman Rocky Pearce called the PEBA Health Care Policy Committee (Committee) meeting to order at 10:00 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Adoption of Proposed Agenda

Mr. Steve Heisler made a motion, which was seconded by Mr. Audie Penn, and approved unanimously, to adopt the proposed Committee meeting agenda.

III. Approval of Meeting Minutes- March 17, 2016

Mr. Heisler made a motion, which was seconded by Mr. Penn, and approved unanimously, to approve the March 17, 2016, Committee meeting minutes.

IV. Strategic Planning Update

Ms. Sarah Corbett, Chief Operating Officer, delivered updated materials related to key measures that the Committee is monitoring to determine if the goals for the State Health Plan (SHP) which include financial sustainability; improving member health outcomes; and providing a positive member experience are being accomplished.

Ms. Corbett also provided a progress report on each of the PEBA Board Strategic Plan-Staff Action Plans related to the Health Care Policy Committee, and confirmed that staff anticipates meeting the 2016 target completion dates.

V. Overview of the OPEB Trust Fund

Mr. Travis Turner, Chief Financial Officer, provided the Committee a brief overview of the Other Post-Employment Benefits (OPEB) Trust Fund. Mr. Turner explained that the primary funding for the OPEB Trust Fund is derived from the SHP employer surcharge that all employers that participate in the state OPEB trust pay to compensate for employees that have retiree health coverage. Additionally, the General Assembly appropriates \$2.375 million to the OPEB Trust Fund, and a “sweep” of cash exceeding 140 percent of the reserves of the regular State Health Plan is also added to the Trust Fund.

Mr. Turner stated that Mr. Danny White and Mr. Joe Newton from Gabriel, Roeder, Smith & Company, will review the 2015 OPEB Valuation in detail at the next PEBA Board retreat.

VI. Diabetes Discussion

Dr. Shawn Stinson, Chief Medical Officer, from Blue Cross Blue Shield of South Carolina (BCBSSC), and Ms. Traci Young, Senior Account Executive, from Express Scripts, Inc. (ESI), discussed SHP expenses related to diabetes, and various programs in place to address diabetes. Dr. Stinson explained the differences between Type 1 and Type 2 diabetes, and reported that one in ten Americans have diabetes, which is the seventh highest cause of death in the United States. Dr. Stinson added that nationwide, 43 percent of diabetic patients do not adhere to medication requirements, and South Carolina has the tenth highest diabetes rate in the country. Diabetes remains a major cost pharmacy driver, and brand inflation continues to drive the rising unit cost of diabetes medications, mostly due to the lack of available generic medications. Dr. Stinson reported that the SHP total cost of care for diabetics in 2015 was \$404.67 million, which represents \$12,754 per member.

Ms. Young added that the first quarter 2016 SHP total Plan cost for diabetes is \$43 million, with a total member cost of \$4 million. Ms. Young discussed diabetic member health solutions including a Therapeutic Resource Center (TRC) which includes specialized pharmacists that address patient questions, and counsels them on the importance of adherence to lifestyle changes and medication to improve health outcomes. Ms. Young also described the Medication Therapy Management (MTM) program available for Medicare members with three or more chronic illnesses, who use seven or more chronic medications, and have a high drug cost.

Ms. Young reviewed several diabetes cost solutions including: allowing only formulary brands at \$0 copay through the No-Pay Copay Program; moving non-formulary brands to a standard copay; and providing only formulary brands at a generic copay. Ms. Young also explained the Medication Possession Ratio (MPR), a matrix used to measure medication adherence that has a target range of 80 percent or higher.

Dr. Stinson concluded the presentation by discussing new added and future initiatives through BCBSSC including Diabetes Education; Messaging Wire; Metabolic Health; and Rally Health.

It was noted that the Committee would like to review additional medical cost drivers including musculoskeletal and obesity in the upcoming months.

VII. Old Business/Director's Report

Ms. Peggy Boykin, PEBA's Executive Director, stated that she would cover the Director's Report at the full Board meeting.

VIII. Adjournment

There being no further business, and upon motion by Mr. Heisler, which was seconded by Mr. Frank Fusco, and approved unanimously, the Committee meeting adjourned at 12:00 p.m.