

## Meeting Minutes | Health Care Policy Committee

Wednesday, March 7, 2018 | 10:30 a.m.  
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Meeting Minutes Approved July 25, 2018

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

**Board Members Absent:** Mr. David Tigges

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Phyllis Buie, Amber Carter, Sarah Corbett, Georgia Gillens, Joe Greene, Denise Hunter, Heather Muller, Laura Smoak, Rob Tester, Stephen Van Camp, Justin Werner, Chuck Wilson, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Wayne Pruitt from the State Retirees Association of South Carolina; Brooks Goodman, Dr. Tripp Jennings, Matt Shaffer, and Carmen Wilson from Blue Cross Blue Shield of South Carolina; Gia Elsevier and Robin Scott from Express Scripts, Inc.; Michael Craig and Tammy Kell from Novo Nordisk, Inc.; Herman Demmink from Novartis; Thompson Kinney from Mullikin Law Firm; Andy Madalena and Mike Madalena from Gabriel, Roeder, Smith & Company; Rich Rammacher from Sanofi; Gene Brucci from Teva Pharmaceutical Industries; Kiernan Keating from Takeda Pharmaceutical Company; Bob Broach from Celgene Corporation; and Angela Furnoss from Dexcom, Inc.

### I. Call to Order

Chairman Rocky Pearce called the PEBA Health Care Policy Committee (Committee) meeting to order at 10:30 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes – December 13, 2017

Mr. Audie Penn made a motion, which was seconded by Mr. Frank Fusco, and approved unanimously, to approve the December 13, 2017, Committee meeting minutes.

### III. Reference Based Reimbursement Initiatives

Mr. Rob Tester, Health Care Policy Director, introduced Mr. Mike Madalena, from Gabriel, Roeder, Smith & Company, who provided a presentation related to reference based pricing. Mr. Madalena explained that reference based pricing is the selection of a unit cost allowance that is considered a reasonable price for a service, and pointed out that there are significant differences in the allowance for the same service between places of service. Mr. Madalena advised that the State Health Plan’s implementation of reference pricing is focused solely on reimbursement that is advantageous to both the Plan and the member. For example, the Plan benefits because of a lower unit cost allowance, and the member benefits because coinsurance is calculated on a lower allowance. Mr. Madalena also pointed out that strong network participation limits the possibility

that a member will be balance billed. Mr. Madalena concluded his presentation by discussing various initiatives that seek to normalize unit pricing for the same service across different places of service such as inpatient or outpatient hospital services, ambulatory surgical centers, or a physician's office.

#### **IV. Analysis of Claims Expense at Member Level**

Dr. Tripp Jennings, Medical Director, and Carmen Wilson, Account Executive, from Blue Cross Blue Shield of South Carolina, demonstrated the distribution of claims expense across State Health Plan (SHP) membership, and illustrated the importance of high dollar claimants to the Plan's overall spend. Ms. Wilson advised that the total spend for the SHP (November 1, 2016 to October 31, 2017), was \$2.3 billion which included 58.3 percent medical spend, and 41.7 percent pharmacy spend. Ms. Wilson pointed out that 54.3 percent of members have claims less than \$1000.00, and only 1.2 percent of members have out of pocket expenses over \$5000.00. Ms. Wilson discussed high cost claimants and provided a breakdown by medical expenses, pharmacy expenses, and diagnosis category, and stated that 2.5 percent of members make up 43.1 percent of claims expense. Ms. Wilson concluded the presentation by addressing ways to manage high cost claimants and services provided to assist members.

#### **V. MoneyPlus Update**

Ms. Sarah Corbett, Chief Operating Officer, discussed the MoneyPlus flexible benefits program administered by PEBA. Ms. Corbett advised that PEBA has issued a Request for Proposal (RFP) for a vendor to administer the MoneyPlus program, and highlighted four optional programs within MoneyPlus, including: the Medical Spending Account; the Limited-use Medical Spending Account; the Dependent Care Account; and the Health Savings Account. Ms. Corbett stated that changes have been made to the program to improve satisfaction and increase participation in the plan including offering a \$500 rollover instead of a grace period, and providing more auto-adjudication of claims so members do not have to provide documentation of expenses for as many transactions.

#### **VI. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, stated that the budget has passed the full Ways and Means Committee, and will be debated on the House floor next week, before passing to the Senate. Ms. Boykin advised that the House approved PEBA's operating budget as requested with \$56.4 million added to fund the State Health Plan, which includes well visits as a contractual service, with a modest increase in copayments, deductibles, and coinsurance maximums, to maintain grandfathered status. There will be no premium increase for employees.

#### **VII. Adjournment**

There being no further business, and upon motion by Mr. Fusco, which was seconded by Mr. Penn, and approved unanimously, the Committee meeting adjourned at 12:20 p.m.