



STATE OF WISCONSIN  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax (608) 267-4549  
<http://etf.wi.gov>

**CORRESPONDENCE MEMORANDUM**

**DATE:** August 6, 2012  
**TO:** Group Insurance Board  
**FROM:** Bill Kox, Deputy Administrator, Division of Insurance Services  
Emily Loman, Manager, Alternate Health Plans  
Jeff Bogardus, Manager, Pharmacy Benefit Program  
**SUBJECT:** Guidelines and Uniform Benefits for the  
2013 Benefit Year – Technical Changes

**This memo is for informational purposes only. No action is necessary.**

At the May 22, 2012, Group Insurance Board (Board) meeting, staff received Board approval to proceed with technical changes. This memo outlines the final structure of those technical changes.

**CHANGES**

- 1) **Level 4 Specialty Medications:** At the May 22, 2012, Board meeting, the Department of Employee Trust Funds (ETF) recommended adding Level 4 cost sharing for typically high-cost specialty medications to the prescription drug benefit administered by the pharmacy benefit manager (PBM). As part of that recommendation, ETF also recommended combining, or “wrapping,” the Level 4 out-of-pocket limit (OOPL) with the Level 1/Level 2 OOPL when specialty medications are obtained at the preferred participating pharmacy.

At that meeting, the Board moved to adopt ETF’s recommendation as presented, with the modification of not allowing the Level 4 OOPL to wrap the Level 1/Level 2 OOPL if the cost differential is within two cents. ETF consulted with the actuary to confirm the effect on cost of this modification. The actuary has confirmed that the proposed modification is within two cents of the original recommendation.

Staff has removed all references to lifestyle prescription drugs in the schedule of benefits so as not to indicate that a variety of lifestyle medications are covered when, in fact, only a limited quantity of Viagra and Caverject Injection is covered, due to its special grandfathered status.

Reviewed and approved by Lisa Ellinger, Administrator  
Division of Insurance Services

*Lisa Ellinger* 8/9/12  
Signature Date

Board	Mtg Date	Item #
GIB	8.28.12	3B5

- Under the Level 4 OOPL structure, Level 4 copayments for formulary specialty medications not obtained at the preferred specialty pharmacy are \$50 and accumulate toward the Level 4 OOPL.
- Level 4 copayments for non-formulary specialty medications, regardless of where obtained, do not accumulate toward any annual OOPL. This is analogous to the current Level 3 copayment, which currently does not accumulate toward an OOPL.
- Level 4 copayments for formulary specialty medications obtained at the preferred specialty pharmacy are \$15 and accumulate toward the Level 4 OOPL. This reduced copayment does not apply to non-formulary specialty medications.

**Excerpt of technical changes recommended regarding pharmacy benefits in Schedule of Benefits section of Uniform Benefits (UB)** (highlighted text is new language):

**The benefits that are administered by the Pharmacy Benefit Manager (PBM) are subject to the following:**

- **Prescription Drugs and Insulin (Except Specialty Medications):**

**Copayments:**

Level 1\* Copayment for Formulary Prescription Drugs: \$ 5.00

The Level 1 Copayment applies to Formulary Generic Drugs and certain lower-cost Formulary Brand Name Drugs. Level 1 Copayments accumulate toward the Level 1/Level 2 annual Out-of-Pocket Limit (OOPL) until the Level 1/Level 2 OOPL is met after which, You pay no more out-of-pocket expenses for Level 1 Formulary Drugs for that benefit year.

Level 2\*\*Copayment for Formulary Prescription Drugs: \$15.00

The Level 2 Copayment applies to Formulary Brand Name Drugs, and certain higher-cost Formulary Generic Drugs. Level 2 Copayments accumulate toward the Level 1/Level 2 annual OOPL until the Level 1/Level 2 OOPL is met after which You pay no more out-of-pocket expenses for Level 2 Formulary Drugs for that benefit year.

Level 3 Copayment for Covered Non-Formulary Prescription Drugs: \$35.00

The Level 3 copayment applies to certain high-cost, non-Formulary Prescription Drugs for which alternative and/or equivalent Formulary drugs are available and covered. Level 3 Copayments do **not** accumulate toward an annual OOPL. You must continue to pay Level 3 copayments even after other annual OOPLs have been met.

**Level 1/Level 2 Annual Out-of-Pocket Limit (OOPL)** (The amount You pay for Your Level 1 and Level 2 prescription drugs and insulin):

\$410 per individual or \$820 per family for all Participants, except:

\$1,000 per individual or \$2,000 per family for State and Wisconsin Public Employer Participants enrolled in the Standard Plan.

- **Specialty Medications**

Note: The specialty prescription drug pharmacy with which the PBM is contracted shall be considered the preferred Participating Pharmacy for Specialty Medications.

Copayments: Level 4 Copayment for Formulary and Covered, Non-Formulary Specialty Medications: \$50.00

Formulary Specialty Medications: the Level 4 Copayment applies when medications are obtained from a Participating Pharmacy other than the preferred Participating Pharmacy. Level 4 copayments for Formulary Specialty Medications accumulate toward the Level 4 annual OOPL until the Level 4 annual OOPL is met after which You pay no more out-of-pocket expenses for Formulary Specialty Medications for that benefit year.

Non-Formulary Specialty Medications: the Level 4 Copayment applies whether medications are obtained at the preferred Participating Pharmacy or another Participating Pharmacy. Level 4 copayments for non-Formulary Specialty medications do **not** accumulate toward any annual OOPL. You must continue to pay copayments for Level 4 Non-Formulary Specialty Medications even after other annual OOPLs have been met.

Reduced Level 4 Copayment for Formulary Specialty Medications obtained from the preferred Participating Pharmacy: \$15.00

The reduced Level 4 Formulary Specialty Medications copayment applies when Formulary Specialty Medications are obtained from the preferred Participating Pharmacy. Reduced Level 4 Copayments accumulate toward the Level 4 annual OOPL until the Level 4 OOPL is met after which You pay no more out-of-pocket expenses for Formulary Specialty Medications for that benefit year. This reduced Copayment does **not** apply to non-Formulary Specialty Medications.

Level 4 Annual Out-of-Pocket Limit (OOPL) (The amount You pay for Your Level 4 Specialty Medications)

\$1,000 per individual or \$2,000 per family for all participants.

- Certain grandfathered erectile dysfunction medication as defined by the PBM (Viagra and Caverject Injection): the \$50 Level 4 Copayment applies to these prescription medications. However, the copayments do **not** accumulate toward any OOPL. You must continue to pay Level 4 copayments for these drugs even after other annual OOPLs have been met.
- Disposable Diabetic Supplies and Glucometers Coinsurance: Payable at 80%, which will be applied to the prescription drug Level 1/Level 2 annual OOPL.
- Smoking Cessation: One consecutive three-month course of pharmacotherapy covered per calendar year. Prior authorization is required if the first quit attempt is extended by the prescriber.

2) **State and Wisconsin Public Employer Standard Plans:**

- ETF is applying to the Standard Plans the requirement that plans design a wellness program. The expectation is an annual health risk assessment (HRA) and biometric screening, with incentives that results in a 30% participation of regular adult members be applied to the self-funded group health insurance program. Members in the Medicare Plus Plan will also have this available to them.
- Consistent with UB, WPS Health Insurance, administrator of the Standard Plans, is required to implement prior authorization requirements for participants seeking high-tech radiology services (e.g., MRI, PET, CT scans) and for certain lower back surgery procedures.

Staff will be available at the Board meeting to answer any questions you may have.