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
etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: April 4, 2014

TO: Group Insurance Board Strategic Planning Workgroup

FROM: Arlene Larson, Manager, Federal Health Programs and Policy
Mary Statz, Director, Health Benefits and Insurance Plans Bureau

SUBJECT: Guidelines and Uniform Benefits – Informational Update

This memo is for informational purposes only.

This memo is provided to update the Group Insurance Board Strategic Planning Workgroup (Workgroup) on certain issues being reviewed by the Guidelines and Uniform Benefits Study Group (Study Group). The Study Group held its second meeting on March 25, 2014. Representatives from the Department of Employee Trust Funds (ETF), Department of Administration (DOA), Office of State Employment Relations (OSER), Office of the Commissioner of Insurance (OCI), University of Wisconsin System Administration, University of Wisconsin Hospitals and Clinics, Wisconsin Association of Health Plans, and Alliance of Health Insurers participated. The third meeting of the Study Group is scheduled for April 11, 2014.

A list of the most significant topics follows. Health plans have been given an opportunity to provide input on these and all other proposed changes to date. Final responses from the health plans were due April 4, 2014 and will be presented to the Study Group at the next meeting. The Group Insurance Board (Board) will be provided all recommended language changes and associated rationale at its May 21, 2014 meeting.

The Study Group is continuing to discuss the following topics.

1. Should copays be increased to align with those found in the commercial market, or increased to keep pace with inflation? The Study Group has received pricing from Deloitte Consulting LLP (Deloitte) on the savings that could be attained if the emergency room and prescription drug copays were increased. If the emergency room copayment was increased to align with average industry standards, it would increase from $75 to $150 (Note: copays are waived if the patient is admitted). This change would produce savings estimated between

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services
Lisa Ellinger
Electronically Signed: 04/07/2014

Board	Mtg Date	Item #
GIBSPW	4/16/14	6

$.59 - $.65 per member per month (PMPM) or $1.1 million (M) - $1.25M annually for the active State group.

Increasing prescription drug copays to $10/$30/$60/$100 would also be more in line with commercial benefits for coverage. This would generate $5.43 PMPM in cost reduction or $10.4M annually. Overall, the Study Group was not inclined to change benefits, recognizing the need to focus on educating employees about the addition of the High Deductible Health Plan (HDHP) option for 2015. However, there was support for further consideration of updating out-of-pocket maximums to keep pace with inflation.

2. Should out-of-pocket limits (OOPLs) be increased for inflation? Deloitte indicated that medical and prescription drug inflation is approximately 7.5% per year. A one-year inflationary increase to the primary medical out-of-pocket maximum would increase the OOPL from $500 single/$1,000 family to $538 single/$1,076 family and would save the program approximately $.75 - $.83 PMPM or $1.4M - $1.6M annually for the State active group. A three-year adjustment to apply inflationary increases for the duration, since when the limits were established would effectively result in OOPLs of $621 single/$1,241 family. This change would result in approximate savings between $2.26 - $2.50 PMPM or $4.3M - $4.8M annually for the State active group.

   The OOPLs for Level1/Level 2 drugs for Alternate Plans and Medicare Plus were established at $410 single/$820 family effective January 1, 2010. An inflationary increase to these limits would result in OOPLs of $589 single/$1,177 family. This would result in approximate savings of $.61 PMPM or $1.2M annually for the State active group. The Level 4 OOPL was established for 2013. An inflationary increase would increase it from $1,000 single/$2,000 family to $1,075 single/ $2,150 family and would result in savings of less than one cent PMPM since the OOPL is not increasing significantly and it affects a small number of individuals.

3. The Study Group discussed the addition of benefits that members have requested. Specifically, members have been requesting improved dental coverage. The Study Group was generally not inclined to add these benefits because ETF staff are investigating a stand-alone dental program for 2016, and members can currently receive the additional requested benefits through the optional (employee-pay-all) dental programs. Part of the interest in increased dental benefits was motivated by the change to a uniform dental package for state employee health insurance program, effective January 1, 2014.
   14% (15,370 of 111,435) of our total subscribers were adversely impacted by the change to uniform dental, in that their dental benefit was reduced by moving to a uniform design.

4. The Study Group considered whether copays should be applied to office visits, instead of the current coinsurance model. The Study Group members generally

do not support this change. They felt it would be too confusing to members, particularly at this time, when members will be trying to compare their current benefits to an HDHP design. In addition, copays would need to be regularly adjusted for inflation, whereas coinsurance includes an "automatic" inflation adjustment.

5. Should specialty medications be limited to federal Food and Drug Administration (FDA) approved indications? Off-label use is the use of drugs for an unapproved indication, in an unapproved age group, at an unapproved dosage, or under an unapproved form of administration. Navitus Health Solutions (Navitus) has provided the list of specialty medications currently approved by the pharmacy and therapeutics (P&T) committee as being available only for approved indications (see attachment). Approval for these drugs is granted only if provided pursuant to prior authorization.

   The off-label use of many other drugs is common. Navitus does not limit drugs prescribed off-label in any category other than specifically listed specialty drugs. The intent is to limit a select group of extremely expensive drugs to their approved use only.

6. Should the specialty mail order pharmacy network copay differential be expanded to include other specialty pharmacies in addition to Diplomat or should the specialty pharmacy program be eliminated? We have attached the most recent correspondence from the Pharmacy Society of Wisconsin for your review. The contract currently provides sufficient flexibility to Navitus to add to the specialty pharmacy network as appropriate. Navitus is in the process of identifying potential criteria that pharmacies could be required to meet in order to join the specialty network.

Staff presented (and the Study Group generally agreed) that the Guidelines should be updated to:

1. Require all health plans to submit compliant medical and prescription drug data to the Wisconsin Health Information Organization (WHIO) for public reporting purposes.

2. Continue gradual expansion of the End of Life and Advanced Care Planning initiatives.

3. Require health plans to include questions to screen for depression, substance abuse and tobacco use in the plan's Health Risk Assessment (HRA). If the HRA identifies a person as 'at risk' for these or certain other risk states such as obesity, the plan must offer that person the opportunity for health coaching and information on intervention and treatment services, as appropriate. This expansion of the HRA is an initial step to increase engagement between

members and their primary care physicians on HRA results, in addition to integrating behavioral screening and intervention.

Staff presented (and the Study Group generally agreed) that the following items either fall under OSER's purview, or should be considered in the 2016 cycle to allow for further research into the topic.

1. The determination of whether or not a wellness health insurance premium differential based on completion of an HRA and biometric screening should be established. This is a responsibility of OSER.

2. The potential for a wellness plan re-design should be further investigated and reconsidered for 2016. This would include consideration of the use of a third-party administrator (TPA) to facilitate consistent wellness services.

3. A stand-alone dental program offered through a TPA should be reviewed for a potential implementation in 2016.

Staff will be at the meeting to answer any questions.

Attachment A: Navitus e-mail RE: Drugs Limited to FDA indication

From: Patricia Carlson
Sent: Wednesday, March 05, 2014 1:43 PM
To: Thomas A. Radloff; Sunny J. Hirpara
Subject: RE: Drugs limited to FDA indication

Here's a list I threw together. Predominantly these are oral oncology medications and in addition to restricting to indication, we also restrict to appropriate specialist.

Arixtra
Bosulif
Buphenyl
Caprelsa
Cometriq
Erivedge
Ferriprox
Gleevec
Hycamtin
Iclusig
Incivek
Inlyta
Jakafi
Kalydeco
Kuvan
Nexavar
Nuvigil (ETF only I believe)
Onfi
Promacta
Signifor
Sprycel
Stivarga
Sutent
Sylatron
Tarceva
Targretin
Tasigna (until 4/1/14 when it will become ST)
Tykerb
Victrelis
Votrient
Xalkori
Xenazine
Xtandi
Zelboraf
Zolinza
Zortress
Zytiga

Patricia Carlson, PharmD Ext. 1598

Board	Mtg Date	Item #
GIB-SPW	4/16/14	6 - Attachment A