Greater Tompkins County Municipal Health Insurance Consortium

Owning Your Own Health Committee

November 30, 2016
3:30 p.m.
Old Jail Conference Room

Agenda

1. Call to Order (3:30) — Schiele

2. Agenda Changes (3:30)

3. Approve Minutes of October 26, 2016 Meeting (3:35)

4. Executive Director's Report (3:37) — Barber
   a. CanaRx update and taking the lead on marketing
   b. Newsletter
   d. Update on Board of Directors meeting

5. Update on Blue4U Program (4:00) — Miller

6. Continue Discussion of Promoting the Concept of Wellness (4:10)

7. Next Agenda Items (4:25)

8. Adjournment (4:30)

Next meeting: December 28, 2016 (tentative)

Owning Your Own Health Committee
October 26, 2016 – draft
3:30 p.m.
Legislature Chambers

Present: Ted Schiele, Olivia Hersey, Emily Mallar, Brooke Jobin, Jackie Kippola, Bev Chin
Guests: Don Barber, Executive Director; Meghan Feeley, ProAct; Via conference call: Beth Miller, Ken Foresti, Excellus

Call to Order

Mr. Schiele, Chair, called the meeting to order at 3:34 p.m.

Approval of Minutes of September 21, 2016

It was MOVED by Ms. Chin, seconded by Ms. Kelley, and unanimously adopted by voice vote by members present, to approve the minutes of September 21, 2016 as corrected. MINUTES APPROVED.

Ms. Mallar arrived at this time.

Report from the Executive Director

Mr. Barber provided an update on the Prescription Benefit Manager selection process and said the six-member review Committee is recommending the Consortium continue its relationship with ProAct for 2017. At its meeting yesterday the Audit and Finance Committee approved a resolution recommending a one-year contract with the option to renew for two additional years. This will be included on the agenda for the November 17 Board of Directors meeting.

Ms. Hersey arrived at this time.

CanaRx

Mr. Barber said this Committee has worked on CanaRx and has forwarded information to other Consortium committees. The Audit and Finance Committee questioned how CanaRx is organized and who its regulators are and a similar question was raised at the last meeting of the Joint Committee on Plan Structure and Design. Joe Scotti of CanaRx was present at the Joint Committee meeting and responded that CanaRx is **NOT** a pharmacy and **IT** is just a middle-person between Tier I drug manufacturers in countries other than the United States and customers from the United States. Since they are not doing anything medical they are only a corporation and do not have any **HEALTH** regulatory oversight agency.

Ms. Jobin questioned if the drug manufacturers that CanaRx receives drugs from are regulated. Ms. Feeley explained in those countries there are regulated Tier I pharmacies that manufacture the drugs that are imported into the United States through CanaRx which are the same drugs. Mr. Barber said if the Consortium were to move forward with CanaRx the relationship would be between the patient and CanaRx, it would not involve the Consortium or the employer.

He spoke of process and suggested a memo be distributed to all employers and the Board of Directors to let them know this is being considered and to also solicit feedback. In addition, he has asked Ms. Feeley to prepare a draft resolution that the Board could review and provide feedback on. He would also provide the Consortium's legal counsel with the resolution. It was suggested that a FAQ accompany the resolution.

There was a discussion of the importance of marketing this and Ms. Jobin suggested there be an open forum where members could speak to ProAct and CanaRx directly as there is often value in hearing someone else's questions being answered in addition to the discussion often generating further questions. Mr. Schiele suggested using a GotoMeeting format; Ms. Feeley has the technical capability to do this and will work on this with a timeline set for the third week in January.

Mr. Barber said the tentative plan is to provide the Board with a draft resolution and to invite feedback. Modifications would be made to the resolution based on the feedback and it would then be forwarded to John Powers, the Consortium's legal Counsel. Upon receipt of an opinion from Mr. Powers the resolution would be forwarded to municipalities.

Mr. Barber reported both the Audit and Finance Committee and the Joint Committee on Plan Structure and Design have discussed other prescription spend containment strategies. ProAct has brought forward two options; the first is a premium prescription drug list which contains prices negotiated by ProAct that are lower and are in exchange for removing particular drug competition from the formulary. At this time 75 medications have been excluded. This would be subject to collective bargaining and although it would be a longer process this is something that would allow for eventually lowering prices for brand name drugs.

Ms. Feeley explained an individual would have to use a brand name prescription that is included on the formulary and because some drugs would be excluded from the formulary there would be an increase in rebates for the Consortium from the pharmaceutical company.

The second option the Joint Committee spent time discussing was a specialty drug copay assistance program. This is a program whereby ProAct's specialty pharmacy, Noble Health, would work to find copay assistance for members. The Consortium would save money by creating a fourth tier that increased the amount of the copay on those drugs. This change would also be subject to collective bargaining.

Mr. Barber said the Audit and Finance Committee at its meeting yesterday agreed to look at the process that would be involved in creating a fourth tier. The reason these options are being discussed is related to a statement by ProAct that they expect by the year 2020 the Consortium's specialty drug spend will equal all of the other prescription costs.

Municipal Interest in the Consortium

Mr. Barber reported Audit and Finance Committee is recommending the Board of Directors approve membership by the Town of Aurelius in the Consortium.

Flu Clinics

Ms. Feeley reported there were a total of 245 individuals who were vaccinated at the flu clinics which is 15 more than last year.

The following are the totals by location compared to last year were as follows:

Location	2016	2015
City Hall	52	53
TC Human Resources	61	54
City of Cortland	45	40
TC Highway	18	14
Old Jail	46	52
Public Works/Bolton Point	17	23

Ms. Feeley was asked to report back in January on the number of pharmacies that that administered the vaccine along with a comparison to last year's results.

Blu4U Program

Ms. Miller reported she is waiting to hear from Conor Cornelius about coordination of the timeline to rollout the Blu4U program to the new municipalities in the Consortium as well as bringing the current groups back on board. There will be a conference call with the municipalities that have the metal level plans in the next month. Mr. Schiele asked that she provide an update at the next meeting on the number of individuals who signed up for the program during the last enrollment process.

Discussion of Promoting the Concept of Wellness

Mr. Schiele said the County, in collaboration with Cayuga Medical Center and with the assistance of the Health Planning Council, is in the process of preparing the "Community Health Improvement Plan" for the State which will be a revision of the 2013 report. This report is part of the State's Prevention Agenda which is an attempt to make sure public health is reaching all populations, including those that have traditionally been harder to reach or not able to be included. He listed the five priorities in the Prevention agenda:

1. Prevent chronic disease
2. Environmental health-related
3. Mothers and babies-related
4. HIV, STI's, and other infectious diseases
5. Promoting mental health and preventing substance abuse

All counties are again required to identify two of those five priorities and focus on those in their Community Health Improvement Plan. In 2013 and continuing again this year Tompkins County has identified prevent chronic disease and promote mental health/preventing substance abuse as its priorities for the coming year. The State has created goals, objectives, and strategies that are guidelines for how counties will create their plan. For example, within the prevent chronic disease a focus area is top to reduce obesity in children and adults. Among the goals the State Health Department is recommending are: to create community environments that promote and support healthy food and beverage choices and physical activity, prevent childhood obesity through early child healthcare in schools, expand the role of health service providers and insurers in prevention of obesity, and expand the role of public and private employers in obesity prevention.

Mr. Schiele said there has been discussion of the goal of expanding the role of public and private employees in obesity prevention and including it in the Community Health Improvement Plan and Ms. Chin suggested developing something through this Committee that would be a strategy that could be used to begin to introduce worksite wellness in a preliminary way that would be measurable. He said this is something that can be fluent and thinks it would make sense to be something this Committee works on.

Ms. Chin said there were many counties in the State that identified the same two priorities. Rather than "reinventing the wheel", the intent is to incorporate what is already taking place in the community that is relative to this Committee's work and is also in line with the State's process. Mr. Schiele said he is looking to create a measurable goal or strategy for this committee to reach out to the employers that would jump-start the process. A specific example of an action the Consortium took was to offer a template resolution to all of the employers of which some have adopted. Another idea is to develop a way of convening champions or benefits managers in a way that would lead to a wellness program starting at their worksite. In

summary, Mr. Schiele says this goes back to the question of whether Consortium will try to promote the concept of the culture of wellness at different worksites. Ms. Jobin suggested CSA's (Community Supported Agriculture) and bicycle rental as two ideas that could be pursued. Following discussion and interest in CSA's Mr. Schiele questioned if the Committee could promote this concept to the employers within the Consortium. Mr. Barber said decisions are left to employers but this Committee could promote and provide information to employers. An example of an action that could be taken is to provide employers with information, such as what is already available at Cooperative Extension, that contains options people have to access to fresh vegetables throughout the area. Mr. Schiele said he appreciated the discussion that was generated around this topic and as this moves forward it may be worthwhile to focusing more on specific things such as what has been suggested.

Next Meeting

Due to Thanksgiving, the Committee rescheduled the next meeting to be November 30th at 3:30 p.m. in Legislature Chambers.

Next Agenda Topics

The following items were suggested for inclusion on the next agenda:

Continued discussion of promoting the concept of wellness;
Update on Board of Directors meeting; and
Update on Blu4U signups

Announcement

Ms. Mallar announced CAP (Cayuga Area Physician's Alliance) will be hosting a community health forum. The first of a three-part series will take place on November 1st and is open to anyone with an interest in healthcare. She distributed a flyer and invited members to attend.

Adjournment

The meeting adjourned at 4:33 p.m.

Owning Your Own Health Committee recommends becoming more informed about CanaRx

The Board of Directors and advisory committee members have been learning all year about the sustained increase in prescription drug (Rx) spending by the Consortium compared to medical claim activity. As a result, projected spending was increased mid-year from $9.11M to $10.96M. This is a 20% budget adjustment increase. Based on Consortium data, the projected Rx rate of increase for the 2017 budget was 9.5%, whereas the medical rate of increase was budgeted at 7.5%. We have learned that drug price increases have happened at all levels; generic (Tier 1), preferred brand name (Tier 2), and non-preferred and specialty drugs (Tier 3). Barring a regulatory change, all industry projections are that Rx spending will increase from 27% of the claims in 2012, to 32% in 2020.

It is well documented that the American drug manufacturers have established a new pricing philosophy: to charge what they believe the drug is worth (what the market will bear). This model has no relationship to previous pricing, which was based on a hefty mark-up of the manufacturing cost in order to cover pre-release costs, etc.

The 2015 Utilization Report from ProAct showed that the Consortium spent $8.5M on pharmaceutical claims in 2015. 82% of the Rx scripts were filled as generic ($21.66 average cost) and 18% as brand name ($335.82 average cost).

The Consortium business model is very efficient with 93% of expenses going to pay claims (Rx and medical). When Rx pricing accelerates, it does impact premiums. Directors and committees have been discussing strategies to reduce the aggregate Rx spending, in order to hold down increases in premiums. You will be hearing more as these ideas are being vetted.

One strategy, purchasing 90-day supplies of brand name maintenance drugs through CanaRx, has been discussed by all committees. The attached 10 page flyer from our Prescription Benefits Manager ProAct, provides a comprehensive summary of the CanaRx option. CanaRx drugs are priced on average 65% lower than US pricing.

The reason the CanaRx strategy is gaining traction is that ProAct reviewed Consortium 2015 Rx utilization data and found that approximately 5,300 claims could have been purchased through CanaRx in 2015. If all of these prescriptions had been purchased through CanaRx, it would have saved the Consortium $1.6M.

But this isn't only about reducing Consortium drug spending and premium increases. All 90-day brand name maintenance drugs in the CanaRx formulary have a copay of zero ($0.00). CanaRx drugs in Tier 2 formulary will save the patient roughly $30 four times per year or $120. And Tier 3 will save the patient approximately $300/year.

The Owning Your Own Health Committee will be asking the Board of Directors to include CanaRx as an additional source for prescriptions. It is important that you become informed about this important decision.

Some frequently asked questions by committee members are attached. Also, a webinar will be hosted by ProAct on January 9, 2017 at 10:30 AM to more fully explain the CanaRx model. The webinar will be targeted to Consortium benefits managers, but anyone from member municipalities will be welcome to attend. Please plan your schedule so that you can attend.

CanaRx FAQ's.

Where are CanaRx drugs manufactured and what assurances to we have that they are as good as US made drugs?

CanaRx pharmacies are located only in Tier I countries (Canada, United Kingdom, Australia, and New Zealand). In order to have a Tier 1 designation those locations have to deliver goods and services that are as good, or better than those coming from the United States.

These international sources supply the same drugs as do US firms, but are sold at lower price due to pricing regulations within those countries that currently don't exist in the US. In the 1990's, US pharmaceutical companies created manufacturing points overseas. The drugs dispensed through CanaRx all come from the same manufacturing points as they would if they were dispensed by US pharmacies. CanaRx only handles brand name medications in their formulary because it is easier to trace these medications' point of manufacture.

How do patients gain access to CanaRx drugs?

Once the Consortium enters into an agreement with CanaRx, thereby agreeing to pay CanaRx invoices for prescriptions sent to our members, the patient must establish their own direct relationship with CanaRx. To do this, a patient completes the CanaRx enrollment form and asks their physician to send, by postal mail or fax, a prescription to CanaRx. Only prescriptions covering a full year of maintenance drugs will be filled by CanaRx --- 90-day supplies with 3 refills. Members enrolling in the program must also have been on the medication successfully for 30 days prior, and must comply with all of the rules of their health plan. There is no open enrollment period; members may enroll and have prescriptions filled at any time throughout the year.

How are patients assured that no one along the way has tampered with their prescription?

The prescription is sent in blister packs which is the actual packaging used by the manufacturer and involves no pill-counting. The script is mailed directly from the Tier 1 manufacturer to the patient's home and the Consortium is invoiced.

How does ProAct work with CanaRx formulary to ensure that CanaRx brand name drugs are the lower cost option?

The CanaRx formulary is sent to and monitored quarterly by ProAct. ProAct compares medication prices and decides if it is more beneficial to patients and Consortium for prescriptions to be filled by CanaRx, or to come from ProAct. Any medication for which the pricing advantage is through ProAct is removed from our CanaRx formulary. This ensures that the member and the plan are both realizing maximum savings with every prescription.

Is it possible that CanaRx formulary has direct competition with ProAct?

A few brand name drugs are in direct competition with generics. The patient will need a waiver signed by their physician in order to receive the brand name competitor from CanaRx, instead of the generic from

ProAct. As an additional safety valve, multi-source brand name drugs that have generic equivalents are only on the CanaRx formulary if they are cheaper than either the brand or the generic via ProAct.

How is CanaRx set up as a corporation and who regulates their dispensing activities?
CanaRx is not a pharmacy in that they do not have a pharmacist on staff. They do not handle the drug product which is sent in individual bubble packets directly from the Tier 1 drug manufacturer. CanaRx is solely an intermediary that connects the individual customer (patient) with the Tier 1 drug manufacturer. Therefore their activity is not of regulatory concern by Health Canada authorities.

Who is responsible if something goes wrong?
Regarding liability, CanaRx is an insured prescription provider that has product and professional liability coverage, and would add the Consortium to that coverage at no cost. There is also hold harmless language in the enrollment contract for all of the members and fiduciaries at no cost.

What happens if my prescription is held up at the border?
CanaRx will assume financial responsibility for any delay in delivery of prescriptions. Any occurrence of delay is less than 1%. For example, if a member is due a refill and the medicine is not going to be delivered on time, the member will be notified and CanaRx will work with ProAct to get the medicine delivered domestically at no cost to the member.

Have any Consortium municipalities ever used CanaRx before?
Yes, Tompkins County and TC3 have used … since 20xx…

Are there any NYS or U.S. laws that prohibit the Consortium importing drugs?
First of all, the Consortium is not involved in the prescription transaction other than receiving and paying the invoice. The contractual arrangement is between CanaRx and the individual plan holder. Second, there are no laws that prohibit individuals from receiving shipments of their medication from outside of the U.S.

CanaRx Resolution

Whereas, CanaRx is a Canadian Corporation, incorporated in 2002 dedicated to providing safe, affordable Brand Name maintenance medications at a uniform reduced cost to American residents, and

Whereas, CanaRx contracts with government licensed pharmacies in Canada, the United Kingdom, Austrialia, and New Zealand to supply government certified Brand Name maintenance medications (approximately 300 medications) packaged and sealed by the original manufacturer, for direct delivery to participants, and

Whereas, CanaRx is HIPPA compliant, and

Whereas, in order to comply with US FDA directives, the purchase of medications from the CanaRx formulary is by voluntary participation for personal use, and

Whereas, the Consortiums drug tiers 2 and 3 which have copays of $0 for 2 tier plans, and $15 to $90 in 3 tier plans, and

Whereas, the CanaRx formulary has $0 copay for all medications which saves members in 3 tier plans between $60 and $360 per year, and

Whereas, a study by ProAct of the Consortium 2015 drug utilization discovered that the CanaRx medications cost 65% less than those same medication purchased through ProAct, and

Whereas, as study by ProAct of the Consortium 2015 drug utilization discovered that had all 5,392 claims for medications available from the CanaRx formulary been purchased from CanaRx, the Consortium's medication claim spend would have been decreased by more than $1.6 million, and

Whereas, the Owning Your Own Health and Joint Committee on Benefit Plan Structure and Design have adopted resolutions urging the Consortium to create this opportunity for our members, and

Whereas, Tompkins County and TC3 have both been allowing their covered employees and retirees to use CanaRx to fill their Brand Name Maintenance medications,
Now Therefore Be It Resolved, that the GTCMHIC Board of Directors hereby directs the Executive Director to give notice to the Prescription Benefits Manager, ProAct, to implement a process with CanaRx for the voluntary purchase of brand name maintenance drugs available through the CanaRx formulary for all covered lives of our municipal partners.