

BENEFITS ADVISORY COMMITTEE  
MINUTES OF MEETING  
APRIL 15, 2010

[In these minutes: BAC Meeting Schedule, Administrative Working Group (AWG) Update, Gopher Quick Clinic Update, Introduction of Ryan Gourde, PULSE Survey Reminder, Report of the Pharmacy RFP Committee, CVS/Caremark Report, UPlan Pharmacy Benefit Policy]

[These minutes reflect discussion and debate at a meeting of a committee of the University Senate; none of the comments, conclusions, or actions reported in these minutes represent the view of, nor are they binding on the Senate, the Administration, or the Board of Regents.]

PRESENT: Gavin Watt (chair), William Roberts, Dale Swanson, Jody Ebert, Jennifer Imsande, Sara Parcells, Sandi Sherman, Nancy Fulton, Michael Marotteck, Carl Anderson, Amos Deinard, George Green, Richard McGehee, Fred Morrison, Michael O'Reilly, Theodor Litman, Rodney Loper

REGRETS: Pam Enrici, Tina Falkner, Sharon Binek, Joseph Jameson, Judith Garrard, Dann Chapman, Karen Young

ABSENT: Carol Carrier, Frank Cerra, Keith Dunder

OTHERS ATTENDING: Linda Blake, Karen Chapin, Betty Gilchrist, Ryan Gourde, Shirley Kuehn, Kelly Schrotberger

I). Gavin Watt called the meeting to order, and welcomed those present.

Mr. Watt turned members' attention to the committee's meeting schedule on the back of the year. He noted that the June 17 meeting has been moved to June 24.

II). Mr. Watt called on Professor McGehee to provide an Administrative Working Group (hereafter AWG) update. Professor McGehee reported that the AWG met last week and received a report from Towers Watson on the effects of the new Health Care Reform legislation.

Additionally, the AWG discussed a request by the Cancer Center to have the University change the exclusion in its Summary of Benefits that does not cover experimental clinical trial costs. While technically, noted Karen Chapin, the health plans are currently doing this, the Cancer Center is requesting this benefit be included in the UPlan Summary of Benefits.

A member asked for the motivation behind the Cancer Center's request. Ms. Chapin stated that the Cancer Center simply wants UPlan members to know that "normal" care is

covered by the plan. She added that no changes will be made until more information is gathered and discussed with the BAC.

Mr. Watt reported that Employee Benefits has been receiving a fair number of calls about a provision in the Health Care Reform legislation dealing with offering health care coverage for dependents up to age 26. Ms. Chapin stated that the University is interested in making this change as soon as it can effectively implement it. More information will be forthcoming.

A member asked about the cost to the plan for making the change to cover dependents to age 26. Ms. Chapin stated that whenever more people are added to the plan it costs more. She added that the imputed income tax that has been charged to employees covering non-tax dependents will go away once the change is implemented.

Professor McGehee noted that in light of discussions among senior administrators about how to deal with the anticipated further budget cuts, the BAC may want to weigh in sooner rather than later on any discussions that could possibly cutting benefits. He requested that the administration not come to the BAC with a decision already made, but consult with the BAC prior to making any benefit changes. Professor Morrison stated that the University's health care benefits are fairly firmly set through plan year 2011. At the June 24 BAC meeting, members will hear about ideas for saving the UPlan money. He reminded members that Health Care Reform legislation will likely determine what kind of a health care benefits the University will be able to offer. A probable outcome of this legislation is that there will be much more uniform health benefits around the country.

III). Carl Anderson announced that Gopher Quick Clinic will no longer have a space in Coffman Memorial Union (hereafter CMU) next year. The Gopher Quick Clinic in Boynton will remain open and staffed with two providers. The decision to close the CMU site will save about \$40,000 in rent and clerical support costs. He added that Boynton Health Service is committed to keeping the St. Paul Gopher Quick Clinic site open.

Mr. Anderson also announced that CVS has plans to put a Minute Clinic in the new Kelly Doran development (Sydney Hall apartment tower) on 15<sup>th</sup> Avenue S.E. and 4<sup>th</sup> Street S.E. This will present a bit of competition for the Boynton Gopher Quick Clinic, but will be very convenient for people on that side of campus.

IV). Employee Benefits' Announcements:

a). Ms. Chapin introduced Ryan Gourde, who replaces Ted Butler. Mr. Gourde is Employee Benefits' new health programs financial manager. Prior to coming to the University, Mr. Gourde was with United Healthcare where he worked as a senior financial analyst, and before that he worked at the University of Minnesota in accounting as a fiscal officer and principal accountant. Mr. Gourde has his B.S. degree from the

University of Wisconsin, Eau Claire, and an M.B.A. from the Carlson School of Management, and, additionally, he is a CPA. Mr. Watt welcomed Mr. Gourde.

b). Betty Gilchrist reminded members that they will be receiving the PULSE Survey on Monday, April 19 via email. The PULSE Survey is administered every other year and is intended to measure faculty and staff satisfaction with the University as an employer. This year's survey is 30% shorter than previous surveys and will have enhanced reporting capabilities. The deadline to complete the survey is May 7, 2010.

V). Professor Morrison reported that the Pharmacy RFP Committee received 14 applications of which three did not meet the minimum bid qualifications. Five firms were interviewed and Prime Therapeutics was selected. Prime Therapeutics is located in the Twin Cities. Previously, Prime Therapeutics was the pharmacy division arm of Blue Cross/Blue Shield, and was later spun off.

During the course of the RFP process, the committee noticed that Fairview Specialty Pharmacy had a far superior specialty pharmacy operation than any of the other bidders. As a result, an agreement has been reached with Fairview Specialty Pharmacy to be the University's specialty pharmacy provider. Specialty pharmacy is the most rapidly growing cost in pharmacy benefits, noted Professor Morrison.

Professor Morrison as chair of the Pharmacy RFP Committee then signed the recommendation of the Pharmacy RFP Committee, which the administration has already accepted. The next step is to bring the recommendation to the Board of Regents for approval.

Will the working relationship between Prime Therapeutics and Fairview Specialty Pharmacy be transparent to UPlan members, asked a member? Professor Morrison stated that work is being done to eliminate any confusion on the part of members about this relationship.

The same member asked whether the transition to the new pharmacy benefit managers would be seamless? Professor Morrison stated that since the last time the University went through this process six years ago, it has learned a great deal about implementation, albeit the hard way. Implementation made up a significant portion of the RFP in an effort to avoid as many problems as possible.

A member asked whether employees will receive their new pharmacy cards before January 1, 2011? Professor Morrison stated that this has already been discussed and Prime Therapeutics will be working to get member's cards out prior to January 1.

Will the prior authorization rollover to the new vendor be handled appropriately, asked a member? Professor Morrison stated that this requires the cooperation of the prior vendor who has agreed to cooperate.

Will Prime Therapeutics use their existing contracts with pharmacies or will they take over the RxAmerica contract, asked a member? According to Professor Morrison, Prime Therapeutics will presumably use their existing contracts with pharmacies.

Does the University expect any of the non-RFP winners to appeal the University's decision to choose Prime Therapeutics and Fairview Specialty Pharmacy, asked a member? While the Pharmacy RFP Committee does not feel an appeal would have merit, it is not out of the realm of possibility that a bidder would appeal.

Ms. Chapin commented that the Pharmacy RFP Committee liked Prime Therapeutics' implementation plan. They have a separate implementation manager who handles the implementation rather than having the account manager handle it like many other companies. Mr. Watt added that Prime Therapeutics willingness to work with the specialty pharmacy identified by the University and the fact that both Prime Therapeutics and Fairview Specialty Pharmacy are local companies, weighed in their favor.

Was the Fairview Specialty Pharmacy bid submitted on its own or was it attached to another bid, asked a member? Professor Morrison stated that the Fairview Specialty Pharmacy bid was included in the Fairview Pharmacy Services bid.

A member emphasized the need to make sure the transition to Prime Therapeutics and Fairview Specialty Pharmacy is effectively communicated earlier rather than later.

Ms. Chapin added that the University is proposing an exclusive specialty drug arrangement with Fairview Specialty Pharmacy, which means all specialty medications would be provided through Fairview exclusively. Currently, some UPlan members pick up their specialty medications at retail locations. Details of this contractual arrangement are still being negotiated.

VI). Ms. Chapin distributed copies of the presentation CVS/Caremark shared at its March meeting with the University. The presentation covered:

1. Plan performance.
2. Clinical programs update.
3. Generic pipeline update.

Ms. Chapin shared highlights from this presentation, which included but were not limited to:

- The UPlan has an average membership of approximately 39,000 and of these members roughly 13,000 or 33% used medications.
- Collectively, the UPlan had 374,000 prescriptions filled in 2009, which was an increase from 2008.
- The UPlan had a generic dispensing rate of 69.82%.
- A total of \$36 million was spent on pharmacy expenses, and members paid 11.7% of that cost, or \$4.2 million. When comparing 2008 to 2009, member co-pays came down again in 2009 as a percent of the total from 13% to just under 12%.
- The average overall drug cost in 2009 was \$85. The average brand drug cost \$219 and the average generic drug cost \$27.

- There was a relatively high increase in the cost of generic drugs in 2009, which is attributable to the fact that a number of new generic drugs came on the market. When generic drugs initially come on the market there is only one manufacturer, and, as a result, the initial cost is higher, but less costly than brand drugs. Generic prices go down when more companies are allowed to manufacture a generic drug.
  - The total plan cost per member per month (PMPM) in 2009 was \$68.
  - From 2008 to 2009, the mail dispensing rate declined from 3.8% to 3.6%.
  - Trend in UPlan pharmacy was approximately 7%, and slightly higher for specialty medications. A majority of the trend increase was due to price inflation.
  - UPlan members who utilize the pharmacy program cost the plan \$229 per month/per utilizer. Collectively, if the cost is spread across the entire UPlan population the cost is roughly \$77 per member/per month.
  - When comparing UPlan data against CVS/Caremark's book of business, the UPlan cost is higher per utilizer and just slightly higher per member. In addition, the UPlan has approximately 70% generic usage compared to 64.5% for CVS/Caremark's book of business.
  - From 2008 to 2009, pharmacy expenses for Medica Elect/Essential were lower than HealthPartners, but overall Medica expenses were comparable.
  - While HealthPartners generic dispensing rate has always exceeded Medica's rate, Medica's rate from 2008 to 2009 increased.
  - Members' attention was turned to lists of the top 25 drugs by cost, volume and specialty and the top 10 plan therapy classes by cost and volume. The UPlan's top therapy class by cost are cholesterol medications and by volume are depression medications.
  - Three clinical programs were implemented within the last year:
    - Pill splitting – Lipitor – Savings from this program were about \$17,000.
    - Transitioning members taking Nexium and Fosamax D to other medications – Savings from this program were approximately \$165,000.
    - Three for Free – Savings from this program, which has been offered three times, totaled roughly \$750,000.
- CVS/Caremark continues to recommend additional clinical programs, which the University will consider.
- Information on drugs that recently moved to generic and drugs in the generic pipeline were shared. For example, in 2010, Flomax, Effexor, Advair and Lipitor will have a generic equivalent.

CVS/Caremark will continue meeting with the University on a regular basis through the end of the year, noted Ms. Chapin.

Mr. Watt called on Professor McGehee to summarize the pharmacy comments that were collected. Professor McGehee stated that of the 169 comments that were collected this year, almost 80% were negative in one way or another. He noted that he worked hard to separate out the CVS/Caremark comments from the University's plan design comments, which proved difficult at times. The majority of complaints had to do with customer service, formulary, prior authorizations, mail order, and the TRUEresult glucose meters.

A member commented that dealing with pharmacy issues can be overwhelming for some people given the complexity of the plan. What can the University do to more effectively communicate with members about its pharmacy-related benefits. Despite the University's communication attempts, problems remain. Ms. Chapin stated that, for example, the University plans to address the problems associated with prior authorizations.

Is the Prime Therapeutics website user friendly, asked a member? Kelly Schrotberger stated that to the best of her recollection their site was one of the better sites that was evaluated.

VII). Copies of the UPlan Pharmacy Benefit Policy were distributed to members for review. A member voiced concern over the fact the policy limits a physician's prescribing flexibility if a patient is unable to take a particular medication for one reason or another. The policy is too cut and dry in terms of what medications are covered. There should be more prescribing leeway. Mr. Watt stated that this policy is intended to outline how prescribing decisions are made, e.g., what medications to cover at what level, and not to interfere with the physician/patient relationship, but to make them both more accountable for prescribing decisions.

In light of time, Mr. Watt tabled approval of the policy by the BAC and suggested reconvening the BAC pharmacy subcommittee in order to address the concerns that were raised today.

VIII). Mr. Watt announced that the next meeting is May 6th. Hearing no further business, Mr. Watt adjourned the meeting.

Renee Dempsey  
University Senate