

**MINUTES OF THE
CAPE COD MUNICIPAL HEALTH GROUP**

Steering Committee Meeting
Friday, February 8, 2019 at 9:00 AM
Sandwich Town Hall, Sandwich, MA

MEETING MINUTES

A meeting of the Steering Committee of the Cape Cod Municipal Health Group (“CCMHG”) was held on Friday, February 8, 2019 at 9:00 AM at Sandwich Town Hall, Sandwich, MA.

The following people attended:

Steering Committee Members Present:

Skip Finnell, Committee Chair
Noreen Mavro-Flanders, Board Chair
Christopher Clark
John Kelly
Susan Wallen
Deb Heemsoth
Marie Buckner

Dennis Yarmouth RSD
County of Dukes County
Town of Harwich
Town of Orleans
Nauset RSD
Town of Dennis
Town of Sandwich

Guests Present:

David Sirowich
Beth Deck
Eric Diamond
Michael Dalmau
Jeff Morassi
Bill Hickey
Garbrielle Pitcher
Bill Rowbottom
Mark Meunier
Jon Bauer
Steve Dion
Carol Cormier

PBIRx
Cape Cod Collaborative
Harwich Fire Dept.
Hyannis Fire Dept.
MA Teachers Association
Harvard Pilgrim Health Care (HPHC)
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Blue Cross Blue Shield of MA (BCBSMA)
Gallagher Benefits Services (GBS)

Steering Committee Chair Skip Finnell called the meeting to order at 9:05 AM.

Approval of minutes of the January 23, 2019 meeting:

Noreen Mavro-Flanders moved approval of the January 23, 2019 Steering Committee meeting minutes.

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| Motion |
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Chris Clark seconded the motion. The motion passed by unanimous vote.

Pharmacy Carve-out Proposals – David Sirowich, PBIRx

Skip Finnell said that the CCMHG is expecting about \$140 million in health claims in FY20 and expects that 15-17% of that will be pharmacy claims. He said the Committee has been learning about Rx Carveout arrangements as a possible way to keep pharmacy costs down.

Carol Cormier said that in the Fall PBIRx issued an RFP asking for pharmacy (Rx) Carve-Out program proposals from Pharmacy Benefit Management companies (PBMs) and for improved pricing and other arrangements for the current Rx Carve-In programs from BCBSMA and Harvard Pilgrim. She said Mr. Sirowich presented the results of the RFP at the January 23rd meeting. She said after that meeting PBIRx went back to the health plans and PBMs and asked for Best and Final Offers (BAFOs).

David Sirowich summarized what PBIRx has done to date. He said CCMHG retained PBIRx to do the analysis of proposals. He said that PBIRx will be paid the same regardless of CCMHG's decision and therefore, PBIRx is a neutral party.

Mr. Sirowich distributed a handout and reviewed the analysis of the BAFO Rx re-pricing proposals.

Mr. Sirowich reviewed the Rx Carve-In programs. He said that BCBSMA's BAFO proposal was more favorable than the original. He said that BCBS has taken the rebate money out of the Rx pricing and will give 100% of the rebates to CCMHG, paid quarterly 150 days after the end of each quarter. He said there is a minimum guarantee of \$112 per each 30-day supply of brandname meds dispensed. He said he thinks the rebate estimate is conservative.

Mr. Sirowich said that whereas Harvard Pilgrim (HPHC) has been giving the CCMHG 70% of rebate money, given as a credit once per year, HPHC now has agreed to provide 90% of rebates to CCMHG. He said he expects the savings to CCMHG from the BCBSMA and HPHC programs combined will be over \$2.7 million (12.26%) in the first year.

Mr. Sirowich reviewed the BAFO Rx Carve-Out proposals from ExpressScripts (ESI) and MaxorPlus. He said he did not include ProAct proposal because at the last meeting the Committee said it was not interested in that proposal because of the high level of formulary disruption. He said that with ESI and Maxor the savings decrease in the second year because of the first year implementation credit. He said first year savings expected are \$3.6 to \$3.7 million.

Chris Clark asked if there would be substantially more work and involvement for CCMHG with Rx Carve-out plans

Dave Sirowich said that while PBIRx would be assisting CCMHG with making formulary customization, etc. there would be somewhat more involvement required of CCMHG. He said this actually allows CCMHG to identify opportunities to better manage the pharmacy programs and costs.

Jon Bauer said that the ESI and Mazor pricing proposals assume using their own formularies.

Noreen Mavro-Flanders, Chris Clark, and John Kelly expressed concerns about CCMHG's role in Carve-Out program decisions.

Dave Sirowich said he meets with Carveout clients quarterly to review possible changes in the program. He said that there is also an independent third party review. He reminded the Committee that all of the programs can integrate with CanaRx.

Mr. Sirowich mentioned that Harvard Pilgrim will have a new PBM, OptumRx, as of January 1, 2020 and said that may cause some formulary disruption but, at the same time, may provide some opportunities.

There was a discussion about the HSA-Qualified plans and the proposed Rx changes in the Carve-In programs.

Mr. Sirowich said that in the case of the BCBSMA proposal because the rebates are being pulled out of the pricing, the HSA plan members who have not met their deductible may experience somewhat higher prices at the pharmacy for certain medications.

John Kelly asked the BCBSMA and HPHC representatives if they could implement the Carve-In program changes for July 1, 2019.

The health plan representatives responded affirmatively.

John Kelly said he favors doing the Carve-In programs with the new arrangements. He said it is important for CCMHG to control costs and keep the rates down so as not to lose employers from the group. He said that the proposed Carve-In programs provide savings without disruption.

John Kelly moved to recommend to the Board that it go with the Rx Carve-In programs with the new arrangements as proposed by BCBSMA and HPHC to be effective July 1, 2019 with estimated savings of 12.26%.

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| Motion |
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Chris Clark seconded the motion.

There was a discussion.

Dave Sirowich said that PBIRx will audit to all issues in the contracts in order to better manage pharmacy utilization and trends. He said that the CCMHG is addressing drug pricing now and the next step is to look at utilization. He said that PBIRx would work with the carriers' clinical teams on behalf of CCMHG.

Eric Diamond asked who would regulate and make decisions under the proposed Carve-In plans.

Bill Hickey said that Harvard Pilgrim will have full decision-making authority on the Rx formularies and plan features for its programs.

Carol Cormier said the carriers would make the decisions as they have been doing.

It was agreed that the carriers would listen to inputs from the client.

There was a unanimous vote approving John Kelley's motion.

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| Vote on Motion |
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Mark Meunier, BCBSMA, said that there are studies that show the Rx Carve-Out can lead to higher medical costs.

Carol Cormier asked Mr. Meunier to provide copies of those studies.

Garbrielle Pitcher mentioned BCBSA's co-pay savings program with ESI.

Noreen Mavro-Flanders thanked Dave Sirowich for the work on the RFP which is leading to significant savings.

In response to a question from John Kelly, Dave Sirowich said he will request final contracts from the carriers.

Other Business:

Chair, Skip Finnell, set the next meeting for February 27th at 9 AM at Sandwich Town Hall.

There was a brief discussion about sites for future meetings.

There was no other business.

Skip Finnell adjourned the meeting at 10:35 AM.

*Prepared by Carol Cormier, MHA, LIA
Gallagher Benefits Services*