



BOARD OF DIRECTORS

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**Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
February 21, 2014 9:00 AM**

AGENDA DATE: February 21, 2014

ITEM NUMBER: 12

SUBJECT: Receive and File Report from US Script for Prescription Benefit Plan

REQUEST(S): That the Board Receive and File Report from US Script for Prescription Benefit Plan

DESCRIPTION:

US Script became the Pharmacy Benefits Manager (PBM) for the SJVIA beginning in Plan Year 2013. The agreement with the SJVIA is for three years and all participants of the SJVIA are included in this program. On November 1, 2013 US Script presented an overview of trends and shared several recommendations that may help mitigate the rising cost of pharmacy claims. The report presented included claims through September 2013. The attached report is updated to include claims through the end of December 2013.

Don Anderson, Pharm D will present additional information and trends and follow-up regarding questions posed by your Board regarding pricing and options for network pharmacies. A few points that will be presented at the meeting are highlighted below:

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 21, 2014

Specialty Medications: Specialty medications are the fastest growing, most expensive category of prescription drugs. They often require special handling and approval to be covered and are utilized by only 2.0% of SJVIA members. These drugs continue to make up less than 1% of the total number of claims, but are responsible for 20% of the total cost of all claims. This is down from 25% for the 3rd quarter results. The majority of SJVIA's current plans do not follow industry trends of separating these drugs into their own pricing class to help offset costs. Many plans assess a separate copay for specialty meds, with the average copay of \$125, due to their expensive nature. Alternatively, percentage share of cost with a maximum is also a common design. The County of Tulare plan has this provision, with member share for specialty medication at 30% to a maximum of \$100.

Generic Fill Rate: Generic fill rate, percentage of prescriptions filled as generic when available, is another important metric monitored by US Script. SJVIA's generic fill rate of 77.8% is below the standard goal of 80-82%. Statistically, every 1% increase of generic medicines reduces overall costs by 1.5%, saving the plan significant costs each year. Given the large volume of claims dollars spent on prescriptions every year, incentivizing members to fill generic medications is of great importance in driving the generic fill rate to the goal rate of 82%.

Extended Days Supply: Also noted in the review of the 2013, 21.9% of claims are being filled as extended day supply, 60 or 90 days for example. Plan allowances for extended days supply for routine medications helps to reduce costs for patients and the SJVIA by reducing the number of visits to pharmacies. Other plans that offer an extended days supply, usually have a rate of 38-40%, as compared to SJVIA's 22%.

Retail Network Selection: Based on retail network selection, we see many members filling prescriptions at Walgreens pharmacies. Historically Walgreens has been a more costly retail chain, which is why we are seeing so many non-Walgreens strategies evolving. US Script had previously mentioned a limited scope network that excluded Walgreens. Since that time, they have been able to renegotiate the Walgreens contract to obtain better discounts behalf of the SJVIA. As a result of these new rates, the savings opportunities are insignificant when paired with the potential member impact. At this point US Script does not advise making any limited network changes, as based on the revised rates the benefit of such a change has diminished to a level that no longer appears to justify the member disruption that would occur. US Script will continue to monitor on a semi-annual basis to ensure this continues to be the case.

AGENDA: San Joaquin Valley Insurance Authority

DATE: February 21, 2014

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF Receive and File Report from US Script for Prescription Benefit Plan

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY
DIRECTOR _____, THE FOLLOWING WAS ADOPTED BY
THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board Receive and File Report from US Script for Prescription Benefit Plan