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**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
August 22, 2014 9:00 AM**

AGENDA DATE: August 22, 2014

ITEM NUMBER: 10

SUBJECT: Approve Modifications to the Prescription Benefit Plan
Managed by US Script

REQUEST(S): That the Board Approve Modifications to the
Prescription Benefit Plan Managed by US Script to
extend the current Direct Member Reimbursement time
limitation to 180 days and increase the maximum cost
to \$2,000 for retail and \$6,000 for mail order.

DESCRIPTION:

As part of the creation of the SJVIA in the fall of 2009, staff and the team at Gallagher Benefits Services worked closely with the selected vendors to duplicate the benefits currently in place at the Counties of Tulare and Fresno. The implementation of the prescription benefit plan goes far beyond generic vs brand copays. It took careful planning under the advisement of the Pharmacy Benefit Manager (PBM) at that time, Walgreens. The PBM was given every category of drug, cost and quantity allowances and drug review requirements to ensure consistency and best practices while providing a competitive and comprehensive benefit to all plan participants. With the move to US Script in January of 2013, these benefit parameters were again duplicated.

Two of these underlying benefit level details have become cumbersome to SJVIA staff given the number of requests for exceptions to these rules. Staff is requesting these parameters be changed to both accommodate plan participants and lessen the number of requests to SJVIA staff.

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The first of these plan parameters is the limitation on the amount of time a plan participant has to request reimbursement from US Script. This scenario happens as a result of a member utilizing an out-of-network pharmacy, not having their ID card available and paying cash for a prescription, a potential eligibility issue causing a delay in claim processing, or a member having dual coverage. The current time limit an SJVIA plan participant has to request a reimbursement is 30 days. This is a very short period of time and members often forget to submit their request or have extenuating circumstances that prevent them from submitting it on time. According to US Script, it is much more common for a plan to have a 90 to 180 day time allowance for the submission of these requests. Typically, these requests for reimbursements do not involve large dollar claims as participants often cannot afford to pay for more expensive medications out-of-pocket and wait for reimbursement from the plan. In the instance of a member having dual coverage, the reimbursement amount is equal to the member's copay under the Rx plan. Often, if Medicare or some other third party is involved with the participant's coverage, the processing of the claim can take months and puts the member in the position of not being reimbursed due to timing issues beyond their control. These claims tend to be smaller in dollar amounts, but given the short period of time currently allowed for submitting the request, SJVIA staff has been getting a large number of requests for exceptions to this time limit.

The second item in this request is an internal claim maximum that US Script cannot exceed without approval from SJVIA staff. Currently this limit is set at a flat \$1,500 and the requests for claims that exceed this maximum have increased in the last year, mostly due to increased costs for pharmacy. Remember that the underlying structure of the pharmacy plan was built in late 2009 from benefits that were in place for years before that time. Considering this information, it is clear this cost limitation should be increased to match current market conditions. This cost limit and any requests that come to SJVIA staff for approval of an exception are never for drugs that would not otherwise be covered under the plan. This limit is a control mechanism built into the plan to limit the exposure of the SJVIA to higher costing drugs. If a drug is not covered for any reason, the claim is denied by US Script, regardless of the cost. This limitation is for drugs that would otherwise be covered, but due to the cost must be approved by a plan administrator. For instance, recently Sovaldi, a drug approved for the cure of Hepatitis C has become available. This drug has an approximate monthly cost of \$33,000 for a 28 day course and the average treatment time is 3 months. While this drug is unarguably very expensive, it has over a 90% cure rate for Hepatitis C and can save the plan money over time by avoiding other costly drug and medical treatments that deal only with the symptoms of the illness ultimately leading to

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liver transplant and countless other complications. Staff is requesting a slight increase to the maximum amount of \$2,000 for retail prescriptions (30 day supply) and \$6,000 for mail order prescriptions (90 day supply), which would bring the plan more into alignment with US Script's book of business. All claims which exceed these dollar amounts, but otherwise meet the plan requirements for a covered drug, must still be approved by SJVIA administration.

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager