State Employee Benefits Committee
Friday, January 13, 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

The State Employee Benefits Committee met on January 13, 2012, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Faith Rentz, Deputy Director, OMB, SBO
Vicki Ford, OMB, Financial Operations
Dawn Guyer, OMB, Financial Operations
Ann Skeans, OMB, SBO
Mary Thuresson, OMB, SBO
Mike Morfe, AON Hewitt
Stuart Wohl, Segal
Andrew Kerber, DOJ
Lori Christianson, Office of Controller General
Courtney Stewart, Office of Controller General
Tom Cook, Secretary of Finance
Karen Weldin-Stewart, Insurance Commissioner
Amy Quinlan, AOC
Erika Benner, State Treasurer's Office
Crystal Webb, DHSS, Public Health
David Craik, Pension Office
Kim Vincent, Pension Office
Pat Griffin, SEBAC, AOC
Rebecca Reichardt, OMB, BDPA
Terry Mullaney, OMB, PHRST
Monica Gonzales Gillespie, OMB, HRM
Judy Anderson, DSEA
Tim Barchak, DSEA
Chris Ulrich, U of D
Faith Joslyn, Blue Cross Blue Shield DE
Katherine Impellizzeri, Aetna
Julie Caynor, Aetna
Bob Bruce, Coventry
Gina Chmielewski, Coventry
Theresa Vreken, Coventry
Carrie Schiavo, Delta Dental
Judy Grant, HMS
James Harrison, DSEA - R
Vincent McCann, AFSCME
James Testerman, DSEA - R
Sandy Richards, AFSCME
Rich Phillips, DSEA - R

Agenda Items Discussed:

Introductions/Sign In

Director Visalli called the meeting to order at 2:05 p.m. Introductions around the room followed.

Approval of Minutes

Members in attendance were asked to review the prior meeting minutes. Director Visalli requested a motion to approve the minutes from the November 28, 2011, SEBC meeting. Ms. Benner made the motion and Ms. Webb seconded the motion. Upon unanimous voice vote the minutes were approved.

Directors Report – Brenda Lakeman

The Civil Union legislation was effective January 1, 2012 and to date, 13 civil union spouses have been enrolled. Workshops related to the Civil Union dependent enrollment were held in December and 45 participated. Additional workshops are scheduled for the week of January 16th.

Two additional Early Retiree Reinsurance Program (ERRP) reimbursement requests in the amounts of $1.2 million (M) for FY11 and $1.6M for FY12 were submitted in December 2011. Slightly less than $4 billion (B) of ERRP money received to date has been expended. Due to the approach of the $5B funding limit, ERRP announced that plan sponsors cannot submit reimbursements for claims incurred after December 31, 2011.

Medco sent letters to eligible members on January 5th regarding the co-pay waiver program approved by the SEBC in March 2011. This program encourages members who have a brand drug prescription in their 180 day history and a generic alternative for the brand drug is available, to request their doctor prescribe the generic alternative and they will not be charged the applicable generic copay. The offer is optional, available for a 30 or 90 day fill and is intended to encourage members to choose a less costly generic medication.

Health Fund Financials – (handouts - 2)

Ms. Ford reported that the November 2011 Fund Equity Report net fund balance was $36M, which is slightly up from October.

Mr. Morfe explained the FY 2012 first quarter financial reports (handout). There was slight movement in membership between the Blue Cross Blue Shield (59,000) and Aetna (35,000) plan. From the prior period, the medical plans experienced an increase in claims of 5.7 percent and an increase in overall contracts of 1.7 percent. Total expenses rose by 4 percent. Other administrative expenses appear unusually high due to the coding of approximately $500,000 in Medicare Part D proceeds to the non payroll groups to this expense line. This will be corrected in the next quarter.

Claims experience by health plan was explained. The CDH plan had a modest enrollment and it was explained that experience will be volatile being it is in the first year. The non Medicare group, as expected, had unfavorable experience. Overall the trends are favorable. The PPO and HMO plans are the dominating plans. Blue Cross Blue Shield maintains the majority of enrollment and expenditures; however, their plans are running well. There were no questions. Director Visalli added that the health fund expenses are on track and running within the projections.

Step Therapy Drug Program Recommendation – Ms. Lakeman (handout)

In July 2010, the Group Health Program added Medco's Prior Authorization program for Multiple Sclerosis (MS) drugs to the Step Therapy program. The Prior Authorization was designed to ensure appropriate use of interferons when treating MS patients. As drugs are only effective for patients in certain stages of the disease or when a functional status can be preserved, the Prior Authorization program seeks to determine the stage of the disease and physical condition of patient to assess if continued drug use is justified. There are a variety of drugs used to treat MS with the primary chronic drugs being the interferons Avonex, Betaseron, Extavia and Rebif. The state spent $4.2M on MS therapy in FY 2011. The savings in FY11 was $375,000.

Medco has updated the prior authorization program to include a step therapy option for patients taking the interferons Extavia and Rebif. This step therapy will apply patients new to interferon therapy (no previous use) and prescribed Extavia or Rebif. The physician will be asked if the patient could use the preferred formulary drugs Avonex, Betaseron or Copaxone. If, for medical reasons, the patient needs to be prescribed Extavia or Rebif, they will be approved for coverage at the non-preferred copay (tier 3). If the physician states the patient can take one of the preferred formulary drugs, then coverage for Extavia or Rebif will not be approved. The step therapy only applies to patients new to the therapy. Patients currently taking Extavia or Rebif will be grandfathered and not impacted. In the 4th quarter of FY 2011 there were no patients using Extavia and 23 using Rebif.

An estimated savings of $52,000 per year is anticipated in association with the step therapy component. Savings are assumed from enhanced rebates resulting from increased volume of Avonex and Betaseron

prescriptions. Modeling assumes a 10 percent incremental rebate on Avonex and Betaseron and estimates two patients will switch from non-preferred Rebif to a preferred product.

Discussion with questions and answers followed. April 1, 2012 will be the effective date for the preferred step therapy addition of Extavia and Rebif, if approved. Since a vote was needed to approve the recommendation, Director Visalli deferred the vote until after Public Comments.

Data Warehouse Vendor RFP Contract Award Recommendation – Ms. Rentz (handout)

Full details of the Request for Proposal process and analysis were given. The Proposal Review Committee presented the following:

Recommendation
RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal (RFP) for Data Warehouse Services for the State of Delaware Group Health Insurance Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

Contract Award for Data Warehouse Services for the State of Delaware Group Health Insurance Program to Thomson Reuters for an initial term of three years with two one-year renewal options beginning July 1, 2012.

The recommendation was based on the following:

- System possesses user friendly navigation tools.
- Excellent references from existing clients including large state governments.
- Experience and ability to accept non-traditional data feeds for disease management, health assessments, disability and worker's compensation claims in addition to medical, prescription, dental and vision.
- Robust proposed performance guarantees.
- 20 hours per month of consulting/analytical support included in the annual fees and reasonable hourly rates for additional consulting/analytical support.
- Proven ability, reasonable fees and excellent account management services as the incumbent.
- Unparalleled experience in managing data, benchmarking & norms, decision support and consulting analytics.

Questions and answers followed. Secretary Cook asked what minimum qualifications were not met by the vendor who was not invited to participate in a finalist interview. Ms. Rentz explained that the vendor lacked the capability and experience to accept nontraditional data feeds and their services and capabilities were not adequate for a database of the size of the Group Health Program. They had not worked with large self funded plans. Ms. Lakeman added that a few other vendors working in this space did not bid because they were not experienced in taking disability and disease management data. Director Visalli stated they would have Public Comments before voting on this recommendation.

SEBAC Comment

None.

Public Comment

Rich Phillips, DSEA, retiree thanked Teri Strawder for her email and follow thru with DelaWELL questions from the prior month.

Director Visalli asked for a motion to approve the MS Preferred Step Therapy Addition of interferons, Extavia and Rebif as presented earlier. Ms. Christiansen made the motion and Commissioner Stewart seconded the motion. Upon unanimous voice approval the motion passed.

Director Visalli asked for a motion to approve the contract award for Data Warehouse Services as recommended. Ms. Benner made the motion and Secretary Cook seconded the motion. Upon unanimous voice approval the motion passed.

Other Business

None.

Director Visalli announced that the SEBC would need to go into Executive Session to hear a health appeal. Everyone was reminded that the next SEBC meeting would be held in two weeks on Monday, January 30th at 2 p.m. She then requested a motion to adjourn the public meeting and go into Executive Session. Ms. Benner made the motion and Secretary Cook seconded the motion. Upon unanimous voice approval, the public session ended at 2:36 p.m. Upon return to public session at 3:13 p.m., Ms. Visalli asked for a motion to adjourn the meeting. Ms. Christiansen made the motion and Ms. Benner seconded. With unanimous voice approval the motion carried.

Respectfully submitted,

Mary K. Thuresson
Administrative Specialist
Statewide Benefits Office, OMB