

State Health Benefits Program
Plan Design Committee
Open Session Minutes: September 25, 2019

Adequate notice of this meeting was provided through the annual notice of the schedule of regular meetings of the Committee filed with and prominently posted in the offices of the Secretary of State. A meeting notice was mailed to the Secretary of State, Star Ledger and the Trenton Times on April 12, 2019.

The meeting of the State Health Benefits Program Plan Design Committee of New Jersey was called to order on Friday, September 25, 2019 at 1:00 p.m. The meeting was held at the Division of Pensions and Benefits in Trenton, NJ.

The text of Resolution B (Executive Session) – was read in its entirety in the event that the Committee desires, at any point in the meeting, to approve a motion to go into closed session.

Acting Secretary Ludwig took Roll Call and established that a quorum was present.

Roll Call

Committee Members:

Dini Ajmani, Assistant Treasurer

Patrick Nowlan, AAUP – AFT (Chair)

Jennifer Keyes-Maloney, Assistant Treasurer (Co-Chair)

Michael Zanyor, NJSTFA

Kevin Lyons, NJ State PBA

Justin Zimmerman, Chief of Staff, Department of Banking and Insurance

Hetty Rosenstein, New Jersey Area Director, CWA/District 1 (Appearing Telephonically)

ROBERT ASERO-ANGELO, Commissioner of Human Capital Strategies, Department of Labor and Workforce Development (Appearing Telephonically)

Kimberly Holmes EEO/AA Officer, Department of Community Affairs (Appearing Telephonically)

David Ridolfino, Director, Office of Management and Budget

Robert Little, AFSCME Department of Research

Absent

Abdur R. Yasin, NJ FMBA

Also Present:

Christopher Meyer, Deputy Attorney General

Christin Deacon Division of Pensions and Benefits

Mark Cipriano, Division of Pensions and Benefits

Nicole Ludwig, Division of Pensions and Benefits

Andrew Lawson Division of Pensions and Benefits

Pledge of Allegiance:

Acting Secretary Nicole Ludwig led the PDC in reciting the Pledge of Allegiance.

Meeting Minutes

Acting Secretary Ludwig advised the meeting minutes for June 26, 2019 were provided in email earlier in the day. Committee member Lyons asked they be tabled till the next meeting to allow time to review. Co-Chair Keyes-Maloney agreed.

Presentation: Formulary Management by OptumRx

Steve White, Paul Eberle, Sina Carlson, Brian Ripes and Phil Bae of OptumRx gave a presentation on OptumRx's Formulary Management. Mr. White introduced the OptumRx presenters and advised the Division has asked OptumRx to provide an overview of the development of a formulary.

Ms. Carlson reviewed the OptumRx National Pharmacy and Therapeutics (P &T) Committee role in creating and approving medications for a formulary. The P&T committee complies by the Center of Medicare and Medicaid Services (CMS) guidelines, and is comprised of specialists, independent from manufactures, which allows for an unbiased review of the products by the clinical experts in a wide range of medical specialties. The Committee appraises new and existing medications to evaluate based on clinical evidence weather a drug as therapeutic benefits, comparing safety and efficacy as well as risk of harm. The Committee meets monthly, with 4 meetings in person. At this time the phone line dropped, and the presentation was postponed to allow the technical issue to be resolved.

Presentation: American Specialty Health Network (ASH)

Christin Deacon from the Division of Pensions & Benefits presentation Horizon's American Specialty Health Network, ASH. She explained that ASH is a part of Horizon's bid proposal for the sole vendor for active and early retirees under the SHBP/SEHBP. Committee member Rosenstein made a motion to have a written advice from the Attorney General's office as soon as possible, but no later than 72 hours before the next meeting, to determine if the medical necessity over the five services outlined by ASH is plan design change; which should be presented to the PDC for review and approval.

DISCUSSION: EGWP SPECIALTY & MANDATORY GENERIC

Assistant Director Deacon presented on initiatives for the PDC to consider. The first is the mandatory generics, which were previously approved by the PDC. She explained the difference between a DAW1 (Medical Necessity) versus DAW2 (Patient Request) which does not require medical necessity be provided. The Division is asking for a review, and revise the existing Resolution to continue allow DAW2, however at the name brand copay. She provided the example of the Lipitor under the current resolution. She stated there are currently 55 members filling for brand name Lipitor under a DAW2, these claims cost the plan \$106,000. She then explained there are 8,000 members who are prescribed the generic, the total spend for the generic is \$120,000. Committee member Ridolfino asked if the 88 were getting name brand due to medical necessity, Assistant Director Deacon stated DAW2 is the patent request, there is not a medical necessity. Co-Chair Keyes-Maloney suggested the PDC work on a new resolution to present at a later date.

Assistant Director Deacon addressed Specialty as defined by EGWP. She stated the Division is aware the impact this is having on the EGWP population, and would like the PDC to consider a resolution that would change the copay structure regarding EGWP Specialty Pharmacy. Committee member Ajmani asked if the Division could work with the Co-Chairs, along with the Attorney General's office to compose the two resolutions to be presented at the next PDC meeting.

Co-Chair Keyes-Maloney made a motion to form a subgroup to focus on the two resolutions. Committee member Lyons seconded the motion; all voted in favor. The Committee established that the following PDC members would serve on the subgroup: Co-Chair Nowlan, Co-Chair Keyes-Maloney, Committee member Lyons and Committee member Ajmani, staffed by Christin Deacon.

Presentation: Formulary Management by OptumRx (cont.)

Mrs. Sina continued the OptumRx formulary management presentation. Committee member Lyons asked, when in the P&T Committee meeting discusses Drug Spend or tier placement. Mrs. Sina stated that P & T Committee is clinical only. She stated the financial review is determined by the Formulary Management Committee (FMC). She stated the FMC determines the tiers, and analyzes financial impact of each drug.

Committee Member Lyons asked about Utilization Management (UM). Mrs. Sina explained UM is broken into three sections: Prior Authorization (PA), Step Therapy (ST) and Quantity Limits (QL). Committee member Lyons asked who authorized OptumRx to establish the quantity limits. Mr. White advised utilization and formulary management were a part of the bid solicitation. Committee member Lyons stated that he did not recall a resolution by the PDC that specifically allows the Pharmacy Benefits Manager to handle Formulary Management. Assistant Director Deacon stated this was outlined in a Resolution from 2016 and reapproved subsequently. Committee member Ajmani suggested the Division review the resolution which was passed in 2016.

Resolution 2019-11 Tiered Network Incentive

Assistant Director Deacon presented Resolution 2019-11 stating the incentive is for one year, instead of two. This was done to allow flexibility into the plan. Co-Chair Nowlan made a motion to adopt Resolution 2019-11. Committee member Ridolfino seconded the motion. The motion passed 8-2 (Committee members Lyons & Zanyor abstained).

Committee member Lyons expressed concern that resolutions are being sent to the Committee members the morning of the meetings. He requested that any resolutions that are being presented be provided to the Committee earlier than the morning of.

Co-Chair Nowlan requested OptumRx continue their presentation on formulary management in person at a future meeting.

With no further topics to discuss, Co-Chair Nowlan made a motion to adjourn. Committee member Lyons seconded the motion; all voted in favor. The meeting concluded at 3:00pm.

Respectfully Submitted,

A handwritten signature in black ink that reads "Nicole Ludwig". The signature is written in a cursive, flowing style.

Nicole Ludwig
Acting Secretary SHBP PDC

SHBP PDC RESOLUTION #2019-11

RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE RELATED TO PILOT PROGRAM GRANTING FINANCIAL INCENTIVES FOR SELECTING A TIERED NETWORK MEDICAL PLAN

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq. the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, on August 29, 2016, after reviewing multiple recommendations and reports of AON Consulting, Inc., Horizon and Aetna, the SHBP Plan Design Committee adopted Resolution #7 on pilot program to incent subscribers to select a tiered network medical plan (attached) finding this change to be in the best interest of the State, local employers, and employees; and

WHEREAS, the Resolution #7 adopted on August 29, 2016, authorized a pilot program for one year; and

WHEREAS, the Resolutions #7 was reviewed by the SHBP Plan Design Committee on July 27, 2017; and

WHEREAS, on July 27, 2017, the SHBP Plan Design Committee, adopted Resolution 2017-02 (attached), which extended Resolution #7 for a period of one year; and

WHEREAS, on June 22, 2018, the SHBP Plan Design Committee, adopted Resolution 2018-02 (attached), which extended Resolution #7 for a period of one year; and

WHEREAS, the SHBP Plan Design Committee continues to find that continuing the pilot program is in the best interest of the State, local employers, and employees and desires to continue this plan design provision with certain modifications to the incentive structure.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The financial incentive program for selecting a tiered network medical plan by new subscribers approved by the SHBP Plan Design Committee on August 29, 2016 in Resolution #7 (attached) and extended by Resolution 2017-02 (attached) is continued, with the following modifications:

\$1000 for single, member and spouse, parent and child or family coverage who change to the Tiered Network Plan

The modified financial incentive set forth above requires that the SHBP subscriber be enrolled in the Tiered Network Plan for one full Plan Year;

and

2. New subscribers shall be defined to include all new employees eligible for the SHBP whose benefits were effective on or after August 29, 2016 or any existing employees who experienced a life event prior to January 1, 2107 and submitted an application to alter coverage and who otherwise meet the requirements of Resolution #7 adopted on August 29, 2016 and who has not received an incentive in the past related to Tiered Network; and

3. Those eligible subscribers described in #2 above shall be paid an incentive as set forth above no later than the end of the current tax year; and

4. This provision shall continue for one plan year and may only be continued upon affirmative

vote of SHBP Plan Design Committee.

DATED: September 25,2019