

LESC HEARING

September 26, 2018



**STATE OF NEW MEXICO
GENERAL
SERVICES
DEPARTMENT**

**Health
Benefits
Presentation**

SoNM Benefits Notables

- 4% Premium Increase FY' 19
 - Only Plan Design Change is \$25 Increase to ER Co-Pay

 - 5% Premium Increase FY' 20
 - Strategic Plan Design Changes to Control Costs
- Strong Geographic Cost Trend
Blue Cross Blue Shield reports:
 - The four counties of Bernalillo, Sandoval, Torrance, and Valencia have a medical paid PMPM of \$289.69 with a 49% discount.
 - All other counties have a medical paid PMPM of \$406.12 with a 47.1% discount.

High Cost Claimants treated for Cancer, Catastrophic Injury, Cardiovascular Disease and Complex Births continue to be major cost driver to plan.

Medical Payments Trend

Fiscal Year	2014	2015	2016	2017	2018	2019	2020
400 category pmts	\$ 289,918,862.90	\$ 313,626,745.00	\$ 324,760,182.00	\$ 327,120,098.00	\$ 342,909,642.00	\$ 352,314,419.42	\$ 352,748,751.31
Presbyterian	\$ 136,261,486.18	\$ 144,477,370.00	\$ 145,976,273.00	\$ 150,077,158.00	\$ 155,210,159.00	\$ 161,022,768.54	\$ 163,684,134.65
BCBS	\$ 62,739,885.53	\$ 95,231,327.00	\$ 101,890,436.00	\$ 104,214,969.00	\$ 112,192,405.00	\$ 115,423,949.30	\$ 115,349,386.26
RX	\$ 35,432,347.34	\$ 41,930,139.00	\$ 40,987,140.00	\$ 41,511,499.00	\$ 46,146,440.00	\$ 43,839,118.00	\$ 41,647,162.10
Totals	\$ 234,433,719.05	\$ 281,638,836.00	\$ 288,853,849.00	\$ 295,803,626.00	\$ 313,549,004.00	\$ 320,285,835.84	\$ 320,680,683.01
% of 752 Claim Costs	81%	90%	89%	90%	91%	90%	90%
Yearover-Year Medical Claims Trend	17%	2%	2%	6%	2%		

Remainder of Plan Spend

Dental = 6%

Vision = 1%

Disability = .5%

Basic Life = .5%

	FY17	FY18	FY19 Projected	FY20 Projected
Avg Monthly Covered Lives	59,530	58,063	57,972	60,500
BC/BS Members	22,617	24,032	23,350	20,850
Presbyterian Members	37,378	35,543	34,653	39,650
BC/BS Medical Claim Spend	\$ 104,214,969.00	\$ 112,192,405.00	\$ 115,423,949.30	\$ 115,349,386.26
HMO ER PMPM	\$ 129.59	\$ 129.57	HMO ER Utilization Increased 2.07%	
PPO ER PMPM	\$ 137.92	\$ 156.70	PPO ER Utilization Increased 4.81%	
BC/BS PMPM	\$ 383.98	\$ 389.04	\$ 411.93	\$ 461.03
Presbyterian Medical Claim Spend	\$ 150,077,158.00	\$ 152,124,271.00	\$ 157,751,727.26	\$ 160,216,830.90
ER PMPM	\$ 80.26	\$ 89.75	ER Utilization Increased 1%	
Presbyterian PMPM	\$ 334.59	\$ 356.67	\$ 379.36	\$ 336.73
Prescription Drug Claim Spend	\$ 41,511,499.00	\$ 46,146,440.00	\$ 43,839,118.00	\$ 41,647,162.10
Cost per Member	\$ 58.11	\$ 66.23	\$ 63.02	\$ 57.37
Total 400 Category Claim Spend*	\$ 327,120,098.00	\$ 342,184,380.00	\$ 349,416,274.02	\$ 317,213,379.25
Total Cost per Member	\$ 457.92	\$ 491.11	\$ 502.28	\$ 436.93

* Actual Fund 752/ 400 Category Claim Payments (90% are BC/BS, Presbyterian, and Rx; Remaining 10% of the spend is Vision, Dental, Disability, Life and Health Center. FY 19 and FY 20 Projections contemplate cost reductions due to plan design changes and more competitive RX pricing.

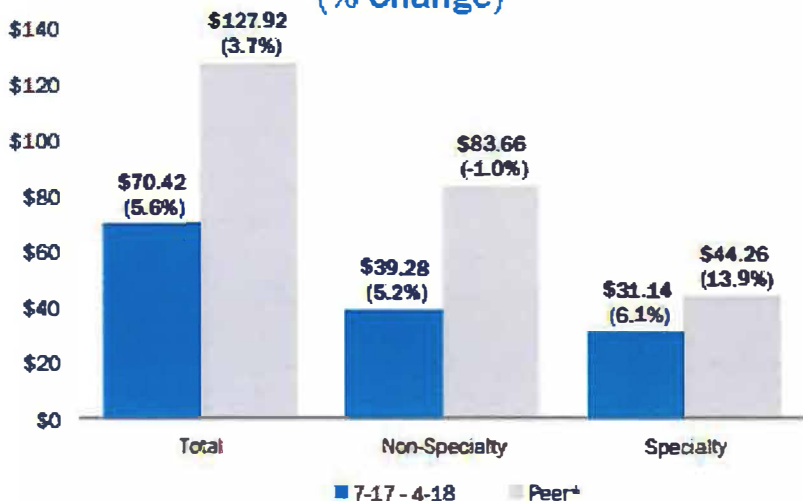
Medical Spend: Focus on Conditions

- Hypertension
 - Associated with cardiac failure and diabetes
- Lower Back Pain
 - Associated with Substance Abuse and other musculoskeletal conditions (knees/hips, etc.)
- Anxiety
 - Associated with Depression, Adjustment Disorder / Repeat Admissions and ER visits
- Upper Respiratory Infection
 - Associated with Asthma and COPD

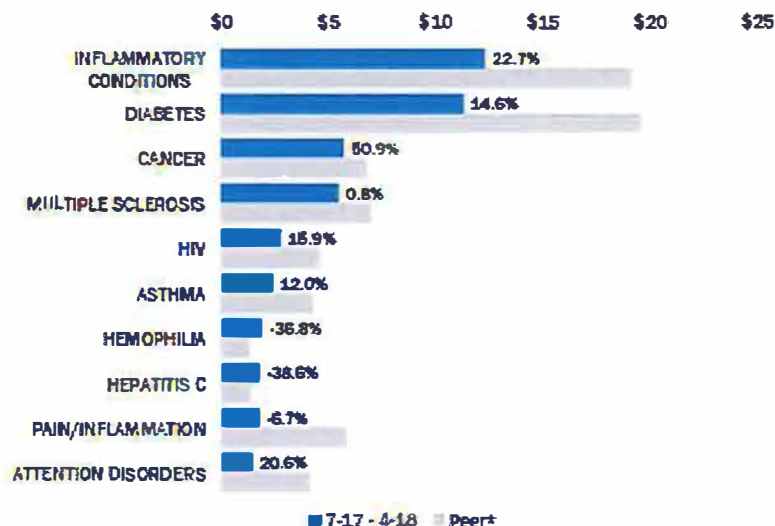
Diabetes/Kidney Disease is projected to be even bigger driver in the future. July 11, 2018 (Modern Healthcare): The CMS proposed boosting dialysis facilities' pay and changing how the agency pays for durable medical equipment. In a proposed rule released Wednesday, the CMS made some technical changes to its payment methodology for these providers. The changes will result in a 1.7%, or \$190 million, increase in reimbursement. On top of that, dialysis centers should receive an additional \$30 million in co-pays from Medicare beneficiaries, bringing their total pay bump to \$220 million. That's a bigger increase than the \$80 million raise dialysis centers received last year. The agency wants to encourage providers to use new renal dialysis drugs, and proposed paying a higher Medicare rate for the treatments starting Jan. 1, 2019. In addition, the CMS will make some tweaks to its bidding and pricing.

Rx Spend Overview

Plan Cost PMPM (% Change)



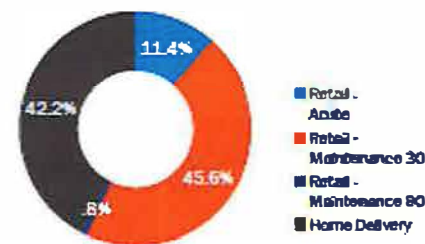
Plan Cost PMPM by Indication



New Mexico Risk Management Division			
Description	7-17 - 4-18	7-16 - 4-17	Change
Average Members per Month	60,346	62,175	-2.9%
Total Plan Cost	\$42,495,669	\$41,467,967	2.5%
Average Member Age	35.7	35.5	0.8%
Total Plan Cost PMPM	\$70.42	\$66.70	5.6%
Non-Specialty Plan Cost PMPM	\$39.28	\$37.34	5.2%
Specialty Plan Cost PMPM	\$31.14	\$29.36	6.1%
Generic Fill Rate	88.3%	88.3%	0.0
Retail 90 Conversion Rate	1.6%	1.8%	-0.2
Home Delivery Utilization	42.2%	44.3%	-2.1
Member Cost %	13.0%	13.0%	0.0
Specialty Percent of Plan Cost	44.2%	44.0%	0.2

Peer+	
7-17 - 4-18	Change
35.5	
\$127.92	3.7%
\$83.66	-1.0%
\$44.26	13.9%
84.6%	0.4
5.8%	0.5
25.3%	0.1
8.8%	-0.3
34.6%	3.1

Days Supply by Channel



Peer = Express Scripts Peer 'Government - U65' market segment

Conditions /Rx Cost Drivers

Top 10 Indications

- The largest financially impactful change was in Inflammatory Conditions driving \$1.2M in cost from a 22.7% increase in PMPM
- The highest trend is in Cancer at 50.9%, contributing an additional \$1.93 to PMPM
- Generic Fill Rate (GFR) in Hemophilia lags your peer by 6.7 points

REPRESENTS
66.5%
OF YOUR TOTAL
PLAN COST

Top Indications by Plan Cost															
7-17 - 4-18											7-16 - 4-17				%
AUM Strategy	Rank	Peer Rank	Indication	Adjusted			Peer			Plan Cost	Adjusted			Plan Cost	% Change
				Rxs	Patients	Plan Cost	Fill Rate	Generic Fill Rate	Rxs		Patients	Rate	Generic Fill Rate		
ST/PA/DQM	1	2	INFLAMMATORY CONDITIONS	4,006	546	\$7,427,763	54.5%	47.3%	\$12.31	1	3,972	526	54.6%	\$10.03	22.7%
ST/PA/DQM	2	1	DIABETES	45,713	4,082	\$6,813,812	57.5%	47.1%	\$11.29	2	46,314	4,110	50.2%	\$9.85	14.6%
ST/PA/DQM	3	4	CANCER	1,867	303	\$3,454,762	82.7%	86.4%	\$5.72	4	1,662	290	87.4%	\$3.80	50.9%
ST/PA/DQM	4	3	MULTIPLE SCLEROSIS	531	71	\$3,296,725	14.3%	9.5%	\$5.46	3	563	75	6.6%	\$5.42	0.8%
N/A	5	6	HIV	1,039	101	\$1,676,305	6.8%	8.0%	\$2.78	7	1,088	102	10.5%	\$2.40	15.9%
ST/PA/DQM	6	7	ASTHMA	21,232	6,070	\$1,449,645	44.4%	47.1%	\$2.40	8	20,896	5,974	43.5%	\$2.14	12.0%
N/A	7	24	HEMOPHILIA	37	7	\$1,147,822	0.0%	6.7%	\$1.90	5	48	9	0.0%	\$3.01	-36.8%
ST/PA/DQM	8	23	HEPATITIS C	57	26	\$1,064,076	5.3%	3.7%	\$1.76	6	93	30	82.3%	\$2.87	-38.6%
ST/PA/DQM	9	5	PAIN/INFLAMMATION	40,198	13,807	\$1,054,811	98.0%	94.1%	\$1.75	9	53,323	14,272	98.0%	\$1.87	-6.7%
ST/PA	10	8	ATTENTION DISORDERS	5,624	929	\$858,230	59.8%	52.7%	\$1.42	12	6,125	1,014	87.8%	\$1.18	20.6%
Total Top 10:				129,304		\$28,243,180	70.5%		\$46.80		193,884		73.1%	\$42.56	10.0%
Differences Between Periods:				-4,580		\$1,778,462	-2.6%		\$4.24						

Peer = Express Scripts Peer 'Government - LHS' market segment

Top 25 Drugs

- Represent 36.4% of your total Plan Cost and comprise 9 indications
- 16 of your top 25 are specialty drugs, making up 69.4% of your Top 25 spend

Top Drugs by Plan Cost													
		7-17-4-18							7-18-4-17				% Change
AIM Strategy	Rank	Peer Rank	Brand Name	Indication	Adj. Rx	Pts.	Plan Cost	Plan Cost PMPM	Rank	Adj. Rx	Pts.	Plan Cost PMPM	Plan Cost PMPM
ST/PA/DQM	1	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	315	83	\$2,565,406	\$4.25	1	571	98	\$4.13	2.9%
PA/DQM	2	2	TRULICITY	DIABETES	1,733	262	\$1,023,148	\$1.70	10	1,100	181	\$0.93	82.2%
ST/PA/DQM	3	3	EMBREL SURECLICK*	INFLAMMATORY CONDITIONS	220	44	\$1,006,516	\$1.67	2	254	45	\$1.70	-1.8%
ST	4	6	TECFIDERA*	MULTIPLE SCLEROSIS	98	14	\$695,898	\$1.15	12	72	11	\$0.78	48.6%
ST/PA/DQM	5	11	COPAXONE*	MULTIPLE SCLEROSIS	116	19	\$663,658	\$1.10	4	157	26	\$1.36	-19.3%
ST	6	39	AUBAGIO*	MULTIPLE SCLEROSIS	105	14	\$659,343	\$1.09	15	76	11	\$0.73	49.3%
ST	7	13	GILENYA*	MULTIPLE SCLEROSIS	88	12	\$655,971	\$1.09	6	106	15	\$1.16	-6.7%
N/A	8	10	HUMALOG	DIABETES	1,038	180	\$625,505	\$1.04	9	1,147	196	\$0.95	9.4%
N/A	9	8	HUMALOG KWIKPEN U-100	DIABETES	998	224	\$604,971	\$1.00	11	1,065	220	\$0.93	8.3%
ST/PA	10	4	STELARA*	INFLAMMATORY CONDITIONS	85	13	\$580,459	\$0.96	56	29	6	\$0.24	298.2%
N/A	11	14	LANTUS GOLDSTAR	DIABETES	1,749	329	\$565,531	\$0.94	8	1,851	345	\$0.97	-3.4%
PA/DQM	12	63	SPRYCEL*	CANCER	43	5	\$564,855	\$0.94	13	38	6	\$0.75	24.4%
ST/PA/DQM	13	24	HARVONI*	HEPATITIS C	17	8	\$532,256	\$0.88	3	27	12	\$1.37	-35.8%
N/A	14	410	HELRATE FS*	HEMORRHOIA	17	1	\$492,722	\$0.82	5	21	1	\$1.31	-37.6%
ST/DQM	15	7	JANUVIA	DIABETES	1,520	255	\$487,622	\$0.81	17	1,350	253	\$0.66	25.2%
PA	16	15	REVLMID*	CANCER	31	6	\$447,168	\$0.74	46	17	3	\$0.29	159.1%
N/A	17	154	MAYVRET*	HEPATITIS C	33	16	\$430,119	\$0.71					
ST/PA/DQM	18	19	HUMIRA*	INFLAMMATORY CONDITIONS	84	14	\$388,978	\$0.84	18	90	15	\$0.62	3.4%
N/A	19	45	LEVIMIR FLEXTOUCH	DIABETES	813	158	\$381,958	\$0.63	14	1,003	195	\$0.74	-14.3%
N/A	20	22	GENVOYA	HIV	147	18	\$377,834	\$0.63	26	117	14	\$0.45	40.2%
ST/PA/DQM	21	196	XTANDI*	CANCER	33	5	\$358,011	\$0.59	97	10	2	\$0.16	269.6%
ST/PA/DQM	22	162	ZYTIGA*	CANCER	35	6	\$352,588	\$0.58	79	13	2	\$0.18	221.5%
ST/PA/DQM	23	29	EMBREL*	INFLAMMATORY CONDITIONS	75	12	\$339,244	\$0.56	20	91	16	\$0.59	-4.1%
PA/DQM	24	31	SYMBICORT	ASTHMA	1,542	392	\$338,533	\$0.56	21	1,723	442	\$0.57	-1.8%
PA/DQM	25	17	VIAGRA	RECTILE DYSFUNCTION	698	224	\$329,632	\$0.55	30	924	265	\$0.43	28.5%
				Total Top 25:	11,833		\$15,467,927	\$25.63		11,892		\$21.98	16.6%
				Difference Between Periods:	59		\$1,800,880	\$3.65					

*Specialty Drug

Peer = Express Scripts Peer 'Government - UBS' market segment

	752 Fund Balance	Premium Increases	Plan Design Changes
FY '08	\$ 31,548.80	10%	
FY '09	\$ 34,769.90	0%	
FY'10	\$ 47,150.70	0%	
FY'11	\$ 58,066.40	0%	No plan changes other than \$100 increase for deductibles for PPO plans only.
FY'12	\$ 65,625.70	0%	
FY'13	\$ 36,823.30	0%	
FY'14	\$ 14,337.80	15%	
FY'15	\$ 21,884.60	10%	Deductibles <u>decreased</u> to \$500 for employee only and \$1,000 for employee + spouse, and \$1,500 for family. Presbyterian and BCBS HMO Plan: Deductibles <u>decreased</u> to \$325 for single, \$650 for employee + spouse, and \$975 for family. Medical and Pharmacy OOP costs will now be combined to reach the same max. Specialty Drug co-pay has been decreased from \$150 to \$75 per prescription. No max of \$1500 on Specialty drugs.
FY'16	\$ 38,083.50	1%	
FY'17	\$ 39,732.20	1%	Small shifts in deductibles and copays Mail Order Prescription Plan - Maintenance medication from local pharmacy for 90 days, then higher copay unless switch to mail-order home delivery. Specialty medication co-pays moved to a 3 tier system instead of a single flat rate. \$60 for generic, \$85 preferred brand, \$125 non preferred brand
FY'18	\$ 23,402.70	1%	
FY'19	\$ (5,354.90)	4%	Only plan design change was increasing ER copay by \$25
FY'20		5%	Plan Design Changes include increasing deductibles/OOP Max and small copay changes.
*Cash Balance should be positive \$3.5M			

Changes for 2019 Plan (Calendar) Year

- Increased Deductibles and Out of Pocket Maximums to Incent Enrollment in Networks with lower overall medical costs.
- Increased ER and Urgent Care Co-Pays in an effort to incent members to seek-out lower cost provider outlets (Health Center/Tele-health options)
- Increased DME co-insurance to reflect increased costs.
- In an effort to reduce barriers to lower cost treatment and incentivize adherence, no increases to co-pays for Chiropractic care, Mental Health, Maternity, Chemo/Radiation, Home Health, PT, OT and Speech Therapy.



STAY WELL HEALTH CENTER

Serving the State of New Mexico and Participating Local Public Body
Employees Covered under the State Employee's Risk Management Medical Plan

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- Providing access to Primary Care and Urgent Care Services for all active members in the Health Plan.
- Expanded services to include face-to-face Health Coaching
- \$0 Co-Pay for visit \$0 Co-Pay for Rx dispensed from Health Center
- Utilization Continues to Improve
- Avg. Monthly visits = 653

Pros

*Patient Satisfaction = 92%
National Rate = 80%

*Patient wait time is less than 5 minutes.

*Great Patient Engagement

Cons

*Challenge to Manage No Shows and Seasonal Scheduling Matrix to Maximize Utilization

*Challenge to monitor Contract Requirements in terms of Staffing Hours and Utilization Parameters

Rx Program Controls

Utilization Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$2,159,657	\$3.58	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	\$1,262,739	\$2.09	Review claims and allow FDA approved quantities
Step Therapy/PSM	\$1,262,704	\$2.09	Promote lower cost first line agents before more expensive brand name products.
Estimated Program Fees	(\$452,595)	(\$0.75)	Estimated Fees

Total Plan Cost Savings \$4,232,505 or \$7.01 PMPM (Net of Estimated Program Fees)

Reporting Period: 07/01/2017 - 4/30/2018

Questions & Comments



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