

# RISK MANAGEMENT LFC HEARING

August 18, 2017



**STATE OF NEW MEXICO  
GENERAL  
SERVICES  
DEPARTMENT**

**Health  
Benefits  
Presentation**

<b>Benefits Category</b>	<b>SFY 2017 (7/1/2016-6/30/2017)</b>	<b>SFY 2018 (7/1/2017-6/30/2018)</b>	<b>SFY 2019 (7/1/2018-6/30/2019)</b>
<b>Assumed Funding Increase</b>	<b>N/A</b>	<b>N/A</b>	<b>4.0%</b>
<b><i>Medical/Rx</i></b>			
Claims	307,249,872	320,410,713	341,985,302
Pharmacy Rebates	(8,856,346)	(9,906,415)	(10,885,565)
Fixed Expenses	11,374,792	11,718,213	12,381,456
<b>Total Medical/Rx Projected Costs</b>	<b>309,768,318</b>	<b>322,222,510</b>	<b>343,481,193</b>
Total Medical/Rx Projected Revenue	304,233,842	299,814,941	311,478,939
<b>Total Medical/Rx Projected Gain/Loss</b>	<b>(5,534,476)</b>	<b>(22,407,569)</b>	<b>(32,002,254)</b>
<b><i>Dental</i></b>			
Claims	18,641,092	18,971,344	19,804,147
Administrative Services Fees	289,353	288,352	293,809
<b>Total Dental Projected Costs</b>	<b>18,930,445</b>	<b>19,259,696</b>	<b>20,097,955</b>
Total Dental Projected Revenue	18,951,804	18,666,281	19,392,584
<b>Total Dental Projected Gain/Loss</b>	<b>21,359</b>	<b>(593,415)</b>	<b>(705,372)</b>
<b><i>Vision</i></b>			
Claims	2,707,135	2,738,246	2,858,450
Administrative Services Fees	117,933	120,493	126,701
<b>Total Vision Projected Costs</b>	<b>2,825,068</b>	<b>2,858,739</b>	<b>2,985,151</b>
Total Vision Projected Revenue	2,860,737	2,800,628	2,908,938
<b>Total Vision Projected Gain/Loss</b>	<b>35,669</b>	<b>(58,112)</b>	<b>(76,213)</b>
<b>Total Medical/Rx, Dental, and Vision Gain/Loss</b>	<b>(5,477,449)</b>	<b>(23,059,095)</b>	<b>(32,783,838)</b>
<b>Projected Fund Balance</b>	<b>20,000,000</b>	<b>(3,059,095)</b>	<b>(35,842,933)</b>
<b>Target Fund Balance</b>			<b>42,000,000</b>
<b>Illustrative Balance as a % of Target</b>			<b>-85%</b>

# SoNM Benefits Plan Program Highlights

- 4% Premium Increase FY'19
- Only Plan Design Change is \$25 Increase to ER Co-Pay
- Specialty Drug Costs Continue to Be Key Driver
- FY'18 to Cost Controls
  - Retooling Wellness Plan
  - Reducing EAP Cost and Capacity
  - Continue to drive utilization to *Stay Well* Health Center
  - Continue to engage in Rx savings programs
  - Study ER costs increases

# Medical Payments

## 752 Medical Claims

Fiscal Year	2014	2015	2016	2017
400 category pmts	\$ 289,918,862.90	\$ 313,626,745.07	\$ 324,760,181.52	\$ 326,511,958.90
Presbyterian	\$ 136,261,486.18	\$ 144,477,369.65	\$ 145,976,272.97	\$ 153,141,419.85
Blue Cross Blue Shield	\$ 62,739,885.53	\$ 95,231,326.49	\$ 101,890,435.42	\$ 104,214,968.75
Rx	\$ 35,432,347.34	\$ 41,930,139.07	\$ 40,987,139.76	\$ 41,511,499.34
<b>Totals</b>	<b>\$ 234,433,719.05</b>	<b>\$ 281,638,835.21</b>	<b>\$ 288,853,848.15</b>	<b>\$ 298,867,887.94</b>
% of 752 Claim Costs	81%	90%	89%	92%
Year -over- Year Medical Claims Trend		17%	2%	3%

### Remainder of Plan Spend

Dental = 6%

Vision = 1%

Disability = .5%

Basic Life = .5%

	Premium Increases	Plan Design Changes
FY '08	10%	No Plan Changes from the prior year
FY '09	0%	50% increase to Deductibles ; 33% increase to Out-of-Pocket Maximums; minimal increase to some co-pays, and \$100 increase for Hospital Admittance Copay
FY'10	0%	Minimal increase to co-pays, deductible and Out of Pocket for PPO plans only.
FY'11	0%	No plan changes other than \$100 increase for deductibles for PPO plans only.
FY'12	0%	No Plan Changes from the prior year
FY'13	0%	Same increases as applied in 2009; Added HMO High Deductible Health Plan (HDHP) Option - with lower premium
FY'14	15%	HMO HDHP still offered
		BCBS PPO Plan Preferred Provider: Deductibles have <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. medical OOP amount as last yr. Specialty Drug co-pay has been decreased from \$150 to \$75 per prescription. No max of \$1500 on Specialty drugs.
FY'15	10%	HDHP PPO plan offered
FY'16	1%	No Plan Changes from the prior year
		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 from single flat rate to a 3 tier system ; \$60 for generic, \$85 preferred brand, \$125 non preferred brand
FY'17	1%	
FY'18	1%	
FY'19	4%	Only plan design change was increasing ER copay by \$25

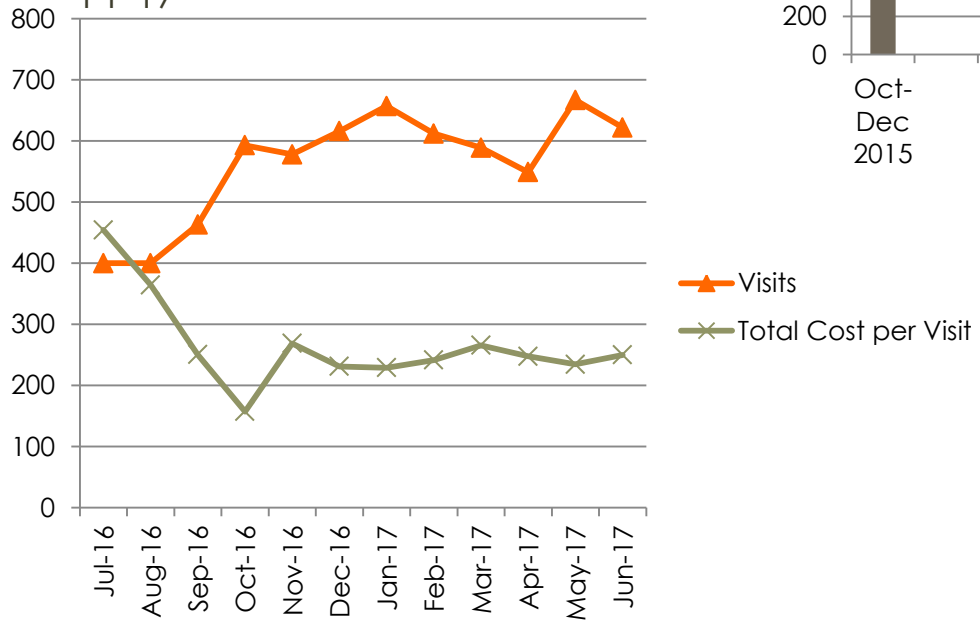
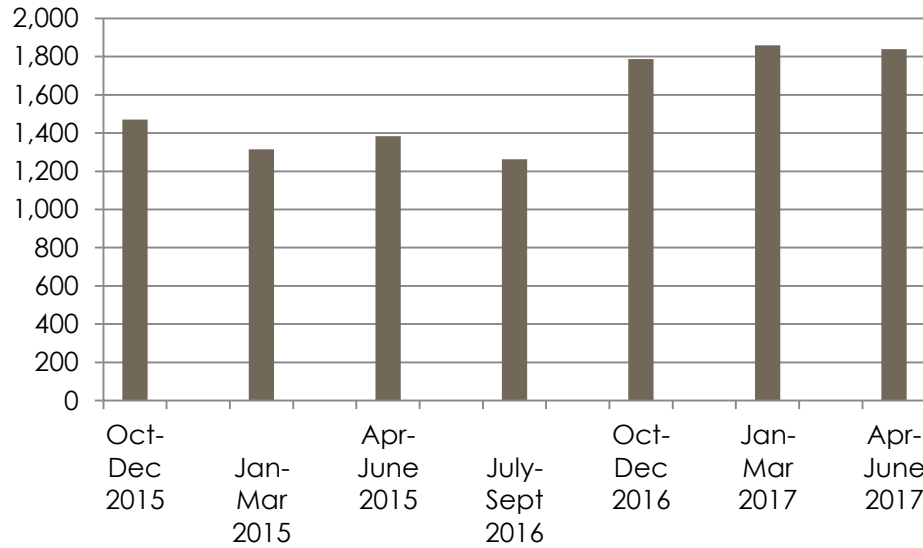
- Providing access to Primary Care and Urgent Care Services for all active members in the Health Plan.
- Expanding services to include Health Coaching
- \$0 Co-Pay for visit \$0 Co-Pay for Rx dispensed from Health Center
- Health Center administered 1,216 vaccinations in FY' 17 (up from 684 in FY' 16)
- 6,746 visits in FY' 17 – utilization continues to improve
- 5,222 Medications Dispensed in FY' 17



**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

Quarterly Visits



Average  
 Cost  
 per visit  
 \$ 266.28

# Rx Spend

Prescription drug spend continues to be major cost driver. Utilization is increasing and Specialty Drugs are two primary components of cost increases.

Total Plan Cost for prescription drugs in FY'17 was \$52.3m [6.8% between FY'16 and FY'17].

822 unique patients were prescribed Specialty Drugs in FY'17 (1.7% of the population).

Specialty Drugs represent 44.7% of the total prescription drug spend.

## Rebates

<i>July 2014 - June 2015</i>	<i>768,790</i>	<i>\$ 47,511,068</i>	<i>\$ 61.80</i>	<i>\$ 5,507,605</i>	<i>11.6%</i>
<i>July 2015 - June 2016</i>	<i>752,271</i>	<i>\$ 48,981,837</i>	<i>\$ 65.11</i>	<i>\$ 7,550,525</i>	<i>15.4%</i>
<i>July 2016 - May 2017</i>	<i>660,269</i>	<i>\$ 45,958,094</i>	<i>\$ 69.61</i>	<i>\$ 8,383,747</i>	<i>18.2%</i>

Projections	Member Months	Paid Claims	PMPM	Rebates	Rebate %
<i>June 2017</i>	<i>58,113</i>	<i>\$ 4,259,818</i>	<i>\$ 73.30</i>	<i>\$ 472,599</i>	<i>11.1%</i>
<i>SFY 2018</i>	<i>696,643</i>	<i>\$ 56,172,091</i>	<i>\$ 80.63</i>	<i>\$ 9,906,415</i>	<i>17.6%</i>
<i>SFY 2019</i>	<i>695,908</i>	<i>\$ 61,724,136</i>	<i>\$ 88.70</i>	<i>\$ 10,885,565</i>	<i>17.6%</i>
<i>SFY 2020</i>	<i>695,174</i>	<i>\$ 67,824,945</i>	<i>\$ 97.57</i>	<i>\$ 11,961,493</i>	<i>17.6%</i>

## Top Drugs by Plan Cost

Top Drugs by Plan Cost											
7-16 - 6-17							7-15 - 6-16				% Change
Rank	Brand Name	Indication	Adj. Rxs	Pts.	Plan Cost	Plan Cost PMPM	Rank	Adj. Rxs	Pts.	Plan Cost PMPM	Plan Cost PMPM
1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	710	108	\$3,227,313	\$4.34	1	629	94	\$3.01	44.3%
2	ENBREL*	INFLAMMATORY CONDITIONS	430	62	\$1,803,483	\$2.43	3	436	74	\$2.06	17.9%
3	HARVONI*	HEPATITIS C	38	16	\$1,203,228	\$1.62	8	23	10	\$0.94	72.5%
4	COPAXONE*	MULTIPLE SCLEROSIS	199	27	\$1,081,451	\$1.46	6	182	29	\$1.21	20.3%
5	HELIKATE FS*	HEMOPHILIA	25	1	\$977,166	\$1.31	4	25	1	\$1.31	0.1%
6	GILENYA*	MULTIPLE SCLEROSIS	135	15	\$919,147	\$1.24	9	116	14	\$0.91	36.1%
7	HUMALOG	DIABETES	1,454	210	\$758,947	\$1.02	11	1,335	225	\$0.78	30.5%
8	TRULICITY	DIABETES	1,414	209	\$756,840	\$1.02	30	688	115	\$0.42	142.7%
9	LANTUS SOLOSTAR	DIABETES	2,267	363	\$739,458	\$0.99	7	2,205	395	\$0.98	1.6%
10	HUMALOG KWIKPEN U-100	DIABETES	1,257	229	\$688,569	\$0.93	10	1,352	267	\$0.83	11.7%
11	SPRYCEL*	CANCER	52	6	\$641,903	\$0.86	13	53	6	\$0.72	19.7%
12	TECFIDERA*	MULTIPLE SCLEROSIS	93	12	\$626,088	\$0.84	16	81	15	\$0.63	34.4%
13	HUMATE-P*	HEMOPHILIA	10	2	\$624,660	\$0.84	5	22	1	\$1.30	-35.3%
14	AUBAGIO*	MULTIPLE SCLEROSIS	99	12	\$593,138	\$0.80	27	69	14	\$0.50	59.2%
15	IMATINIB MESYLATE*	CANCER	65	6	\$563,461	\$0.76	44	23	5	\$0.27	178.3%
16	LEVEMIR FLEXTOUCH	DIABETES	1,214	203	\$554,212	\$0.75	12	1,325	236	\$0.76	-1.4%
17	JANUVIA	DIABETES	1,765	283	\$513,347	\$0.69	20	1,600	280	\$0.58	18.9%
18	HUMIRA*	INFLAMMATORY CONDITIONS	114	16	\$500,703	\$0.67	15	140	23	\$0.64	5.0%
19	EPCLUSA*	HEPATITIS C	19	7	\$470,054	\$0.63					
20	SYMBICORT	ASTHMA	2,070	472	\$430,060	\$0.58	21	2,190	533	\$0.58	0.4%
21	SABRIL*	SEIZURES	25	2	\$414,786	\$0.56	58	12	1	\$0.23	141.3%
22	VIEKIRA PAK*	HEPATITIS C	15	7	\$410,337	\$0.55	2	70	34	\$2.53	-78.1%
23	GAMMAGARD LIQUID*	IMMUNE DEFICIENCY	23	2	\$397,317	\$0.53	718	1	1	\$0.01	7367.6%
24	ARALAST NP*	ALPHA 1 DEFICIENCY	27	2	\$365,090	\$0.49	46	13	1	\$0.27	84.7%
25	TRUVADA	HIV	305	50	\$363,821	\$0.49	29	284	41	\$0.44	11.1%
		Total Top 25:	13,825		\$19,624,580	\$26.40		12,874		\$21.90	20.6%
		Differences Between Periods:	951		\$2,670,502	\$4.51					

\*Specialty Drugs



# Employee Assistance Program

Due to drop in utilization and economic efficiency – the scope of EAP program will be scaled back in FY' 18.

FY' 17 cost was \$1.76 PEPM

\*6 visit model with critical incident response, 100 hours of training, and organizational development support.

w/ FY' 18 Amendment, cost is \$.89 PEPM

\*3 visit model with critical incident response.

In FY' 17, the EAP program provided support in 4,229 visits – a 43% drop in utilization over the prior year.

FY' 17 Plan Cost was \$ 903,188 / or \$213.57 per visit

Total outpatient cost to Plan would have been \$122 per visit (\$97 + \$25 copay).

# Re-Tooling Wellness

- Wellness platform was revised in FY'17
  - Biometric screenings continued but *without* \$ incentives.
    - Screening participation dropped by 30%
  - Added Health Coaching
  - Added Wellness portal with health tracking tools and education
- Wellness platform will again be revised in FY'18.
  - FY'18 Cost Reduction of \$574,000 [\$1.45 PMPM]
  - Expand communication regarding free screening and health coaching services at *StayWell* Health Center

# Questions & Comments



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**Health  
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