

State & Local Government Benefits Association

The premier organization for public sector benefits professionals...



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Dolores Mitchell
Executive Director
Group Insurance Commission
Commonwealth of Massachusetts



The annual escalation of premiums continues to dominate health care discussion in this area as it does in the rest of the country. Fueled by provider consolidations, new technology, and expanded utilization, the only "good" news is that there are occasionally small dips in the upward trends, but overall both the supply side and the demand side are putting pressure on the cost side, with rare exceptions.

Interestingly, the drive to cover the uninsured has not only not disappeared in this period, it has actually increased. From Maine's Dirigo Health Plan to Massachusetts's plethora of proposals to achieve universal coverage, a number of players have come to the conclusion that getting more people insured could actually be a money saver. The outcome of these measures and the fate of those still in the debate stage is unknown, but at least serious discussions are going on.

In Maine, Governor John Baldacci's Dirigo Health Plan represents a broad strategy to improve Maine's health care system through three inter-related approaches: development of a lower-cost health plan for individuals and small employers designed to achieve universal access to health insurance; voluntary limits on cost growth, limits on new health-related construction and a strengthening of the approval process for high-tech equipment; and initiatives to improve health care quality by promoting the establishment of electronic health records for every Maine citizen.

In Massachusetts, both Governor Mitt Romney and Senate President Robert Travaglini have filed proposals aimed at reducing the number of uninsured, promoting greater transparency on provider costs and quality, and improving the quality of care.

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NEW PROGRAMS IMPLEMENTED BY PENNSYLVANIA PLAN By Tommy Teague



As a result of cooperation between labor and Commonwealth officials, innovative programs implemented by the Pennsylvania Employees Benefit Trust Fund (PEBTF) will result in tens of millions of dollars of savings.

The PEBTF is governed by a fourteen member Board of Trustees consisting of seven union representatives and seven Commonwealth representatives. A Task Force of the Board came up with cost-savings initiatives which will result in little or no rate increases in 2006 for the medical and supplemental plans. These changes result in no benefit decreases for members.

- In early 2005, the PEBTF implemented a "Get Healthy" initiative. All employees and spouses were encouraged to take a Health Risk Assessment (HRA). As a result of the HRA results, all employees and spouses were categorized as chronic, at-risk or healthy. The chronic persons were encouraged to participate in our disease management programs and the at-risk and healthy persons were encouraged to participate in telephonic and on-line educational programs. Those employees and spouses who took the HRA and continue to participate in these programs will have all or most of their health plan contributions waived until June of 2007.
- Every product line administered by the PEBTF has been or is in the process of being rebid. A new PBM began the administration of the prescription program effective July 1, 2005. The dental plan will have a new administrator effective January 1, 2006. The mental health, substance abuse and EAP program is being rebid.

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The President's Letter

It's true...time does fly! While many of us still enjoy the positive memories of the 2005 SALGBA National Conference in Scottsdale, many subsequent SALGBA initiatives are well underway and promise to make our organization even stronger. Your Board of Directors are committed to keeping SALGBA the premier organization representing and providing assistance to public sector benefits professionals. To this end, the chairs and members of our standing committees are working tirelessly to strengthen the value of SALGBA to our growing membership.

Initiatives in the areas of increasing membership, improving member communications, recognizing member contributions, providing CGBA accreditation, advocating important positions, partnering with respected benefit organizations and facilitating national conferences are moving our association in a direction with one thing in mind...value to our members.

The 2006 SALGBA National Conference in Louisville promises to be an exciting and rewarding event. Registration is now available on line at www.salgba.com. Building on the many successes of Scottsdale, the Louisville conference will have a venue of topics, speakers, and events that will be sure to impress and reward all who attend. This conference will also include a public recognition of the many individuals who have served as president of our association. All former presidents have been invited and many are expected to attend the Louisville conference. Talk about star power...

On behalf of the SALGBA Board of Directors, I want to thank you for your continued support of this association. As we grow in numbers, we will always strengthen our resolve to be the "premier organization" that our mission statement describes. Some things never change...

Best Regards,

Dan Stewart
SALGBA President



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SALGBA 2006

Race your way to



Louisville, Kentucky

for the:

State and Local Government Benefits Association
Annual Conference

April 30 – May 3, 2006

Kentucky Derby is May 6, 2006

Louisville Marriott Downtown

www.marriottlouisville.com

Jefferson St. at Third Street
Louisville, KY 40202

SALGBA Room Rates

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Single or Double

Phone: 502-627-5045

MARK YOUR CALENDARS

for the:

2007 SALGBA Annual Conference

April 1 – April 4, 2007

in

NEW ORLEANS



Continued from Page 1...

Commonwealth of Massachusetts

The Massachusetts health insurance market, long dominated by local not-for-profits, has seen several alliances forged in recent months between home-grown health plans and major national chains. Harvard Pilgrim Health Care and Tufts Health Plan, the number two and three health plans in the Commonwealth, has set up — in the case of Harvard Pilgrim — or is in the process of establishing — in Tufts’ case — national alliances with United and Cigna, respectively.

In the meantime, work continues across a number of fronts on data collection and dissemination. Whether it is high deductibles or HSA plans with web-based information or the Commonwealth of Massachusetts’ Clinical Performance Improvement Initiative moving toward tiered networks based on analysis of claims gathered into large databases, or proposals to Pay for [better] Performance, most purchasers and payers are looking toward providing their members, and eventually the public, with comparative information about provider performance. The provider communities view these proposals warily, but as prices rise, the drive toward transparency has a lot of traction.

Continued from Page 1...

State of Pennsylvania

- Pennsylvania has four different Blue Cross plans throughout the Commonwealth. Traditionally, each Blue Cross plan has administered medical programs within their own areas. As a result of a bid process, there will be a state-wide PPO program effective January 1, 2006. Additionally, the HMO offerings have been limited to two plans per county.
- For the first time, the PEBTF will offer a state-wide consumer driven high deductible plan with an HRA and first dollar preventive benefits.
- For the PPO plan, chiropractic benefits will be subject to proof of medical necessity after six visits per year.
- Benefits for Durable Medical Equipment, prosthetics, orthotics and diabetic supplies will be carved out and administered by a single vendor effective January 1, 2006. All of the companies administering medical plans for the PEBTF will be required to cooperate with and make referrals to this vendor.

As a result of these hard decisions and the implementation of these new programs, the PEBTF is on the leading edge of many innovative, cost effective programs which should result in a healthier population and substantial cost savings.



SALGBA recognizes the following members for recruiting new members this quarter. Your dedication and support of the association is *priceless*...

Chuck Griffith, Bernalillo County, New Mexico

- Debbie Juul, Ventura Co. Employees Retirement Association

Rick French, City of Garland, Texas

Randy Waterman, City of Sparks, Nevada



SALGBA would like to recognize the following members who have made membership referrals this quarter. Your help and support in growing our premier association is greatly appreciated!

Mike Abkowitz, Great West Retirement Services

Mark Wermes, Medco

Don Weber, PricewaterhouseCoopers, LLP



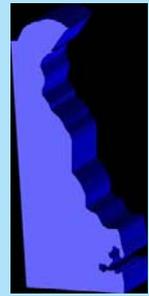
Congratulations to Linda Spacek of the City of San Marcos, Texas who is to Chair the 2006 National PRIMA Conference. You will dazzle them with your creativity and abilities!!



Congratulations to Robert Waggoner of McGriff, Seibels & Williams, Inc. on his recent promotion to Vice President. Robert is also a SALGBA Certified Government Benefits Administrator and was previously a jurisdictional member and is now an associate member of SALGBA. Way to go Robert!!

Prescription Costs Continue to Escalate

What Delaware is doing about it!



Submitted by: Debbie McCall, Benefits Administrator
Office of Management and Budget, State of Delaware

Prescription costs have continued to hold at 21% of the total State of Delaware Group Health Insurance Program for three years straight. The current program budget is in excess of \$400M, so you may ask, “How’d they do that?”

The State of Delaware first carved out their prescription drug program in 1998. At that time we had very little claims experience, but we took one year at a time and eventually built a model program. Our current generic usage is 57%. If our Pharmacy Benefit Manager mentioned a “pilot program”, we volunteered. We didn’t implement all the programs at once, but we did something every year. For 3 straight years when we were facing a deficit we didn’t increase the prescription copayments. Most employers were implementing a 3-tier structure, but we already had that in place. Our state has an “Any Willing Provider for Pharmacy” law, so that created some challenges for us in and of itself. Here’s a synopsis of our Prescription Program with what we did and when we did it:

1998

- Carved Out Prescription Program for the first time
- We maintained the copay/coinsurance to assist in ease of transition (i.e. \$5 or 25% whichever is greater for HMO participants for 1-89 day supply of medication)
- 90-day supply \$30
- “Drugs Not Covered” list identified (i.e. items not covered through prescription program, but ARE covered under medical program – immunizations)
- Prior Authorization for medications or classes of medications with a high potential for inappropriate use.

1999

- Member must obtain a 30-day supply of a medication prior to obtaining a 90-day supply
- 90-day supply copay increase to \$35

2001

- Three (3) Tier Copay System
 - 30-day supply \$7.50/\$15/\$40
 - 90-day supply \$15/\$30/\$70

2002

- Generic Plus Choice – if a generic is available and the member obtains the brand name (regardless of prescription), member pays the generic copayment plus the cost difference between the generic and the brand name product.
- Joined RXIS (multi-state coalition for prescription benefit management services)

2003

- Quantity Level Limits – Internal process to monitor prescriptions for manufacturer’s recommended guidelines. Helps to prevent prescription error and monitor proper member supply.
- Step Therapy – requires use of first-line pharmacy medications before second-line medications are authorized. Grandfathered members who were already on medication.
 - Ulcer Therapy
 - Pain & Inflammation
 - Rheumatoid Arthritis
 - High Blood Pressure
 - Antidepressants

2004

- Coupon Program – offered to employees who were grandfathered from the Step Therapy Program (one-month supply of step one medication at no cost, increased in 2005 to 4 months as one month was not a long enough period of time to affect change)

2005

- Copay Increase
 - 30-day supply \$8.50/\$20/\$45
 - 90-day supply \$17/\$40/\$90

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Virginia State Employees Step Out to Get Healthy

Submitted by:

Anne Waring, Communications Manager

Virginia Department of Human Resource Management Office of Health Benefits



In November 2004, Virginia Governor Mark Warner introduced the *Healthy Virginians* initiative for state employees. Part of a comprehensive program to promote healthy lifestyles among students and families, *Healthy Virginians* has encouraged integration of health and physical activity into the work culture.

Over a seven-month period, the program included a variety of activities designed to help state employees become more active and to improve their overall health. Through the program more than 20,000 step counters were distributed to state employees who then logged nearly 568 million steps on the *Virginia on the Move*TM Web site. That is equal to about 284,000 miles, or literally walking around the world 11 times! State agencies also encouraged participants to take 15-minute walk breaks during the workday.

An integral part of the *Healthy Virginians* program was measurement of employee health before and after the walking program. Approximately 17,340 employees completed an assessment at the start of the program and of those, almost 4,500 completed a second assessment in April 2005. An analysis showed that the more programs employees participated in during the initiative, such as other health and nutrition-related activities and challenges, the better their results on the second assessment for weight, blood pressure, Body Mass Index (BMI), activity level and overall wellness.

Healthy Workplace Awards:

- More than 50 state agencies achieved Governor Warner's "Healthy Workplace" designation
- Over 230 CommonHealth Coordinators were recognized for their employees' outstanding efforts

Lifestyle Counts!

- Lifestyle-related conditions represent about 35% of all inpatient hospital costs for the State Health Benefits Program, and 45% of those cases relate to heart disease.
- Before the *Healthy Virginians* program, 35% of state employees lacked exercise, 20% smoked, 12% had high blood pressure, 11% had high cholesterol and 10% had low levels of good cholesterol.

Employees Took Away a Healthier Attitude

Those who completed both online assessments were asked what they would do differently after participating in *Healthy Virginians*:

- 2,500 intend to substitute nutritious choices for sugary snacks
- 2,400 said that would walk during work breaks
- 2,100 would plan fitness activities with the family
- 1,300 intend to make "other" lifestyle changes

During the *Healthy Virginians* program, employees reported positive behavior changes in increased activity and reduced caloric intake. In addition, nearly 86% felt that management at their agency supported their involvement and 72% reported their worksite has become a more supportive environment for healthy behavior change.

*SALGBA February
2006 Newsletter Edition will
highlight the...*

Mid-West Region



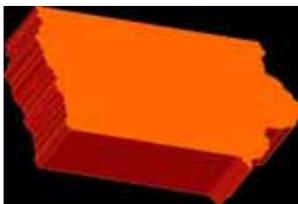
Illinois



Wisconsin



Minnesota



Iowa



Indiana



Kansas



Ohio



Missouri



Michigan



Nebraska

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State of Delaware

The State of Delaware has also embarked on the latest “pilot program” offered by our Prescription Benefit Management Company identified as *ePrescribing*. This Pilot Program initiative is for 100 Delaware physicians. Prescription programs differ among employers and tend to cause additional administrative burden for the prescribing physician. The pilot program was viewed as a partnership among all those involved in pharmacy benefits. Our Pharmacy Benefit Manager selected a company already in the “ePrescribing business” for administration of the program.

eHealth technology, like electronic prescribing, can provide significant benefits across healthcare in Delaware including increased patient safety, greater efficiencies and reductions in cost. The State of Delaware examined the potential benefits of electronic prescribing with its pharmacy benefits manager and representatives of the Medical Society of Delaware. We believe that ePrescribing can assist the physician with ease of prescribing medication for their patients.

As the State of Delaware begins planning for our Fiscal Year 2007 (begins on July 1, 2006), we are focused on maintaining quality and cost effective benefit programs that satisfy employee needs.

SALGBA National Conference Agenda
Louisville Marriott Downtown, Louisville, KY
April 30 - May 3, 2006



The premier organization for public sector employee benefits professionals...

Saturday, April 29, 2006

3:00 pm - 6:00 pm	Registration Open
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Sunday, April 30, 2006

7:00 am - 2:00 pm	Golf Tournament
9:00 am - 4:00 pm	<i>Sunday Tour to Lexington Thoroughbred Farm and Woodford Reserve Distillery</i>
12:00 on - 6:00 pm	Registration Open
5:00 pm - 5:45 pm	<i>First Time Attendee Reception</i>
6:00 pm - 8:00 pm	Opening Night Networking Reception in Exhibit Hall with SALGBA Past Presidents

Monday, May 1, 2006

7:30 am - 4:00 pm	Registration Open			
7:30 am - 8:15 am	Continental Breakfast			
8:30 am - 10:00 am	<i>Keynote - Opening Session</i>			
10:00 am - 10:30 am	Break in Exhibit hall			
10:30 am - 12:00 pm	<i>Roundtable "Small Employer"</i>	<i>Roundtable "Large Employer"</i>	<i>Roundtable "Retirement"</i>	<i>Roundtable "Educational Entities"</i>
12:15 pm - 1:15 pm	Lunch (provided)			
1:30 pm - 2:30 pm	<i>"Regulatory Update" Trish Neely, Fringe Benefits Management Company (FBMC)</i>	<i>"Developing Effective Wellness Programming" Grant Piotti, United Healthcare</i>	<i>"OK- Sooner Than Most to Become an Employer PDP" Kelly Wilson, OK State & Education Employees Group Insurance Board; Jeff Scott, Medco</i>	<i>"Basic Renewal Underwriting" Rick Johnson, The Segal Company</i>
2:30 pm - 3:00 pm	Break in Exhibit Hall			
3:00 pm - 4:30 pm	<i>"To Incent or Not to Incent: Including P4P Aligning Reimbursement with Quality Outcomes" Robin Foust, Zoe Consulting</i>	<i>"Yes, VA There is a Healthier Lifestyle: The Governor's Healthy Virginians Initiative" Mary Habel, State of Virginia Bridgit Mitchell, Continental Health Promotions; Gregg Lehman, Gordian Health Solutions</i>	<i>"Governmental Retirement Plans: The Good, the Bad, and the Ugly" Al DiCristofaro, The Retirement Store, Inc.</i>	<i>"Value Based Purchasing: Measuring the ROI on Your Behavioral Health Benefit" Ed Jones, PacifiCare Behavioral Health</i>

Tuesday, May 2, 2006

7:30 am - 4:00 pm	Registration Open			
7:30 am - 8:00 am	Continental Breakfast			
8:00 am - 9:30 am	Keynote - Opening Session: Rob Epstein, Medco "21st Century HealthCare: How to Manage the Pace of Innovation"			
9:45 am - 10:45 am	<p>"Integrating Data Warehousing into Group Health Plan Management" <u>Tom Weatherup</u>, Thomson Medstat</p>	<p>"Wellness - A Case Study" <u>Rick French</u>, City of Garland, Texas</p>	<p>"Legislative/Regulatory Update for Governmental Retirement Plans" <u>Marilyn R. Collister</u>, Great-West Retirement Services</p>	<p>"Creating Long Term Care as a True Group Benefit" <u>Jonathon Shreve</u>, Milliman</p>
10:45 am - 11:15 am	Break in Exhibit Hall			
11:15 am - 12:15 pm	<p>"Affordable Employee Benefits - Somewhere Over the Rainbow" <u>Lurline Craig-Burke</u>, AON Consulting, Inc.</p>	<p>"Taking Advantage of the Generic Opportunity" <u>Emily Cox</u>, Express Scripts</p>	<p>"Retiree Health Benefits - A Growing Concern" <u>Kathleen Jenks Harm</u>, ICMA-RA</p>	<p>"Intervening in Chronic Illness to Boost Productive Time" <u>Julie Slezak</u>, Caremark</p>
12:30 pm - 1:45 pm	Awards Luncheon (CGBA & Lifetime Achievement Award)			
2:00 pm - 3:00 pm	<p>"H.R.A.-F.S.A. Interaction—A Discussion" <u>John Riddick</u>, ASI</p>	<p>"The Push for Transparency" <u>Carol Bailey</u>, Pharmaceutical Strategies Group</p>	<p>"Retiree Medical & Prescription Drug Coverage Under the Medicare Modernization Act of 2003 - An Update on the Options Available & Lessons Learned" <u>John Bertko</u>, Humana <u>Bob Walt</u>, Humana</p>	<p>"Tobacco 101: Costs, Solutions and Savings - Tackling the #1 Health Problem" <u>Michael W. Wood</u>, Free & Clear, Inc.</p>
3:00 pm - 3:45 pm	Break in Exhibit Hall - Door Prize Drawing (must be present to win)			
4:00 pm - 5:00 pm	<p>"Definity Health—Creating Value Conscience Health Care Consumers" <u>Aaron Kessinger</u>, United Healthcare</p>	<p>"Reducing the Cost Barrier to Medication Adherence: An Evidence Based Drug Benefit" <u>Lonny Reisman</u>, Active Health Management; <u>Jill Berger</u>, Marriott International; <u>A. Mark Fendrick</u>, Professor, University of Michigan</p>	<p>"Best Practices for Benefits Communication" <u>Joseph Chant</u>, Minnesota Life Group Insurance</p>	<p>"Supplemental Benefits" <u>Debbie McCall</u>, State of Delaware</p>
5:45 pm - 10:00 pm	Tuesday Night Gala at Frazier Arms Museum (Buses depart Marriott at 5:45pm and begin return trips at 8:00pm until 10:00pm)			

Wednesday, May 3, 2006

8:30 am - 9:30 am	Jurisdictional Members Business Meeting/Breakfast			
9:45 am - 10:45 am	<p>"Consumer - centric Solutions for Employers - Actuarial Analysis & Lessons Learned" <u>Mark Morse</u>, Humana; <u>Penny Hahn</u>, Humana</p>	<p>"Mercer National Survey of Employer Sponsored Health Plans--State and Local Government Profile" <u>Blaine Bos</u>, Mercer Resource Consulting, Inc.</p>	<p>"Defined Contributions" <u>Rick Johnson</u>, The Segal Company</p>	
11:00 am - 12:00 pm	Keynote - General Session			
Adjournment	Adjournment - See you next year in New Orleans (April 1 - April 4, 2007)			

Sunday Golf Tournament

The 2006 SALGBA Annual Amateur Golf Tournament will be held at Nevel Meade Golf Course. The cost is \$50 for Jurisdictional Members, \$75 for Associate Members, and \$100 for guests/non-conference attendees. This fee includes round-trip transportation from the hotel, green fees, range balls, cart, light continental breakfast, lunch, and drink tickets. Proper golf attire is required which includes collared shirts, Bermuda length shorts or slacks, and soft spikes. Golf club rental is available by contacting Nevel Meade Golf Course at 502-228-2091. To register for the golf tournament please complete the optional event registration form included with the conference registration or the form below.

Sunday Bluegrass Tour

The tour will begin with a private tour of an elite Thoroughbred farm, including a presentation on the social, political, and economic impact of the thoroughbred industry. The tour will continue through the central region of the Bluegrass State to historic Midway, KY, where you will enjoy lunch (included in registration fee) and time to browse this quaint community. Then you're off to Woodford Reserve Distillery, a National Historic Landmark, known for producing high quality bourbon. It is one of the oldest working bourbon distilleries in the world. The tour starts at 9:00am and will end at approximately 4:00pm. To register for this event please complete the optional event section of the conference registration form or the registration form below.

Tuesday Night Gala Event

The 2006 Gala Event will be held at the prestigious Frazier Arms Museum. The museum takes visitors on an unforgettable journey through 1000 years of history and houses two world class collections, Britain's Royal Armouries and The Frazier Collection. The event includes a reception in the Rooftop Garden overlooking downtown Louisville and the Ohio river, a spectacular dinner, dancing, and tour of the museum. This is an event you do not want to miss!

2006 Optional Event / Guest Registration Form

Name _____
Entity Represented _____
Phone _____ Fax _____ Email _____

YES, register my Guest for the Tuesday Night Gala..... Sponsored By:
_____ **\$ 75.00 Per Spouse or Guest**
(includes Sunday night reception)

YES, register me to play in Golf Tournament..... Sponsored By: Medco Health
_____ **\$ 50.00 Jurisdictional Member** Handicap _____
_____ **\$ 75.00 Associate Member** Handicap _____
_____ **\$100.00 Guest** Handicap _____



YES, register me for the Sunday Tour..... Sponsored By: Fringe Benefits Management Co.
_____ **\$ 35.00 Sunday Bluegrass Tour**
(includes tour of Thoroughbred farm, lunch in historic
Midway, and tour of Woodford Reserve Distillery)
(LIMITED TO 40 PARTICIPANTS)



Please note that the golf tournament is **rain or shine**. Payment for events must be **received in full** no later than **March 15, 2006** in order to guarantee participation. To register, complete the optional event section of the conference registration form or this form and return to SALGBA National Office with payment. Make checks payable to: SALGBA and mail to SALGBA, 113 McCreary Hall, EKU, 521 Lancaster Ave., Richmond, KY 40475-3102 or register on-line to pay via credit card.

Renaud

Consultancy

“HAVE YOUR CAKE AND EAT IT TOO”

**BY
PATRICK N. RENAUD**

Employers that purchase healthcare benefits for their employees have experienced frustration with the way employee benefit plans, especially healthcare, have been structured to protect their employees from catastrophic loss at the expense of the employee not being cognizant of the actual dollar cost. Increasing the sometimes small co-pays, deductibles and coinsurance did not make the employee any more aware of what kind of a benefit they really have because the total cost was not a factor to them. In fact, increasing those small out-of-pocket costs only made the employee grumble more and comment unfavorably about their employers “stinginess” when it came to compensating them for their labors.

Many career benefits analysts, including myself, have commented on the phenomena of the unusual market impact of a purchaser of goods and services not being liable for the majority of the cost of those goods and services. Even in a nation filled with excess buyers, we tend not to purchase things we can not afford, but in anything involving healthcare, if you have health benefits coverage, you can afford anything. In other words, the sky is the limit.

Managed care failed to address this anomaly, which gave birth to the concept we now call Consumer Driven Health Care (CDHC). The idea, in a simplified version, is to empower employees and their dependents to deal with healthcare costs through such vehicles as the Healthcare Reimbursement Arrangement (HRA), the Healthcare Savings Account (HSA) and the high deductible health plan (HDHP), which, hopefully, will force them to pay more attention not only to what their healthcare costs are, but to find out what the current state of their health is, what behavior modification techniques could be used to lower utilization and what information is available to judge their providers of care.

The biggest problem with these new CDHC plans is found in the employee’s inherent mistrust of anything that either saves its “money” like a HRA or an HSA plan or has a high deductible. They have grown used to the idea of small co-pays and specialist referrals paid at 100%. Of course this kind of continuing behavior does not lend itself to making a concerted effort to examine the state of your health, much less do anything to improve it.

Instead of jumping on the CDHC bandwagon, many public sector employers in the Mid-Atlantic Region are looking at the stand-alone parts of the CDHC plans, such as, disease management, provider evaluations, wellness and health risk appraisal programs. Some of these stand-alone programs can be integrated into the health plan also, but their main appeal is found in the way they specialize on one or two areas. For example: CorSolutions, specializes in disease management programs and instead of the three or four usually offered by the healthcare carrier, they offer over 50 such programs. HealthGrades specializes in tabulating and comparing every physician, hospital, nursing home and home health agency in the USA. WebMD offers a vast array of wellness and health risk appraisals online that can be tailor-made to fit a particular employer’s needs.

By picking and choosing the right programs to overlay on top of their current managed care benefit plans, the employers hope to increase employee awareness. In other words, without resorting to wholesale change, the public sector employers in the Mid-Atlantic Region figure they can literally: “have their cake and eat it too.”

The Five Fundamentals for Successful Pharmacy Benefit Programs

By:

Sheela Andrews, Pharm. D., Director of Client Management, Prescription Solutions®

Government plan sponsors must juggle rising employee benefit costs, employee needs, taxpayers' expectation that their tax dollars are prudently spent and more in their quest to find the right solutions for employee healthcare needs. But there are solutions. Innovative pharmacy benefit management programs can help to meet these seemingly conflicting demands. By following the Five Pharmacy Fundamentals, government plan sponsors can lower costs, improve medical outcomes, enhance employee satisfaction and ensure that all participants within the program secure value for their pharmacy benefit dollar.

The Five Pharmacy Fundamentals are:

1. Provide Innovative Clinical Management Programs

Effective prescription drug programs must do more than provide drugs and process claims - they must be sure that employees and beneficiaries get the drugs they need for better health and use them safely and appropriately. Clinical management programs are necessary to achieve this goal. Such programs not only improve employee satisfaction, they can also help manage overall medical costs and reduce the risk of higher cost diseases that may develop later in life.

Clinical management of pharmacy benefits starts with an analysis of a plan's current prescription and medical claims data. This research will provide answers to questions such as: Is there a high percentage of the population using prescription drugs for diabetes, migraines or high blood pressure? Which drugs are being used for these conditions? What are the associated costs for these illnesses in terms of emergency room, medical office visits or hospitalizations?

Armed with this data, an experienced pharmacy benefit management company (PBM) can develop targeted programs addressing the areas of greatest need for the plan sponsor's workforce. These programs should include physician education on the latest studies related to drug therapy for specific diseases, as well as patient education on the importance of compliance (following physician directions) and persistence (staying on the medication for the duration of treatment).

2. Specifically address the needs of older employees and retirees

A majority of public entity employees today are baby boomers¹. As this group ages, their healthcare needs will increase, including the number of prescription drugs they take. "Polypharmacy" is the practice of managing drug regimens for patients taking multiple medications to ensure there are no harmful drug interactions or inappropriate utilization. An effective pharmacy program will include strategies directly addressing polypharmacy and other needs of older workers.

New options for retiree coverage are available through the Medicare Part D drug benefit. Plan sponsors needing to choose a prescription drug plan (**Footnotes**) (PDP) to manage their Medicare Part D benefit should ensure that the company has expertise in the management of prescription drugs for senior and older adults and can document results of their clinical and safety management efforts for this group.

3. Manage the new "miracle drugs" by providing strong specialty pharmacy programs

Specialty pharmaceuticals are high cost, yet very powerful drugs – typically injectables – used to treat diseases ranging from multiple sclerosis (MS) to rheumatoid arthritis (RA). Because these drugs can cost thousands of dollars a month, plan sponsors must be able to quantify the cost of the drug versus its ability to lower overall medical costs, improve the quality of life for employees and increase productivity over the short and long term.

Rutzick, Karen. "Life After Government: The Big Picture. <http://www.govexec.com/dailyfed/0905/091905retire1.htm> 9.19.05.

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The challenge with these drugs is that they are complex to store, ship and administer, the supply and distribution systems for them are fragmented, and there are few cost controls or efficiencies in place. Consequently, the plan sponsor's PBM should have a specialty pharmacy management program in place that centralizes supply and fulfillment, obtains the best prices, ensures quality control and provides the support that patients need to stay on these complex regimens. Personalized care management services are effective in increasing compliance, which is especially important in the early stages of the illness for successful long-term treatment.

4. Use mail service to do more than deliver prescriptions

Mail service has rapidly grown in popularity with employers and employees as a tool to manage costs and offer convenience to employees. Mail service drugs are typically less expensive than those purchased at retail, and employees also save money by paying fewer co-pays because they can get a 90-day supply of a medication instead of a 30-day supply.

In addition, the "best practices" for mail service benefits should include:

- Educational materials and programs for patients and physicians.
- Programs to increase compliance.
- Automated technology that increases accuracy and safety in prescription fulfillment.
- An integrated retail and mail claims system that can identify potential adverse drug reactions (ADRs) by offering a complete drug history for analysis so that pharmacists can intervene with the patient and/or physician to prevent these occurrences. ADRs can result in ER visits or even hospitalizations. They are costly in terms of not only their financial impact, but also on quality of life issues important to employees. Because mail service pharmacists have access to patient claims data, it is an ideal place to identify interactions and to make interventions.

5. Ensure that the PBM provides appropriate disclosure

Over the past few years, the issue of transparency within the PBM industry has become an issue for plan sponsors. Appropriate disclosure should be determined by the two parties to the PBM services agreement. Plan sponsors should ensure that their PBM provides information about all revenue sources related to their business, how income is reported, types and amounts of administration fees and rebate accounting and allocation according to contract terms and other pricing policies. This ensures that proprietary information is safeguarded and that the plan sponsor gets all the information they need to ensure fair pricing of their benefit.

Effective pharmacy benefit programs benefit everyone

While prescription drug costs are rising, plan sponsors and their PBMs can use the Five Pharmacy Fundamentals as guidelines to structure a benefit plan producing the best value for all concerned. Employers benefit from improved productivity and value for their pharmacy benefit dollar, while employees enjoy better health and are more satisfied with their health benefit coverage.

Sheela Andrews, Pharm. D., is director of client management for Prescription Solutions®, a Costa Mesa, Calif.-based pharmacy benefit management company managing the prescription drug benefit of commercial, Medicare and governmental health plans, as well as those of employers and unions. For more information on Prescription Solutions®, call 888.398.5189 or go to www.rxsol.com.



State and Local Government Benefits Association

...the premier organization for public sector benefits professionals

Membership Application

Membership Descriptions

Jurisdictional Member

A public sector entity actively engaged in administering an employee benefits program. Jurisdictional members may vote at the annual business meetings and are eligible to serve on the Board of Directors. The Secondary Member is a reduced fee for additional members from the same entity however there must be a Primary Member from the entity on file or applying. **Membership Type:** Primary Entity Member \$195 Secondary Entity Member \$50

Entity: Local Government School/University State Entity Other: _____

Associate Member

A consultant organization, insurance company or other professional group that is a seller of employee benefits services, not a purchaser. Associate Members do not vote or serve on the Board, except in the nonvoting capacity of Associate Member Advisor. They are encouraged to serve on committees. The Secondary Member is a reduced fee for additional members from the same entity however there must be a Primary Member from the entity on file or applying. **Membership Type:** Primary Associate Member \$300 Secondary Associate Member \$150

Company Type: Consultant Dental/Vision Health Insurance Pharmaceutical Company
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Payment Information

The annual membership fee is due with this application. Payment may be made by check and payable to SALGBA, or by credit card. In order to pay by credit card please contact the SALGBA Administrative Office.

Please submit completed application with payment to:

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Job Opportunities...

The following SALGBA Member Entities have job opportunities available. *For more information or to see a detailed job description please visit the SALGBA web site at www.salgba.com.*

State of Louisiana

The Louisiana Office of Group Benefits is seeking an experienced professional Chief Executive Officer to manage and lead the organization into the future. The ideal candidate must have a college degree and management experience. M.D., CPA, CEBS, M.B.A., or J.D. is preferred.

City of Fort Worth, Texas

#1. The City of Ft. Worth is seeking a Classification and Compensation Manager in the Human Resources Department to provide leadership for the City's strategic classification system and total compensation program.

#2. The City of Ft. Worth is seeking a Learning Services Manager in the Human Resources Department to provide leadership for the City's career development and training program.

#3. The City of Ft. Worth is seeking a Staffing Services Manager in the Human Resources Department to provide leadership for the City's Recruitment and Selection Program.

www.salgba.com

The SALGBA website has been updated to include an RFP Depository Page in the Members' Only section. The page is designed to be a resource for members looking for sample RFP's on a variety of topics. If you have an RFP you are willing to share please send to Tina Scott at tina.scott@eku.edu. The RFP will be converted to a PDF file if not submitted in the format and placed on the site. If you have any questions regarding this new service or other service ideas please contact the SALGBA National Office at salgba@salgba.com or at 859-622-2535.

Association Updates...

Please be on the lookout for two important items being sent by the SALGBA National Office.

1. 2006 SALGBA Directories will be mailed out soon.
2. SALGBA Members will be sent a very brief survey via email using Survey Monkey asking questions regarding the Quarterly Newsletters and the SALGBA website. Please take 5 minutes to complete this survey so that we can meet your membership needs.

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