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MINUTES

Approved 8-4-11

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
June 2, 2011 - Noon
Old Jail Conference Room**

Present:

Municipal Representatives: 7 members

Judy Drake, Town of Ithaca; Don Barber, Town of Caroline; Schelley Michell Nunn, City of Ithaca; B. Jobin, Tompkins County; B. Mclroy, Town of Dryden; M. Mills, Village of Cayuga Heights; H. Masser, Town of Enfield

Municipal Representatives via Proxy: 3 members

L. Shawley, Town of Danby; C. Becker, Village of Dryden; B. Conger, Village of Groton

Union Representatives: 5 unit members

Chantalise DeMarco, County White Collar-CSEA; George Apgar, President; Ithaca Professional Fire Fighters Assoc. and Ithaca Area Fire Fighters #737; B. Berggren, Town of Danby Highway (CSEA); S. Weatherby, TC3 Staff Unit (CSEA); M. Schmidt, TC3 Staff Unit

Others in attendance:

Sharon Dovi, TC3 Human Resources Manager; T. Turner, Executive Director of the PHO (Physician Hospital Organization); S. Locey, Locey & Cahill M. Lloyd, CSEA Health Benefits Department; J. Scotti, CanaRX Group, Inc.

Call to Order

Ms. DeMarco called the meeting to order at 12:06 p.m.

Approval of Minutes of January, February, March, April, and May Meetings

Due to lack of quorum, minutes were deferred to the next meeting.

Presentation on CanaRX

Ms. Lloyd began the presentation by stating the County and TC3 already have the CanaRx option for mail order prescription drugs and there is interest in offering this to the other municipalities in the Consortium. At the present time slightly more than half of the employees enrolled through the Consortium are able to utilize the program.

Mr. Scotti explained CanaRx Services, Inc. is a privately held Canadian company located in Windsor, Ontario. It was noted that Windsor is directly across from Detroit, Michigan and has a Detroit mailing address. The Company has been in existence since 2002 and has clients throughout the United States with 30-40 entities across New York, mostly being local governments and school districts. He explained the history behind formation of the company and stated the company is not a pharmacy

or a pharmacy benefit manager; they leverage those who negotiate prices with the pharmaceutical industry to find members the lowest prices.

CanaRx contracts with government-licensed pharmacies in Canada, the United Kingdom, Australia, and New Zealand (Tier One countries as designated by Congress) to supply brand name medications, packaged and sealed by the original manufacturer for direct delivery to all participants. CanaRx contracts are with each individual patient and not with any one entity. The County, for example as a plan sponsor, agrees to reimburse them for the expenditure of its members. Participation is voluntary and used for maintenance medications.

Mr. Scotti said this program is in addition to the prescription program an employer already has. Since prices are negotiated by the other governments they are substantially less than what is paid in the United States; therefore, medications can be offered at a zero co-pay and employers save as well. He spoke of safety protocols and explained the processes that are in place for establishing and maintaining all safety and processing of orders. Members are required to complete a one-page HIPAA compliant form and must be on a medication for at least thirty days before requesting a ninety-day supply. Other member benefits include ongoing open enrollment, safety standards that are in place, toll free telephone and fax numbers with calls to customer service are answered by a person, and a pharmacist is available 24 hours a day.

The first time a medication is dispensed it takes approximately 20 days for the medication to be dispensed. This should not be a problem because of the thirty day rule. Once a prescription is filled, CanaRx places a phone call to remind the enrollee that there needs to be a refill.

Mr. Scotti addressed program launch and service support, stating CanaRx Services owns and administers all programs in-house. Staff is dedicated to providing 100% satisfaction to both the plan sponsor and all participants. When a program is launched they traditionally produce a website and conduct on-site education sessions. This is not traditional insurance, it is a fee for a product, voluntary program for which there is no charge if not used. There are no administration costs, all costs are included in the medication cost. Plan sponsors receive reports that include medications purchased and plan participants; CanaRx will do any reporting requested by the sponsor.

Mr. Locey noted there is no direct relationship between the PBM and CanaRx, this program would be an additional program. Mr. Scotti said CanaRx is willing to share data with any third party administrator. They do share information with several third party administrators, however, Medco is not one of them.

Currently, the County, Library, retirees, and the Public Library are able to use the CanaRx program for which a single bill is submitted to the County. Ms. Drake asked how much the County saves by using CanaRx. It was stated the County has to request any reporting information and then share the information. She said the last report she viewed was for a six month period that showed a net savings of approximately \$72,000; the bill is paid directly by the County. Mr. Locey said there are some questions that need to be answered before this could be offered to the Consortium. He confirmed that if it could not be done through the Consortium there would be nothing stopping each municipality from directly using CanaRx. Mr. Locey said if municipalities did this on their own there may need to be an adjustment made to the rates for the Consortium and this would take some looking into. Since the Consortium is an Article 47 the New York State Insurance Department has been asked if it could contract with CanaRx and he is awaiting a reply.

There was a brief discussion of the need to look at formularies because of the variance in co-pays that exist for mail order prescriptions. *Mr. McIlroy asked Mr. Locey to provide information on the variances in coverage and co-pay amounts for members of the Consortium.*

Mr. Scotti spoke of the FDA legality issues that have arisen since 2003 and said after a meeting held where the FDA was assured CanaRx and its operations were in compliance and not in violation of any laws there has not been further contact between the FDA and CanaRx. The FDA continues to monitor their quality and safety.

Mr. Scotti said one of the issues raised lately relates to multi-source brands. When there is a generic alternative to a medication there are some people who will not take the cheaper generic with a zero copay and instead get the more expensive brand. There are a couple of ways to deal with that – they would need both the “dispense as written” box checked in addition to the physician completing a medical necessity form. CanaRx would be happy to implement a generic waiver but would ask that the municipality’s carrier to do so as well. *Ms. Drake asked if it would be possible for each municipality to see what their current usage is to see what drugs would fall into this category; Mr. Locey said this information can be obtained.*

Medicare Supplement Programs

Mr. Locey provided a memo about the 2-person rate along with a memo from the New York State Insurance Department about Medicare supplement programs. With regard to the Medicare supplement programs the predominant costs are on the drug side. In a recent analysis the medical costs are approximately \$700-\$800 per year per covered life once over the age of 65 with Medicare. On the drug side the cost ranges from \$3,200 to \$4,000 per covered life covered under the plan.

Mr. Locey said the key to developing a Medicare supplement plan that would be cheaper than it current is while providing the same coverage as the active employees with Medicare paying the primary and the plan that is the same as everyone else’s just responds to what Medicare doesn’t pay and pays for the drugs. The real savings would come from drug side. Many of the smaller municipalities already have a high co-pays with their base program so developing a Medicare supplement for those people would not do a great deal towards lowering their premium directly. For larger groups such as the County and City a package could be established with lower co-pays and a higher premium. There are a lot of issues that go along with a Medicare supplement program. Mr. Locey said he could develop a couple of programs and a rate that would go along with it but there wouldn’t be much of a price break for the smaller municipalities.

Ms. Lloyd suggested making a Medicare Advantage Plan available. Mr. Locey said they could look at that but noted that generally in order to see a savings in health insurance someone is either getting less or paying more unless something is done to alter the expenses. For most, the only way to change the benefits is through the collective bargaining process. He also said once you sign up for a Medicare Advantage Plan you lose the retiree drug subsidy program.

Mr. Barber said there may be interest in seeing what type of options are available for benefit changes, recognizing that if the benefit were not changed it would be taking from one pocket and placing in another. He said if those options were known the Consortium could evaluate whether there would be anything to pursue. Mr. Locey said in a couple of weeks May claims data will be available from Blue Cross/Blue Shield. He will be able to share information at the next meeting as to what the over 65 population is actually costing from both a medical and prescription drug perspective versus the below 65 population. He will also come back with a couple different plan designs to get a better understanding of what they look like and what benefit they might have for a retiree who cannot afford the current program. The information will also have the number of covered lives.

Discussion of Quorum Requirements

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The Committee was not able to take action due to lack of quorum. Ms. DeMarco said although there is better attendance at this meeting, 19 members are needed to take action. Mr. Barber suggested asking for a simple majority to conduct routine business such as approving minutes and bylaws but to require a 2/3 vote for program design changes. Additional outreach will be made to members who are not in attendance; Mr. Locey offered to provide lunch at the next meeting.

Adjournment

The meeting adjourned at 1:34 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk

Next meeting: Thursday, July 7 at noon in the Old Jail Conference Room