



December 15, 2015

PEEHIP Medical and Pharmacy Changes from Fall Board Meeting

The PEEHIP Board and staff continuously work to manage rising healthcare costs so that both the quality of healthcare benefits and the fiduciary strength of the plan remain strong with as minimal increased financial impact placed upon the PEEHIP membership as possible. **Please see below for changes made to the PEEHIP medical and pharmaceutical benefits effective February 1, 2016. (These changes do not apply to the Medicare primary members/dependents who are on the EGWP drug plan until 2017 or to the VIVA plan at any time):**

- **Dispense as Written (DAW1) Difference for Multi-Source Drugs:** A pharmacist is required under PEEHIP Law to dispense a generic equivalent medication that contains the exact same active ingredient or ingredients in the same dosage, form, and strength, to fill a prescription for a patient covered by PEEHIP when one is available unless the physician writes in longhand writing on the prescription “medically necessary” or “dispense as written” or “do not substitute”. However, if the brand drug is dispensed as written (DAW1), the difference between the brand version and the generic version must be paid in addition to the applicable brand copay. This does not apply to Narrow Therapeutic Index (NTI) drugs or generics that are not chemically equivalent to their brand counterparts. (Please note that often times there are multiple generic manufacturers of a brand drug. So if one generic drug is not right for you, talk with your physician and pharmacist about a generic by a different drug manufacturer that may be right for you.)
- **New 4th Specialty Drug Tier:** “Specialty drugs” are very high cost medications prescribed and administered under the supervision of a physician. Specialty drug spend was in excess of \$130 million for the 12 months ending 9/30/2015. That amount represents 28% of PEEHIP’s total spend on drugs, but the number of specialty drug claims is less than 0.5% of all drug claims filled. Therefore, to address the growing cost of specialty drugs, PEEHIP will implement a new specialty drug tier in which there is a 20% copay for these medications with a minimum copay of \$100 and a maximum copay of \$150.
- **3 copays for Maintenance Drugs – Preferred and Non-preferred Brands only** Members can obtain a 3 month supply of those drugs listed on the PEEHIP Maintenance Drug List and currently are charged only two copayments. PEEHIP will begin requiring 3 copays on the Brand Maintenance drugs on the list (preferred drugs as well as non-preferred drugs) for a 3 month supply. (Note: Members can continue getting a 3 month supply of the generic drugs on the list for 2 copays.)
- **Formulary Exclusions:** Several drug exclusions and utilization management alterations were made that will be detailed in the upcoming January PEEHIP *Advisor* newsletter. Some exclusions were made for drugs that currently have no utilization by the PEEHIP membership. All members affected by a formulary exclusion will be mailed a letter prior to 2/1/2016.
- **Resolution to all PEEHIP members to change coverage when their spouse obtains other insurance:** PEEHIP members are now able to cancel spousal or family coverage prospectively during the plan year at any such time that the member’s covered spouse elects to obtain new coverage under another employer plan

that is a cafeteria plan or qualified benefits plan in the event that the plan year for their spouse's other coverage is different from the PEEHIP plan year. Timely notification and appropriate documentation must be provided to PEEHIP in accordance with applicable regulations. This is to address the need for some members to remove their spouse from coverage when the open enrollment periods of PEEHIP and their spouse's employer plan do not coincide.

How to Do Your Part in Protecting the Value of Your PEEHIP Benefits

PEEHIP is a self-funded plan with claims expenses for the fiscal year ended 9/30/2015 of over \$1.3 billion. This dramatically high expense for healthcare continues to increase along with other PEEHIP expenses due to a number of factors, including increasing utilization of Affordable Care Act mandates, increasing number of dependents, decreasing number of active employees (the head-count driver for legislative funding) with corresponding increasing number of retirees (not a head-count driver for funding), and increasing claims trends for both medical and pharmaceutical claims.

While the PEEHIP Board and staff constantly work to address these issues, the PEEHIP membership can also take simple steps to dramatically help control the costs. By thinking of the premium money that you pay into PEEHIP as your own money, you can help reverse the cost escalation by making educated and wise decisions regarding your healthcare.

See below for ways you can make an impact:

- Talk with your doctor about the treatments and medications prescribed for you to ensure you are not only receiving the best treatment for you, but also the most cost efficient within equivalent options.
- Non-Brand medications are almost always much less costly to the PEEHIP plan than their Brand counterparts and thereby cheaper for our members in terms of the copayment, and are often chemically equivalent to the Brand form.
- There are also therapeutic equivalents to some high cost Brand medications that are often times shown in research to have higher efficacy and less risk.
- Utilization of emergency rooms is vastly more expensive to both PEEHIP and PEEHIP members than urgent care facilities or primary care physician when often times an urgent care or primary care physician is the more suitable option.
- If you are prescribed a specialty or high cost medication that requires nurse or physician administration, ask about your options on where and how to have that drug administered to you. The same drug given at a hospital outpatient setting may also be available to be administered to you at your physician's office or at your home for a fraction of the cost to the PEEHIP plan.

By making a team effort to spend your PEEHIP healthcare premium dollars wisely when medically necessary and without abuse, the PEEHIP membership can make a substantial impact toward preserving the quality and affordability of PEEHIP benefits.