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**LAURA RICH**  
Executive Officer

**AGENDA ITEM**

Action Item

Information Only

**Date:** March 31, 2020

**Item Number:** VII

**Title:** Plan Year 2021 Plan Benefit Design and Policy Changes

**SUMMARY**

This report provides information and recommendations on additional Plan Year 2021 plan benefit design and policy changes.

**REPORT**

**CDHP HSA/HRA SUPPLEMENTAL FUNDING**

During the 80th Legislative Session, the Legislature approved PEBP's budget with a Plan Year 2021 CDHP enhanced HSA/HRA funding of \$125 per primary participant. The Board also approved the enhanced funding at the November 2019 PEBP Board meeting.

Due to the availability of projected reserves at the time, the approximate \$3M cost was intended to be funded using excess reserves. The current budget projections available today, however, indicate there may not be sufficient excess reserves to cover this cost. PEBP is recommending deferring the \$125 enhanced funding for the Board to reconsider in November. If at that time it is determined there are sufficient excess reserves to cover the cost, the enhancements will be provided to CDHP members in January 2021. Deferring the funding until January avoids any tax-related impacts that may come from providing HSA dollars at the end of the calendar year.

***PEBP Recommendation:*** PEBP recommends deferring the \$125 enhanced HSA/HRA funding to be reconsidered at the November 2020 PEBP Board meeting.

#### CHRONIC KIDNEY DISEASE PILOT PROGRAM UPDATE

In November 2019, the PEBP Board approved the implementation of a Chronic Kidney Disease (CKD) pilot program. The intent of the program was for American Health Holdings (AHH), PEBP's utilization management/case management partners to provide specialized case management services for those members diagnosed with CKD. Through this program, specialized case managers perform medical necessity reviews, early identification, steering to alternate care settings and member assistance. The cost of these services was estimated to be approximately \$20,000/month, however PEBP would be guaranteed a 1:1 Return on Investment (ROI).

As PEBP began to explore this option further, it was determined that the opportunity for cost savings was challenging and it would be unlikely that AHH would be able to guarantee any ROI. First, although some members already receive (or have received) existing case management services offered through AHH, 20 of the top 100 members CKD members (94% of total CKD spend) had declined these services. Based on that, those individuals are likely to decline CKD specialized case management as well. Additionally, of the top 100 CKD members, only 45 have claims greater than \$36,000. This means that even if AHH were to provide coaching to those members, the opportunity to generate any savings is minimal.

Essentially, many of the best candidates for this type of program have already had outreach and received case management and coaching opportunities. PEBP is exploring other options, including mandated case management that may be presented to the Board in the future.

***PEBP Recommendation:*** PEBP recommends cancelling the CKD Pilot Program previously approved for PY21. Without guaranteed savings, the program incurs a fiscal cost that has not been accounted for in the PEBP budget and therefore will require legislative approval through the Interim Finance Committee (IFC).

#### SAVON

At the January 23, 2020 Board meeting, PEBP presented the Express Scripts SaveOn Program as a cost savings option to be considered for inclusion in PEBP's upcoming biennial budget request. Due to the potential for immediate savings to the plan as well as the benefit enhancement it offers to members receiving copay assistance dollars, PEBP believes it is in the best interest of the program to implement SaveOn for PY21, beginning July 1, 2020.

*Attachment A* provides an overview of the program.

***PEBP Recommendation:*** PEBP recommends implementing the SaveOn Program for PY21, effective July 1, 2020.

# Copay Assistance Program & Solutions

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## COPAY ASSISTANCE

# The \$15B<sup>1</sup> investment driving up plan spend

### Did you know?



80% of all specialty medications have a copayment assistance program



Manufacturers fund copay assistance programs to help drive brand loyalty



**Prior to out of pocket (OOP) protection, these programs resulted in members meeting their out-of-pocket maximum in as little as 3 fills — perhaps without the member ever contributing a single dollar**



Your CDHP members

used **\$2M**

in specialty copay assistance from July to December 2019.

1.The 2020 economic report on U.S. pharmacies and pharmacy benefit managers, Fein, Adam, March 2020, [https://drugchannelsinstitute.com/products/industry\\_report/pharmacy/](https://drugchannelsinstitute.com/products/industry_report/pharmacy/)



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# PEBP's benefit structure prior to OOP protection

Coinsurance: 20%, no per-claim cap  
 Individual deductible: \$1,500  
 Individual MOOP: \$3,900

Plan pays	Copay Assistance Pays	Member Pays	Member's deductible	OOP Max	Total Cost
<b>1<sup>st</sup> Fill</b> – \$5,000 drug; manufacturer will pay up to \$1,000/claim for 12 claims/year					
\$3,500	\$1,000	\$500	\$1,500 (MET)	\$1,500	\$5,000
<b>2<sup>nd</sup> Fill</b>					
\$4,000	\$1,000	\$0	MET	\$2,500	\$5,000
<b>3<sup>rd</sup> Fill</b>					
\$4,000	\$1,000	\$0	MET	\$3,500	\$5,000
<b>4<sup>th</sup> Fill</b>					
\$4,600	\$400	\$0	MET	\$3,900 (MET)	\$5,000
<b>5<sup>th</sup> Fill</b>					
\$5,000	\$0	\$0	MET	MET	\$5,000

- PEBP is currently capturing the maximum per-fill assistance available with their 20% coinsurance (no cap)
- By the time the member meets their MOOP upon the 4<sup>th</sup> fill, the manufacturer has contributed \$3,400 toward the drug costs
- The manufacturer has an additional \$8,600 in funding available, which is not being captured due to the member hitting their MOOP and the plan being responsible for 100% of the drug costs

# Current benefit structure w/ OOP Protection

OOP protection was implemented for the CDHP plan on 7/1/2019

Coinsurance: 20%, no per-claim cap  
 Individual deductible: \$1,500  
 Individual MOOP: \$3,900

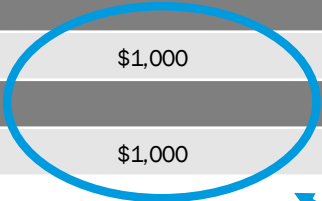
Plan pays	Copay Assistance Pays	Member Pays	Member's deductible	OOP Max	Total Cost
<b>1<sup>st</sup> Fill</b> – \$5,000 drug; manufacturer will pay up to \$1,000/claim for 12 claims/year					
\$3,500	\$1,000	\$500	\$500	\$500	\$5,000
<b>2<sup>nd</sup> Fill</b>					
\$4,000	\$1,000	\$0	\$500	\$500	\$5,000
<b>3<sup>rd</sup> Fill</b>					
\$4,000	\$1,000	\$0	\$500	\$500	\$5,000
<b>4<sup>th</sup> Fill</b>					
\$4,000	\$1,000	\$0	\$500	\$500	\$5,000
<b>5<sup>th</sup> Fill</b>					
\$4,000	\$1,000	\$0	\$500	\$500	\$5,000

Because the copay assistance is not contributing to the DED/MOOP, the member continues to max out the copay assistance throughout the plan year (until they hit their DED/MOOP through other means)

# Current benefit structure w/ SaveonSP

SaveonSP copay: \$1,000  
DED/MOOP are out of scope for SaveonSP claims

Plan pays (+ a shared savings fee to SaveonSP)	Copay Assistance Pays	Member Pays	Member's deductible	OOP Max	Total Cost
<b>1<sup>st</sup> Fill</b> – \$5,000 drug; manufacturer will pay up to \$1,000/claim for 12 claims/year					
\$4,000	\$1,000	\$0	N/A	N/A	\$5,000
<b>2<sup>nd</sup> Fill</b>					
\$4,000	\$1,000	\$0	N/A	N/A	\$5,000
<b>3<sup>rd</sup> Fill</b>					
\$4,000	\$1,000	\$0	N/A	N/A	\$5,000
<b>4<sup>th</sup> Fill</b>					
\$4,000	\$1,000	\$0	N/A	N/A	\$5,000
<b>5<sup>th</sup> Fill</b>					
\$4,000	\$1,000	\$0	N/A	N/A	\$5,000



Because the SaveonSP drugs are non-essential health benefits, the claims adjudicate with a *copay only* (no DED/MOOP); the member continues to max out the copay assistance throughout the plan year regardless of whether they hit their DED/MOOP through other means

# SaveonSP savings



## About the Program

- Utilizes Affordable Care Act (ACA) state benchmark to **change client plan design**
- Select drugs designated as **Non-Essential Health Benefits** as defined by Affordable Care Act
- Copays set to **maximize manufacturer assistance dollars**
- Targets **150+** specialty drugs in **19** therapy classes
- Reduces patient's responsibility to **zero**



Estimated Savings is **\$1.9M** for Nevada PEBP (CDHP and EPO)



## Sample Medications Covered

Highest Utilized Therapy Classes	Average Assistance/Fill
Hepatitis C	\$7,500
Cystic Fibrosis	\$2,300
Multiple Sclerosis	\$2,000
Inflammatory	\$1,666
Hemophilia	\$1,666
Oncology	\$1,250
Pulmonary Arterial Hypertension	\$1,200
Blood Cell Deficiency	\$1,000
Hereditary Angioedema	\$1,000
Asthma & Allergy	\$850



# SAVEONSP CDHP and EPO Savings

## CLIENT SUMMARY

51.6 K total lives

481 members benefiting

3,760 impacted claims

\$1,267 average member copay per rx

## BENEFIT FOR PATIENTS AND THE CLIENT



\$1.9 M annual plan savings \*

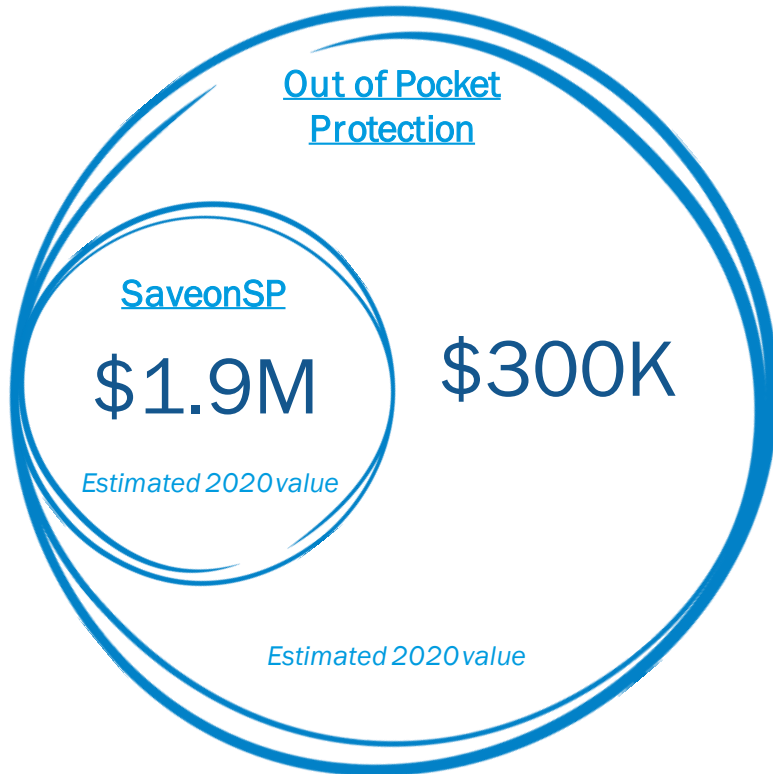
\$3.14 PMPM client savings\*

\$0 remaining member cost

Every month you lose \$162,046 without SaveonSP setup

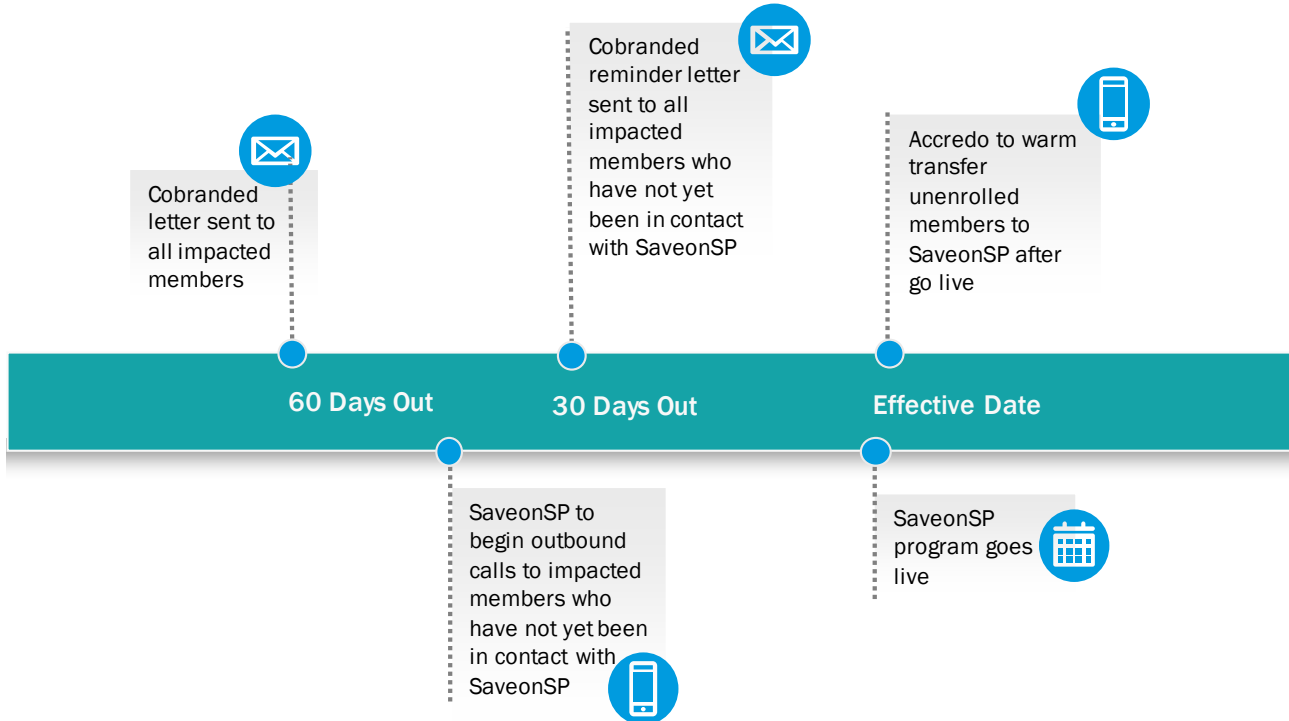
\*Net of program shared savings fee. Savings based on sponsor's utilization, the most restrictive state benchmark and ESI National Preferred, Basic and High Performance Formulary. Savings may vary based on sponsor's actual utilization or a different benchmark or formulary. Savings do not represent any type of guarantee by SaveonSP or ESI.

# Product savings differentiation



Combined Estimated Product Value of  
**\$2.2M**

# Member communication timeline



# ATTACHMENT B

*The following report was presented as part of Agenda Item XI to the Board at the November 29, 2018 Board meeting.*

## **Disallow Patient Assistance from Applying to Accumulators**

PEBP and Express Scripts performed initial analysis on implementing a copay accumulator program to control specialty drug costs. This program is not new and many large employers have implemented it across the nation.

To simplify the program, a copay "accumulator" recognizes when an employee uses a drug maker discount card and makes sure that money does not apply toward their annual out-of-pocket spending requirement. When the copay card runs out of money, a patient must either cover the Plan Year 2020 Plan Benefit Design November 29, 2018 Page 3 full copay cost, get a new discount card, or stop filling the prescription. The program can apply to almost any drug coupon used at a pharmacy working with the pharmacy benefit manager. Estimates show there are more than 41 million Americans in plans that use an accumulator. A recent article in U.S. News describes how two large companies (Walmart and Home Depot) are adopting these programs moving forward.

<https://money.usnews.com/investing/news/articles/2018-11-13/walmart-home-depot-adopthealth-insurer-tactic-in-drug-copay-battle>

PEBP had numerous conversations with both our Third Party Administrator (HealthSCOPE Benefits) and Pharmacy Benefits Manager (Express Scripts), and we concur there is significant money available by the drug manufacturers that is being left on the table because of our lower out-of-pocket maximums. Pharmacy manufacturers set drug prices accounting for copay accumulator programs like this and therefore PEBP and its members are effectively paying more for these drugs than we should.

Unfortunately, there is no way today to develop a cost savings amount as changes to copay assist cards and coupons will most assuredly change between now and July 1, 2019 when this program can go live. Savvy drug manufacturers can and will circumvent these types of programs, but doing nothing ensures PEBP pays too much for these high cost drugs.

**PEBP Recommendation:** PEBP believes we can no longer sit by and allow the plan, the members, and the Nevada taxpayer pay more for high cost drugs than most employers with these programs allow. Therefore we recommend implementing a copay accumulator program next year. If approved, PEBP will come back to the plan in March with some current savings numbers and address additional opportunities for excess reserve expenditures to offset those savings at that time. Smart90 Mandatory Network Express Scripts (ESI) is recommending Smart90 Mandatory Network for the State of Nevada

**Approved by PEBP Board on November 29, 2018. Implemented on July 1, 2019.**