Date:        April 28, 2015
Time:       3:00 p.m.
Place:      HR Learning & Development Center

Members

Mr. Steve Simmons       Finance & Administration       Present
Dr. Lanier S. Cauley   Mechanical Engineering       Present
Ms. Janice Collins     Radiology - UMC             Present
Dr. Jim Connors        Continuing Education & Special Programs Absent
Ms. Annita Dailey      Medical Surgical 5th - UMC      Present
Mr. Charles Dunnam     Maintenance Department       Absent
Dr. Julie Estis        President, Faculty Senate       Absent
Ms. Cathy Faison       Admissions - CWH              Absent
Ms. Amy Fleet          Marketing & E-Commerce       Absent
Dr. Susan Gordon-Hickey Chair, Faculty Senate Fringe Benefits Committee Absent
Mr. Ronnie Hodges      Pharmacy - CWH                Present
Dr. David Johnson      Academic Affairs             Present
Mr. Andy Lightbourne   Computer Services Center      Present
Mr. John Pannelli      COM Business Office          Present
Dr. Allen Perkins      Family Practice              Absent
Ms. Kelly Peters       Business Office              Absent
Ms. Barbara Shirvanian  Student Affairs             Present
Dr. John Smith         Executive Vice President    Absent
Dr. J. Allan Tucker    Pathology - UMC             Absent
Dr. David Turnipseed   College of Business         Present

Others Present

Mr. Gerald Gattis, Director, Human Resources, Benefits, Employee Relations
Ms. Tina Stalmach, Associate HR Manager, Employee Benefits
Ms. Pam Henderson, Assistant Vice-President, Human Resources
Mr. Ed Kahalley, Jr., Benefits Consultant, Secretary to the Committee
Ms. Lori Schneider, BCBS
Ms. Britney Fisher, Prime Therapeutics

Call to Order

Mr. Simmons called the meeting to order and distributed the meeting minutes from the January 27, 2015, meeting and the February 10, 2015, special called meeting.

A motion was made, seconded and the vote unanimous approving both meeting minutes.

Mr. Simmons stated that this would be his last meeting as Chair, due to his retirement at the end of May. He stated that Dr. John Smith will serve as Interim Chair of the FBC.
Experience Report

Mr. Kahalley distributed an experience report for the first three months of this year. He stated that the cost of benefits has increased by $2 million during the first three months and if the experience does not moderate, the 2016 projected cost may be difficult to manage. He stated that the pharmacy benefit accounts for $432,596 of that increase. The report concentrates on the pharmacy benefit which has increased in cost by 19% compared to this time last year. The pharmacy benefit increased by $1.6 million from 2013 through 2014 with a total cost of $10 million. He stated that the last page of the report is taken from last year’s annual valuation and provides a breakdown of the pharmacy benefit. The experience indicates that the average employee copay per prescription was $16 and the employee cost share accounted for 24% of the total paid. Specialty drugs accounted for $1.6 million or 15% of the total prescription drug cost.

He stated that Blue Cross and Blue Shield (BCBS) partnered with Prime Therapeutics (Prime) on July 1, 2010, for pharmacy benefit management. Prime Therapeutics is the pharmacy benefit manager paying claims for the USA Health & Dental Plan. He introduced Lori Schneider, the BCBS representative, and Britney Fisher, representing Prime Therapeutics.

Pharmacy Benefit Review

Ms. Fisher distributed a report prepared by Prime for the University of South Alabama. She stated that Prime is owned by 13 Blue Cross and Blue Shield health plans, including BCBS of Alabama. The report provides some information about the University’s drug benefit and recommendations to decrease cost and moderate future trend. She referred to page 3 of the report for an overview of the pharmacy benefit. She stated that the drug cost had increased by 15% and the per member per month paid benefit cost was $80.75 compared to the BCBS book of business average range from $37.49 to $65.00. She stated that specialty drug costs had increased by 26%. She reviewed the report and each of the recommendations to reduce costs, including:

- Limited Retail Pharmacy Network $ 192,467
- Tiered/Preferred Retail Pharmacy Network ($5 copay penalty) $ 359,711
- Prime Exclusive Specialty Pharmacy $ 58,859
- Drug Exclusion Program $ 147,507
- Member Pays Difference (Brand Name to Generic) $ 122,194
- Specialty Copay Increase ($200) $ 52,546
- Retail Copay ($10/$40/$65) $ 301,712
- Total All $1,234,996

Ms. Fisher discussed some variations of the recommendations. She stated that the estimated savings will vary depending on the combination of changes and are subject to actual utilization. She stated that Prime can provide a more accurate estimate of savings based on the specific changes desired by the University.
Ms. Fisher stated that the Guided Health Drug Therapy Program offered by Prime can reduce overuse of drugs and assist with better drug compliance. This program will engage the patient and physician to provide a better overall treatment. She stated that this program is offered by Prime at no additional cost and does not increase cost for the patient.

The Committee discussed the program and a motion was made, seconded and the vote unanimous to adopt the program as soon as administratively possible.

Ms. Fisher stated that Prime also offers a Retail Pharmacy Vaccine Program at no additional cost. This program can improve vaccine compliance by making it more convenient and less costly for the individual to access the vaccine. She stated that this enhanced benefit should be cost neutral to the University.

The Committee discussed the program and a motion was made, seconded and the vote unanimous to adopt the program as soon as administratively possible.

Ms. Schneider stated that BCBS would prepare an enrollment agreement for the two changes which may be effective as early as July 1, 2015.

Ms. Fisher stated that some of the recommended changes and specifically those that change the copay amounts may affect the Plan’s grandfathered status under the Affordable Care Act (ACA). She suggested that if the University is interested in any specific recommendations, they can be further reviewed to determine any effect on ACA status.

Ms. Fisher stated that most clients are reviewing the continued increase in the prescription drug benefit cost; current cost and future trend are a great concern.

**Baby Yourself**

The Consultant stated that this program engages the expectant mother and provides information to assist with the pregnancy. The program has proven results and can improve the overall experience while assisting with the prevention of premature birth. The University has had this program in place for years and he suggested a greater incentive to encourage utilization. He suggested offering a $400 gift card from the University as an incentive for those who enroll in the program in the first trimester and complete the program.

Ms. Schneider stated that this is one of the best programs offered by BCBS. She stated that whatever incentive is offered will be a marginal cost compared to the benefits of the program. She stated that there are a number of different incentives that can be offered and she would provide some additional information on this for the Committee’s consideration.

**Adjourn:**

There being no other business to come before the Fringe Benefits Committee, the meeting was adjourned at 4:45 p.m.