

Pharmacy & Therapeutics Committee

Board of Trustees Meeting

April 27, 2023

Pharmacy & Therapeutics (P&T) Committee

- In 2017, the State Health Plan launched a “closed formulary” which means not every available medication is on the formulary (aka list of coverage drugs).
- NC Statute requires the State Health Plan to have P&T Committee for a closed formulary:
 - *Pursuant to N.C.G.S. §§ 135-48.51(2) and 58-3-221(a)(1) the North Carolina State Health Plan (Plan), by maintaining a closed formulary, must develop the formulary and any restrictions on access to covered prescription drugs or devices in consultation with and with the approval of a pharmacy and therapeutics committee, which shall include participating physicians who are licensed to practice medicine in North Carolina.*
- The P&T Committee, which meets quarterly, approves all changes to the formulary including the addition of any utilization management programs.

Pharmacy & Therapeutics Committee Bylaws

- Review new drugs, drug classes, new clinical indications, therapeutic advantages, new chemical entities, and new safety information.
- Recommend pharmacy-related utilization management criteria that will promote the safety, effectiveness, and affordability of medication used in clinical settings.
- Review and vote on proposed updates to the Comprehensive Formulary Document quarterly.
- Present formulary recommendations to the Plan for adoption, subject to the Plan's approval.
- Serve in an advisory capacity to the Plan on other matters when needed.

Pharmacy & Therapeutics Committee

- The Committee is composed of nine or more voting members, who are licensed pharmacists or physicians in North Carolina. These members represent a variety of specialties and a broad spectrum of primary care providers.
 - Each voting member shall be appointed by the State Treasurer. Appointments shall be effective for two-year terms unless otherwise set by the State Treasurer.
 - The State Treasurer may remove any voting member at any time, in his or her sole discretion with or without cause.
- The Plan's Senior Director of Plan Integration and Clinical Pharmacist, or designee, serve as ex officio, non-voting members of the Board.
- The Plan's Clinical Pharmacist organizes and runs the meetings.

Pharmacy & Therapeutics Committee Members

Provider	Specialty	Practice
Ghassan Al-Sabbagh, MD	Gastroenterologist/ Hepatologist	Gastroenterology & Hepatology Consultants
John Anderson, MD, MPH	Chief Medical Officer	Duke Primary Care
Jennifer Burch	PharmD, CDE	Central Compounding Center
David Konanc, MD	Neurologist	Raleigh Neurology Associates
Laura Rachal, MD	Pediatric Infectious Diseases Specialist	University of North Carolina Hospitals
Sundhar Ramalingam, MD	Oncologist	Duke Cancer Center
Peter Robie, MD	General Internist	Wake Forest Baptist Community Physicians
Phil Seats, RPh	Retired Pharmacist	
Sheel Solomon, MD	Dermatologist	Preston Dermatology and Skin Surgery

We are honored to have Dr. Peter Robie as a member of both the P&T Committee and the State Health Plan Board of Trustees.

Pharmacy & Therapeutics Committee February Meeting Summary

P&T Committee February Meeting Summary Changes Effective April 1, 2023	
New Molecular Entities	5 new drugs were added to the formulary
Other Formulary Additions	13 additional products were added to the formulary
Utilization Management	Specialty guideline management and/or specialty quantity limits were added to 5 medications
Product Exclusions	16 products were excluded
Up Tiers/ Down Tiers	2 products had tier movements

Formulary Tiers

- The tier a medication falls into will determine the member's payment obligation (copay).
- Formulary tier placement is determined by:
 - Safety and effectiveness of the medication
 - Cost of the medication
 - Classification of the medication by the FDA or nationally recognized medication database.

Tier	Enhanced PPO Plan (80/20)	Base PPO Plan (70/30)
Tier 1 – Generics ≤ \$150	\$5	\$16
Tier 2 – Preferred Brands & High-Cost Generics	\$30	\$47
Tier 3 – Non-Preferred	Ded/Coins	Ded/Coins
Tier 4 – Low-Cost Generic Specialty	\$100	\$200
Tier 5 – Preferred Specialty	\$250	\$350
Tier 6 – Non-Preferred Specialty	Ded/Coins	Ded/Coins
Preventive Medications	\$0	\$0
Preferred Diabetic Supplies	\$5	\$10
Preferred and Non-Preferred Insulin	\$0	\$0

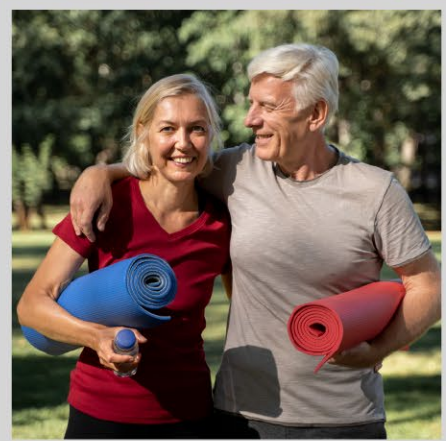
Pharmacy & Therapeutics Committee Meetings

- Presentations and meeting minutes from all P&T Committee meetings are located on the Plan's website at <https://www.shpnc.org/pharmacy-and-therapeutics>.



Pharmacy and Therapeutics

You can view and download information from current and recent Pharmacy and Therapeutics Committee meetings.



2023 Medicare Advantage Enrollment Update

Board of Trustees Meeting
April 27, 2023

The State Health Plan **SAVES**
\$4,700

Per Member Per Year for **EACH**
Medicare Advantage Member
(vs \$23.7 Billion Unfunded Liability)

Medicare Advantage Enrollment Update

- The Medicare Advantage Open Enrollment period ended March 31, 2023. Below are the numbers that reflect the changes made during the 1st quarter of 2023.
- 2022 Open Enrollment numbers are included for comparison.

2022 Enrollment*	Start of OE	%	End of OE	%	As of 2/1/2022	%	As of 4/1/22	%
Medicare Advantage	160,451	82%	164,635	83.1%	163,231	82.1%	161,174	81.7%
Base PPO Plan (70/30)	35,109	18%	33,472	16.9%	35,508	17.9%	35,987	18.3%

2023 Enrollment	Start of OE	%	End of OE	%	As of 2/1/2023	%	As of 4/1/23	%
Medicare Advantage	162,406	81.3%	187,288	92.1%	179,717	87.5%	174,493	86.4%
Base PPO Plan (70/30)	37,462	18.7%	16,113	7.1%	25,652	12.5%	27,487	13.6%

*No auto-enrollment in MA occurred for the 2022 benefit year.

The State Health Plan **SAVED**
\$47 Million

From the movement of 9,975 members
to the Humana Medicare Advantage
Plans.

Reasons Why A Member Might Choose the Base PPO Plan (70/30) Over the Medicare Advantage Plans

No Medicare Part B

Enrolled in TRICARE
for Life
(Military Insurance)

Enrolled in Retiree
Group Health Plan

Enrolled in Individual
Plan

Enrolled in Medicare
Supplement/Medigap

Income Related
Monthly Adjustment
Amounts
(IRMAA)

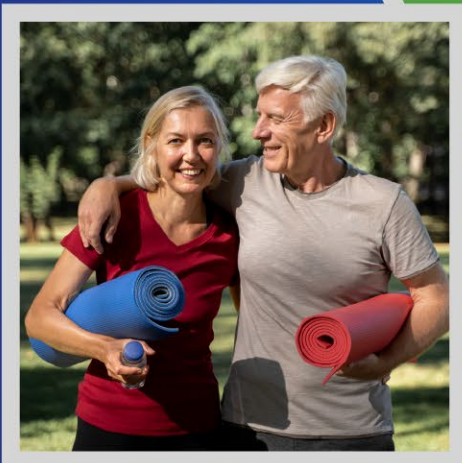
Medicaid/Medicare
Eligible

Going Through
Treatment

Diabetic on Insulin

Enrollment Strategy

- Historically, the Plan has used auto-enrollment during Open Enrollment to encourage participation into one of the Medicare Advantage Plans.
- The Plan continues to research ways to be less disruptive to Medicare members that fall into certain eligibility criteria for Medicare Advantage enrollment.



Financial Update

Board of Trustees Meeting

April 27, 2023

Financial Results: Fiscal Year to Date February 2023 [FY22/FY23]

Fiscal Year 2023	Actual thru FEBRUARY 2023	Actual Thru FEBRUARY 2022	Variance Fav/(Unfav)
Beginning Cash Balance	\$850.1m	\$766.0m	\$84.2m
Plan Revenue	\$2.672b	\$2.628b	\$44.1m
Net Claims Payments	\$2.640b	\$2.484b	(\$156.1m)
Medicare Advantage Premiums	\$11.4m	\$9.8m	(\$1.5m)
Net Administrative Expenses	\$83.2m	\$98.0m	\$14.8m
Total Plan Expenses	\$2.734b	\$2.591b	(\$142.9m)
Net Income/(Loss)	(\$62.2m)	\$36.6m	(\$98.8m)
Ending Cash Balance	\$788.0m	\$802.5m	(\$14.6m)
Non-Operating Cash Transfer	\$0	\$103.0m	\$103.0m
Target Stabilization Reserve (TSR)	\$356.0m	\$349.6m	\$6.5m

Financial Results: Calendar Year to Date February 2023 [CY22/CY23]

Calendar Year 2023	Actual thru FEBRUARY 2023	Actual thru FEBRUARY 2022	Variance Fav/(Unfav)
Beginning Cash Balance	\$849.0m	\$590.7m	\$258.4m
Plan Revenue	\$595.3m	\$628.7m	(\$33.4m)
Net Claims Payments	\$632.5m	\$501.1m	(\$131.5m)
Medicare Advantage Premiums	\$2.57m	\$2.49m	(\$81.7k)
Net Administrative Expenses	\$21.4m	\$16.4m	(\$5.0m)
Total Plan Expenses	\$656.5m	\$519.9m	(\$136.6m)
Net Income/(Loss)	(\$61.1m)	\$108.8m	(\$169.9m)
Non-Operating Cash Transfer	\$0	\$0	\$0
COVID-19 Reimbursement	\$0	\$0	\$0
Ending Cash Balance	\$787.9m	\$699.6m	\$88.4m
Target Stabilization Reserve (TSR)	\$359.9m	\$359.9m	\$0

COVID-19 Costs Update

COVID-19 Costs by Period (Testing, Treatment and Vaccinations)

	CY 2020	CY 2021	CY 2022	Total COVID-19 Related Claims Paid Through 3/31/23
PCR Test	\$37,680,551	\$82,255,144	\$43,093,526	\$170,006,158
Antibody Test	\$690,925	\$735,442	\$230,635	\$1,682,796
Screening	\$13,059,862	\$20,601,761	\$12,354,408	\$49,238,601
Vaccines	\$10,965	\$8,632,220	\$935,323	\$9,599,378
Treatment	\$51,437,685	\$114,517,801	\$40,168,005	\$214,060,932
PBM	N/A	\$13,344,888	\$5,730,588	\$19,354,501
Total	\$102,879,988	\$240,087,256	\$102,512,485	\$464,794,722