



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



**Follow-up March BOT Meeting: Financial Impact of
the Enhanced Blood Glucose Test Strip Benefit**

Board of Trustees Meeting

May 24, 2013

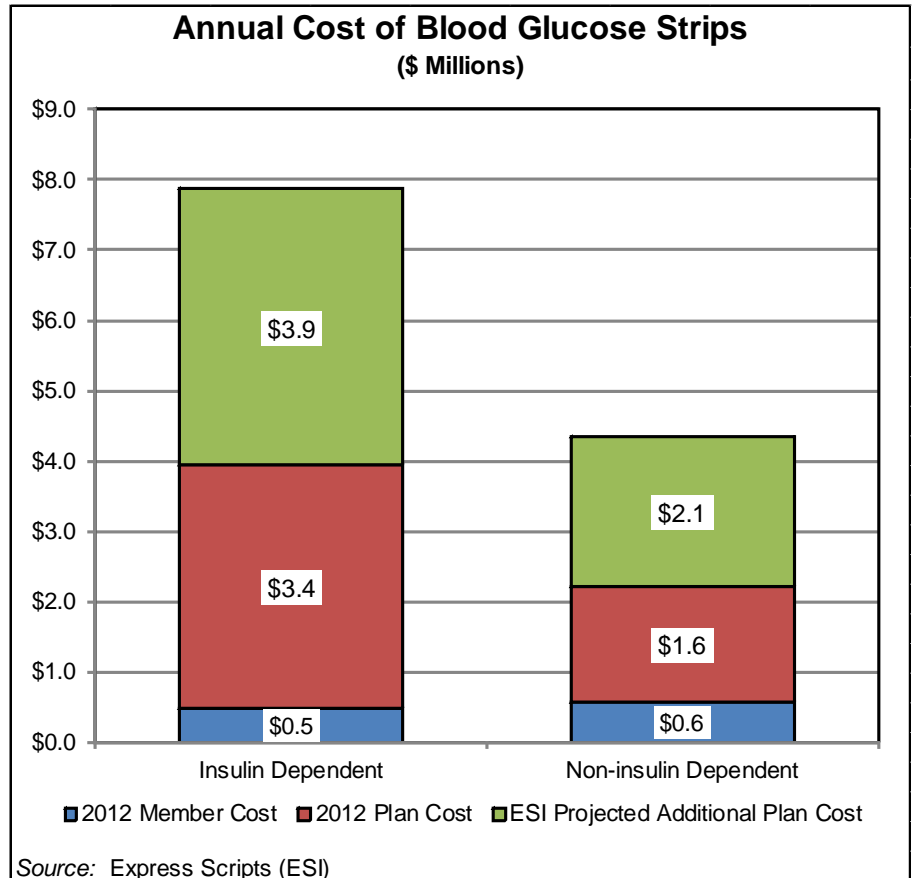
A Division of the Department of State Treasurer

Review of Diabetic Test Strip Enhancement

- On March 22, 2013 the Board approved an increase in the number of blood glucose test strips available by prescription to plan members with diabetes
 - For **insulin dependent members**, the limit was increased from **153 to 204 strips/30 days**
 - For **non-insulin dependent members** with diabetes, the limit was increased from **51 to 102 strips/30 days**
- The Board was presented initial estimates of the financial impact on the Plan, which calculated the impact if **all test strip users** increased to the new maximum
 - **\$3.9 million** for insulin dependent members
 - **\$2.1 million** for non-insulin dependent members
- Plan staff reported in March that a refined analysis would be conducted with the Plan's actuaries (Segal) to estimate the financial impact of the enhancement

2012 Blood Glucose Test Strip Costs

- Express Scripts (ESI) provided data on prescriptions for blood glucose test strips during calendar 2012
- 2012 costs:
 - Gross costs for nearly 7,000 insulin dependent test strip users averaged \$570 PMPY
 - Gross costs for non-insulin dependent test strip users averaged \$185 PMPY
- ESI's initial estimate would represent a doubling of the 2012 cost of prescription test strips for Plan members



Conclusion

- After reviewing the initial estimates, Segal suggested a cost estimation model focused on test strip users at or near the previous limits (those in place prior to March 22, 2013 Board meeting)
- A review of the 2012 data suggests that no more than 10-15% of test strip users were at or above 80% of the previous test strip maximum
- Segal also noted that the data set suggests that some members may have been exceeding the prior limits due to a discrepancy in the way the test strips were prescribed and the way the prescriptions were filled
- Segal concluded that the new test strip maximums will result in additional pharmacy costs for the Plan of **\$500,000 to \$1,500,000**
- Although some members may currently be using medical benefits to purchase test strips (subject to deductible and coinsurance), Segal does not anticipate a measurable reduction in medical claims with the enhancement to the pharmacy benefit
- To be conservative, Segal will use an estimated increase in pharmacy costs of **\$1.5 million** in Plan projections

