



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Modify Coverage of Specialty Medications

Board of Trustees Meeting

May 13, 2016

A Division of the Department of State Treasurer

Coverage of Specialty Medications

At the February Board of Trustees meeting the Board approved the transition of specialty drugs (except oncology drugs) from the medical benefit to the pharmacy benefit in the following phases:

Timeframe		
Phase 1	Self Administered, Hemophilia, IVIG	June 1, 2016
Phase 2	Remaining Rare Diseases	January 1, 2017
Phase 3	Physician Administered	June 1, 2017

Specialty Medications Transition Update

With transition planning and implementation underway, two items have surfaced that have caused Plan staff to revisit the implementation timeline:

- **New PBM Contract** – Both Express Scripts and CVS offer programs to support the transition of drugs from the medical benefit to the PBM. The customer experience for members and providers is different under each PBM’s model. Instead of rolling out the program to the first phase of members on June 1st, only to transition them again on January 1, 2017, Plan staff believes it would be better to delay the rollout until the new PBM contract is in place.
- **Medicare Part B Requirements** – The majority of specialty drugs targeted for transition are considered by Medicare to be “Part B,” not “Part D” drugs. This means we have to introduce new claims processing rules at the PBM because the drugs currently covered by the PBM are only considered “Part D” drugs.
 - **Coordination of Benefits (COB)** – The PBM must coordinate benefits with Medicare at the point of sale for Medicare Primary Members
 - **“Phantom B” Processing** – The PBM must also follow special Medicare COB rules that are outlined in GS 135-48.38, which require the claim to be processed as if the member had Part B coverage even if they did not enroll in Part B. While both PBMs have standard Medicare COB processing functionality, neither Express Scripts nor CVS has ever processed claims using the “Phantom B” rules and may have to build functionality to support it.

Specialty Medications Transition Update

The impact of the Medicare COB requirements cannot be overstated:

- In addition to the fact that we consistently have a large number of Medicare Primary members eligible for this program, it is also important to note that we have hundreds of new members becoming Medicare Primary every month. Their Medicare Part A & B statuses can change monthly, which means we need to make sure the current electronic data interface (EDI) can provide the PBM with the information needed to process the claims appropriately.
 - More than 39,000 Medicare Primary members eligible for the program
 - Approximately 1,600 of these do not currently have Part B
- The original data that was reviewed did not include Medicare Primary members. The recent data refresh highlights the fact that Medicare Primary members make up over 40% of the eligible population in the self-administered category alone.
 - 420 Non-Medicare Primary members
 - 297 Medicare Primary members
- Plan staff believes more due diligence is required to review data for the Medicare population and determine next steps.

Coverage of Specialty Medications Recommendation



- To minimize member disruption and ensure CVS has time to implement the required Phantom B processing logic, the Board is asked to delay the transition.
- Plan staff will continue to work with CVS to develop an implementation plan to transition coverage at a later date and provide updates at the June and August Board meetings about target transition dates and phases.
- Plan staff recommends the Board rescind its February 5, 2016 action authorizing transition of specialty medications from the medical to the pharmacy benefit.