

Kansas State Employees Health Care Commission
June 28, 2019, 1:30 p.m.

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on June 28, 2019, at 1:31 p.m. The following persons were present: Chair John Yeary, Commissioners Steve Dechant, Ximena Garcia, M.D., Vicki Schmidt, and Heather Young. Mike Michael from the Division of Health Care Finance (HCF), Kansas Department of Health and Environment (KDHE), was also in attendance.

ACTION ITEMS

1. Approval of Minutes

Chair Yeary asked for approval of the minutes of the June 3, 2019, meeting.

Commissioner Dechant moved and Commissioner Garcia seconded a motion to approve the minutes of the June 3, 2019, meeting. Motion passed 5-0.

Chair Yeary stated that the report of the Employee Advisory Committee (EAC) President would precede discussion of the Pharmacy Benefit Management plan.

REPORTS

1. EAC REPORT

Cheryl Buxton, President of the Employees' Advisory Committee (EAC), presented the Committee's findings from the June 25, 2019, meeting, in which the Committee discussed the proposed Pharmacy Benefit Management contract. Ms. Buxton stated that the overall experience with the incumbent, CVS Caremark, was positive (98%) but that timeliness for obtaining prior authorization for specialty drugs could be improved. Discussion was held regarding whether the proposed plan provides sufficient coverage in rural communities so that employees were not having to travel great distances to access a network pharmacy.

The EAC reviewed the Segal bid evaluation of the cost and potential cost savings from the various vendors' bids and they recommended approval of the award of the contract to CVS Caremark.

Commissioner Schmidt inquired whether the EAC addressed the issue of a closed specialty network versus open network plus one hospital system. Ms. Buxton stated the consensus was to remain with the exclusive specialty network arrangement.

DISCUSSION ITEMS

A continuation of the discussion from the June 3, 2019, meeting was held on the Pharmacy Benefit Management Plan as described in the original memo addressed to the Commission and set forth below for convenience.

1. Pharmacy Benefit Management Plan

Request For Proposal EVT0006329 for a prescription drug pharmacy benefit manager was released on January 23, 2019, and closed March 14, 2019. Seven bids were received. Bids were received from Blue Cross Blue Shield of Kansas partnering with Prime Therapeutics, CVS Health, Envolve, Navitus Health Solutions, OptumRx, WellDyneRx, and the University of Kansas Health System. The State Employee Health Plan staff held negotiation meetings with five companies. Following the meetings, the companies were asked to provide additional information to clarify their bids, and their best and final pricing.

In addition to the transparency of the pharmacy contract and the ability to provide point of sale rebates, other areas of relevant focus include a competitive pricing offer, innovative clinical programs and management strategies, a comprehensive preferred drug list offering (provides the SEHP the authority to give approval for any changes), minimal member disruption, flexibility, organizational experience and stability, vendor capability to provide quality customer service as well as a competent experienced account team, and access to a leading well established specialty pharmacy program.

Recommendation:

Staff recommends that a three (3) year contract be awarded to CVS Health for pharmacy benefit management services.

Commissioner Dechant moved for approval of the three-year contract award to CVS. There was no second and the motion died.

Discussion was held regarding the terms of the plan and the analysis presented by Segal Consulting at the June 3, 2019, meeting, as well as the additional materials provided at this meeting in response to the Commission's questions. Commissioner Schmidt had numerous questions of the Commission and Segal Consulting regarding the specifics of the various plan options and discussed her concerns. Representatives from Segal Consulting responded to her specific inquiries regarding the bid responses, plan pricing, and potential savings of each of the network options.

Commissioner Dechant moved for approval of the three-year contract award to CVS which includes the exclusive option for providing specialty drugs. Chair Yeary seconded the motion. The votes were two in favor and three against and the motion failed.

Commissioner Young queried whether an open network would have greater benefit to rural Kansans in the plan. Discussion was held regarding the network availability in rural areas and

how the needs of those members could best be met. It was stated that some rural pharmacies are not interested in providing specialty medications due to high overhead and low volume of need, and that patients often must utilize a mail-order system to obtain specialty medication to fill prescriptions.

Commissioner Dechant stated the mail order prescription plan is still available for rural members and that Lenexa Specialty Pharmacy is the specialty pharmacy that currently manages that program. Commissioner Dechant further stated the Commission has a responsibility to keep costs low for health plan members, regardless of location, as well as for the state and taxpayers, and that the exclusive specialty provider option provides the lowest cost option.

Director Mike Michael of the State Employee Health Plan (SEHP) stated the RFP had been prepared with the involvement of SEHP staff and Segal Consulting, and included consultation with other states regarding their plans, and recommendations made by the Legislative Post Audit Committee in an audit conducted of the plan design. The development of the RFP reflects a process honed over the years, gathering input in the past from the Kansas Pharmacy Association, as well as other organizations. In addition, Segal Consulting has brought to bear their broad national experience and provided insightful input for the current RFP. Director Michael indicated that the next RFP will be reviewed with the Commission and the Kansas Pharmacy Association prior to release in order to provide additional input into the plan design.

Consultants from Segal Consulting, CVS, and Blue Cross Blue Shield of Kansas each provided specific information about their bids and acknowledgement that the contract terms of three years does permit the state to withdraw from the contract after one year. Upon learning that information, the Commission agreed to entertain another motion for consideration.

Commissioner Dechant moves for approval of the three-year contract award to CVS which includes the exclusive specialty program as part of contract. Commissioner Garcia seconded the motion. The motion passed 4 to 1.

Commissioner Schmidt requested her objections to the award of the contract be placed in the record and they are recorded in their entirety as follows:

I have spent a tremendous amount of time since the last meeting reviewing the information and asking questions. My research has resulted in great disappointment in the way this RFP was crafted, the due diligence of the state contractor and the ultimate reason behind the recommendation from the staff.

The recommendation was made solely based on the bottom line. If that is how we make the decision, why did we bother doing any of the analysis? Why not just take the lowest bid?

For years, I served in the Kansas Senate, where I saw first-hand the consequences of basing decisions solely on the bottom line. And it is true what they say, "You get what you pay for."

I believe the quality of service to our state employees matters, I believe the company's market conduct matters and I believe the treatment of our Kansas businesses and local pharmacies matter.

This Commission is now being asked to make a multi-million-dollar decision, that three of the people at this table had absolutely no input on. I cannot in good conscience support this contract.

Mr. Chairman, I vote no and I'd like to be recorded.

[End of Commissioner Schmidt statement].

FUTURE MEETINGS

The next meeting is scheduled for Tuesday, August 27, 2019, at 1:30 p.m. in the KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas.

At the Chair's request for additional business and none being raised, the meeting was adjourned by unanimous consent at 2:25 p.m.