State Employee Advisory Commission and Public-School Advisory Commission Minutes

August 8, 2023

The Arkansas State Employee Advisory Commission and Public-School Employee Advisory Commission met on Tuesday, August 8, 2023, at 10:00 a.m.

ASE Commission Members Present:
Ronda Walthall
Jerry Jones
Cynthia Dunlap
Bruce Maloch
Marty Casteel

PSE Commission Members Present:
Greg Rogers
Billy Jackson
Julie Bates

Others Present: Grant Wallace, Director of EBD; Amanda Land, Deputy Director of EBD; Jay Bir, EBD; Denise Flake, EBD; Janella Deville, EBD; Skochu Fields, EBD; ~~Sylvia Landers, Colonial Life;~~ Trey Gardner, EBRx; LeeAnna Graham, EBRx; Sherry Bryant, EBRx; Frano Baunar, Noro Nordell; Ryan Lamberson, EBRx; Sylvia Landers, Colonial Life; Mark Adkinson, AllCare Specialty Pharmacy; Derrick Smith, Mitchell Williams; Erika Gee, Gary Barlow, Bill Clary, ARSEBA; Courtney White, Takisha Sanders, BCBS; Phil Cummings, Mike Mertens, Marc Bagby, Debra Wolfe, Judy Paslaski, Warren Lambert, Debbie Rogers, Emilie Monk, Sidney Keisner, Clay Patrick, Paul Sahkrani, Milliman; Shane Hughes, Brandon Achor, Paul Dempsey, Amanda Story, Derrick Grass, Kristie Banks, Martha Hill, and 10 others.

1. Call to Order

Meeting was called to order by Chairman Cynthia Dunlap and announced there was a quorum for the PSE and ASE Commissions.

2. Approval of June 13, 2023, ASE & PSE Minutes: Cynthia Dunlap

Billy Jackson motioned, and Jerry Jones seconded. **Motion Approved**

3. Director's Update: Grant Wallace

Director Grant Wallace presented the Health Advantage contract extension for the 2024 year. It has a 59¢ increase per member for medical, the EAP relationship will continue at no additional cost, and Milliman will continue as the actuarial. There was no further discussion.

Julie Bates moved the contract be approved, seconded by Jerry Jones. **Motion Passed**.

Director Wallace presented the agreement to a one-year extension with Colonial Life. Director Wallace said EBD was able to lock in the pricing for two-years. There is an increase of 15% for the member rates. He added there are two additional offerings through Colonial Life; Law

Assure, which allows for Power of Attorney assistance for members and a financial education program. Other services and offerings will remain the same.

Billy Jackson moved to approve the contract extension, seconded by Marty Casteel. **Motion Passed**.

Director Wallace presented the final draft of the Navitus contract. Director Wallace said the details were still being sorted out prior to the meeting and said he would take as long as the Commission needed to review. He said the contract is the culmination of all the agreements in the RFP and the backup process and they just wanted all of that in one document for posterity. Director Wallace asked EBD Chief Legal Counsel, Shannon Halijan, to join him to answer questions.

Halijan said there is nothing new in the document, but it is a summary of all the principles agreed upon between EBD and Navitus. Halijan said the agreement is a 4-year term. Article Two listed Navitus' responsibilities such as implementing the service. They must have a certain number of employees dedicated to EBD in their call center and must follow protocol. Their pharmacy network must follow Arkansas Law which is §23-92-509. They establish the processing procedure, an appeals procedure. It states how the current formulary is grandfathered in and will switch at the end of the calendar year. They must be responsive to any reporting requests and EBD tried to cover all the reporting necessary for any potential audit and Navitus must be responsive to any reporting requested by the Legislature. There is also ad hoc reporting available. Article Three highlights EBD's responsibility. Article Four covers the formulary. Article Five is about compensation. Halijan pointed out that this a 100% pass-through relationship.

Jackson asked if this was only for members enrolled in Health Advantage. Director Wallace said this is for anyone under Health Advantage and United Healthcare has its own drug coverage and teachers on Health Advantage must pick up their own.

Halijan said the rest is contract language negotiated and added there is a section on data security and Navitus must have up-to-date security standards.

Director Wallace said the Exhibits are where the fees could be found. Exhibit One shows the administrative fees, the implementation allowance for Year 1, the total fees decrease in Year 2, but then go up in Year 3. He pointed out the list of things included in the admirative services. Exhibit Two shows the prescription pricing schedule. Navitus' specialty pharmacy and Costco network are not exclusive and allows members to select their specialty pharmacy. The network rates do allow for flexibility and allows EBD to change the rates to adjust if need be. Director Wallace said deals with individual pharmacies are worked out between the pharmacies and Navitus and said EBD is not privy to those, but the rates being shown are guarantees.

Bruce Maloch asked for an update on pharmacy concerns if the reimbursement rates are following the law. Director Wallace said initially Navitus had not programed correct NADAQ

pricing component that Arkansas law has but Navitus has gone back and gotten things back up to NADAQ pricing as the law requires. Any other calculations that have been brought to EBD, we have worked with Navitus to get those corrected and members and pharmacies will be reimbursed appropriately. The past two weeks have seen those issues decrease tremendously and Director Wallace said where there are hiccups, then it gets addressed and corrected. From a systemic perspective, the big programming issues have been corrected to meet state law.

Maloch asked if the contract was not available until this morning. Director Wallace said it was being worked on up until the morning. He also mentioned this will still have to go through Board of Finance and the Arkansas Legislative Council (ALC), so if there are any changes that need to be made, there is still ample opportunity to do so.

Julie Bates asked if the agreement allows for smaller and independent pharmacies to remain viable. Director Wallace said he thought so and said EBD is continuing to work with Navitus to make sure the reimbursement rates for smaller pharmacies are met. Director Wallace said he will be holding Navitus accountable in taking care of independent pharmacy networks and the rates are good for both sides.

Jones asked how the dispensing fee came in so low. Director Wallace said it was what was proposed and is the Navitus standard and is what they have across their markets and agreements. Director Wallace also said Seigel ran an analysis they compared it to what was presented in the RFP. The current experience is a 63¢ impact, MedImpact's proposal was 45¢ and Navitus' proposal was 58¢. For independent retail is where the difference is noticeable. A retail 30 plan for Medimpact was proposed at 45¢ and Navitus is coming in at 61¢. Director Wallace said Navitus had a proposal that hit all the goals of the RFP and said EBD can amend it if the goals are not being met. Director Wallace said he was in close contact with the Pharmacist Association the first two weeks of implementation and said everyone is trying to go through the Navitus experience. Director Wallace mentioned the experience will continue to be monitored and understand EBD can come back and adjust. He feels the pharmacies and the Association are allowing them to see how things impact bottom lines. Halijan said the contract was negotiated on behalf of EBD and the Legislature gave EBD the ability to hit certain goals and those are being targeted as part of this contract.

Bates said the numbers should have changed based on drugs and said some of the original comparisons did not contemplate how much insulin would change. Director Wallace said he imagined there are those changes but since he was not on the front end of the process, he is not sure about the rebate setup. Bates asked how often pharmacies will come to EBD and say they are not going to make it. Director Wallace pointed out that the rebate process is about six months behind. He said the relationship EBD has with EBRx is to monitor those rebates to make sure they stay in line with guarantees and experiences. EBD gets quarterly payments, but they will be six months behind.

Jones asked if the savings were going to be potentially in the $60-70 million range to which Director Wallace said yes.

Jones motioned to approve the Navitus contract. Billy Jackson seconded. Bruce Maloch said he would abstain from voting due to not having read the contract prior to the meeting. **Motion Passed**.

4. Formulary Review, Jake Goll, Navitus

Director Wallace introduced Jake Goll with Navitus to present the formulary update. He said they have been great to work with and Navitus, EBD, EBRx did sit down together to come up with the recommendation for this meeting.

Chairwoman Dunlap asked for Goll to explain the format of their document. Goll introduced himself and said he would answer any questions about the format and the drugs themselves.

He explained *FAC* is the Formulary Advisory Committee. He explained they have monthly meetings to discuss potential additions to the formulary. The first FAC changes were from June and was a Teriparitide injection, which helps with osteoporosis, and is a generic for Forteo. Goll said this drug is substantially cheaper than Forteo. The price difference is $2,598 for Teriparitide and $4,164 for Forteo. The recommendation on this is a Prior Authorization because they want to cover for people who need and cannot take the alternative treatments. Also putting a 24-month limit on it will avoid any possible long-term side effects associated with it. It would be a Tier 4 specialty drug, requiring PA.

Bates asked what is meant by 'No Impacted Members" on the spreadsheet. Goll said it was current members being utilizing and not how many could potentially use this drug. He said it would be hard to project who all has osteoporosis.

Bates asked if it would make sense to know how many people could potentially make use of this drug. Goll said it's not something brought up during the FAC change meetings. Goll said price limits could be considered and mentioned to the Commission he would like to be able to answer questions and if any drug stood out to members ahead of time in future meetings, that he can be contacted, and can look at data available to them.

Director Wallace said this drug would be a reduction in cost to the plan since this drug was not covered previously. He also said the columns in the document have all the things broken down and even the rationale is there to defend the recommendations being made. The historical formulary recommendations were based on who was currently utilizing, which is the same thing being presented on the document. Goll did mention they can format things differently or add or subtract any information the Commission would like.

Goll said Foreteo would then be taken off the formulary because it's more expensive and the Teriparatide offers a generic alternative and there was no utilization of Foreteo by any members.

Cortrophin is a very expensive medication averaging just over $70,000 per month. It is used to treat inflammatory conditions, like rheumatoid arthritis, and the reason this is not recommended is there are many other medications that are very effective for these types of inflammatory conditions. This is just a new MDC drug that has come out.

Alendronate oral solution that goes under the brand name Phos Max. But it's also used for osteoporosis and there are some generics that came out priced over $300 per month for the solution compared to the tablets that cost $10 per month. He said they want the members using the tablets and getting the same benefit from those. The cost difference is why they want people using the tablets and with that, moving the oral solution to a Tier 3. Tier 1 is more the generics and Tier 3 tend to have higher cost generics. All members who are on the plan are using the tablets so nobody will be directly affected currently.

The remaining June FAC drugs are sodium sulfacetamide, sulfur-based washes, shampoos, etc. Navitus did a formulary review of these products and they differ in range of price and they identified the more expensive ones on the formulary. Many of these are used for dandruff and acne and mentioned there are a lot of over-the-counter products to treat these conditions. These four drugs came in at an average of $240 per script and there are generics and OTC products that are just as effective and they are not encouraging the use of these drugs and why the recommendation is moving them to "Not Covered".

July FAC began with eight drugs that are all similar. They are specialty medications but are generics and enhance the member experience and allows specialty pharmacies to dispense some of them at a lower cost to manufacturers. It is recommended to move some of them to Tier 1 since the prices are beginning to come down on these generics. It is recommended out of the group the ones which cost under $1,000 be moved to Tier 1 since it falls out the specialty cost range. The ones that are still over $1,000 will stay at Tier 4. Their Tier 1 is a lower copay for members.

Crotan Lotion is used to treat scabies and is currently Tier 3. The main reason for moving it to Not Covered is there are cheaper alternatives available as it comes in at almost $3,000 per claim. There is another product on the formulary that comes in at under $300 per claim. Same diagnosis with similar effectiveness, just a lot less expensive.

Clotrimazole/betamethasone took a similar approach as Crotan. This is mainly used to treat fungal infections of the skin and the recommendation is to move it from Tier 2 to Not Covered. There are several cheaper alternatives available. This is a lotion and the cream is on the formulary at a much lower cost. The lotion averages $135 per claim and the cream is at $22.19 per prescription. There is not a major difference between a lotion and a cream treatment.

The next five drugs are all used to treat cystic fibrosis. There are no members currently using any of these drugs as they are older medications. This diagnosis generally favors a drug called Trycapta. It is expensive but most CF patients use this drug. The recommended changes would not have any effect on members. The split fill is normally used by Navitus for oncology

medications and the fills are limited to 15 days. The reason for those oncology products is because there are a lot of side effects with those. Occasionally there will be rapid changes with those from one product to another. This allows members to not have to pay for a 30-day supply if they need to change products because of side effects. The reason to remove the designation from the CF drugs with it is because they are not oncology drugs and the side effects are not as prevalent. Those drugs were not being as utilized by members. Only three of 96 utilizing members stopped therapy within three months of use and only one of those three saw cost savings. Between the utilization and savings, the split fill portion is being removed.

Zejula is used for ovarian cancer and is currently not covered. It was brought to their advisory commission to discuss possible coverage, but the recommendation is to still not cover it. There is a lack of overall survival or quality of life indicators.

Omnipod Go Kit are disposable insulin pumps. There was recently a new one launched and the main difference with this one is that it is intended for adult patients with Type 2 also taking insulin injections. They are adding this one to be consistent with the other Omnipod products which are covered which are at Tier 2 and there will be a quantity limit based on the FDA.

Austedo XR is a newer to market product and not covered. This is the extended-release version but there is an immediate release version available. The recommendation is to keep this one uncovered based on studies that have come out and using the AIM score, which measures a person with Huntington's Disease movement. The data suggest there is not a significant change in the AIM score, so the recommendation is to leave it as Not Covered.

The last three in July FAC include a TB vaccine and two rabies vaccines. The recommendation is to move them to the Standard Vaccine List. The vaccines are $0 to the member and adding them based on current guidelines and to have options when travelling. They will be permitted to go to a pharmacy and get these from there.

The Pharmacy and Therapeutics Committee meets on a quarterly basis and discusses major formulary changes, such as new drugs coming to market and FDA labeling.

First are the Krazati tablets and treats non-small cell lung cancer with a very specific mutation called KRAS G12C. Current recommendation is to not add it to the formulary and there is another product that is available on the market called Lumencrass. There has not been much of a difference in effectiveness between the drugs or the cost. With Lumencrass being on the market and having proven itself as an effective medication, Navitus will stick with that as the exclusive drug for this.

Lytgobi is used for intrahepatic bile duct cancer and many of these oncology drugs are used for specific mutations. In the clinical trials it did show effectiveness and newer National Cancer guidelines do recommend it for this specific mutation. There are some cons which are typical for chemotherapy drugs. Based on the expert opinion, this one, and one other treatment

available give members options when it comes to his specific mutation. The recommendation is to be on Tier 4, with a Prior Authorization, Quantity limits and split fills.

The Relyvrio Pak is used in treatment of ALS. It's a new market product and the recommendation is to move it to Tier 4 with prior authorization and quantity limits. There are ongoing clinical trials with this drug so the coverage level could change based on those results because it is a very expensive medication. There have been no kind of life extension with it, but current studies show it helps with symptoms. The consensus is those suffering from ALS will say even if symptoms improve, it is incredibly meaningful to a patient's quality of life.

Mavenclad is used in treating Multiple Sclerosis and is currently not covered and the plan is to move it to Tier 4 with a prior authorization and quantity limits. There was a class review done recently by Navitus and the MS drugs were reviewed and concluded it would be meaningful and appropriate to add this drug. The benefits had a unique mechanism of action from the other drugs so allowing this one could give other MS patients options if they are not responding to other drugs.

Mounjaro is on the miscellaneous list. There is now some reliable data showing how it helps with diabetes. Mounjaro is newer to market and is currently going through studies still. But on top of cardiovascular improvements, it has shown to be effective at lowering A1C levels. These studies have indicated it may have better A1C lowering properties than drugs already on the formulary like Ozempic. The recommendation is to add it to Tier 2 with an RDX, which is a restricted diagnosis. It makes sure members who are using this drug are using it based on FDA labeling for Type 2 diabetes and as a plan weight-loss medication is not covered. How the restricted diagnosis works is a member would bring in a prescription to the pharmacy and the dispending pharmacist must enter a diagnosis that is consistent with Type 2 diabetes and that is the only way they would get a paid claim on this medication.

Bates asked why Navitus would not wait for final studies to come out on Mounjaro because it is difficult to take a drug off formulary if studies come back differently. Goll said with the rebate setup right now the Trulicity rebates are tied to the Mounjaro rebates so by adding it the formulary there could be an increase in rebates and those go back to EBD and could lower the cost of other drugs. Director Wallace added a PA could be added to this drug and Mounjaro is one of the most requested drugs by members. The added rebating will help EBD also. He said the Commission can add any other codes to this on top of PA. The Legislature has also started their diabetes study and Director Wallace fully expects Mounjaro to be part of the conversation, including its weight-loss component. Director Wallace said he would rather slowly bring on Mounjaro and then expand on it when the time is right. Director Wallace said prescribers are going in this direction more and he would prefer EBD keep up with them and not have members jump through extra hoops or go on something not as effective. Manufacturers are also covering some of the initial months of the medication and members want to continue their coverage with it and not go on something else.

Goll said he wanted to make sure if a PA is added, it would not affect the rebating for it or the other drugs. Director Wallace said EBD is working with EBRx to build in a way to audit with the RDX code, so it is appropriately being coded so it is being adhered too to ensure everyone is playing by the rules. The options are given EBD time to watch and monitor the RDX or put a PA on it and hope it does not affect rebates on this or other similar drugs. Goll said putting the PA on it, to maintain the rebates, it would have to have to ask the diagnosis on the PA. They would only be able to ask the member to confirm the diagnosis and it would have to be taken at face value.

Goll said one of the other issues with Mounjaro and similar drugs is the shortages because of the off-label use for weight-loss, which is the reason for the restricted diagnosis so it can go to people who need it for the appropriate use.

Chairwoman Dunlap asked the Commission if they would like to add the PA to Mounjaro or leave the recommendation as is. Director Wallace said if PA is added, then the entire drug class should also have PA, so they are all treated the same to maintain the rebate levels. Dunlap asked if it something which can be added later. Director Wallace said they could add PA if they wanted to. No further action was taken on Mounjaro.

Palunziq is used to treat phenylketonuria, or PKU. It is a condition which the body cannot break down a particular element so there is a strict diet but can lead to deficits since the body cannot break down the element. This medication allows someone to not have to adhere to the strict diet, but it is costly at $21,000 per month, but sticking to a PKU-specific diet will allow a person to live a normal life without medication. It is recommended to move this drug to Not Covered since the disease can be controlled without it.

Director Wallace said the formulary would constantly be reviewed and rely upon those recommendations and the thought process with EBRx.

The motion to approve the formulary as presented was made by Jerry Jones, Rhonda Walthall seconded. **Motion Passed**.

5. Other Business

Julie Bates requested a copy of the full Navitus contract.

Chairwoman Dunlap adjourned the meeting with no objections.