

The Health Care Coalition Meeting: October 6, 2004

Attendees: Fran Elm, Lynne Margolies, Til West, Judy Daugherty, Brien Farrell Barbara Schepis, Tony Alvernaz, Bette Smith, Lorrie Abbott, Bruce Gattoni, Dan Adams

Missing: Dave Pinsky

Guest: Richard Severson – Consulting Pharmacist

Meeting Topic: Rx

From April 2002 thru March 2003 the average cost of prescriptions per family member, per month was \$39.57 (Riverside County Foundation for Medical Care)

Cost to the City for 2002/2003 was \$415,000 for 352 employees; 874 total members

From April 2003 thru March 2004 the average cost of prescriptions per family member, per month was \$55.10 (Delta Health Systems)

Cost to the City for 2003/2004 was \$615,000 for 391 employees; 930 members

Guest pharmacist stated he had looked at the Express Script list of approved drugs, that their method of selecting drugs is based on evidence of the effectiveness of the drug. He also stated that they had a large list of drugs, and were not restrictive.

Why are the costs going up so much? (Pharmacy costs exceed 20% of the total cost of City Plan)

The increase in cost is partly due to the increase of participants, partly to more expensive drugs, and partly to more prescriptions per person. During 03/04 every family member is getting almost 1 script per month compared to .74 per family member in 02/03.

Option:

Currently we have an open formulary (or “Preferred Formulary”) where every drug is covered by the plan and brand names are more expensive than generics. Another option is to have a Pharmacy Benefit Manager (PBM) to create a three-tier system – or a “formulary” of preferred drugs. The preferred brand names would be less expensive than the non-preferred brand names. The member can still get the drug of choice, but they will have to pay more, just as they now pay more for a brand name than for a generic.

Generic vs. Brand Name:

Generics have the same chemical make up and adhere to very strict standards.

Option:

Current Co-Pays:	\$5 Generic	\$10 Brand Name	
Proposed:	\$10 Generic	\$ 20 Brand Name	\$35 Non-Formulary*

*Currently there are no excluded drugs

Suggestion:

Equal cost across all plans for prescriptions.

Tony A. expressed concern over the timing of this issue – no raises for 3 years + paying for health insurance out of our paychecks and now we're talking about increasing out of pocket cost to employees for prescriptions.

Lynne mentioned the concerns over the health of the city plan overall, that equal cost across plans would be a good way to make sure that the city plan doesn't suffer adverse selection (with sicker employees migrating in and healthier migrating out) which leads to higher premiums for everyone in the plan.

Next meeting: Friday, October 15th, 2:00pm-4:00pm, Finley – Manzanita Room