



Prescription Drugs

How You Can Help Protect Your Benefits and Premiums

PEEHIP is continuously working to discover new ways to protect the PEEHIP plan from the rising cost of healthcare and to maximize both the quality and affordability of the PEEHIP plan benefits for the longest time possible. With healthcare costs rising more rapidly than ever before causing annual budgetary shortfalls, PEEHIP members must take ownership of their plan by making wise decisions for their health and finances in order to help keep the plan affordable and at the highest quality of benefit.

In today's healthcare market, member choices about which drug, treatment, or even location for treatment are major drivers in the healthcare cost trends. Along with these utilization factors, a recent Bloomberg Business survey found that since December 2014, many brand drugs doubled in price and some brand drugs more than quadrupled in price.

Generic drugs, while usually much lower in cost than brand drugs, are also seeing sharp price increases. The US Department of Health and Human Services recently identified that the price of 25% of the top generic drugs rose faster than inflation over the last 10 years.

Recent budgetary shortfalls have resulted in the need for plan benefit changes in order to sustain the PEEHIP plan for the remainder of the current year (see [January 2016 PEEHIP Advisor](#)), but there is significant risk of even higher shortfalls in the future. These shortfalls create pressure for negative plan changes such as increased premiums, copays, and deductibles.

Generics and therapeutic alternatives

PEEHIP desires for its membership to have all medications that are medically necessary to be covered as part of their plan benefits. PEEHIP also desires for its members to utilize the most effective medications for their needs in order to achieve the best outcomes. In some cases, there is more than one highly effective drug to treat a specific condition and often a wide cost variance between these different drug options.

Some drugs have at least one (but often many) chemically equivalent generic versions. Other drugs do not have an exact chemical equivalent, but do have therapeutically equivalent generic alternatives to the high cost brand.

To make sure you are using the right medication for your needs at the best value, talk to your doctor and pharmacist about your drug options, including chemically equivalent generics and therapeutically equivalent generics. A better value generic drug may save you in your monthly out-of-pocket copay cost. It may also decrease spending by your PEEHIP plan, which helps reduce the need for increased premiums, copays, and deductibles.

Making the smart choice with your drugs

To further illustrate the concept of wise decision making for prescription drug options, consider another decision that you most likely make every 1 to 2 weeks: purchasing gasoline. As you know, there are variations of gasoline to be used in different types of cars, but the specific gasoline you need is readily

continued on page 2

available at many stations, which are usually located very close to one another. So if you drive down the road and see several stations advertising different prices per gallon for the regular 87 octane gas that you need, why would you choose a station with the highest price, assuming that everything else about the different stations' gas is equal?

This same idea applies to generic drugs and therapeutic alternatives to costly brand drugs. So please ask your doctor and pharmacist about the medications you are taking, especially if you are taking any brand medications, to see if equally effective generics and lower cost alternatives are available and how those generics may save you and

the PEEHIP plan money. That way, you can use the same wisdom with your health that you do when choosing gasoline for your car.

To see more specifically how your utilization drives costs to you and to PEEHIP, please look for your quarterly **Explanation of Benefits (EOB)** statements that are sent by MedImpact. These EOBs show in detail the claims paid by the plan vs. your out-of-pocket costs. By making wise decisions regarding your medication, you can partner with PEEHIP to help preserve the quality and affordability of the plan for the long-term. ●

Prescription Drug Spending Rise Expected to Eclipse Pace of Overall Health Spending

By Jeff Lagasse, *Healthcare Finance*

Rising prices and big-dollar medications are leading to increases in prescription drug spending, the Department of Health and Human Services has found.

Not only are expenditures rising, but they're projected to continue rising faster than overall health spending; from 2013 to 2014, drug spending rose by an estimated 12.6 percent, ending a slowdown period that had started in 2008. Drug spending is projected to jump from \$424 billion in 2014 to \$457 billion in 2015, said HHS.

The Office of the Assistant Secretary for Planning and Evaluation estimates that the \$457 billion mark represents 16.7 percent of overall personal healthcare services. Of that, 71.9 percent, or \$328 billion, was for retail drugs, while 28.1 percent (\$128 billion) was for non-retail drugs.

Drug spending represented just 15.3 percent of healthcare services in 2013, and in the 1990s, only seven percent.

The authors cite a rising number of prescriptions as one factor in the jump. The total number of prescriptions increased by 11 percent from 2010 to 2015, from 3.5 to 3.9 billion. Most of that growth was attributed to more drugs being prescribed per person, while the rest of the growth resulted from an overall population increase.

But overall spending rose faster than the number of prescriptions, HHS found. That suggests that higher prices were a major factor as well, which is supported by the numbers: Drug spending rose by 26 percent over that five-year same period, from \$356 billion to \$424 billion.

With total expenditures rising more quickly than the

number of prescriptions, the authors hint that prices are growing faster than quantities -- which means price changes are contributing more to the growth in spending than is growth in prescription volume.

"By itself, the change in prices for the total set of prescribed drugs increased retail drug spending by an estimated 15 percent during the last five years," the authors wrote. "Economy-wide inflation rose by only about 7 percent from 2010 to 2014, so roughly half of the rise in average drug prices during that period represents growth in excess of overall inflation."

Another contributor is the shift toward more expensive medications, although some former name-brand drugs lost their patent protections and faced competition from generic alternatives.

"The number of brand-name drug prescriptions actually fell from 2009 to 2015, by a cumulative 42 percent," the authors wrote. "Revenues for brand-name drugs, however, were relatively flat during most of that period, and ended about 13 percent higher; that implies a combination of rising prices for brand-name drugs and a shift toward more expensive products among the declining number of brand-name prescriptions."

"The pattern for generic drugs was notably different. The number of prescriptions rose substantially, by a cumulative 36 percent, and expenditures nearly doubled."

The authors offered an itemized breakdown of what they perceive as the underlying factors in the rise in prescription drug spending: 10 percent of it, they said, was due to population growth; 30 percent to an increase in prescriptions per person; 30 percent to overall, economy-wide inflation; and 30 percent to either more expensive drugs being prescribed or drug-price increases. ●



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Team Up for Health Wellness Program Reminder

The PEEHIP *Team Up for Health* Wellness Program was launched as a method to address two significant challenges facing PEEHIP and its members: negative health outcomes due to chronic diseases, and rising healthcare costs related to treating those escalating diseases. The program will be an unprecedented success for all involved if PEEHIP members take full advantage of the tools and information provided to them by the Wellness Program to achieve better health.

Healthier members will have lower out-of-pocket healthcare costs, and will drive less costly healthcare claim spending on the PEEHIP plan, which will in turn reduce the pressure of requiring higher premiums, copays, and deductibles to fund the plan. The program is set to be a win for everyone involved! To reach this goal, PEEHIP members must fully engage in the program and experience all of its potential benefits. This can be done by participating in the program's activities.

With the end of the school year fast approaching, there is little time left for PEEHIP members to receive an onsite wellness screening from the Alabama Department of Public Health (ADPH) at their workplace before the deadline of August 31, 2016. If your school system would like an additional screening

appointment scheduled, please contact the ADPH at 800.252.1818 to request additional screening appointments for your school system so that all have plenty of opportunity to be screened by the deadline.

PEEHIP does not wish for any member to incur the \$50 wellness premium waiver, so please do not delay and take advantage of the time available here at the end of the school year to complete your and your covered spouse's required activities! By reaching 100%

complete, you will not only save significant money in your PEEHIP premium, but you will also team up with PEEHIP to help reduce excess claim cost.



As a reminder, all PEEHIP subscribers and covered spouses who are enrolled in the PEEHIP Blue Cross Blue Shield Hospital Medical Group #14000 plan must complete the Wellness Program required activities by August 31, 2016, in order to earn a waiver of the \$50 monthly wellness premium. For those subscribers and spouses who do not reach 100% complete, a \$50 per person monthly wellness premium will begin being applied starting October 2016.

The PEEHIP Wellness Program is not required for children, or for those subscribers and spouses covered on a **retiree** contract who are Medicare-eligible.

To make sure you earn the \$50 Wellness Premium Waiver again for the October 2016 Plan Year:

- ◆ Take part in a **Wellness Screening** between August 1, 2015, and August 31, 2016.
- ◆ Complete the **Health Questionnaire (HQ)** between October 1, 2015, and August 31, 2016.
- ◆ Participate in **Health Coaching** by August 31, 2016, if you received an invitation letter for this program from ActiveHealth

dated October 2015. You can visit www.MyActiveHealth.com/PEEHIP to view your progress and complete your required activities. Call 855.294.6580 today to confirm your requirement and complete your Health Coaching.

- ◆ Did you receive an invitation to participate in the Enhanced Disease Management Program which requires 4 phones by August 31, 2016 to complete? Then

call ActiveHealth today at 855.294.6580 to take one more step closer to earning your \$50 per month premium waiver!

Both eligible members and their covered spouses must complete the activities above by August 31, 2016. Visit PEEHIP's Wellness Program webpage at www.rsa-al.gov/index.php/members/peehip/health-wellness/wellness-program for more information.●

Notice Concerning 1095-B and 1095-C Forms

As part of the Affordable Care Act, PEEHIP was required to provide Form **1095-B** by March 31, 2016, to each of its subscribers who were enrolled in the PEEHIP Blue Cross Blue Shield Hospital Medical Group #14000 plan during calendar year 2015. For the PEEHIP Group #14000 subscribers, you should have already received this form from PEEHIP, but for those PEEHIP members that were covered under the VIVA HMO plan during any point of 2015, VIVA carried the responsibility of providing the 1095-B form since they are a fully insured plan.

The 1095-B form reports "actual enrolled coverage" of active and non-Medicare-eligible retired members and COBRA beneficiaries and their covered spouses and children. This form is not required to file your taxes, but should be kept with your personal records.

Your employer also was required to provide a different form by March 31, 2016, which was Form **1095-C**. This form reports the "offer" of coverage to full-time employees and their eligible spouses and dependents, but it is not applicable to retirees.

Neither of these forms require any action on the part of PEEHIP members. However, please retain your copy for your records.●

Identity Theft Protection offered by Blue Cross Blue Shield

Protected Health Information (PHI) and other private information about PEEHIP members is of utmost importance to the PEEHIP plan and to its partners, including Blue Cross Blue Shield of Alabama (BCBSAL). In an effort to take additional steps to help protect members' information, BCBSAL now offers Identity Protection services through Experian® at no additional cost to PEEHIP's BCBSAL members.

Beginning April 4, 2016, members can log in or register to myBlueCross at www.AlabamaBlue.com/IDProtection to take advantage of this great benefit. The service is offered directly through Experian® and includes:

- ◆ Credit monitoring of activity that may affect a member's credit
- ◆ Fraud detection that identifies potentially fraudulent use of a member's identity or credit
- ◆ Fraud resolution support that assists members in addressing issues that arise in relation to credit monitoring and fraud detection

PEEHIP members will continue to have access to this service at no cost as long as they remain an active member of a health plan administered or covered by BCBSAL. If you have any questions concerning this free service, please contact BCBSAL directly at 800.327.3994.●