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# Great Valley School District

Medical and Prescription Drug Trends & Utilization

*Prepared by*

*Gallagher Benefit Services Public Entity Team*

*November 13, 2017*

# Overview

## *Today's Agenda*

- I. **Medical Claims & Utilization Review**
- II. **Rx Claims & Utilization Review**
- III. **High Claimant Information**
- IV. **Plan Year 2018-19 Healthcare Projection**
- V. **Questions**

# Claims & Utilization Review

## Medical Utilization Overview

- The chart below illustrates medical statistics over the past 2 plan years

	Plan Year 7/1/2015 - 6/30/2016	Plan Year 7/1/2016 - 6/30/2017	Δ from Prior Yr #	Δ from Prior Yr %
Employees	472	472	0	0%
Members	1197	1218	21	1.75%
Average Member Age	33.7	33.5	-0.2	-0.59%
Medical Net Payment	\$4,990,400	\$6,077,966*	\$1,087,566	21.79%
Medical Net Payment PMPM	\$347.45	\$415.84*	\$68.39	19.68%
Inpatient Net Payment PMPM	\$76.87	\$104.97*	\$28.1	36.56%
Outpatient Net Payment PMPM	\$111.90	\$103.61*	-\$8.29	-7.41%

IBC's Suburban Schools Book of Business Medical Net Payment PMPM \$385.41  
& Inpatient Net Payment PMPM \$117.34

*\*Plan year 7/1/2016 – 6/30/2017 Includes Estimated Stop-Loss Reimbursement; No Stop-Loss Reimbursements for 2015-2016 Plan Year*

# Claims & Utilization Review

## Specialty Drug Trends

- Specialty Drugs continue to drive the prescription drug spend
  - Specialty Drugs currently account for 35% - 40% of the Rx spend and is expected to increase to over to 50% over the next two years
  - The specialty medication pipeline is rich, with about 25 new specialty drugs expected to receive approval each year for the next five years

***In 1990 there were only 10 specialty drugs and in 2017, there are now over 300 specialty drugs***



Smaller populations of users



Fewer categories with multiple competing products



Robust pipeline, innovative products



Multiple indications for many drugs

# Claims & Utilization Review

## Prescription Drug Utilization Overview

- The chart below illustrates the key prescription drug statistics for the most recent 2 plan years
- Although specialty costs have increased by approximately 5%, the move from Express Scripts to CVS/Caremark in 2016 has helped reduce the district's Rx costs by approximately 6%

Prescription Drug Cost	PY 2015-16	PY 2016-17
Total Net Cost	\$1,855,245	\$1,745,320
Net Cost Per Member Per Month	\$143.26	\$130.82
<b>Specialty</b>		
Specialty Total Cost	\$669,955	\$721,449
Specialty Utilizers as % of Members	1.4%	1.7%
Specialty % of Total Net Cost	36.1%	41.3%

Less than 2% of the District's members represent over 41% of the Rx Costs

# Claims & Utilization Review

## Top 10 Prescriptions by Cost

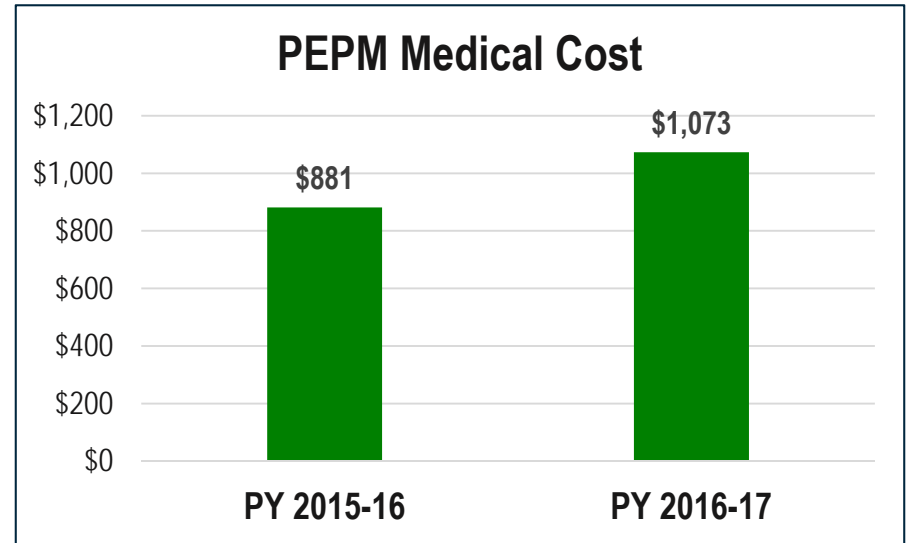
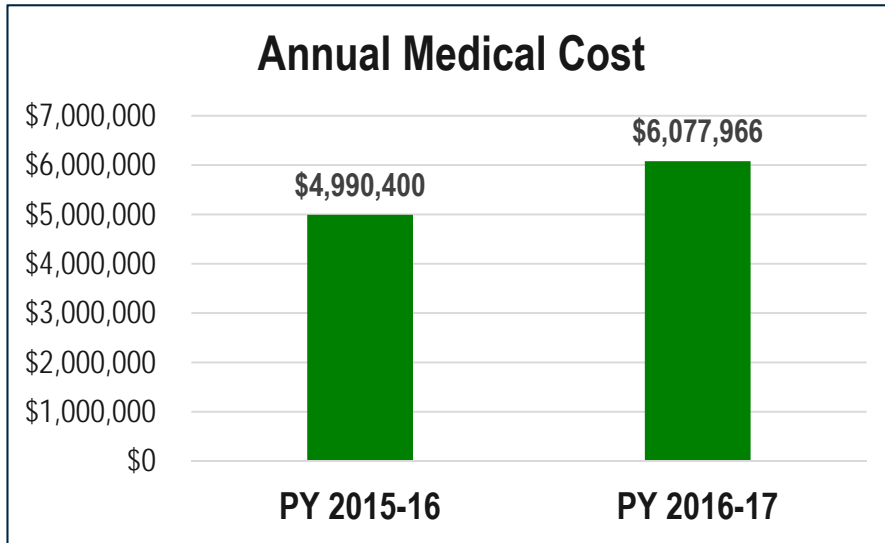
- The chart below illustrates the top 10 prescriptions by cost from July 1, 2016 – June 30, 2017
- 44 utilizers equated to approximately \$800K in annual prescription drug costs

Rank	Dispense Type	Rx Cost	Total Rx	Cost/Rx	Utilizers
1	Brand	\$139,646	2	\$69,823	1
2	Specialty	\$129,029	29	\$4,449	4
3	Specialty	\$111,193	10	\$11,119	3
4	Specialty	\$80,332	11	\$7,303	1
5	Specialty	\$71,041	6	\$11,840	1
6	Specialty	\$67,551	12	\$5,629	1
7	Specialty	\$63,126	2	\$31,563	1
8	Specialty	\$52,645	8	\$6,581	1
9	Specialty	\$49,271	8	\$6,159	2
10	Brand	\$35,937	95	\$378	29
<b>Top 10 Total</b>		<b>\$799,771</b>	<b>183</b>		<b>44</b>

- Examples of specialty prescriptions included in this top 10 list are Stelara and Copaxone.

# Claims & Utilization Review

## Two Year Lookback – Medical Costs



Plan Year	Medical Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$4,990,400	(\$172,729)	-3.35%
PY 2016-17*	\$6,077,966	\$1,087,566	21.79%

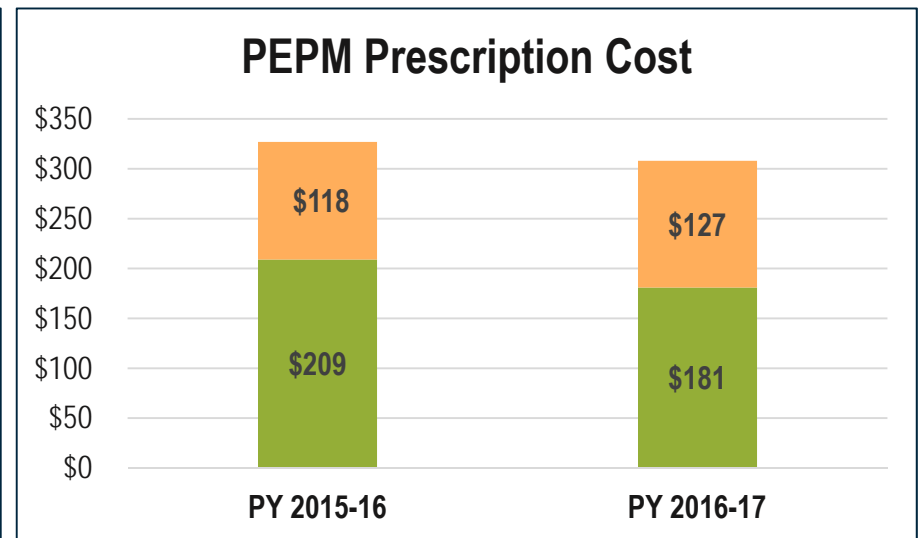
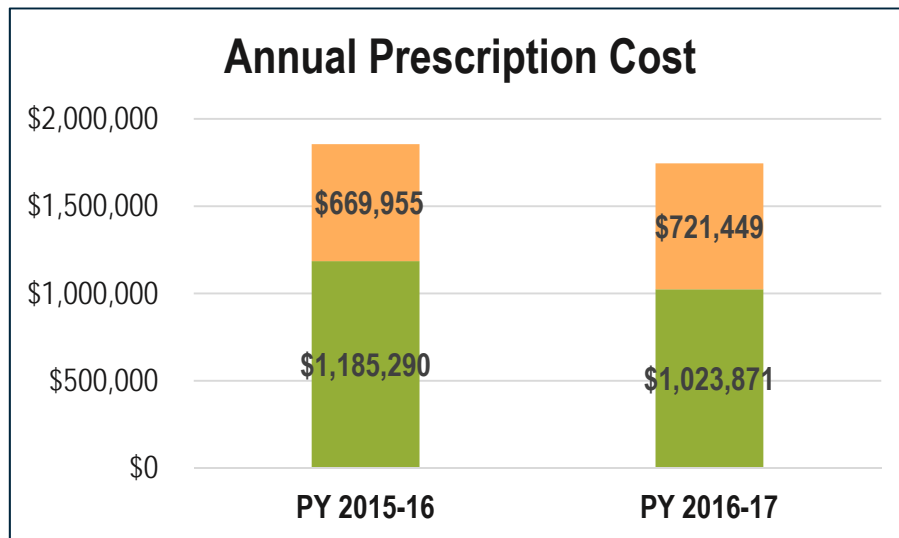
Plan Year	PEPM Medical Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$881	(\$50)	-5.39%
PY 2016-17*	\$1,073	\$192	21.79%

*\*Plan Year 2016-2017 Includes Estimated Stop-Loss Reimbursement; No Stop-Loss Reimbursements for 2015-2016 Plan Year*

# Claims & Utilization Review

## Two Year Lookback – Prescription Costs

- The below chart represents the annual prescription costs broken out by Specialty Rx Costs (in orange) and Traditional Rx Costs (in Green)
- Specialty Costs accounted for 36% of total Rx costs in 2015-16 and 41% of Rx costs in 2016-17



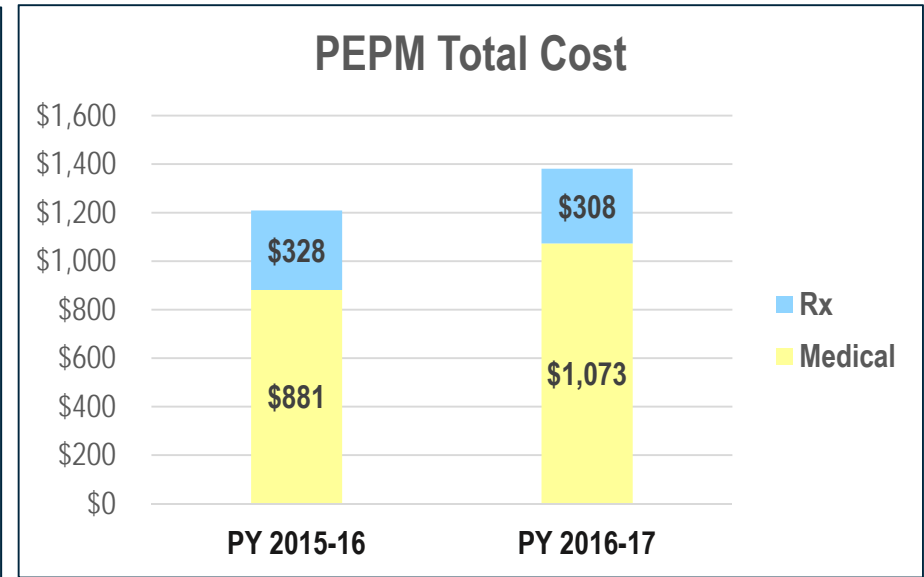
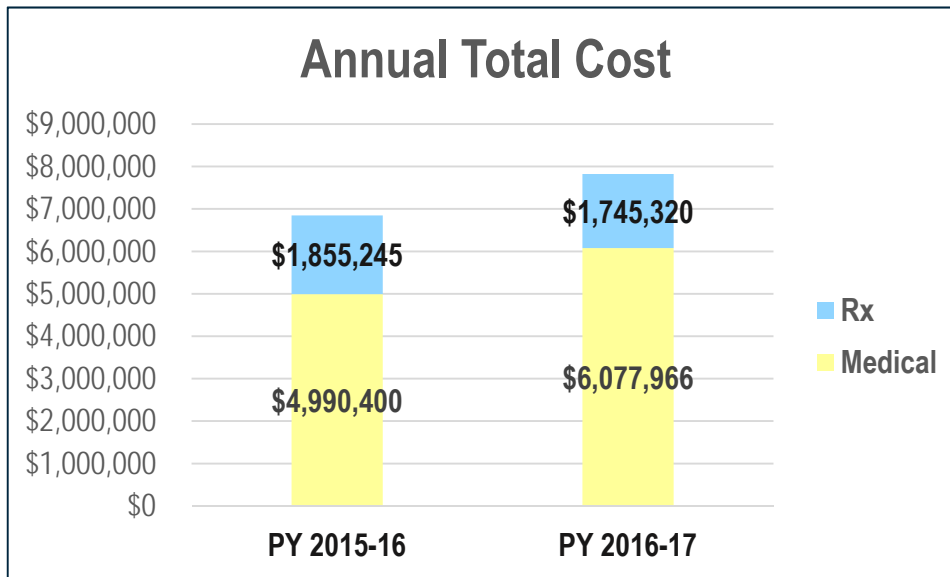
Plan Year	Prescription Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$1,855,245	\$4,783	0.26%
PY 2016-17	\$1,745,320	(\$109,925)	-5.93%

Plan Year	PEPM Prescription Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$327	(\$6)	-1.87%
PY 2016-17	\$308	(\$19)	-5.93%



# Claims & Utilization Review

## Two Year Lookback – Medical and Prescription Total Cost



Plan Year	Total Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$6,845,645	(\$167,946)	-2.39%
PY 2016-17*	\$7,823,286	\$977,641	14.28%

Plan Year	PEPM Total Cost	\$ Δ from Prior Yr	% Δ from Prior Yr
PY 2015-16	\$1,209	(\$56)	-4.46%
PY 2016-17	\$1,381	\$173	14.28%

*\*Plan Year 2016-2017 Includes Estimated Medical Costs Post Stop-Loss Reimbursement; No Stop-Loss Reimbursements for 2015-2016 Plan Year*

# High Claimant Review

## Catastrophic Claim Trends

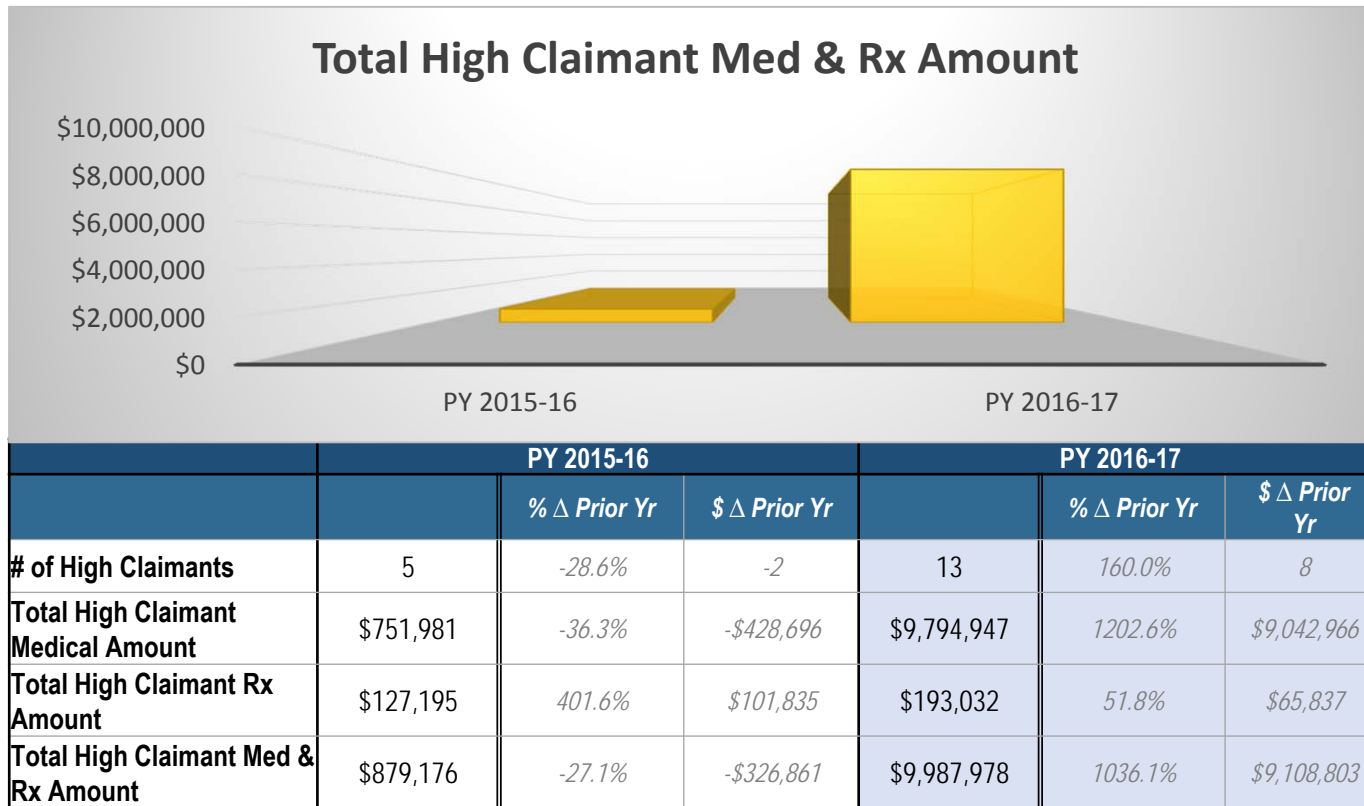
- Over the past couple of years, Stop Loss carriers have reported high claimants exceeding \$1 Million per plan year
- In addition, the quantity of high claimants are increasing year over year
  - ACA Mandates
    - ✓ Unlimited Lifetime Coverage
    - ✓ Removal of Annual Maximums
  - New Costly Specialty Drugs
  - New Technologies
  - Rising frequency of multiple newborns (infertility treatments)
  - Cancer Diagnosis are becoming more frequent and more costly
  - High Cost of Transplants

***From 2009 through 2016, the number of multi-million dollar claimants increased by approximately 70% according to the 2017 Sun Life Stop Loss Research Report.***

# High Claimant Review

## High Claimant History – PY 2015-16 through PY 2016-17

- There was an increase in high claimants above \$100K and the high claimants are larger claim dollars
- The increase in high claimants drive the Stop Loss premium
- The estimated annual Stop Loss Premium for 2017-18 is approximately \$400,000



# Plan Year 2018-19 Healthcare Projection

## July 1, 2018 Medical & Prescription Drug Projections

- The below represents the estimated 2018-19 Medical and Projection Drug Renewal Increase utilizing claims data through September 30, 2017
- Although the combined Medical and Rx Trend is around 7%, the District's plans are running higher than norm and the anticipated total healthcare increase for 2018-19 is approximately 18%!

<b>Current Estimated Annual Medical Costs</b>	\$7,559,046
<b>Projected 2018-19 Annual Medical Costs</b>	\$8,972,588
<b>Projected Estimated \$ Increase from Current</b>	<b>\$1,413,542</b>
<b>Estimated Renewal Adjustment</b>	<b>18.7%</b>

<b>Current Estimated Annual Rx Costs</b>	\$2,102,044
<b>Projected 2018-19 Annual Rx Costs</b>	\$2,411,044
<b>Projected Estimated \$ Increase from Current</b>	<b>\$309,000</b>
<b>Estimated Renewal Adjustment</b>	<b>14.7%</b>

<b>Total Estimated Annual \$ Increase from Current</b>	<b>\$1,722,542</b>
<b>Estimated Renewal Adjustment</b>	<b>17.8%</b>

*This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.*



ANY  
QUESTIONS  
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## Thank you!

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