



HEALTH TRUST REPORT CARD

The Rensselaer-Columbia-Greene Health Insurance Trust— Bringing the Power of 23 Districts Together

The Board of Trustees takes its responsibilities very seriously—providing economies of scale to our School Districts as we obtain health insurance and prescription drug services, assessing ways to improve the quality of the benefits offered while maintaining contribution rates at or below the national trends and providing sound management of our health plans.

Our Mission: To benefit members and member Districts by providing access to comprehensive, high quality, cost-effective health care services.

This 2015 issue of the **Health Trust Report Card** contains stories on:

- The Trust's Approach to Providing Benefits
- Prescription Drug Benefit Strategies;
- Sizing Up the Value of the Trust's Benefits; and
- Preparing for the "Cadillac Tax."

We hope you find this information useful.

Sincerely,

The Board of Trustees

Sharing Responsibility For Our Benefits

The Trust was created 30 years ago in July of 1985. We are very proud to be celebrating our 30th anniversary of serving public school employees in Rensselaer, Columbia and Greene counties. The Trust, a multiple employer health plan, is proud to provide valuable and affordable medical and prescription drug benefits to employees of our member School Districts.

As you are likely aware, the costs of health benefits have been rising faster than inflation for years. The Board of Trustees has worked hard to manage the costs while continuing to provide the benefits you and your family need at prices we can all afford. In recent years, the Trustees have:

- Developed and promoted our preferred plans;
- Implemented wellness and condition management programs; and
- Carefully managed our health care partners (BlueShield of Northeastern New York, Capital District Physicians' Health Plan, Inc. and MVP).

These efforts have allowed us to contain rate increases while maintaining benefits.

But our efforts can only do so much. Providing health and welfare benefits is a partnership. We all need to work together. We all have a responsibility to do the right thing. There are actions you can take to get the right care and make the right decisions. And the Board is providing you with the tools you need to be smart health care consumers. In this issue of the Report Card, we are going to start a conversation about how we can work together to continue strengthening the Trust and the benefits we provide.

Prescription Drug Benefit Strategies

Prescription drug costs continue to rise. New drugs are being developed and introduced every year—and they are more expensive. This is good and bad. The new drugs help provide better health outcomes for many people, but they are increasingly expensive for both participants and the member Districts.

We are exploring several programs to help you get affordable access to the correct medications you need and to help you manage the medications that you take.

➤ **Expanding Prior Approval Rules.**

The Trust will require Prior Approval for more conditions and medications, including compound medications. Some medications must be authorized for coverage because they're only approved or effective in treating specific illnesses, they cost more or they may be prescribed for conditions for which safety and effectiveness have not been well established. Express Scripts, the pharmacy benefit manager utilized by BlueShield of Northeastern New York, consults with doctors and pharmacists to determine which medications require Prior Authorization.

- **Step Therapy Rules.** The Trust is considering adding Step Therapy rules to our prescription drug benefits program. Most medical conditions have multiple medication options. Although their clinical effectiveness may be similar, prices can vary widely. With a Step Therapy program, you get the treatment you need, usually at a lower cost. With this program, you need to try a Step One medication first, before a Step Two medication may be covered. When you bring a prescription to the pharmacy, the Express Scripts system will automatically screen the medication for Step Therapy requirements. If your prior pharmacy claims show you have tried a Step One medication in the recent past, the Step Two medication may be processed. If not, the pharmacist will contact your doctor for further explanation.

- **Quantity Limits Programs.** The Trust is also exploring adding Quantity Limits rules to our prescription drug benefits program. Quantity Limits programs are designed to support safe and appropriate dosing, and to keep prescription drug costs lower for you and for the member Districts. Quantity limits are meant to minimize the risk of overdosing and/or unwanted drug interactions. Quantity limit rules are based on Food and Drug Administration (FDA) approved indications, the manufacturer's package labeling instructions and well-accepted or published clinical recommendations. Express Scripts consults with doctors and pharmacists to determine which medications qualify for Quantity Limits and what those limits are.

These programs will save you and the Districts money and help you take the appropriate medications and correct dosage for your condition.

But that's not the whole story. We also encourage you to take actions to help protect your prescription drug benefits

We encourage you to use the **mail order pharmacy** for maintenance and specialty medications. You can get up to a 90-day supply of the medications you need delivered right to your home. There's no need to drive to a pharmacy every 30 days to fill your prescription. To enroll in the mail order pharmacy program, call the number on your prescription drug ID card.

We also encourage you and your doctor to consider **generic medications** whenever it makes sense. Generic drugs are copies of brand-name drugs and are the same as those brand-name drugs in dosage form, safety, strength, route of administration, quality, performance characteristics and intended use. The FDA regulates and approves generic drugs. This ensures that they have the same high quality, strength, purity and stability as brand-name drugs. And, the generic manufacturing, packaging and testing sites must pass the same quality standards as those of brand name drugs. Finally, when you buy generic medications, it generally costs you and the participating Districts less money.



Sizing Up The Value Of The Trust's Benefits

As you may know, there are five types of plans available on the government's Health Insurance Marketplace. Plans in each category pay different amounts of the total costs of an average person's care. This takes into account the plans' monthly premiums, deductibles, copayments, coinsurance and out-of-pocket maximums. The actual percentage individuals pay in total or per service will depend on the services they use during the year.

- **Platinum:** The health plan pays 90% on average. The individual pays about 10%.
- **Gold:** The health plan pays 80% on average. The individual pays about 20%.
- **Silver:** The health plan pays 70% on average. The individual pays about 30%.
- **Bronze:** The health plan pays 60% on average. The individual pays about 40%.
- **Catastrophic:** Catastrophic coverage plans pay less than 60% of the total average cost of care on average. (They're available only to people who are under 30 years old or have a hardship exemption.)

The plans offered through the Trust are comparable to the Platinum Marketplace plans. But, through the economies of scale offered by our group purchasing power and the oversight of the Trustees, they cost you a lot less than if you were to purchase a plan through the Marketplace that provided comparable benefits and levels of coverage.

The plans offered through the Trust are generally on par with Platinum Marketplace plans. Using our group purchasing power and the oversight of the Trustees, we are able to secure coverage at a lower cost than the plans offered through the Marketplace.

The Trust may be greatly impacted by the Cadillac Tax because many of our member Districts offer high value plans. If their value is over the thresholds, it would mean a 40% tax.

What Is The Cadillac Tax?

The Cadillac Tax, or the High-Cost Excise Tax, was created as a result of the Affordable Care Act. Starting in 2018, the Cadillac Tax will be a 40% non-deductible excise tax on employer-sponsored health coverage that provides high-cost benefits. The goal of this tax, according to the law, is to encourage the streamlining of health plans to make premiums more affordable.

The tax is based on the total cost of each employee's coverage above a threshold amount. The cost includes contributions toward the cost of coverage made by employers and employees, including contributions made to fund a Healthcare Flexible Spending Account. The statute states that costs of coverage will be calculated under rules similar to the rules for calculating COBRA premiums.

Currently, the thresholds are \$10,200 for individual coverage, and \$27,500 for family coverage. These amounts will be adjusted between now and 2018. The Trust is sensitive to the tax because many of the Districts in the Trust offer plans where the costs of single and family coverage exceed these amounts. The Trust plans would be taxed 40% of the difference between the Districts' cost of coverage and the threshold levels.

We're proud to be able to provide you with comprehensive coverage. We have been working hard to control costs without sacrificing your benefits. That's why the Trustees are continuing to monitor the costs of the benefits we provide. We've been studying trends and data and working with our advisors and vendors to prepare for the Excise Tax. We'll keep you informed as we get closer to 2018 and more regulations around the tax emerge from Washington, DC.

MEET THE BOARD

The Board of Trustees are elected by the 23 member Districts to oversee the Trust. They perform these duties in addition to their regular responsibilities and meet monthly to approve the direction of the Trust.

The RCG Health Insurance Trustees are:

Tammy Sutherland, Chairperson
Leslie Copleston, Vice Chairperson
Harry Hadjioannou, Treasurer
Lyn Derway
Sally Shields
Cynthia DeDominick
Kate Farrell

Advisory Members to the Trust are:

Mark Notarnicola/NYSUT Representative
John Wilary/NYSUT Representative

Let us know if you have any questions or suggestions.
You can reach us by email at RCGHealthTrust@questar.org.

OUR MISSION

To benefit members and member Districts by providing access to comprehensive, high quality, cost-effective health care services.