

**PEIA  
Annual Report to the  
Legislature's Joint Committee on Government and Finance  
Pursuant to W.Va. Code §5-16-3(e)**

**December 16, 2015**

West Virginia Public Employees Insurance Agency (PEIA) reports the following programs and initiatives:

1. Increasing generic fill rates. PEIA is constantly looking at programs to increase the use of effective low cost generic medications. PEIA has step therapy on several classes of medications. Step Therapy requires a trial of a generic medication in the same therapeutic class before a brand name medication is covered. The PEIA generic fill rate is up to 88%.
2. Managing specialty pharmacy costs. For plan year 2016, PEIA continued its specialty drug management program. Partnering with HealthSmart, our third party administrator, PEIA has established a program to acquire each individual specialty drug prescription from the specialty pharmacy offering the best price. This financial savings is coupled with aggressive drug case management and pre-certification to get medications delivered in the most cost effective manner. Savings are estimated at \$2 million per year. During the course of this program, we developed a manufacturer's savings program that uses manufacturer's coupons/programs to manage the costs of several high cost specialty medications. Presently 7 medications are being managed through this program with savings estimated at \$1.6 million per year. We are currently out to bid for a Pharmacy Benefit Manager and a Specialty Medication Management Vendor.
3. Implementing and evaluating medical home models and health care delivery. PEIA has been pursuing a global fee based medical home model for several years. PEIA members who voluntarily participate choose a "medical home" provider who coordinates the member's care and provides primary care for an agreed monthly global fee. We continue to explore new models and refine existing arrangements.
4. Coordinating with providers, private insurance carriers and, to the extent possible, Medicare to encourage the establishment of cost effective accountable care organizations. January 1, 2013 PEIA initiated its first Accountable Care contract with three primary care Federal Qualified Health Centers (FQHCs) using the medical home global fee based program. Accountable Care Organizations (ACOs) have been very slow to develop in the state of WV. PEIA is at present exploring two additional ACO models.
5. Exploring and developing advanced payment methodologies for care delivery such as case rate, capitation and other potential risk-sharing models and partial risk-sharing models for ACO's and/or medical homes. In addition to the initiatives discussed in items 3 and 4 above, PEIA tested a global physical therapy pilot following knee surgery in 2014. We could not draw meaningful results from the pilot due to the low participation rate. PEIA will employ learnings and recommendations from this pilot to support the development of future programs. PEIA is exploring the development of a high value network for total knee replacement.
6. Educated patients have better outcomes. Healthcare costs continue to rise; members can play a role in managing costs by becoming educated consumers of healthcare services. PEIA has teamed up with HealthSmart to offer Healthcare Bluebook, a guide that will help in determining a fair price for healthcare services by area. Additional resources PEIA supports include Choosing Wisely and Consumer Reports.
7. Adopting measures identified by the Centers for Medicare and Medicaid Services to reduce cost and enhance quality. PEIA follows Medicare payment guidelines and is a rapid follower in adopting new Medicare programs.

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8. Evaluating expenditures to reduce excessive use of emergency room visits, imaging services and other drivers of PEIA's medical rate of inflation. PEIA monitors ER usage monthly to identify high flyers and move these members to a medical home. "High Flyers" are those who over-utilize the ER for care that is provided at medical provider facilities or offices at a fraction of the cost. In some instances PEIA has limited people to one pharmacy and one emergency room to minimize drug shopping and abuse of the medical system. In an effort to direct care to the appropriate level services, beginning July 1, 2015, PEIA will limit members to 6 non-emergent ER visits per plan year.

9. Recommending cutting-edge benefit designs to the Finance Board to drive member behavior and control costs for the plan. PEIA evaluates the benefit design of the plan continuously. PEIA has been a leader in wellness programs and value based copays for many years. New ideas are presented to the finance board and the public annually. Beginning in FY 2016, PEIA began a new three year Wellness Program, Healthy Tomorrows, focused on member engagement.


10. Implementing programs to encourage the use of the most efficient and high-quality providers by employees and retired employees. PEIA is developing a provider report card in an attempt to provide meaningful information and feedback to our providers and our members.

11. Identifying employees and retired employees who have multiple chronic illnesses and initiating programs to coordinate the care of these patients. Several new programs were added to keep PEIA members engaged in healthy lifestyles. PEIA has joined forces with WVU Extension to offer ongoing classes such as "Dining with Diabetes". PEIA has partnered with Marshall University for over 2 years to provide worksite wellness programs through the Pathways to Wellness Program. PEIA continues to offer the Face-to-Face Diabetes, Hemophilia Disease Management and Weight Management Programs.

12. Initiating steps to adjust payments by the agency for the treatment of hospital acquired infections and related events consistent with the payment policies, operational guidelines and implementation timetable established by the Federal Centers of Medicare and Medicaid Services (CMS). The agency will attempt to protect employees and retired employees from any provider upward adjustment in payment for such hospital acquired infections. See number 7 above.

13. Initiating steps by the agency to reduce the number of employees and retired employees who experience avoidable readmissions to a hospital for the same diagnosis related group illness within thirty days of being discharged, consistent with the payment policies, operations guidelines and implementation timetable established by the Federal Centers of Medicare and Medicaid Services (CMS). See number 7 above.

Respectfully submitted:

  
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Ted Cheatham, Director

12/16/15  
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Date