

SHB PDC Resolution No. 3

**RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO ADOPT OPEN
FORMULARY MANAGEMENT OFFERED BY STATE PHARMACY BENEFIT MANAGER**

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq. the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means that the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member premiums; and

WHEREAS, the cost to employees, retirees and employers for continued health care benefits and prescription drug benefits at comparable levels of coverage continue to increase exponentially and the ability for employers and employees to pay for these benefits has strained the budgets of the State, local employers and causes increased costs to participants; and

WHEREAS, the SHBP Plan Design Committee recognizes that pharmaceuticals, an integral part of medical treatment, keep patients healthier and extend or save lives and in many situations, proper pharmaceutical use is documented to save money by avoiding costly hospitalization, emergency room use, moving to a nursing home or repeat visits to specialists; and

WHEREAS, AON Consulting, Inc. has recommended the utilization of Formulary Management by the State's Pharmacy Benefit Manager, in order to provide quality coverage for patients through the selection of medications that are clinically proven and appropriate for their therapeutic class, and which maximize value relative to costs, wherein a plan participant's copay will be increased to share the additional cost when a non-formulary drug is dispensed; and

WHEREAS, a formulary is generally a listing of drugs, classified by therapeutic category or disease class, that are considered preferred therapy for a given population and that are to be used by providers in prescribing medications; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D) the Committee finds that these changes are in the best interest of the State, local employers, and employees and will dis-incentivize unnecessary utilization of more expensive drugs where there is a clinical equivalent drug therapy lower cost option available.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Commencing no later than December 1, 2016, prescription drug plans provided to State and local participants in the SHBP shall include a formulary utilized by the State's Pharmacy Benefits Manager.

FORMULARY MANAGEMENT

2. The foregoing Formulary provision shall not apply to Medicare eligible retirees.
3. The Committee requests that the State Health Benefits Commission and/or Division of Pensions and Benefits take appropriate action with the carrier to effectuate a modification of the existing contract and to require that the Pharmacy Benefits Manager provide adequate notice to the members of the changes, including notice to Medicare eligible retirees that such changes shall not apply to them. Adequate notice must be provided to allow members to prepare for any potential changes with their prescribing physician.
4. After 90 days using the National Formulary, the Committee shall review the experience of appeals, complaints and uncovered scripts in any drug class where the National Formulary does not have at least two drugs. At that time, the Committee may determine that there is a need for at least two drugs in all or some drug classes that do not have at least two drugs in the National Formulary. Upon an affirmative vote of the PDC, the PBM shall add a second drug to the drug classes designated by the PDC.
5. The Formulary Management shall continue for one plan year and may only be continued upon an affirmative vote of the PDC.

DATED: 08 29 2016

Note: Grammatical, spelling and typographical errors are corrected but remain subject to approval by the State Health Benefits Plan Design Committee.