



STATE OF NEW YORK
DEPARTMENT OF CIVIL SERVICE
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FINAL REPORT

ONECARD Rx

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FINAL REPORT TO THE
ROBERT WOOD JOHNSON FOUNDATION

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The Department's goal was to design, implement and evaluate an integrated prescription drug program for NYS government employees. The program was to be modeled after the health insurance prescription drug card programs already in place within the New York State Health Insurance Program (NYSHIP). The program, once developed, would allow employees to use *one card* to purchase medications for either their occupational or non-occupational prescription drug needs. This report focuses on the design and implementation of the program. The evaluation results will be addressed in separate reports to the Foundation.

ONECARD Rx is the integrated workers' compensation/health insurance prescription drug card program now available to more than 200,000 New York State government employees and developed, in part, with Foundation support and resources.

Prior to ONECARD Rx, the workers' compensation (WC) prescription drug program was administered by the State Insurance Fund (SIF), the State's WC insurer. Under the traditional approach, employees in need of prescription drugs would fill their prescriptions at local pharmacies of choice and pay for such medications "out of pocket". Upon completion and submittal of a "paper" claim reimbursement form to the SIF, employees would be reimbursed; usually within a four to six week period. The pharmacies would bill the SIF, which would reimburse them at retail prices. The SIF would then bill the Department for these direct costs and an additional and rather substantial administrative fee for its services.

Employees now *have the choice* of using the new ONECARD Rx prescription drug benefit OR the traditional payment and reimbursement mechanisms.

The original objectives of the project have remained unchanged and are as follows:

- 1) Determine if the State can decrease its expenditures for workers' compensation drugs.
- 2) Determine if the State can decrease its total administrative expenditure for prescription drugs.
- 3) Increase the quality of care employees receive.
- 4) Simplify employee purchase of prescription drug.
- 5) Ensure that health insurance and workers' compensation prescription drugs are paid from appropriate funds; capture accurate and complete cost information for health insurance and workers' compensation on prescription drugs.
- 6) Evaluate the effectiveness of integration of health insurance and workers' compensation programs by measuring costs saved and costs avoided, identifying the impact of integration on health insurance costs and on the State's workers' compensation medical program, and studying the applicability of the Project to other employers.

Originally, the Department planned to design and implement the ONECARD Rx program with all 27 of the then existing health plan options offered to NYS employees and to have the new benefit fully operational January 1, 1998. Due to the complexities of implementation and system development, we modified the project implementation schedule to provide for implementation with the health plans with the largest enrollments to be followed by the staggered implementation of the program with the smaller HMOs. (We now know that project implementation with a health plan requires a minimum of 12- 14 months.)

Currently, the benefit is available to more than 200,000 employees in the following three health plans: The Empire Plan ' Kaiser Permanente, and Health Insurance Plan of Greater New York (HIP).

What Did We Do And How Did We Do It?

In developing this Project, we worked closely with employees of participating health plans and the State Insurance Fund (SIF) and have relied heavily on the strengths of well-established relationships with the Governor's Office of Employee Relations and Division of the Budget.

Upon notification of award, the Department met with these coalition partners to discuss remaining details of the Project and to identify any remaining issues to be considered before going forward with Project design and implementation. Due to the nature of the relationships and in order to ensure the ongoing success of the Project, the Project Director has maintained contact and communication with key members of this group throughout project implementation.

The following summarizes key project implementation tasks:

1. **Development of ONECARD Rx Benefit Matrix.**

NYSHIP's prescription drug benefits contain many features, such as generic substitution, prior authorization and drug exclusions and "days supply" limitations, which needed to be examined for application to the workers' compensation environment. The Department negotiated the details of the "ONECARD Rx benefits matrix" with each participating health plan. The matrix is based on the respective health plan's prescription drug design and is modified to accommodate special provisions related to the SIF's administration of the workers' compensation prescription program. *A matrix has been developed for each participating health plan.*

2. **Finalize Data Collection and Data Transfer Issues.**

Electronic data systems, already in place to notify the PBMs, HMOs and participating pharmacies of enrollee health insurance coverage, were modified to accept supplemental eligibility data on reported workers' compensation accidents (data from the NYS Accident Reporting System) to ensure proper identification of an active enrollee who had filed a workers' compensation claim. *This phase of project development required the most effort and time.*

3. **Develop 'ONECARD Rx' Claims Flow and Adjudication Process.**

Claims flow logic has been developed to illustrate the process steps to be followed in adjudicating a claim under the ONECARD Rx program versus an employee's health insurance plan. We now have a "model" claim flow and adjudication process although this model varies slightly from plan to plan. *We have developed this claims flow with each of the plans to ensure that proper edits exist within the respective claims processing systems.*

4. **Determine Financial Arrangements.**

The Department finalized with the SIF and each PBM or HMO the cash flow, charge back and financial reporting/billing and tracking requirements of the program. The Department is responsible for reviewing health plan billings for payments under the ONECARD Rx program in contrast to the traditional program under which the SIF processes such drug claims payments.

5. **Development and Implementation of ONECARD Rx Communication Plan.**

The Department's Communications Unit has worked very closely with ONECARD Rx staff on the various communications materials developed for the ONECARD Rx program (See Disseminated Products for details). Prior to ONECARD Rx, the State had no formalized way of communicating about workers' compensation benefits to employees. *Communication with employees has become even more critical as we attempt to increase employee awareness and utilization of the ONECARD Rx benefit.*

6. **Development of ONECARD Rx Implementation Guide.**

We have created a guidebook that outlines the steps to developing the ONECARD Rx program. *We now provide this very useful tool to health plans as they begin to develop the program.*

7. **Modify and/or Develop Reporting and Information Requirements.**

Details of the reporting requirements and development of the systems necessary to ensure proper reporting and the confidentiality of claims and financial information have yet to be finalized between all Parties. *Reporting by the Empire Plan PBM is the most advanced at this stage of the project.*

8. **Evaluation Process.**

The Department contracted with The Lewin Group, Inc., a major health care consulting firm, to design the evaluation methodology and evaluate the program. Cornell University is administering an employee satisfaction survey that has been designed to measure employee satisfaction with the ONECARD Rx program.

Services Received under ONECARD Rx

While more than 200,000 employees are eligible for the ONECARD Rx benefit, fortunately, a much smaller number of employees are expected to incur accidents or injuries and use the benefit. Since implementation of the ONECARD Rx project, the State has experienced a reduction in number of accidents from as many as 100,000 as experienced in 1995 (data used in the ONECARD Rx grant application to the Foundation) to an estimated 60,000 for 1999. One third of these accidents result in the filing of a C-2 (first report of injury) to the SIF. In filing this report, some portion of this group would be expected to receive medical services; and thus a prescription for medications.

While we had little WC prescription drug data prior to the project, our assumption was that, once the new benefit became available, employees would use the program because of its ease and convenience. Unfortunately, utilization of the ONECARD Rx benefit has been much lower than expected.

Because of our interest and concern about the lower than expected utilization of the ONECARD Rx benefit, we sent a short questionnaire to 1000 randomly selected employees who incurred an accident/injury and had a C-2 on file with the SIF and learned the following from respondents (based on a 30% response rate):

>41 % did not have a WC prescription ordered by their physician;

>39% filled a prescription within three months prior to receiving the questionnaire;

> 15% (of those with a prescription from their physician) used ONECARD Rx;

>51 % did not know about the ONECARD Rx benefit prior to filling their prescription-indicating the employee disregarded or forgot about information mailed out introducing the program and filled their prescription before getting follow up information in the mail;

>52% used their health insurance card and paid a co-payment.

The chart below highlights key utilization factors.

ONECARD Rx Drug Utilization Statistics

<i>Area</i>	<i>Factor</i>
<i>Most Frequently Used Drug Classes</i>	NASIDS; Narcotic Analgesics
<i>Most Frequently Prescribed Drugs</i>	Hydrocodone; Ibuprophen; Naproxen
<i>Average Number of Scripts Filled</i>	2.3 per WC Incident

<i>Average Cost Per Script</i>	\$36.50
<i>Retail vs Mail Order</i>	Retail-98%; Mail Order-2%
<i>Generic vs Brand</i>	Generic-71 %; Brand-29%

We will continue to monitor prescription drug activity under the program. Of particular concern is the apparent continued use of the *health insurance option* for the purchase of drugs needed for workers' compensation. Results of the impact analysis and formal employee satisfaction survey will be used by the Department to make any needed changes to the benefit design.

Challenges

The project faced many challenges from the onset; however, the major challenges experienced during project implementation are categorized as follows:

- *Project Scope.* As originally planned, our goal was to make the benefit available to employees in 27 different health plans by January 1, 1998. At the time, this approach seemed necessary in view of the highly sensitive labor relations' environment and due to the manner in which the state administers the workers' compensation benefit to state employees. As design work began, it became apparent that we needed to re-evaluate our planned implementation strategy. Since design on average takes 12-14 months, we decided to stagger implementation with the health plans.
- *Reliance on NYS Accident Reporting System (ARS).* One of the strengths of the ONECARD Rx system is the availability of the workers' compensation and reporting data we receive from ARS and provide to the health plans. Because ARS was phased in to State agencies during 1998, an employee's eligibility for the ONECARD Rx became dependent on two factors: health plan participation and agency access to ARS. As such, while an employee may have been enrolled in a participating health plan on January 1, 1998, if his/her agency did not have access to ARS on January 1, 1998, the employee was still ineligible to use the ONECARD Rx benefit. This significantly impacted the number of employees who could use the ONECARD Rx benefit during the first half of 1998.
- *Differences in Foundation and NYS financial procurement and reporting cycles.* Foundation reporting and funding guidelines and timetables differed significantly from the state procurement processes and contractual requirements and obligations. As such, we have had to request a number of exceptions to Foundation and State policies. We were able to successfully resolve issues resulting from such differences with the assistance of both Foundation and Department staffs.
- *Lower than expected ONECARD Rx utilization.* Outside of time constraints associated with implementation, increasing employee utilization of the program has been the biggest challenge. We have been stymied by this phenomenon because our assumptions from the onset have been that utilization will be high because the benefit is readily available and easy to use. We continue to monitor utilization.
- *"Product" Ownership.* Issues regarding "ownership" and proprietary rights associated with the ONECARD Rx project surfaced very early during the project and have continued throughout. Only recently has a final decision been made to allow and *encourage* health plans and other employers to fully *replicate the* program without requiring special permission of the Department. The Department has, however, retained "service mark" rights to the ONECARD Rx logo and name.

Successes

The new benefit is offered by the largest health plans and those with memberships which have the highest exposure to accidents. Despite concerns about the lower than expected utilization of the benefit, the ONECARD Rx project is touted as a success and has become a benefit which employees believe enhances both their health insurance and workers' compensation benefits. Health plans that have implemented the benefit expect that utilization will increase as employees and agency workers' compensation administrators become more aware of the benefit.

Project visibility and exposure. Robert Wood Johnson Funding has brought added visibility to the project and has allowed for broader exposure and sharing of information of the project. For example, various professional organizations have requested presentations on the project; funding from the grant to support the associated travel and communication costs have supported such endeavors.

Problems

- *Y2K.* Because ONECARD Rx is totally dependent on the transmission, collection and adjudication of electronic data and information, project implementation has been dependent on health plan and stakeholder ability to dedicate systems program and staff resources to this new initiative at the same time that many are focusing on preparation of their data bases for the year 2000.
- *Health Plan Merger and Consolidation.* Several of the NYSHIP health plans have deferred implementation until finalization of pending mergers/consolidations.
- *Confidentiality of program design requirements and claimant records.* An inordinate amount of discussion and staff resources was dedicated to resolution of "confidentiality" issues related to a number of factors; in particular, the protection and confidentiality of 'WC claimant details. Despite the inclusion of confidentiality protections in contract language between the Department and the respective partners in this project, a number of special documents have been created to further ensure that claimant's records are protected. While this issue has dominated discussions of the parties, all parties have acknowledged the importance of the issue.
- *Outside Billing Agents.* A major factor impacting employee utilization of the benefit is the existence of an entity that contracts directly with pharmacies to perform the claims billing and processing function. We only learned of this rather new organization and function after implementation of the project. In addition to eliminating the claims billing process for the pharmacy, we believe there is an added financial incentive for the pharmacist to direct claims to this billing agent instead of the ONECARD Rx program. Under ONECARD Rx, pharmacists would be limited in the amount they could bill for both prescription drug and other administrative and dispensing cost because of negotiated agreements they have with each particular PBM. As we understand this external billing function, such discounts do not apply.
- *Cost Effectiveness.* While some perceive other benefits to implementing the ONECARD Rx program, one of the biggest incentives to implement the program is a projected cost saving associated with the integrated benefit design. Some NYSHIP HMOs are unable to realize such financial savings due to their smaller enrollments.

Collaboration with other Organizations

This project was fully dependent on collaborative relationships with other state agencies and organizations and would not have succeeded without the cooperation of the respective entities and specific persons involved in this initiative. From the onset, the project required the support of the management of the Governor's Office; Department of Civil Service; State Insurance Fund, Governor's Office of Employee Relations; Division of the Budget; special Legislative Committees; and the Union leadership.

Once the RWJF awarded grant monies to begin the project, regular team meetings were held with representation from the key organizations to discuss general approach, strategy and issues needing further study. These meetings proved highly valuable to the successful implementation of the project because they provided an opportunity for discussion of the ONECARD Rx concept in consideration of the varying interests and needs of the project team members.

From this group, work teams were formed with representation from pharmacy and other relevant program, systems, and management (of the PBM, DCS, and others as appropriate). Staff met on a regular basis. Depending on a particular agenda, representatives from the SIF, GOER, and EBF also participated.

This 'work team' approach to implementation has been successfully carried forward with the HMO implementation. Once a health plan commits to implementation, a team from the health plan is designated to work with the Department team on implementation.

Key Dissemination Activities

The attached list of disseminated products represents our efforts to share information on the project with a very diverse group; including other employers, benefit and health plan administrators, employees, unions, etc. Of these activities, the most significant have been the following:

- The comprehensive enrollee communication effort that is now an "integral" function of the Division's Communication Unit. For the first time, agency program administrators and enrollees receive regular information and updates on their WC, ONECARD Rx and ARS benefits.
- August 24, 1999 presentation to the Civil Service Employee's Association (CSEA) Negotiating Team. This union has one of the largest memberships of state employees and has been very supportive of the project. The audience of this presentation included local presidents and officers; all of whom were very pleased with the program and who wanted it extended to non-participating health plans.
- UNITE Presentation. Department staff gave a presentation on the project at a meeting sponsored by UNITE, another RWJF grantee. Attendees seemed particularly intrigued by the concept and its "guaranteed" early access features.