

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

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. PEIA has also completed several "copay waiver" programs to encourage members to try a generic at no cost. These programs have met with success. These programs, in conjunction with our recent change to 75% coinsurance on non-preferred brand drugs, has increased the generic fill rate to over 84%.
2. Managing specialty pharmacy costs. For plan year 2013, PEIA implemented a specialty drug management program. Specialty drugs are typically very expensive. 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. We estimate the annual savings from this program at \$2 million.
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. This model assigns PEIA members who voluntary participate to a certain "medical home" provider which coordinates the member's care and provides primary care for an agreed monthly global fee. Three entities are currently participating in the program with favorable results: Cabin Creek, Community Care, and Valley Health. Two new organizations will be effective in January 2013: Family Care and New River. Additionally, PEIA is in dialog with several other provider entities at various stages of interest.
4. Coordinating with providers, private insurance carriers and, to the extent possible, Medicare to encourage the establishment of cost effective accountable care organizations. PEIA goes active January 1, 2013 with our first Accountable Care contract with three primary care Federal

Qualified Health Centers (FQHCs) with our medical home global fee based program.

Accountable Care Organizations (ACOs) have been very slow to develop in the state of WV.

Several conversations with Marshall, WVU, and CAMC have transpired with little progress to date.

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 accountable care organizations and/or medical homes. See number 3 and 4 above.
6. Adopting measures identified by the Centers for Medicare and Medicaid Services to reduce cost and enhance quality. PEIA follows Medicare payment guidelines and are rapid followers in adopting new Medicare programs.
7. Evaluating expenditures to reduce excessive use of emergency room visits, imaging services and other drivers of PEIA's medical rate of inflation. Beginning in FY 2012, PEIA began a "high flyer" emergency room program. PEIA monitors ER usage monthly to identify high flyers and move them to a medical home. "High Flyers" are those who over-utilize the ER for care that should occur at other 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.
8. 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.
9. 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. PEIA delivered its first report cards to OB/GYN physicians in FY 2012. These efforts, in coordination with the Perinatal Partnership, had a significant impact on producing quality deliveries and healthy babies.
10. Identifying employees and retired employees who have multiple chronic illnesses and initiating programs to coordinate the care of these patients. FY14 will see the addition of several new programs to keep PEIA members engaged in healthy lifestyles. Centered around our medical home and worksite delivered "Improve Your Score" program, PEIA is looking to join forces with WVU Extension to offer ongoing classes such as "Dining with Diabetes". PEIA is working to

deliver the “Diabetic Prevention Program” from the Federal Center for Disease Control (CDC) and on many other ideas to improve member’s health status.

11. 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 6 above.
12. 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 6 above.
13. The addition of a second member attempt per lifetime for participation in the PEIA Weight Management Program. Over the years, PEIA has expanded the eligibility criteria and number of available sites to accommodate greater numbers of West Virginians who are attempting to make lifestyle changes in the areas of physical activity and nutrition.

Respectfully submitted:

  
Ted Cheatham, PEIA Director

  
Date