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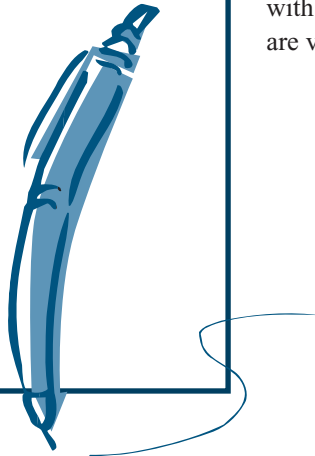
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If you have a question, comment, or suggestion you want to share with HealthAssurance and/or Penn-Ohio; or if you have a particular HealthAssurance experience you would like to share with other Penn-Ohio members, let us know:

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President

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HSAs?” and “What are future increase going to be?” Members felt that this was an extremely beneficial forum, and we thank the members and the panelists who participated.

Penn-Ohio has begun the request for proposal process with the various carriers that are viable in our region, and it

is our hope that we would once again be able to negotiate a three year contract. Look for an announcement concerning the renewal and the details in the next newsletter.

Again, please accept my appreciation of your support of the Penn-Ohio Regional Health Care Alliance.

—Pam Vass



NEWS

July 2007 Summer Issue

A reference guide to the Penn-Ohio Alliance HealthAssurance Program

Have Questions About Penn-Ohio? Call:
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Letter from the President

by Pamela K. Vass

As the second quarter of 2007 comes to a close, we would like to thank our membership for their continued support of the Penn-Ohio Regional Health Care Alliance.

We recognize the significant pressure that our members have faced through the last few renewals, and will work diligently as we begin the January 2008 Request for Proposal for Penn-Ohio. We will explore all available options so that we can provide the highest quality health care at an affordable price to you and your employees.

Annual Meeting

The Annual meeting took place on March 1, at the Radisson Hotel in Sharon, Pennsylvania. During the meeting, the Annual meeting Minutes from 2006 were approved and a Penn-Ohio financial report was presented by Dawn Chaffee, Secretary/Treasurer.

The speaker at the Annual Meeting was Norman Mitry, President and CEO of Heritage Valley Health System. Mr. Mitry discussed and actually provided a real-time demonstration of the exciting advances in technology that Heritage Valley Health System

is now using. All medical records are going to be available electronically, so that providers and administrators can quickly and accurately access patient records from a Personal Digital Assistant (PDA) or computer. Everything from appointments, tests ordered and what providers the patients have seen will be immediately available at the touch of a key. Heritage Valley Health System is on the cutting edge in computerizing medical records and improving health system efficiency in the region. We thank Norm for his informative presentation.

Educational Meeting

Our Spring Educational meeting was held on May 10. This meeting had two significant items on the agenda. The first item dealt with revisions to the Penn-Ohio Regional Health Care Alliance By-laws. Detailed listings of these changes follow in a separate article in the newsletter.

The second item was a panel discussion with three local brokers that serve Penn-Ohio members. These panelists were asked a wide range of questions, such as “Are employers implementing

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PLAN NEWS

State Report: HMO's Help Members Live Healthier Lives

Report Also Confirms Benefits of HealthAmerica's Medical Management Efforts

A recently released report, "Measuring the Quality of Pennsylvania's Commercial HMOs," found that the state's HMOs enjoy a high level of satisfaction and are helping state residents live healthier lives.

The report is released each year by the Pennsylvania Health Care Cost Containment Council (PHC4), and it is based on HEDIS scores and other measurements for

2005. PHC4 is an independent state agency charged with addressing the cost and quality of health care in Pennsylvania.

Report Confirms HealthAmerica's Performance

The report's findings confirmed our efforts to improve quality.

- Among the report's "Staying Healthy" measures, which looked at preventive care and early detection, we improved or maintained our rates in 14 of the 15 measures.
- For the fifth year in a row, our asthma admission rate for members under age 18 is "lower than expected."

- Our admission rate for hypertension remains below the statewide average.
- We scored above the state or national averages in the categories of: care for members with diabetes, childhood immunizations, timely prenatal care, screening for cervical cancer, medications for members with asthma, and use of beta-blockers after a heart attack.
- Several of our member satisfaction scores improved from last year, demonstrating the tremendous job our Customer Service unit is doing.
- We scored "lower than expected" and were better than the state average in all five categories measuring how well we use primary care to reduce the number of hospitalizations for our members. (For hospitalization rates, lower scores indicate the health plan was more effective in keeping members out of the hospital.)
- In the category for hospitalization rates for people with chronic illnesses, HealthAmerica's rates for six of the eight measures were "as expected" or "lower than expected."



Generics are Here!

June 2006 was a significant month for consumers and the drug industry with the introduction of generic versions of Zocor and Zoloft, two drugs that were in the top 10 in US sales in 2005. We now have over 10 suppliers of each agent and the prices have dropped to about 10 percent of the brand cost.

In a recent report, *Express Scripts* noted that drugs representing 13 billion dollars in sales became available generically in 2005. Medco is

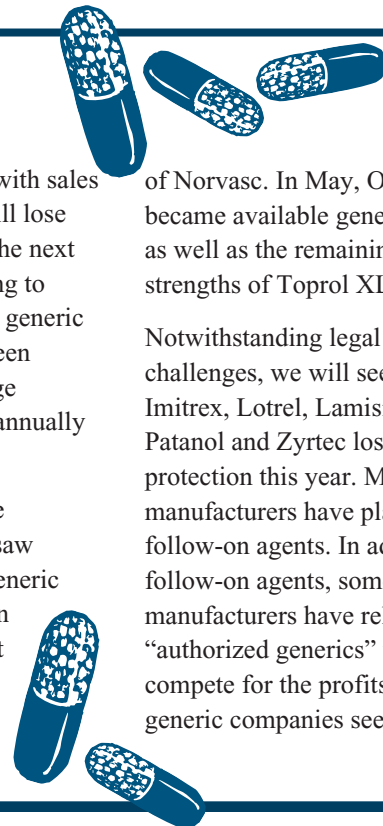
reporting that drugs with sales of 25 to 30 billion will lose patent protection in the next three years. According to *Express Scripts* data, generic drugs removed between 2.6 and 2.9 percentage points of drug trend annually in the last four years.

There are many more coming. April 2007 saw the introduction of generic Ambien from a dozen suppliers, and a court approved patent challenge allowed one generic supplier

of Norvasc. In May, Omnicef became available generically as well as the remaining strengths of Toprol XL.

Notwithstanding legal challenges, we will see Coreg, Imitrex, Lotrel, Lamisil, Patanol and Zyrtec lose patent protection this year. Many manufacturers have plans for follow-on agents. In addition to follow-on agents, some brand manufacturers have released "authorized generics" to compete for the profits that the generic companies seek. Pfizer

has released an authorized generic to compete with the lone FDA approved generic for Norvasc. If not familiar with the term, an authorized generic is a drug that is made under the same New Drug Application as the brand. It is no different, therefore the FDA does not need to review and approve an "authorized generic". During the six-month exclusivity periods for FDA approved generics for Zocor and Zoloft, the brand manufacturers began selling authorized generics.



OTHER PENN-OHIO NEWS

Broker Forum

This year's spring educational meeting included a successful broker forum featuring three local brokers offering a question and answer session. Members of the Penn-Ohio asked benefit questions and gathered information on how other employers manage their health care programs. The participants were Michael Baer of Davevic Benefit Consultants, Lew Kachulis of Gilbert's Insurance Agency, and Lori Varella-Marvin of Barr's Insurance Group, with Tim Faller serving as the mediator of the discussion.

Audience participants were interested in western Pennsylvania trends for consumer-driven health plans, specifically HSAs and HRAs. Lori Varella-Marvin indicated that her clients are proceeding very cautiously in implementing CDHPs, being

more likely to implement an HRA plan since the employee still pays only a copay for the office visit and prescriptions. Lew Kachulis stated that the most crucial piece of these plans is the education and information that we put in consumers hands so that they have the ability to make informed decisions. Michael's clients are more accepting of the HRA concept, but some of the smaller, closely held groups are enrolling in HSA products.

Another area that requires attention is the introduction of wellness plans for the employees. Lew Kachulis indicated that in his own company they have embraced a corporate wellness program and have hired a health coach that meets with employees on an individual basis. When



asked if there was any incentive provided for employees to participate, Lew indicated that there is not. Lori and Michael both said that wellness initiatives have not been readily available to small to mid-sized employers. Some employers may have access to on-line health risk assessments that employees could participate in and receive reports back with certain risk factors highlighted, but it is mostly geared toward larger employers.

Many members expressed interest in learning more about companies that require their employees to pay for health care. Michael Baer said that his group's employee contributions were varied, but that the most common was a

contribution of approximately 25 percent of the single and family cost. Others asked about differing premiums for smokers versus non-smokers. All panelists indicated that they currently don't have groups doing this, but that it is an option that is available to employers.

Panelists also addressed the percentage increase anticipated for the next renewal period. Lori projected an increase of 10 percent, while Michael and Lew agreed on 7 to 9 percent.

We would like to thank all of the member companies who participated in this informative meeting, and would especially like to thank our panelists who were willing to answer some difficult questions.

By-Law Revisions

The Penn-Ohio Health Care Alliance By-laws were revised at the May 11 educational meeting. The following are the revisions that were voted on and approved by a quorum of the membership of the Penn-Ohio.

Revisions Article III Board of Directors

- 1) **3.2 Number and Term.** This vote reduced the

existing directors from the current nine to seven.

- 2) **3.6 Meetings.** Meetings will be held at least annually, or at other times as determined by the president. This is a reduction from the current quarterly meeting requirement.
- 3) **3.16 Failure to Attend Meetings.** Directors who have failed to attend three

consecutive board meetings shall be deemed to have resigned.

Revisions to Article IV Officers

- 1) **4.1 Enumeration.** This revision states, "Any one person may hold more than one office, except the same person cannot hold the office of president and treasurer." This revision was deemed necessary for



financial control with the requirement for two signatures on Penn-Ohio checks.

- 2) **4.8 Treasurer.** Audits of the corporation will now be performed every two years rather than annually.

Each of the revisions was voted on separately by the member companies and approved. The Board thanks all of the companies for attending.



Governor Rendell's "Prescription for Pennsylvania"

Many Details Are Yet to Come, But the Plan Has Some New Things, Some Old Things, Some Things We Like, and Some Things We Question

On January 17, 2007, Governor Ed Rendell unveiled an ambitious health care reform plan that aims to provide health insurance coverage for all state residents, lower health care costs, and improve quality. The proposal was introduced in the Pennsylvania General Assembly on March 22, 2007, as House Bill 700 and referred to the House Insurance Committee.

"The governor should be commended for developing a comprehensive plan that addresses many of the issues facing Pennsylvanians today," said Tim Guarneschelli, vice president and general counsel for HealthAmerica.

As for his proposals themselves, some are old initiatives and some are new — and some we strongly support and some we question.

"With some modifications, we think the plan will benefit Pennsylvanians and create a marketplace where HealthAmerica and other insurers can continue to serve the needs of the state's businesses and individuals," Tim noted.

An Overview of the Governor's "Prescription for Pennsylvania"

The governor's plan is far-reaching and has many components. Some of the key components include:

- The creation of Cover All Pennsylvanians (CAP), a program offering affordable basic health care to small businesses and the uninsured through the private insurance market.
- Some uninsured adults and employees of small businesses will get help paying the CAP premiums through discounts and subsidies.
- Employers that do not participate in CAP or do not provide health insurance to their employees will pay into the CAP fund. CAP will also receive funds from an increase in and expansion of the state's tobacco taxes.
- The plan will phase in a mandate requiring health insurance for those residents with incomes more than three times the federal poverty line (\$60,000 for a family of four), and require full-time, four-year college students to have insurance.
- The plan will expand the types of care provided by nurses, nurse practitioners, midwives, physician assistants, pharmacists, dental hygienists, and other licensed health care providers.
- Incentives will be given to health care professionals to offer services in the evenings

and weekends to reduce emergency room use.

- Initiatives will be taken to reduce medical errors and hospital-acquired infections. In particular, hospitals will be required to implement patient safety programs and electronic health records.
- The state will promote the use of proven disease management initiatives to help people with chronic conditions such as heart and lung disease, diabetes, and asthma receive appropriate, cost-effective care.
- The state will promote and reward wellness, such as anti-smoking efforts and efforts to reduce obesity.

Changes to Underwriting Counterproductive

While we agree with many of the proposed initiatives — such as the focus on reducing medical errors and infections, and the promotion of healthy lifestyles — there are some components of the governor's plan that we strongly oppose.

The plan proposes a change to the underwriting guidelines for groups of less than 50 employees. The change would not allow insurers to set rates based on the health status of the group's members.

"This change would require groups with healthier employees and those groups that promote wellness to pay more for their insurance," Tim said. "That would not reduce

health care costs, only shift the cost from one group to another."

In addition, Tim noted that it could increase health care costs overall. In states that have implemented these kinds of underwriting changes, the number of health insurers has decreased. "With less competition, health insurance premiums invariably increase," Tim added.

Executive Orders Signed

On May 21, 2007, the governor signed two executive orders implementing a portion of the "Prescription for Pennsylvania."

The first order established the Chronic Care Management Commission which will be responsible for developing a program to manage chronic diseases in Pennsylvania. The second establishes the Office of Health Equity in the Department of Health. The Office of Health Equity is charged with eliminating disparities in health care access and quality.

A Long Road Ahead

The governor admits that it will take many steps to achieve his goal. In addition to HB 700, numerous regulatory changes will be required. HealthAmerica is working with the governor's office and the state's legislators and regulators, as well as the Insurance Federation of Pennsylvania.

Tim noted, "As our mission states: We are committed to influencing change to create a more effective health care system and to promote healthy individual behavior."

Pharmacy Highlights (PA and OH)



Following are the actions taken at the February 2007 Commercial P&T Committee meetings.

Formulary Additions

The drugs in Table 1 have been added to the formulary. *These additions are effective immediately.*

Table 1. Formulary Additions

Brand-Name Drug	Generic Name	Comments
Zaditor OTC	ketotifen	Zaditor OTC is the most cost effective ophthalmic agent for allergic conjunctivitis. It is covered for a Tier 1 copay when prescribed by a physician. This OTC coverage is similar to our practice on covering Prilosec OTC and generic Claritin.
Ambien	zolpidem	Ambien is now available generically from 13 companies. See Prior Authorization Additions for info on other sleep products.

Prior Authorization Additions

The drugs in Table 2 now require prior authorization.

Table 2. Prior Authorization Additions with Alternatives

Agent	Tier	Formulary Alternatives
Lexapro [#]	2	Zoloft*, Prozac*, Celexa*, Paxil*
Invega [^]	3	Risperdal, Seroquel
Noxafil [^]	3	Diflucan*, Vfend [^]
Ambien CR [^]	3	Ambien*
Doral [^]	3	Ambien*, Restoril*, Halcion*
Lunesta [^]	3	Ambien*
Rozerem [^]	3	Ambien*
Sonata [^]	3	Ambien*

*Available generically. The generically available formulary alternatives in Table 2 are covered for a Tier 1 copay

[^]Requires Prior Authorization

[#] Lexapro was originally designated as a Tier 3 agent; it was restored to formulary status on Jan 2007

Formulary Blocked Agents

The drugs in Table 3 will **not** be covered under most benefits. Drugs with the same active ingredient are available on the formulary.

Table 3. Formulary Blocked Agents

Brand-Name Drug	Generic Name	Comments
Doryx	Doxycycline	Generic doxycycline is covered for Tier 1 copay.
Dynacin Tablets	Minocycline	Dynacin capsules are available generically and covered for a Tier 1 copay.
Zaditor*	Ketotifen	Zaditor OTC costs \$15/5ml and will be covered for a Tier 1 copay when prescribed for a member.
Tovalt ODT	Zolpidem	Generic Ambien is covered for a Tier 1 copay.
Valtropin	Somatropin	Norditropin is the covered Growth Hormone.

PLAN NEWS



Generic OxyContin Update

As a result of several court rulings surrounding the release of generic OxyContin, two generic manufacturers (Endo and Watson) have announced that they have stopped distribution of their product. Teva has an agreement that allows it to continue selling

the product under a license from Purdue until certain contingencies in their agreement are met. Impax is the third manufacturer and they recently announced a settlement with Purdue wherein Impax will be allowed to keep its generic on the market thru June 14, 2007.

Since the availability of the generics in the marketplace is now diminished, we will move OxyContin and the remaining generics to Tier three effective August 15, 2007. Members in three tier benefit plans have been notified of their pending copay change. OxyContin will

continue to require prior authorization. Formulary alternatives for patients requiring long-acting opioids include sustained release morphine (generic MS Contin), Kadian, and fentanyl transdermal patches (generic Duragesic).

Commercial Formulary Changes for 2007



Formulary Additions

The drugs in Table 1 have been added to our commercial formulary and are effective immediately.

Table 1. Formulary Additions

Brand-Name Drug	Generic Name	Comments
Benzamycin	Benzoyl peroxide/erythromycin topical	Generic added to tier one
Demadex	torsemide	Available generically
Flumadine	rimantadine	Available generically
Glucovance	glyburide/metformin	Available generically
Kadian	morphine sulfate, sustained release caps	Treatment of moderate to severe chronic pain
Minocin	minocycline caps	Generic added to tier one
Monodox	doxycycline monohydrate caps	Generic added to tier one
Monopril	fosinopril	Available generically
Monopril HCT	fosinopril/HCTZ	Available generically
Terazol 3	terconazole 3	Available generically

Prior Authorization Drugs

Table 2. Prior Authorization Drugs

Brand-Name Drug	Generic Name	Comments
Januvia	sitagliptin	Antidiabetic, DPP-4 enzyme inhibitor
Fentora	fentanyl buccal tablet	Breakthrough cancer pain
Zelapar ODT	selegiline oral disintegrating tablet	Antiparkinsonian, step-therapy through oral selegiline
Zolinza	vorinostat	Treatment of cutaneous T-cell lymphoma

HEALTH AND WELLNESS

Save Your Skin

A Health Tip for Penn-Ohio Members

With warmer weather on the horizon, people are exchanging their sweaters and jeans for tank tops and shorts — increasing their exposure to sunlight and their risk of skin cancer. Knowing the risk factors and how to detect problems early could save your skin.

Melanomas and Nonmelanomas

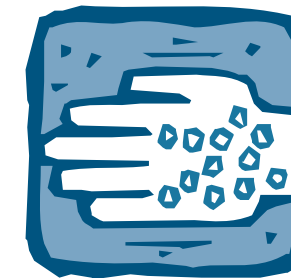
Melanoma is the rapid growth of pigment-producing cells. These cells may develop from or near a mole, or appear suddenly without warning. It is less common than nonmelanoma but far more serious because it can spread to other parts of the body. Some risk factors for melanoma include:

- Too much exposure to UV radiation from sunlight or tanning beds.

- Fair skin, freckling, having blonde or red hair.
- Having large moles or many moles.
- Men are more at risk than women.
- Previous diagnosis of skin cancer.

Nonmelanoma skin cancer develops in non pigment-producing cells and is more common than melanoma. It is also less invasive because it rarely spreads to other parts of the body. The risk factors are similar to those for melanoma, but also include:

- Being around large amounts of arsenic, coal, tar, paraffin and certain types of oil.
- Radiation therapy



- Skin damaged by certain skin diseases, skin over severe bone infections, and severe burn scars should be watched closely.
- For some people, their chromosomes are more likely to be damaged by sunlight.
- Smoking

Early Detection Saves Lives

The good news is that skin cancer is highly curable if treated in its early stages. Early detection is key, so it's important to check your skin regularly. Enlist the help of a family member to check your back, scalp, soles of your feet and other hard to see areas of the body.

If you or a family member notices a mole, follow the **ABCD** rules of skin cancer signs.

- **Asymmetry** – One side of the mole does not match the other side.

- **Border** – The edges are irregular, blurred, ragged, or scalloped.
- **Color** – Pigmentation is not uniform. Tan, brown and black can be seen. Sometimes dashes of red, white or blue are present.
- **Diameter** – Melanomas are typically greater than 6mm but can be smaller. Watch for moles that are different from others, change, itch, or bleed.

Sources: American Cancer Society (<http://www.cancer.org/docroot/home/index.asp>) and the American Academy of Dermatology (<http://www.aad.org/default.htm>).

This information should not be used as a substitute for medical advice from, or treatment by, your physician. Please contact your physician for additional information about your condition.