

IN-DEPTH BACKGROUND ON YOUR WELFARE FUND DRUG COVERAGE

In response to recent questions posed by members concerning PSC-CUNY Welfare Fund prescription drug coverage and operations, Welfare Fund Executive Officer Steve London provided some detailed background on the benefit. His comments have been edited for length.

I understand that our members are often unclear about how all the facets of the health care system fit together and where exactly the supplemental Welfare Fund benefits fit in. Our medical care system is a patchwork of different plans and different levels of eligibility based on whether you are an active employee, retired and under 65, or retired and on Medicare.

The Fund staff does its best to help you navigate this fractured health care terrain and to be sure you receive your maximum benefits. The PSC-CUNY Welfare Fund Website provides you with a wealth of information, but I understand that the volume of information itself can be a deterrent to clarity.

There have been questions about individuals' prescription drug issues, questions concerning the structure and operation of the Fund's prescription drug plan, and questions about the governance and structure of the Welfare Fund. Here are some answers:

1) There are currently three different ways our members may receive prescription drugs: through the Fund, through the City's PICA (injectables and cancer drugs) program, and through your basic medical insurance carrier (e.g. diabetic drugs). The Fund covers prescription drugs not covered by the other plans.

2) The PSC-CUNY Welfare Fund provides prescription drugs through a pharmacy benefit manager (PBM). Our current PBM is CVS. Why do we use a PBM and why CVS?

We have tens of thousands of active and retiree members who live all over the US and the world. We need to contract with a PBM in order to administer our drug plan and serve our members where they live. There are only a handful of PBMs in the country, and this is an industry that is rapidly consolidating. Each time we changed PBMs, we went through a very rigorous competitive bidding process. We sought the best price, the ability to select the broadest formulary, best administrative service, and best customer service for our members. This is a highly technical process and we employed expert consultants to help us get the greatest value for the members.

All PBMs are far from perfect and some of their business practices are difficult to stomach. That said, to date, we have found CVS to be better than the rest. Rest assured, we keep a watchful eye on CVS and will not hesitate to go out to bid again if we think there is a better deal for our members. Also, the Fund employs its own consulting pharmacist to independently review CVS determinations and address member appeals of CVS decisions.

Changes in a PBM's formulary of prescription drugs is a feature of all PBMs. Drugs are added to the formulary or fall off the formulary based on the deals PBMs make with drug manufacturers and to ensure that there are therapeutic equivalent drugs always available on the formulary. The benefit of this process is that it saves the member and the Fund money. The problem is that some members, for various reasons, feel they need a non-formulary drug. Assuming the class of drug is covered, the Fund has an appeal process for the denial of a drug, and our consulting pharmacist reviews these appeals and makes a recommendation. One of the reasons we contracted with CVS is that we could select the broadest formulary and CVS guaranteed they would notify members and doctors if they were replacing a drug on their formulary.

Every union Welfare Fund is different in plan design and operation. For example, the PSC-CUNY Welfare Fund drug plan (and other benefits) is basically the same for active employees and Medicare eligible retirees. There is no reduction of coverage. In fact, because of the Fund took advantage of ACA provisions, the benefit for retirees is enhanced. This is not true for the UFT or DC 37. Their retirees are expected to purchase a Medicare Part D plan. In the case of the UFT, there is a partial subsidy, and in the case of DC 37, their retirees must pay deductibles, premiums and copays for a Medicare Part D plan and then their Welfare Fund drug plan becomes a secondary insurer after the Medicare D plan's annual limits are reached. In other words, the PSC-CUNY Welfare Fund has historically made the policy decision to cover retirees at least at the same level as active employees.

3) The PSC-CUNY Welfare Fund is a separate entity from the union. It is a joint union-management Fund and it covers University managers on the Executive Compensation Plan, all members of the PSC bargaining unit, and a handful of other CUNY employees.

The Welfare Fund is funded through two sets of contract negotiations: one between all the City's municipal unions (the Municipal Labor Committee - MLC) and the City of New York and the other between the PSC and CUNY. The MLC-City negotiations provide per capita contributions to all the union welfare funds in each round of bargaining. The PSC leadership has taken the long view and added additional per capita amounts in each round of negotiations. Over the years, these per capita amounts have added up and have allowed the Fund to enhance benefits. Importantly, the PSC leadership led a multi-year campaign with both the City and the State to gain funding to move adjunct health insurance from a Fund expense to a CUNY expense and place eligible adjuncts on the City health insurance plan. This was an extremely positive development for the Fund and led to our ability to enhance benefits.

Finally, the Welfare Fund Advisory Council was created by the Tripartite Agreement. As a matter of convenience and convention, two representatives from each campus have been elected every three years as part of the PSC Chapter election cycle. The Advisory Council meets twice each year and advises the Trustees on a range of issues. For example, the most recent benefit enhancements in dental, hearing, and vision were recommended by Advisory Council members, and at the most recent meeting last month, additional benefit enhancements were recommended. The Fund staff and Trustees are now looking at that list to see what may be

possible. Advisory Council members have also been consulted on the design of the PSC Website and other communication matters.

I hope this helps you better understand the PSC-CUNY Welfare Fund and provides the basis for constructive dialogue.

In solidarity,
Steve London
Executive Officer, PSC-CUNY Welfare Fund