

10-10-4500 - Medical Premium Rate Increase

Priority Rank	1
Frequency	Recurring
Justification Type	"Taking Care of What We've Got"

Describe Request

Renew medical insurance at 9% premium rate increase and cover GLP-1 for weight loss medications through RxSavecard. RxSavecard is a program that offers GLP-1s at a lower rate by working directly with the drug manufacturers rather than through a pharmacy benefit manager that has increased fees. The town has an option to provide a subsidy to RxSavecard to help employees with the cost of the medication. The recommended subsidy is \$200. For example, if an employee is prescribed Zepbound or Wegovy for \$300, \$200 from the town will be loaded into the employee's RxSavecard and the employee would pay \$100 out of pocket. The town is expected to see around 68% savings by using RxSavecard with a \$200 subsidy. Hillsborough's GLP-1 for weight loss usage is around 5% and is expected to increase. The average usage is 8-10%.

Link to Strategic Plan or Departmental Priorities

Raising insurance costs and declining coverage remains a concern for employees. Working with RxSavecard will help employees access GLP-1 medications at a lower cost. This option supports service excellence in the strategic plan by supporting employees' health and wellbeing resulting in more engagement and employee satisfaction at work.

Alternatives & Operational Impact If Not Funded

If we continue to cover GLP-1s for weight loss without implementing the RxSaveCard, we will have a 12.5% premium rate increase. Employees and dependents on these medications would not have a disruption in access to the medications. However, the higher rate increase will impact all employees. If we stop covering GLP-1s for weight loss, the town will face a lower, 7.5%, premium rate increase. Removing coverage for GLP-1 weight loss medications would directly affect employees currently prescribed these medications, as well as those who may receive prescriptions before June 30, resulting in significantly higher out-of-pocket costs and making access more difficult.

Additional Information

Rising pharmacy costs, especially GLP-1 drugs like Zepbound and Wegovy, are driving renewal increases. The cost of GLP-1 drugs within the NCHIP have increased from \$3 million to \$10 million in 2 years. Other NCHIP members are seeing an average 6% rate increase without GLP-1 coverage and 12% if GLP-1 coverage is included. 24 out of 39 NCHIP members cover GLP-1s for weight loss (62%). If all 24 NCHIP members decide to implement Rx Savecard for GLP-1 weight loss medications, this will reduce claims and save up to \$4 million across all members. Fully insured groups outside of NCHIP are seeing increases between 20-50%. Hillsborough has partnered with Vida, a program that prescribes GLP-1 medications for weight loss and ensures employees and their dependents on the plan meet all eligibility requirements before these drugs are prescribed. This program was implemented to establish safeguards ensuring that those covered on the health plan are not inappropriately prescribed high-cost weight loss medications. It's expected that RxSavecard will work seamlessly with Vida as the GLP-1 prescriber. If we move forward with the 9% increase option, it's estimated to cost the town an additional \$122,221 per year if the town absorbs the full increase - meaning that employee payroll deductions would remain the same. We need guidance from the board regarding how much of the 9% increase the town is willing to absorb versus pass on to employees.