

# Progress toward completion of original GHIP goals and pathway to new goal development

**Goal:** Reduction of gross GHIP medical and prescription drug trend by 2% by end of FY2020<sup>1</sup>

***SBO strategic plan incorporates the same goal***

## FY20 Result

**Met** – Compared to a baseline average trend<sup>1</sup> of 6%, the annual increase in GHIP gross claims<sup>2</sup> per member for FY16-FY20 was:

- 2.7% (includes favorable impact of COVID-19 due to deferred care)
  - 3.9% (excludes Q4 FY20, when favorable impact of COVID-19 was realized)
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- Throughout FY19 and FY20, increased attention was paid to GHIP cost increases for specific categories of services
    - Significant annual increases in facility costs and in specialty drugs dispensed through the medical plan (i.e., through a provider's office or at a medical facility)
    - *Examples:* change in cost per member per month for FY20 compared to FY19:
      - Inpatient admissions, medical (non-surgical) reasons: +14.4%
      - Specialty drugs, dispensed through medical plan in outpatient setting: +88.5%

<sup>1</sup> Gross trend is inclusive of total increase to GHIP medical plan costs (both "employer" and "employee") and will be measured from a baseline average trend of 6% (based on a blend of the State's actual experience and Willis Towers Watson market data).

<sup>2</sup> Observed trend captures gross medical and prescription drug claims per member and excludes pharmacy rebates and Employer Group Waiver Plan (EGWP) payments.

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- Further attention drawn to facility costs through research conducted by Johns Hopkins University on inpatient hospital prices and margins in Delaware, and the RAND Corporation's study of health care prices paid by private health plans relative to Medicare
- Opportunity to take a targeted approach to managing future cost increases, *and* link to the Delaware Health Care Spending Benchmark

### New goal established February 2020:

Limit total cost of care inflation for GHIP participants at a level commensurate with the Health Care Spending Benchmark<sup>1</sup> by the end of FY2023 by focusing on specific components, which are inclusive of, but not limited to:

- Outpatient facility costs
- Inpatient facility costs
- Pharmaceutical costs

<sup>1</sup> Currently pegged at 3.8% for 2019.

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- At the same time, focus on managing diabetes disease burden was expanding statewide
  - Health Care Spending Benchmark includes diabetes management as a key component to managing population health across Delaware
  - Enactment of HB203 implemented new joint reporting requirements by Delaware Division of Public Health, Division of Medicare & Medicaid, and the Statewide Benefits Office
- For the GHIP, diabetes is consistently a top cost driver and occurs at a higher rate than in other commercially insured populations
  - Diabetes was the most expensive episode of care in FY19 (\$45.2M net paid for medical/Rx claims, with a PEPM trend of +18.4%)
  - Average annual increase in cost associated with diabetics, FY17-FY20: 7.2%
- GHIP offers targeted programs to help members with a diagnosis of diabetes (Livongo) or those with metabolic syndrome (diabetes prevention programs through Retrofit and the YMCA)

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- Opportunity to address the GHIP's top clinical condition cost driver, while also synchronizing efforts with broader public health initiatives in Delaware

### New goal established February 2020:

Reduction of GHIP diabetic cost per-member-per-month (PMPM) by 8% by the end of FY2023<sup>1</sup>, using FY2021 spend as a baseline

### *SBO strategic plan incorporates the same goal, with a modified timeline*

- Goal was previously incorporated into SBO strategic plan during the 2018 calendar year
- Target for goal completion in the SBO plan was the end of FY2020; with the addition of the above goal into the GHIP strategic framework, the SBO plan will continue to track progress toward this goal through at least the end of FY2023
- Baseline average annual cost increase for diabetic members from FY17-FY20: 7.2%

<sup>1</sup> Estimated reduction in diabetic member cost for FY21 is approximately 1.5% (\$0.7m).