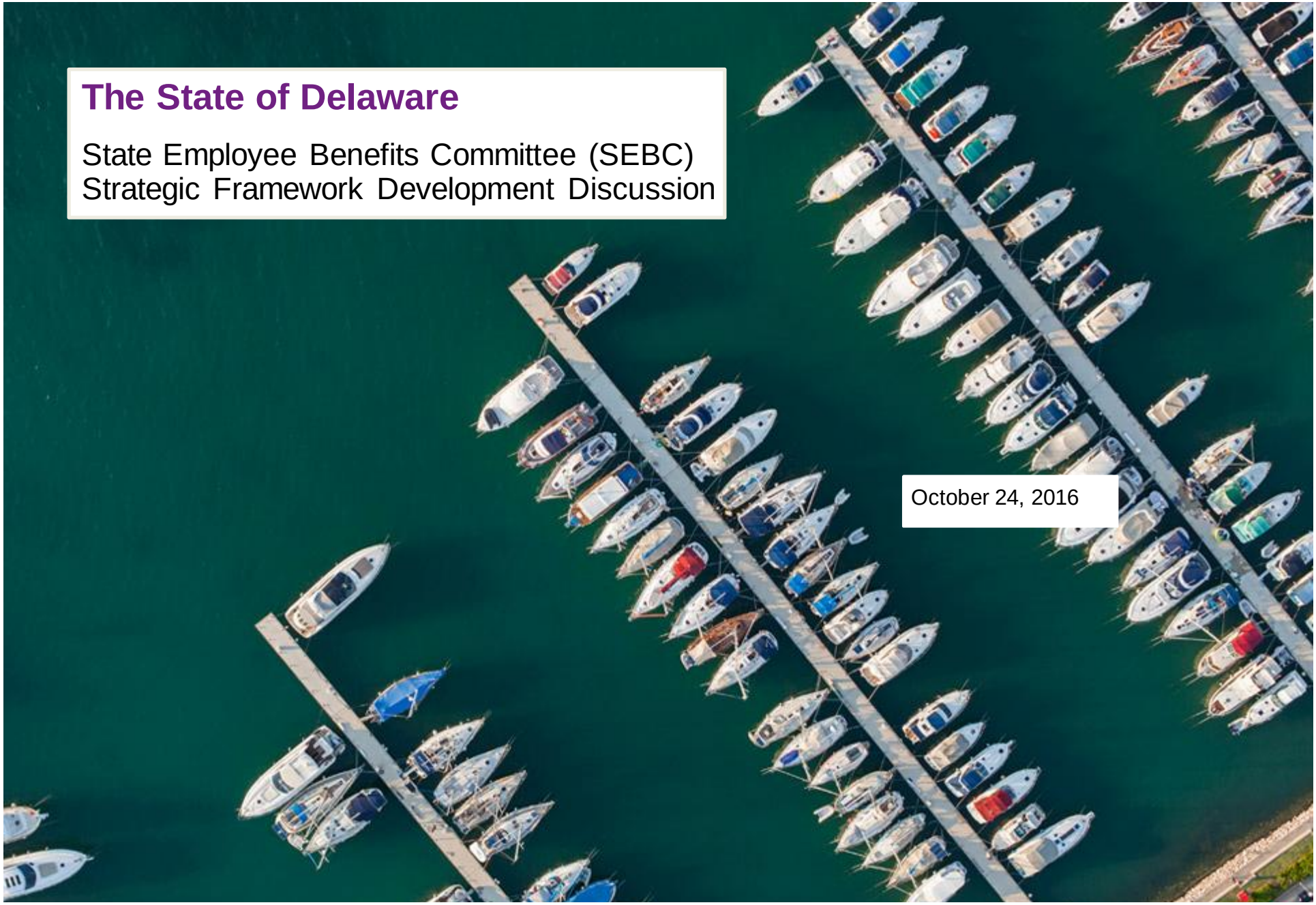
The State of Delaware

State Employee Benefits Committee (SEBC)
Strategic Framework Development Discussion



October 24, 2016

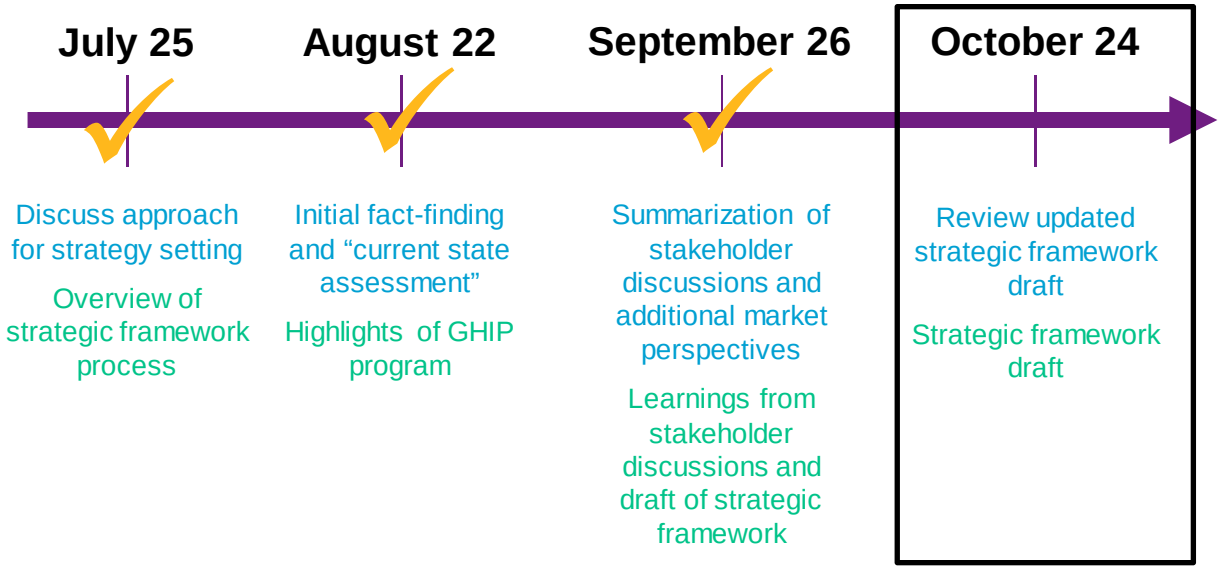
Willis Towers Watson

Today's discussion

- Revisiting plan for strategic development
- GHIP strategic position
- Draft strategic framework
  - Mission statement
  - Multi-year framework

Revisiting project timeline

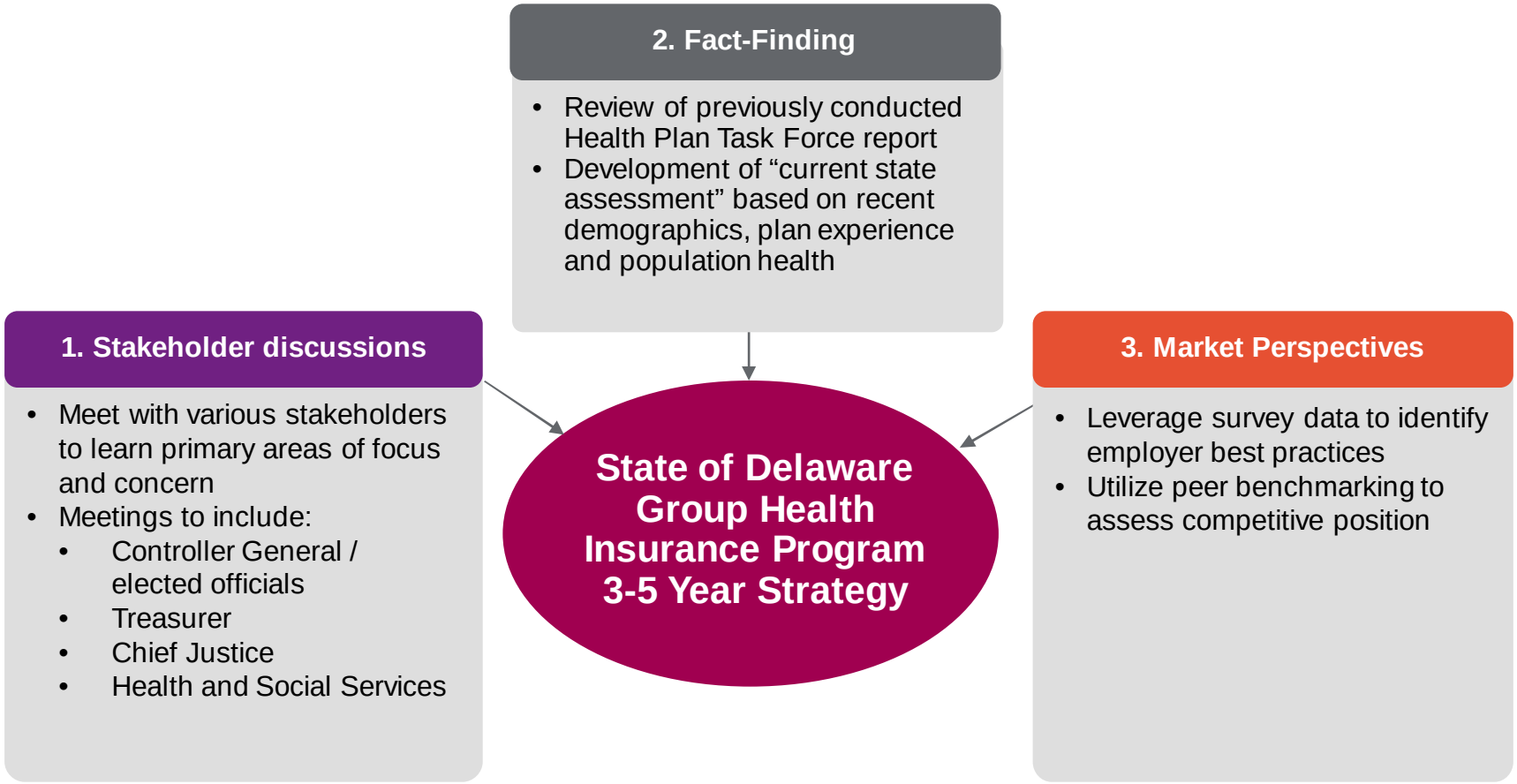
- The following timeline, aligned with upcoming SEBC meetings, outlines key objectives for the strategy development



Meeting Objective

Key Deliverable

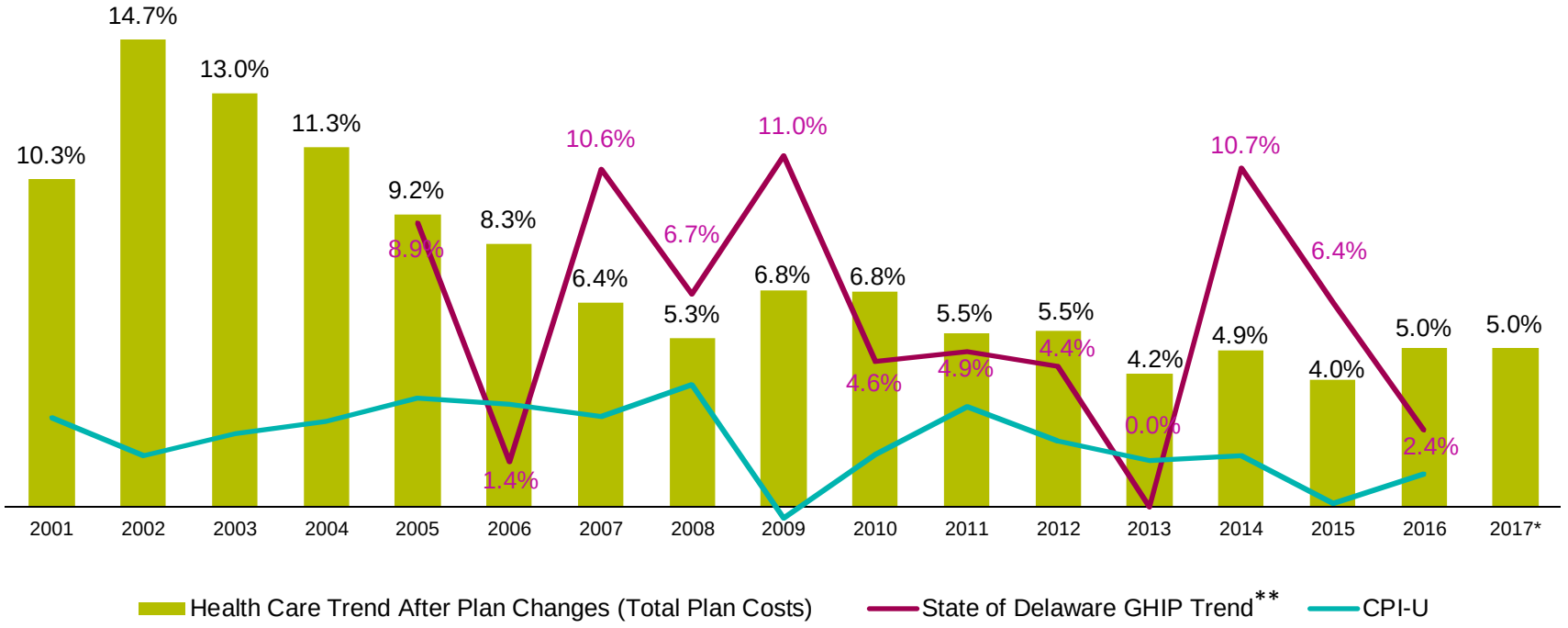
Revisiting "primary inputs" for strategic development



GHIP Strategic Position

Cost trend remains low but continues as a concern

Healthcare cost increases after plan design changes



Although national trend has been running steady, GHIP has experienced trend volatility over the last 10 years, necessitating a disciplined process for cost tracking, budget forecasting, and minimum reserve setting

Sample: Based on respondents with at least 1,000 employees.
Notes: Median trends for medical and drug claims for active employees including both employer and employee contributions but excludes employee OOP costs. CPI-U extracted from the Department of Labor, Bureau of Labor Statistics, August 2016.
***Expected. **Estimated trend based on Segal's State_of_Delaware_-_Trend_History_thru_Q2_FY16 030416.pdf**
Source: Willis Towers Watson High Performance Insights in Health Care: 2016 Best Practices in Health Care Survey

2015 Best Practices in Health Care survey results

Participation Subsidization	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Offer a low-value plan option		24%	22%	30%
Use clinical-level data to inform program changes	✓	36%	55%	71%
Use spousal surcharges		13%	27%	32%
Structure employee contributions based on employees taking specific steps		17%	39%	53%
Use value-based benefit designs in our medical plan[2]		21%	11%	17%

Workforce Health	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Use fitness challenges or competitions between business locations or employee groups	✓	60%	64%	78%
Offer nutrition education or seminars		64%	57%	66%
Sponsor worksite well-being campaigns	✓	24%	30%	36%
Offer web-based/mobile lifestyle behavior coaching programs	✓	36%	58%	69%
Onsite or near-site health clinic		28%	32%	29%
Have an articulated measurement strategy that supports multiyear evaluation[3]		32%	39%	44%
Offer chronic condition (disease) management programs	✓	80%	86%	95%

✓ Your organization's recent focus

Observations

- The use of clinical-level data to inform program changes is one of the most common participation and subsidization practices across the peer groups
  - The State used emergency room and urgent care utilization as basis for copay changes effective 7/1/2016
- Employers across the U.S. and the best performers group structure employee contributions based on employee participation in certain well-being activities
- The State aligns with all peer groups, providing the top three most common Workforce Health services
  - Nutrition education seminars are currently offered by 66% of the best performers
  - Only 36% of the best performers rely on sponsored worksite well-being campaigns

1. Best performing employers are 43 employers who saved on average $2,000 per employee per year and kept cost trends below benchmark
2. While centers of excellence (COEs) may be considered value-based benefit designs, this best practice area is focused on high performing and narrow networks (such as ACOs and PCMHs)
3. SEBC and SBO in process of developing overall strategic framework, of which, measuring the results of the goals will be articulated.

2015 Best Practices in Health Care survey results

Vendor Partner Strategy	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Select health plan vendor based on availability ACO/PCMH		67%	36%	44%
Select health plan vendor based on willingness to partner with third parties	✓	67%	70%	83%
Formally monitor vendor performance through performance guarantees	✓	65%	74%	88%
Select health plan vendor based on availability of expanded centers of excellence (COEs)		75%	61%	71%
Involve all vendors in strategic planning[2]		30%	47%	54%

Engagement and Consumerism	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Use penalties for individuals who don't participate in well-being activities		4%	19%	29%
Financial incentive for the use of web-based/mobile lifestyle behavior coaching programs		0%	17%	33%
Financial incentive for the use of worksite biometric screening		13%	47%	54%
Focus on strategies to build a healthy workplace and culture to encourage healthy behaviors	✓	35%	34%	39%
Offer price/quality transparency tools	✓	46%	59%	68%
Have year-round communication strategy for High Deductible/Account Based Health Plans (ABHPs)		8%	30%	40%

✓ Your organization's recent focus

Observations

- The State's vendor partner strategy aligns with the national norm and best performers top two most common practices of
  - The public sector and education group's most common practice is the selection of vendors based on availability of expanded COEs
- The use of financial incentives to engage employees in the completion of biometric screenings is the second most common practice among best performers and the national norm
  - Followed by the implementation of a year-round communication strategy for high deductible health plans
  - The State does not provide any financial incentives
- The implementation of penalties for non-participation is among the least common engagement and consumerism practices across all peer groups

1. Best performing employers are 43 employers who saved on average $2,000 per employee per year and kept cost trends below benchmark
2. Some vendors are involved in helping the SBO with strategic planning, not all

2015 Best Practices in Health Care survey results

Health Care Delivery	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Offer telemedicine for professional consultations	✓	25%	46%	50%
Provide lower copayment or charges for telemedicine consultations		13%	31%	38%
Offer medical tourism[2] services and cover employee expenses		17%	11%	17%
Differentiate cost sharing for use of high-performance networks		9%	12%	17%
Contract directly with provider(s) for services of ACOs		4%	7%	12%
Implement high-performance/narrow networks[3]		31%	20%	22%

Pharmacy	GHIP	Public Sector and Education	National Norm	Best Performers[1]
Adopt a high-performance formulary with very limited brand coverage across the therapy classes	✓	4%	14%	24%
Conduct an audit of your pharmacy benefit manager	✓	29%	30%	38%
Evaluate and address specialty drug costs and utilization performance through the medical benefit	✓	21%	26%	34%
Exclude compound drugs	✓	42%	39%	57%
Evaluate your pharmacy benefits contract terms	✓	50%	60%	79%

✓ Your organization's recent focus

Observations

- The State provides employees with access to web-based medical consultations, which is the most common practice across all peer groups
  - About half of the best performers group and the national norm provide lower copayments or charges for telemedicine consultations
- All peer groups continue implementing alternative networks and other contracting models
  - In 2016[3], 45% of all participating companies and 50% of the public sector and education group use centers of excellence (COEs) either within health plans or through a separate provider or carve-out vendor
  - In 2016, 20% of all companies and 31% of public sector and education employers surveyed offer high performance networks a 9% and 23% increase respectively, from 2015

1. Best performing employers are 43 employers who saved on average $2,000 per employee per year and kept cost trends below benchmark
2. Medical tourism offers members a travel benefit to seek care outside of their region. This is generally to steer members to high quality, lower cost facilities. Members are often reimbursed for travel expenses.
3. Source: 2016 Willis Towers Watson Best Practices in Health Care Employer Survey. Implementation of high-performance/narrow networks category based on 2016 Best Practices in Health Care Survey Results

Draft strategic framework

GHIP mission statement

Updated based on SEBC feedback – *mission statement alternative*

Original Mission Statement

Offer State of Delaware employees, retirees and their dependents access to healthcare that produces high quality outcomes at an affordable cost while promoting individual accountability.

Mission Statement Updated with Chief Justice Input

Offer State of Delaware employees, retirees and their dependents access to high quality healthcare that produces good outcomes at an affordable cost, promotes healthy lifestyles, and helps them be smarter consumers.

GHIP mission statement

Updated based on SEBC feedback – *addition of value statements*

Offer State of Delaware employees, retirees and their dependents access to healthcare that produces high quality outcomes at an affordable cost while promoting individual accountability.

The SEBC could consider removing "while promoting individual accountability," and instead, incorporate "core values" to drive accountability, among other core initiatives

Illustrative Core Values

Core Value	Definition
Be Transparent	*Sample:* Engagement in open and honest communication with stakeholders
Use a Team Approach	
Be Accountable	
Be Fiscally responsible	
Embrace Innovation and Drive Change	
Provide Value-Added Health Benefits	

Proposed GHIP goals

Tied to the GHIP mission statement

Mission Statement:

Original:
Offer State of Delaware employees, retirees and their dependents ***access to healthcare*** *that produces* ***high quality outcomes…***

Chief Justice Edit:
Offer State of Delaware employees, retirees and their dependents ***access to high quality healthcare*** *that produces* ***good outcomes…***

at an ***affordable cost****…*

Original:
while ***promoting individual accountability****.*

Chief Justice Edit:
promotes healthy lifestyles, *and helps them be* ***smarter consumers.***

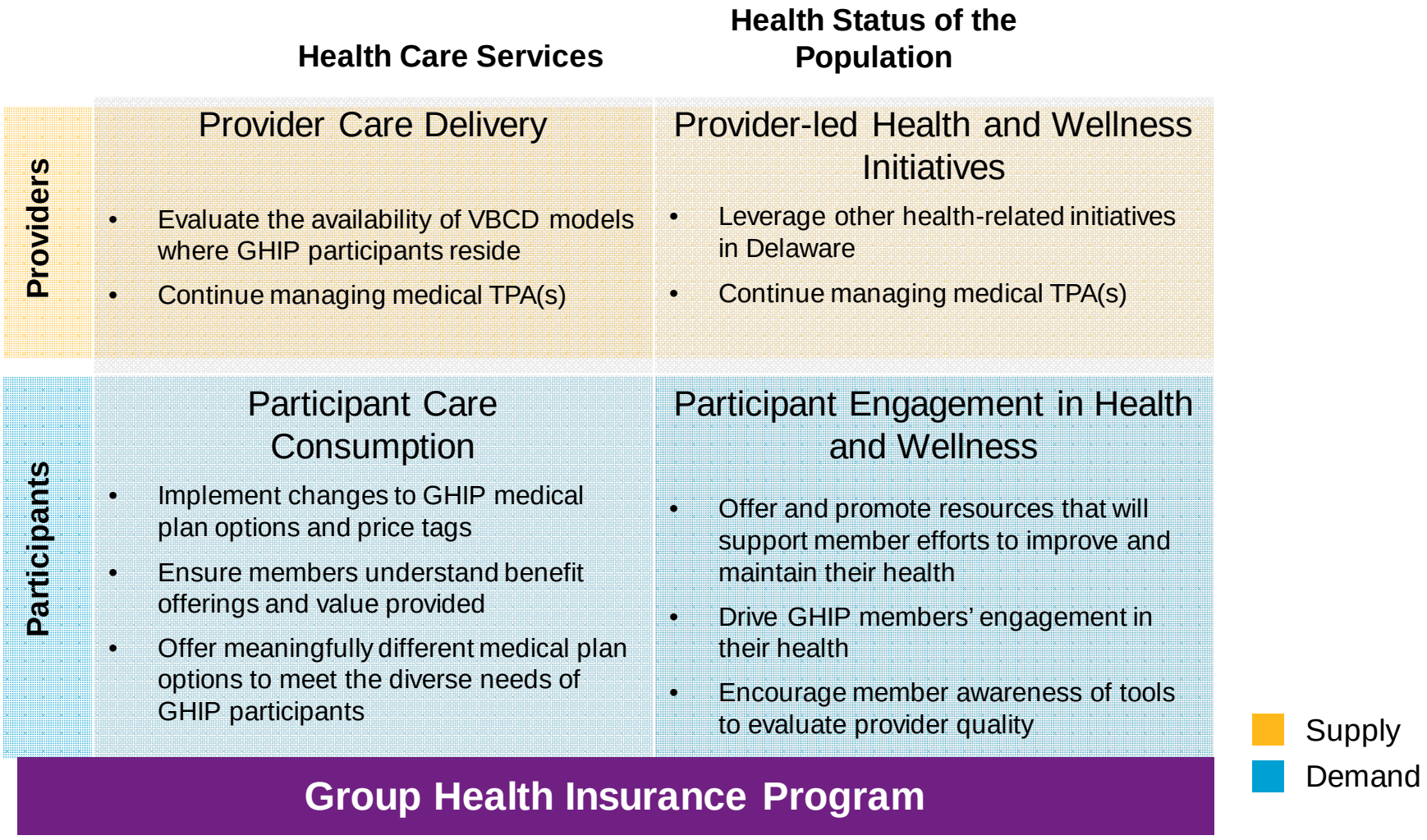
Goals:

- Addition of at least net 1 value-based care delivery (VBCD) model by end of FY2018
- Reduction of gross GHIP medical and prescription drug trend by 2% by end of FY2020[1]
- GHIP membership enrollment in a consumer-driven or value-based plan exceeding 25% of total population by end of FY2020[2]

[1] Gross trend is inclusive of total increase to GHIP medical plan costs (both "employer" and "employee")
[2] Note: To drive enrollment at this level, the State will need to make plan design and employee contribution changes that may require changes to the Delaware Code.

Framework for the health care marketplace

Proposed GHIP strategies



Multi-year framework

Goal	To prepare for 2018 and beyond (7/1/16 – 6/30/2017)	To prepare for 2019 and beyond (7/1/17 – 6/30/2018)	To prepare for 2020 and beyond (7/1/18 – 6/30/2019)
Addition of at least 1 value-based care delivery (VBCD) model by end of FY2018	★ Evaluate local provider capabilities to deliver VBCD models via medical third party administrator (TPA) RFP • State-sponsored Health Clinic Request for Information (RFI) ★ Implementation of VBCD models from RFP (including COEs) • Evaluation of clinical data to implement more value-based chronic disease programs ★ Promote medical plan TPAs' provider cost/quality transparency tools	★ Implementation of VBCD models from RFP (including COEs) • Look for leveraging opportunities with the DCHI and DHIN to partner on promotion of value based networks (including APCD initiative) • Identify opportunities to partner and encourage participation in VBCD models using outside vendors, TPAs and DelaWELL • Educate GHIP population on other provider quality tools from CMS, Health Grades, Leapfrog, etc.	• Continue to monitor and evaluate VBCD opportunities
Reduction of gross GHIP medical and prescription drug trend by 2% by end of FY2020	★ Negotiate strong financial performance guarantees ★ Select vendor(s) with most favorable provider contracting arrangements ★ Select vendor(s) that can best manage utilization and population health ★ Evaluate bidder capabilities surrounding Centers of Excellence via medical TPA RFP • Educate GHIP members on the importance of preventive care and the State's preventive care benefits (covered at 100% in-network) ★ Evaluate vendor capabilities surrounding UM/DM/CM* via medical TPA RFP • Evaluate feasibility of reducing plan options and/or replacing copays with coinsurance* • Educate GHIP members on lower cost alternatives to seek care outside of the emergency room (i.e., telemedicine, urgent care centers, retail clinics) • Evaluate incentive opportunities through incentive-based activities and/or challenges • Change certain plan inequities, e.g., double state share and Medicfill subsidy*	★ Explore and implement medical TPA programs, such as tiered pricing for lab services, high cost radiology UM* and other medical and Rx UM programs, where necessary • Explore avenues for building "culture of health" statewide • Continuation of education of GHIP members on the importance of preventive care and the State's preventive care benefits (covered at 100% in-network) • Continuation of education of GHIP members on lower cost alternatives to seek care outside of the emergency room (i.e., telemedicine, urgent care centers, retail clinics) • Continuation of the evaluation of feasibility of reducing plan options and/or replacing copays with coinsurance—based on emerging market and value-based design*	★ Explore and implement medical TPA programs, such as tiered pricing for lab services, high cost radiology UM* and other medical and Rx UM programs, where necessary • Continuation of education of GHIP members on the importance of preventive care and the State's preventive care benefits (covered at 100% in-network) • Continuation of education of GHIP members on lower cost alternatives to seek care outside of the emergency room (i.e., telemedicine, urgent care centers, retail clinics) • Continuation of the evaluation of feasibility of reducing plan options and/or replacing copays with coinsurance—based on emerging market and value-based design*
GHIP membership enrollment in a consumer-driven or value-based plan exceeding 25% of total population by end of FY2020	• Launch healthcare consumerism website • Roll out and promote SBO consumerism class to GHIP participants ★ Evaluate recommendations for creative ways to drive engagement and participation in consumer driven health plans via medical TPA RFP through leveraging vendor tools and technologies	• Offer a medical plan selection decision support tool (e.g., Truven's "My Benefits Mentor" tool) ★ Promote cost transparency tools available through medical TPA(s) • Evaluate feasibility of offering incentives for engaging in wellness activities	• Change medical plan designs and employee/retiree contributions to further differentiate plan options* • Change the number of medical plans offered*

*May require changes to the Delaware Code

★ Denotes activity through TPA RFP process

Next steps

- Confirm GHIP goals, strategies and tactics
- Move forward with 2018 planning, incorporating incremental steps to drive strategic framework forward, inclusive of RFP decision
- Continued revisiting of strategic framework to ensure goals, strategies and tactics are still relevant

Appendix

About the 20th Annual Survey

487

Employers (with at least 1,000 employees) responded

15.1M

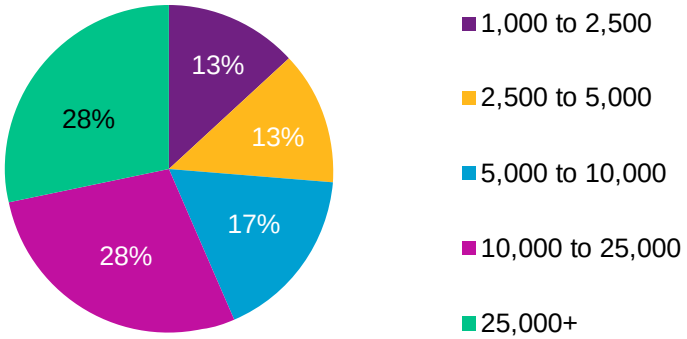
Respondents employ 15.1 million **full-time employees**

12M

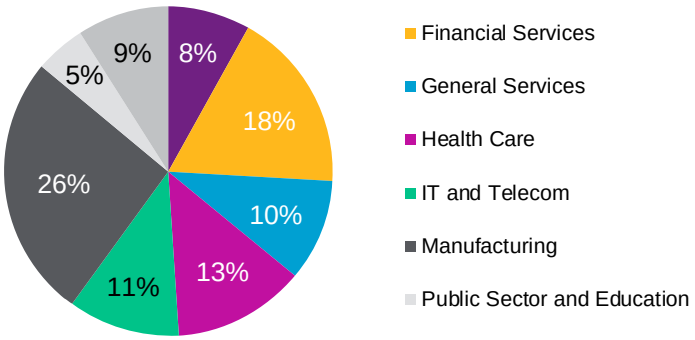
Respondents have 12 million **employees enrolled** in their health care programs

- Survey data collected between June and July 2015

Number of full-time workers employed by respondents



Industry groups



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Proposed GHIP strategies and tactics

Goal: Addition of at least net 1 value-based care delivery (VBCD) model by end of FY2018

	Strategies	Tactics
Supply	**Evaluate the availability of VBCD models where GHIP participants reside**	Evaluate local provider capabilities to deliver VBCD models via medical third party administrator (TPA) RFP
		Implementation of VBCD models from RFP (including COEs)
		State-sponsored Health Clinic Request for Information (RFI)
		Evaluation of clinical data to implement more value-based chronic disease programs
	Leverage other health-related initiatives in Delaware to drive better outcomes	Look for leveraging opportunities with the DCHI and DHIN to partner on promotion of value based networks (including APCD initiative)
		Identify opportunities to partner and encourage participation in value-based care delivery model using outside vendors, TPAs and DelaWELL
Demand	**Encourage member awareness of tools to evaluate provider quality**	Promote medical plan TPAs' provider cost/quality transparency tools
		Educate GHIP population on other provider quality tools from CMS, Health Grades, Leapfrog, etc.

Value-based Care Delivery (VBCD) Models

- Center of Excellence (COE)
- High Performance Network (HPN) and Narrow Networks
- Advanced Primary Care / Patient-centered Medical Home (PCMH)
- Accountable Care Organization (ACO)

Proposed GHIP strategies and tactics

Goal: Reduction of gross GHIP medical and prescription drug trend by 2% by end of FY2020

	Strategies	Tactics
Supply	Continue managing medical TPA(s)	Negotiate strong financial performance guarantees
		Select vendor(s) with most favorable provider contracting arrangements
		Select vendor(s) that can best manage utilization and population health
Demand	Implement changes to GHIP medical plan options and pricetags	Evaluate bidder capabilities surrounding Centers of Excellence via medical TPA RFP
		Explore and implement medical TPA programs, such as tiered pricing for lab services, high cost radiology UM* and other medical and Rx UM programs, where necessary
		Evaluate feasibility of reducing plan options and/or replacing copays with coinsurance
		Change certain plan inequities, e.g., double state share and Medicfill subsidy
	Offer and promote resources that will support member efforts to improve and maintain their health	Educate GHIP members on the importance of preventive care and the State's preventive care benefits (covered at 100% in-network)
		Evaluate vendor capabilities surrounding UM/DM/CM* via medical TPA RFP
		Promote wellness tools and resources available through the GHIP medical TPA(s) (e.g., tobacco cessation, DelaWELL resources)
		Educate GHIP members on lower cost alternatives to seek care outside of the emergency room (i.e., urgent care centers, retail clinics, telemedicine)
		Evaluate incentive opportunities through incentive-based activities and/or challenges
		Explore avenues to building of "culture of health" statewide

*UM = Utilization Management | DM = Disease Management | CM = Case Management

Proposed GHIP strategies and tactics

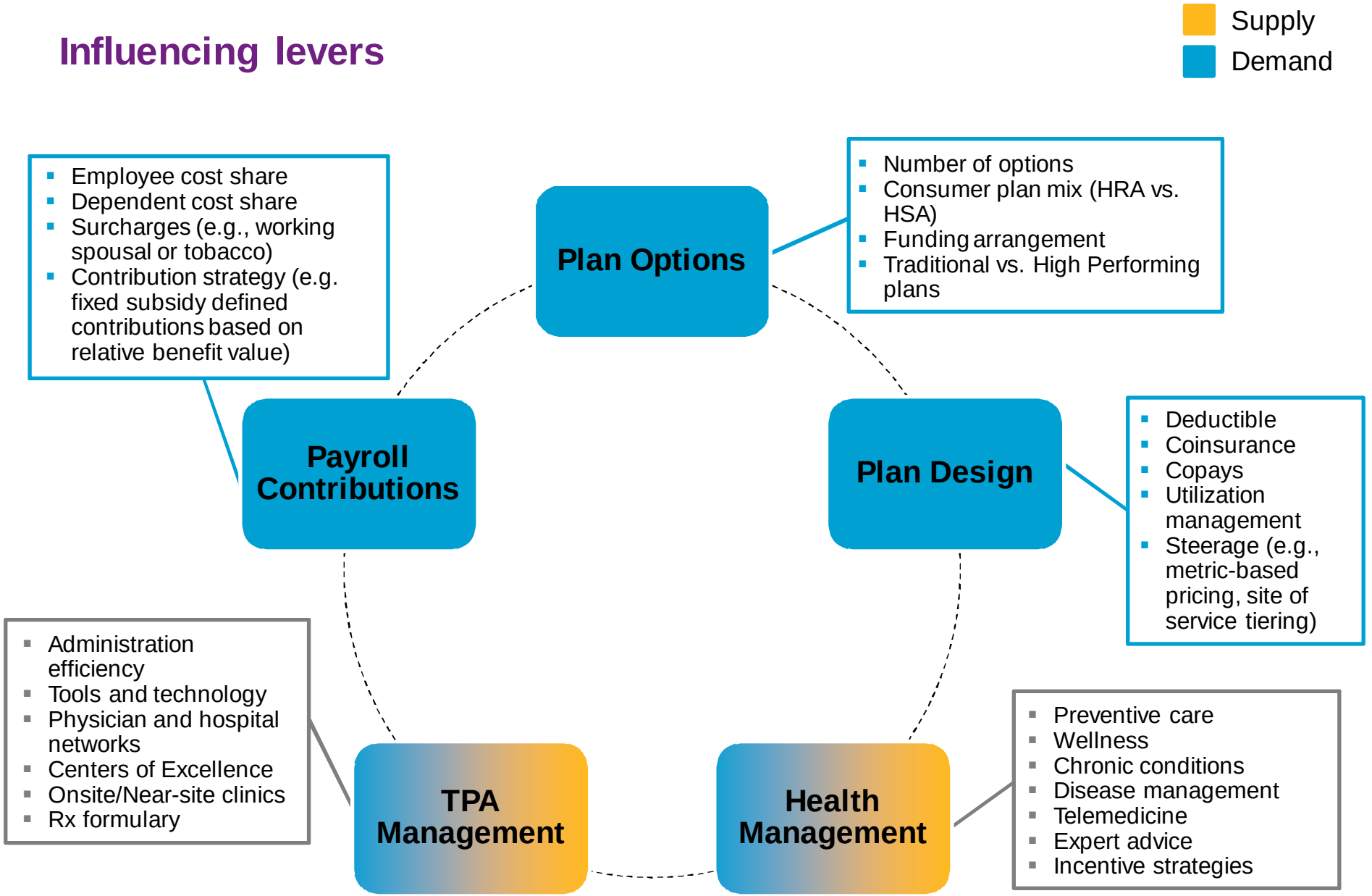
Goal: GHIP membership enrollment in a consumer-driven or value-based plan exceeding 25% of total population by end of FY2020

Demand

Strategies	Tactics
Ensure members understand benefit offerings and value provided	Launch healthcare consumerism website
	Roll out and promote SBO consumerism class to GHIP participants
	Offer a medical plan selection decision support tool (e.g., Truven's "My Benefits Mentor" tool)
	Promote cost transparency tools available through medical TPA(s)
Offer meaningfully different plan options to meet the diverse participant needs	Change medical plan designs and employee/retiree contributions to further differentiate plan options*
	Change the number of medical plans offered*
	Communicate plan offerings, in conjunction with decision support tool to guide members into appropriate plans
Drive GHIP members' engagement in their health	Evaluate recommendations for creative ways to drive engagement and participation in consumer driven health plans via medical TPA RFP through leveraging vendor tools and technologies
	Evaluate feasibility of offering incentives for engaging in wellness activities

*May require changes to the Delaware Code

Influencing levers



Confines of strategic development

Requirement of legislation

Potential tactic to address strategy	Illustrative example(s)	Requires legislative change?
Traditional plan design changes	Increase deductible by $100	No
Non-traditional plan design changes	Implement reference-based pricing Add a third coverage tier for a narrow network	No
Adding a new medical plan	Adding CDHP/HSA or adding a PPO option that has a narrow network	No*
Removing a plan option specified by the Delaware Code	Removing the First State Basic plan	Yes**
Freezing enrollment in a medical plan	1. Freeze to new entrants 2. Freeze to new hires	Yes
Adding a vendor	Wellness vendor or engagement vendor	No
Adjustments in employee cost share	Increasing the payroll contribution for an employee from 12% to 15%	Yes
Adjustments in dependent cost share	Increasing the dependent cost sharing by 10%	Yes
Addition of surcharges	1. Add a tobacco and/or spousal surcharge 2. Wellness “dis-incentive” for non-participation	Yes
Addition of an incentive program	Paying an employee $100 to get their biometric screening from their PCP	No
Implement a medical or Rx utilization management programs	1. Implement high cost radiology management program 2. Discontinue coverage of certain high cost specialty drugs and/or compound drugs	No

*Procurement would be involved in reviewing any amendments to vendor contracts for the new plan(s). Additionally, cost share would have to fit within one of the existing plans to avoid legislative change.
**May require legal input regarding Delaware Code.

Note: *Italicized* words refer to other terms defined in this glossary.

State of Delaware health care initiatives

Terminology	Acronym	Explanation	Goal
All Payers' Claims Database	APCD	A large scale database created by state mandate that systematically collects medical claims, pharmacy claims, dental claims (typically, but not always), and eligibility and provider files from private and public payers. The Governor of Delaware recently signed an APCD into law.	To fill critical information gaps for state agencies, to support health care and payment reform initiatives, and to address the need for transparency in health care at the state-level to support consumer, purchaser, and state agency reform efforts. Additionally, to provide comprehensive, multipayer data that allows the state and other stakeholders to understand the cost, quality, and utilization of health care for their citizens.
Delaware Center for Health Innovation	DCHI	Created to develop, facilitate, and oversee the implementation of collaborative efforts aimed at transforming the delivery of health care services in the State. The DCHI has been convening stakeholders to establish goals for primary care transformation as a key element of *Delaware's Health Innovation Plan*.	To encourage payers to offer Total Cost of Care or Pay-for-Value models to primary care providers, to base outcomes measurement on quality and efficiency measures primarily from the DCHI Common Scorecard, and to support practice transformation and care coordination to help PCPs to be successful in outcomes-based payment models.
Delaware Health Information Network	DHIN	The State of Delaware's *Health Information Exchange (HIE)*. One of the most advanced *Health Information Exchanges* (HIE) in the country, DHIN has a high rate of adoption among providers and hospitals and communicates lab findings and imaging reports along with hospital Admission Discharge Transfer reports and medication history.	To give providers an enhanced patient view to improve efficiency and effectiveness of care.

Note: *Italicized* words refer to other terms defined in this glossary.

State of Delaware health care initiatives

Terminology	Acronym	Explanation	Goal
DelaWELL Health Management Program	DelaWELL	The DelaWELL Health Management Program is designed through the State of Delaware and Aetna to address specific health and wellness needs. The program reflects the State's commitment to healthy lifestyles. Eligible participants include benefit-eligible employees (state agency, school district, charter school, higher education and participating groups), state non-Medicare eligible pensioners, and their spouses and dependents over the age of 18 who are currently enrolled in a State of Delaware Group Health Plan. While there are no cash incentives (the reward is good health) for participation, and participation in DelaWell is voluntary, it is strongly encouraged.	Through wellness and disease management programs, DelaWELL aims to help participants become more involved in their health and make real health improvements. By encouraging participants to be proactive about wellness, engage in preventive care, control chronic conditions, and be a wise health care consumer, the State hopes to control health care costs.
Health Information Exchange	HIE	The electronic movement of health-related information among organizations which allows doctors, nurses, pharmacists, other health care providers and patients to appropriately access and securely share a patient's vital medical information electronically—improving the speed, quality, safety and cost of patient care.	To allow health care professionals to collaborate in delivering the best possible care to patients. This electronic collaboration can improve the completeness of patient's records, (which can have a big effect on care), as past history, current medications and other information is jointly reviewed during visits.
Healthy Neighborhood Campaign	n/a	A program supported by the Delaware Center for Health Innovation (DCHI) that will design and implement locally tailored solutions to some of the State's most pressing health needs including: healthy lifestyles, maternal and child health, mental health and addiction, and chronic disease and prevention. The State has been split up into ten Healthy Neighborhoods and three local Healthy Neighborhoods councils will be launched during 2016.	To bring local communities together to harness the collective resources of all of the organizations in their community to enable healthy behavior, improve prevention, and enable better access to primary care for their residents.

Note: *Italicized* words refer to other terms defined in this glossary.

National health care initiatives

Terminology	Acronym	Explanation	Goal
Medicare Shared Savings Program	MSSP	Established by the Affordable Care Act, the Medicare Shared Savings Program is a key component of the Medicare delivery system reform initiatives included in the Affordable Care Act and is a new approach to the delivery of health care which includes facilitating coordination and cooperation among providers to improve the quality of care for Medicare Fee-For-Service beneficiaries and reduce unnecessary costs. Eligible providers, hospitals, and supplier may participate in the program by creating or participating in ACOs. The Program will reward ACOs that lower their growth in health care costs while meeting performance standard on quality of care and putting patients first. Participation in an ACO is purely voluntary.	To improve beneficiary outcomes and increase value of care by providing better care for individuals, better health for populations, and lowering growth in expenditures by reducing unnecessary costs.
State Health Care Innovation Plan	SHCIP	Developed by the State in February 2013 after being awarded a *SIM* grant, the program develops and implements a plan for broad-based health system transformation including new payment and delivery models. This health transformation will be organized into six work streams: delivery system, population health, payment model, data and analytics, workforce, and policy.	To improve the health of Delawareans, improve the patient experience of care, and reduce health care costs.
State Innovation Models	SIM	A national grant program administered by the Center for Medicare and Medicaid Innovation to support states to move toward value-based payment models and to improve population health. The State was awarded a "design grant" in February 2013 to fund the development of the *State Health Care Innovation Plan* and received an additional grant in July of 2014 to support the implementation and testing of the *State Health Care Innovation Plan*.	To encourage states to move towards value-based payment models in order to reduce unnecessary costs while improving population health.

Desired end state

Mission Statement

- Statement articulating GHIP purpose
- Varying level of specificity (can be a single statement or multiple bulleted missions)
- *Example: "Offer State of Delaware employees and retirees access to care that produces high quality outcomes at an affordable cost"*

Program Goals

- Provides an outline of what the GHIP strives to accomplish over the 3-5 year time period
- Goals will be SMART (Specific, Measureable, Attainable, Relevant and Time-bound)
- *Example: "GHIP employee enrollment in a consumer-driven health plan exceeding 25% of total population by EOY 2019"*

Strategies

- Advances the goals
- Strategies will tie specifically to goals (each may advance >1 goal)
- *Example: "Utilize incentives (financial or otherwise) to drive behavior change"*

Tactics

- Action-items intended to advance a specific strategy
- Tactics are a means of achieving program goals through furthering specific strategies
- *Example: "Health Insurance Request-for-Proposal"*

Desired end state includes all four components above and should be revisited on an ongoing basis to ensure continued applicability based on GHIP objectives and experience