

The State of Delaware

Planning for FY2018

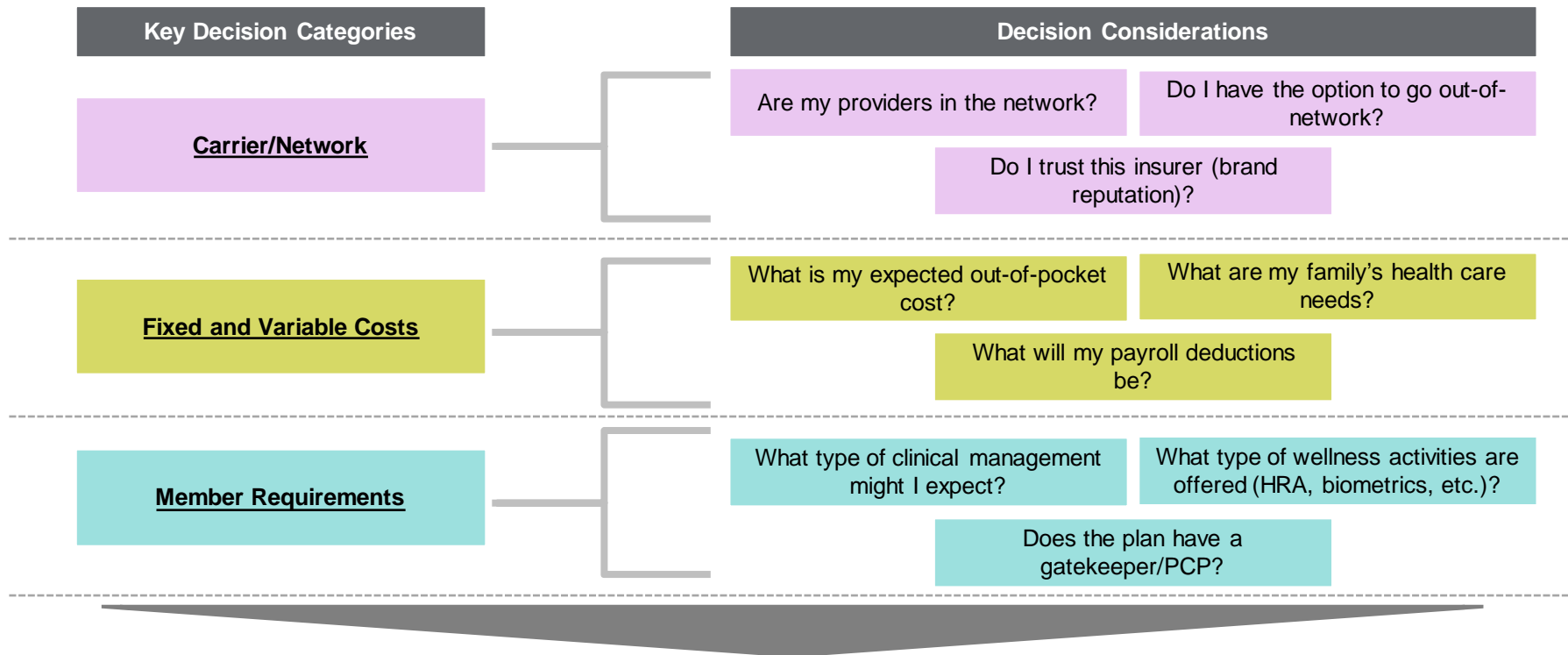
January 23, 2017

Agenda

- GHIP Member Decision Matrix
- Willis Towers Watson's Vision for the GHIP
- Calendar of Tactics for 2017

GHIP – member decision matrix

- At the point of enrollment, GHIP members have an opportunity to select a plan that best aligns with their current life situation



The open enrollment period is the time during which these key decision categories will be relayed to the member with an **Active Enrollment being an effective way of engaging members**

A robust decision support tool will guide members through a series of customized and personalized questions to help steer them to the best suited plan

Willis Towers Watson's vision for GHIP

- Although the Delaware healthcare market is changing (as evidenced by the introduction of value-based care delivery models), below highlights WTW's vision for the GHIP

Attribute	Key Elements
Designed for simplicity	<ul style="list-style-type: none"> Streamlined, efficient benefit and vendor structure Meaningful choice/differentiation among plan options Transparency and simplicity in employee contribution structure
Utilization of account-based health care to support broader health care strategy	<ul style="list-style-type: none"> Promotion of account-based health plans to promote shared responsibility and employee accountability Health Savings Account (HSA) approach supports employee funding of future retiree medical expenses
Movement towards value-based care¹	<ul style="list-style-type: none"> Value-based care delivery (VBCD) models as standalone and/or embedded products within plans
Measurement of results²	<ul style="list-style-type: none"> Analyze data in an integrated manner to review financial metrics and key cost drivers (clinical in nature)
Promotion of health and wellness initiatives²	<ul style="list-style-type: none"> Focus on preventive care services to impact long-term health care costs Provide employees with access to health and wellness programs such as weight management, tobacco cessation and biometric screenings An engaged workforce that is educated on how to participate in the GHIP as smart consumers

¹ Value Based Care within Delaware is evolving.

² Initiatives already in place – will continue to evolve.

Willis Towers Watson's vision for GHIP

Attribute	Key Elements	
Designed for simplicity	<ul style="list-style-type: none"> Streamlined, efficient benefit and vendor structure Meaningful choice/differentiation among plan options Transparency and simplicity in employee contribution structure 	
Potential Future State	Aligned with FY18 or Future Planning?	Current Direction
Offer three meaningfully different plan offerings – HMO with ACO, broad network PPO, CDH	Aligned	SBO is evaluating potential plan design changes for FY18 that will further differentiate the existing HMO, PPO and CDH plan offerings. Utilization of Aetna AIM (CareLink) will incorporate care coordination and risk sharing for those enrolled in the HMO.
Establish one vendor per plan (administrative efficiency)	Aligned	<ul style="list-style-type: none"> SEBC has approved eliminating certain plans offered by both medical vendors for FY18. Current plan offerings and vendor selection for FY18: <ul style="list-style-type: none"> Aetna HMO with AIM Aetna CDHP with HRA Highmark PPO* Highmark First State Basic* Highmark POS (closed group)* Highmark Medicfill* <p>*Highmark plans have access to True Performance (i.e., high performing, cost efficient) providers and the Aledade ACO.</p>
Establish medical plan price tags for employees/pensioners that are based on the actuarial value of the plans and are aligned with the State's enrollment goals	Somewhat Aligned	<ul style="list-style-type: none"> For future discussion with the SEBC Future opportunity to consider changes to certain plan inequities, e.g., double state share, Medicfill subsidy
Offer a decision support tool during open enrollment to help GHIP members make an informed choice about which medical plan may best meet members' individual needs	Aligned	<ul style="list-style-type: none"> SBO is implementing Truven's "My Benefits Mentor" tool for FY18 Open Enrollment SBO promotion of an active enrollment to encourage engagement in the plan selection process

Willis Towers Watson's vision for GHIP

Attribute	Key Elements	
Utilization of account-based health care to support broader health care strategy	<ul style="list-style-type: none"> Promotion of account-based health plans to promote shared responsibility and employee accountability Health Savings Account (HSA) approach supports employee funding of future retiree medical expenses 	
Potential Future State	Aligned with FY18 or Future Planning?	Current Direction
Introduce CDHP/HSA option alongside or in replacement of CDHP/HRA option (administered by same vendor)	Somewhat Aligned	SBO is evaluating all aspects of offering a CDHP/HSA option for FY18 (i.e., plan design options, cost impact to members and the State, impact to enrollment across all plans, impact if replacement for CDHP/HRA)
Promote shared responsibility and additional employee accountability by incorporating design provisions into non-CDH plans (e.g., coinsurance) more broadly	Somewhat Aligned	SBO is evaluating various plan design features (e.g., coinsurance) to promote greater consumer activation in the HMO and PPO plans for FY18

Willis Towers Watson's vision for GHIP

Attribute	Key Elements	
Movement towards value-based care¹	<ul style="list-style-type: none"> Value-based care delivery (VBCD) models as standalone and/or embedded products within plans 	
Potential Future State	Aligned with FY18 or Future Planning?	Current Direction
<p>Consider opportunities to leverage VBCD innovations within the local community, including:</p> <ul style="list-style-type: none"> Aetna AIM model, which is the most financially evolved VBCD due to risk sharing arrangement with Christiana Care Aetna and Highmark broad PPO networks, which continue to evolve and increase payment share attributable VBCD models (i.e., advanced primary care, centers of excellence, Aetna Aexcel providers, Highmark True Performance providers) 	Aligned	<ul style="list-style-type: none"> The State is taking advantage of these opportunities by selecting Aetna to administer the HMO plan and the CDHP with HRA (i.e., uses Aetna's broad PPO network of providers) and Highmark to administer the Comprehensive PPO (i.e., access to Highmark True Performance providers) SBO is evaluating potential plan design changes to steer members toward emerging VBCD innovations in each medical vendor's provider network SBO will be conducting an onsite clinic RFI as another mechanism for leveraging provider innovation in the marketplace Future opportunities for consideration by the SBO include: <ul style="list-style-type: none"> Evaluating the feasibility of offering incentives to promote greater utilization of VBCD models Evaluating opportunities with the DCHI, DHIN and other outside vendors to partner on promotion of VBCD models
Promote steerage toward in-network, high performing and cost efficient providers (through communications/education, provider search tools)	Somewhat Aligned	<ul style="list-style-type: none"> FY17 plan design changes to promote steerage to most appropriate providers: urgent care copay reductions to PCP for HMO & PPO plans; freestanding hi-tech imaging copay reduction to \$0 SBO consumerism course (launched in Fall 2016) provides education on how to select in-network, high performing providers SBO is evaluating future opportunities to further promote medical provider search tools and the importance of using high performing providers through member communications

Willis Towers Watson's vision for GHIP

Attribute	Key Elements	
Measurement of results ¹	<ul style="list-style-type: none"> Analyze data in an integrated manner to review financial metrics and key cost drivers (clinical in nature) 	
Potential Future State	Aligned with FY18 or Future Planning?	Current Direction
Establish baseline metrics and measure results against baseline on a quarterly basis	Aligned	<p>SBO working with Aetna and Highmark to enhance existing reports and performance metrics to measure the effectiveness of the following:</p> <ul style="list-style-type: none"> VBCD innovations that are built into both vendors' provider networks Clinical management programs that each vendor is providing to the State to manage the health of the covered population
Adjust future state strategy continually based on emerging data	Aligned	<ul style="list-style-type: none"> SBO is evaluating clinical data to support plan design changes and value-based chronic disease programs

¹ Initiative already in place – will continue to evolve.

Willis Towers Watson's vision for GHIP

Attribute	Key Elements	
Promotion of health and wellness initiatives¹	<ul style="list-style-type: none"> Focus on preventive care services to impact long-term health care costs Provide employees with access to health and wellness programs such as weight management, tobacco cessation and biometric screenings An engaged workforce that is educated on how to participate in the GHIP as smart consumers 	
Potential Future State	Aligned with FY18 or Future Planning?	Current Direction
Leverage vendor tools and capabilities to increase preventive care utilization, improve compliance with chronic condition management, and drive engagement in health and wellness programs	Aligned	SBO is evaluating the effectiveness of FY18 care management programs provided by each medical vendor in an effort to extract maximum value, leading to improved health outcomes such as those listed to the left (e.g., increase preventive care, improve compliance and drive engagement in health management programs)
Use communication credits offered by bidders in the medical TPA RFP to fund an ongoing educational campaign to increase member awareness and utilization of preventive care benefits, lifestyle management programs (e.g., weight management, tobacco cessation) and disease management programs	Somewhat Aligned	Future opportunity for the SEBC to explore avenues for building a “culture of health” statewide
Continue to promote health and wellness by expanding upon the consumerism course launched by the SBO in the Fall 2016	Somewhat Aligned	Opportunity for the SBO to expand upon the consumerism course or offer to a broader audience (i.e., spouses, participating groups). Expansion can include additional communication mediums.

¹ Initiative already in place – will continue to evolve.

Calendar of GHIP tactics – CY2017

Goals:

- Addition of at least net 1 VBCD model by end of FY2018
- Reduction of gross GHIP trend by 2% by end of FY2020
- ▲ Enrollment in a CDHP or value-based plan >25% by end of FY2020

Tactics to support GHIP strategic framework	GHIP Goals	Fiscal Year 2017						Fiscal Year 2018						Location of Program Change Detail:
		Calendar Year 2017												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
FY2018 Program Changes														
Evaluate changes to steer members toward VBCD models*	■ ○ ▲													Page 6
Evaluate clinical data to support plan design changes and value-based chronic disease programs	■													Page 6
Evaluate feasibility of reducing plan options and/or replacing copays with coinsurance	○													Pages 4, 5
Evaluate incentive opportunities	○													Page 6
Change certain plan inequities (double state share, Medicaid subsidy)	○													Page 4
State-sponsored Health Clinic RFI	■													Page 6
FY2019 Program Changes														
Continue to evaluate opportunities with the DCHI and DHIN to partner on promotion of value based networks (including APCD initiative)	■													Page 6
Continue to evaluate opportunities to partner and encourage participation in VBCD models using outside vendors (including Truven), TPAs and DelaWELL	■													Page 6
Explore avenues for building “culture of health” statewide	○													Page 8
Evaluate and implement medical TPA programs to manage utilization and cost, where necessary (i.e., tiered lab pricing)	○													
Evaluate additional plan changes to steer members toward VBCD models	■ ○ ▲													

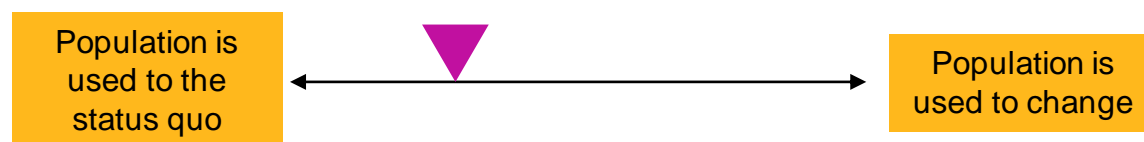
■ Activity period ▨ Activity if opportunities are identified or if time/bandwidth permits

* This category encompasses many activities driven by medical TPA RFP (as noted by star icons on previous page)
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Default enrollment option

- The decision of what to make as the default enrollment option for members currently enrolled in the Highmark HMO and the Highmark CDH Gold plans depends on several factors, and where the State falls on the continuum of each

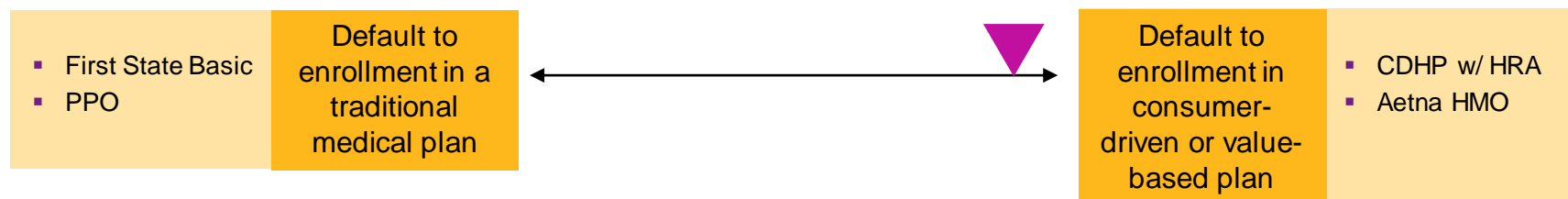
Likelihood of employee action



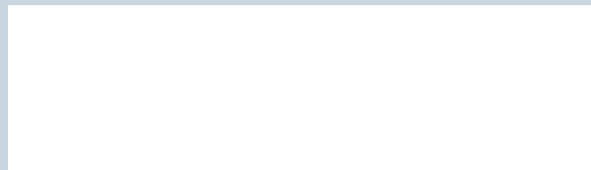
Commitment to communications



Tolerance for disruption



Appendix



Willis Towers Watson's vision for GHIP

- Although the Delaware healthcare market is changing (as evidenced by the introduction of value-based care delivery models), below highlights WTW's vision for the GHIP

Attribute	Key Elements	Potential Future State
Designed for simplicity	<ul style="list-style-type: none"> Streamlined, efficient benefit and vendor structure Meaningful choice/differentiation among plan options Transparency and simplicity in employee contribution structure 	<ul style="list-style-type: none"> Offer three meaningfully different plan offerings – HMO with ACO, broad network PPO, CDH Establish one vendor per plan (administrative efficiency) Establish pricing equity for active medical plans, i.e., the State is agnostic about members' plan selection Offer a decision support tool during open enrollment to help GHIP members make an informed choice about which medical plan may best meet members' individual needs
Utilization of account-based health care to support broader health care strategy	<ul style="list-style-type: none"> Promotion of account-based health plans to promote shared responsibility and employee accountability Health Savings Account (HSA) approach supports employee funding of future retiree medical expenses 	<ul style="list-style-type: none"> Introduce CDHP/HSA option alongside or in replacement of CDHP/HRA option (administered by same vendor) Promote shared responsibility and additional employee accountability by incorporating design provisions into non-CDH plans (e.g., coinsurance) more broadly
Movement towards value-based care*	<ul style="list-style-type: none"> Value-based care delivery (VBCD) models as standalone and/or embedded products within plans 	<ul style="list-style-type: none"> Consider opportunities to leverage VBCD innovations within the local community, including: <ul style="list-style-type: none"> Aetna AIM model, which is the most financially evolved VBCD due to risk sharing arrangement with Christiana Care Aetna and Highmark broad PPO networks, which continue to evolve and increase payment share attributable VBCD models (i.e., advanced primary care, centers of excellence, Aetna Aexcel providers, Highmark True Performance providers) Promote steerage toward in-network, high performing providers (through communications/education, provider search tools)

*Value Based Care within Delaware is evolving.

Willis Towers Watson's vision for GHIP

- Although the Delaware healthcare market is changing (as evidenced by the introduction of value-based care delivery models), below highlights WTW's vision for the GHIP

Attribute	Key Elements	Potential Future State
Measurement of results*	<ul style="list-style-type: none"> Analyze data in an integrated manner to review financial metrics and key cost drivers (clinical in nature) 	<ul style="list-style-type: none"> Establish baseline metrics and measure results against baseline on a quarterly basis Adjust future state strategy continually based on emerging data
Promotion of health and wellness initiatives*	<ul style="list-style-type: none"> Focus on preventive care services to impact long-term health care costs Provide employees with access to health and wellness programs such as weight management, tobacco cessation and biometric screenings An engaged workforce that is educated on how to participate in the GHIP as smart consumers 	<ul style="list-style-type: none"> Leverage vendor tools and capabilities to increase preventive care utilization, improve compliance with chronic condition management, and drive engagement in health and wellness programs Use communication credits offered by bidders in the medical TPA RFP to fund an ongoing educational campaign to increase member awareness and utilization of preventive care benefits, lifestyle management programs (e.g., weight management, tobacco cessation) and disease management programs Continue to promote health and wellness by expanding upon the consumerism course launched by the SBO in the Fall 2016

*Initiatives already in place – will continue to evolve.

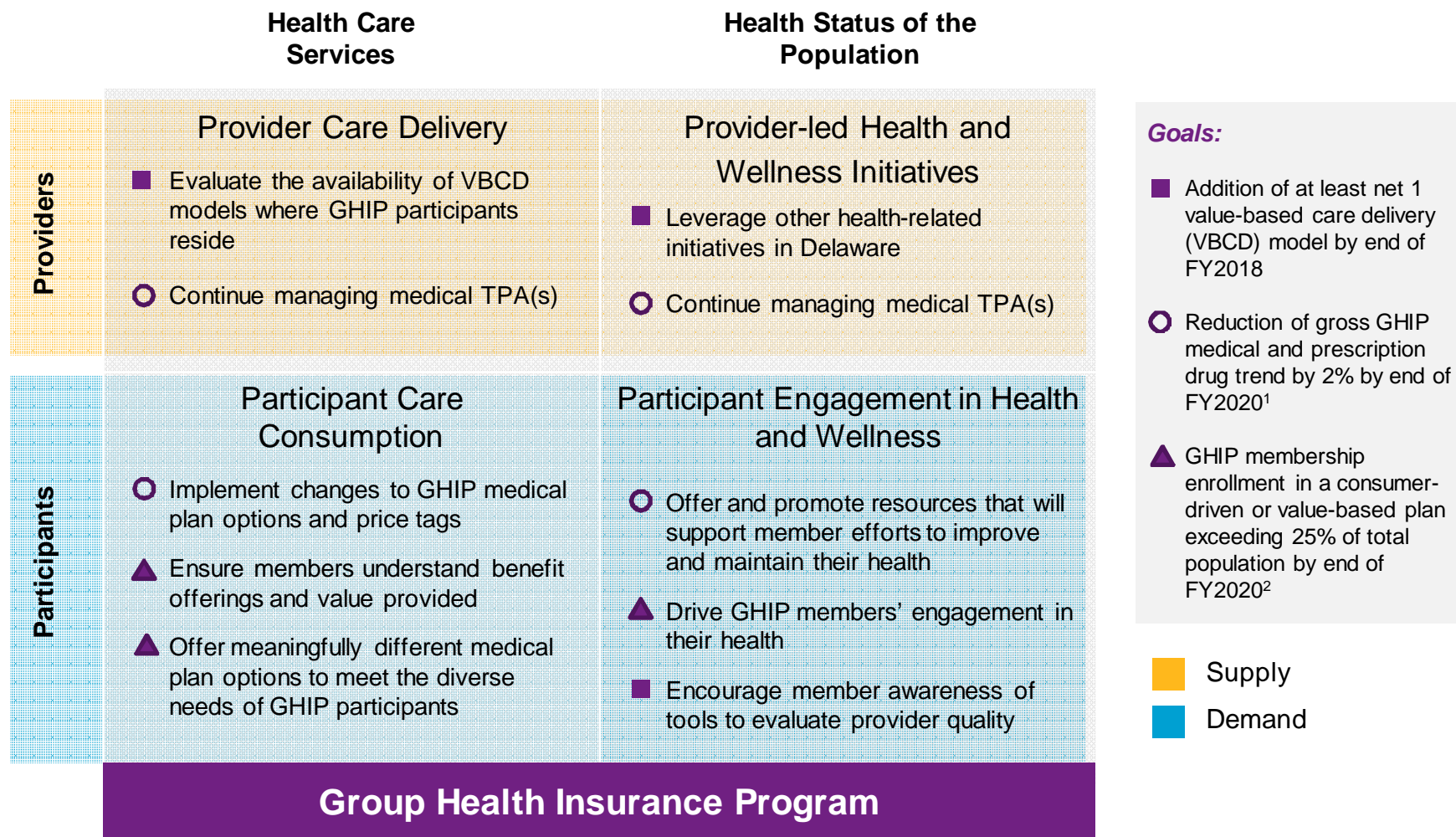
GHIP mission statement

Approved by SEBC

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

Framework for the health care marketplace

GHIP strategies – *Linked to GHIP goals*



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	<ul style="list-style-type: none"> ★ Evaluate local provider capabilities to deliver VBCD models via medical third party administrator (TPA) RFP <ul style="list-style-type: none"> State-sponsored Health Clinic Request for Information (RFI) ★ Implementation of VBCD models from RFP (including COEs) <ul style="list-style-type: none"> Evaluation of clinical data to implement more value-based chronic disease programs ★ Promote medical plan TPAs' provider cost/quality transparency tools 	<ul style="list-style-type: none"> ★ Implementation of VBCD models from RFP (including COEs) <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Continue to monitor and evaluate VBCD opportunities
Reduction of gross GHIP medical and prescription drug trend by 2% by end of FY2020	<ul style="list-style-type: none"> ★ 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 Medicaid subsidy* 	<ul style="list-style-type: none"> ★ 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* 	<ul style="list-style-type: none"> ★ 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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

Calendar of GHIP tactics – CY2017

Goals:

- Addition of at least net 1 VBCD model by end of FY2018
- Reduction of gross GHIP trend by 2% by end of FY2020
- ▲ Enrollment in a CDHP or value-based plan >25% by end of FY2020

Tactics to support GHIP strategic framework	GHIP Goals	Fiscal Year 2017						Fiscal Year 2018					
		Calendar Year 2017											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Communications / Decision Support													
Ongoing communications on:													
• Medical TPAs' provider cost/quality transparency tools	■												
• Importance of preventive care and the State's preventive care benefits	○												
• Lower cost alternatives to the emergency room	○												
• Continued promotion of consumerism website and online course	▲												
Educate GHIP population on other provider quality tools from CMS, Health Grades, Leapfrog, etc.	■												
Offer a medical plan selection decision support tool (e.g., Truven's "My Benefits Mentor" tool)	▲												
Administered by the SBO													
Implement PRC recommendations from medical TPA RFP that were approved by the SEBC for FY2018	■ ○ ▲												
Negotiate strong financial performance guarantees with medical TPAs	○												
Execute communication campaign topics noted above	■ ○ ▲												



Activity period



Activity if opportunities are identified or if time/bandwidth permits

Key observations

Demographics and plan highlights

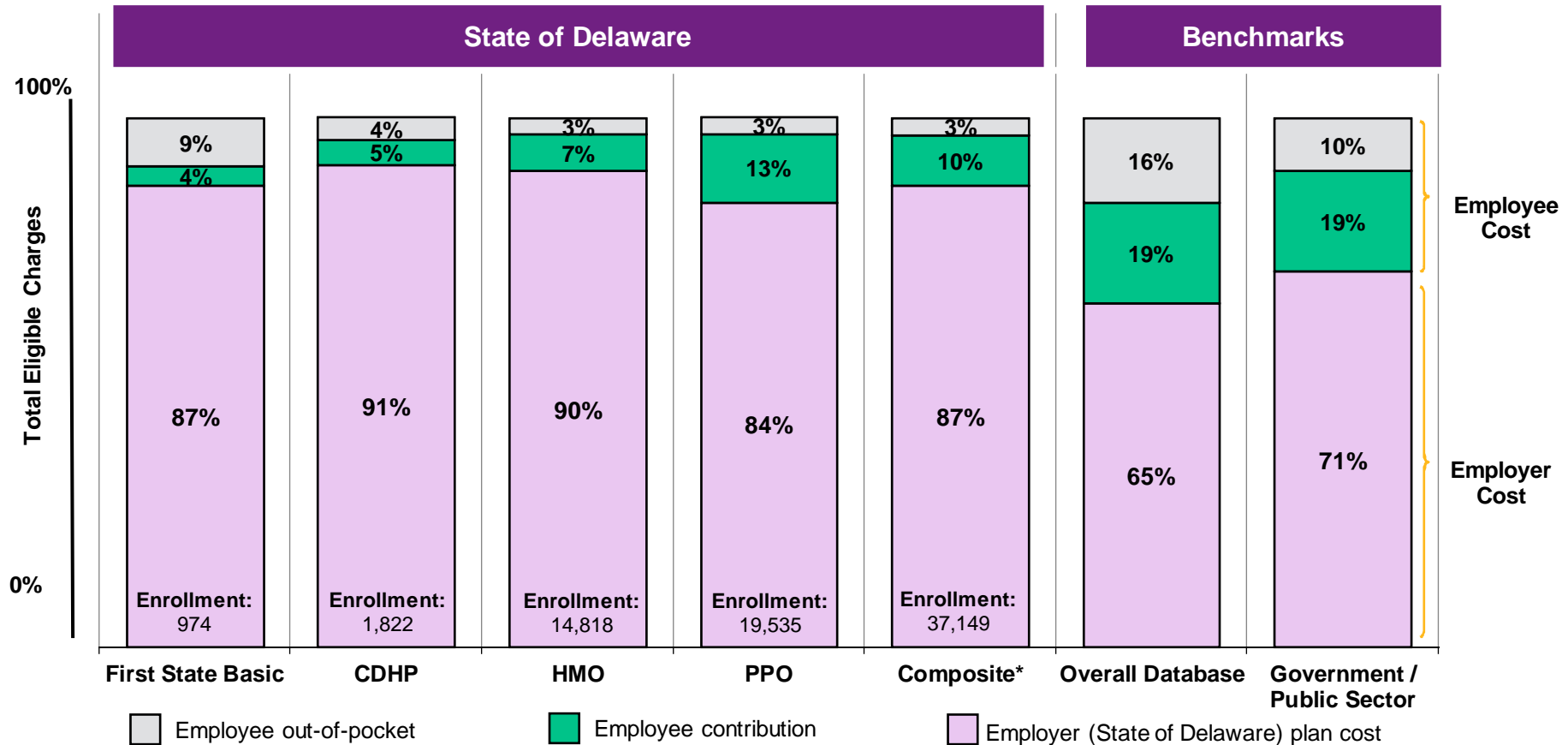
- The State of Delaware provides a fixed percentage subsidy for each plan (same percentage across plan tiers)
- Medical program subscribers are predominantly female
- The Comprehensive PPO and HMO plans have the highest enrollment
- 67% of Active and COBRA employees are over 40 years of age
- Only 36% of subscribers currently enrolled in employee only coverage
- 63% of the Post-65 retiree population are over 70 years of age
- Enrollees in the First State Basic and CDHP Gold plans are younger and more likely to have single coverage
- Enrollees in the Blue Select POS are older, predominantly male, and more likely to have single coverage

Active and COBRA Only	Highmark Comprehensive PPO	Highmark First State Basic	Highmark HMO	Aetna HMO	Highmark CDHP Gold	Aetna CDHP Gold	Highmark BlueSelect POS	Total
Enrollment	19,535	974	12,312	2,506	1,390	432	267	37,416
Average Age	46.2	39.1	45.6	45.0	42.4	40.5	52.9	45.6
% Female	63%	51%	60%	58%	60%	62%	16%	61%
% Single Coverage	35%	60%	32%	36%	46%	50%	56%	36%
Plan Cost Share (EE / State)	13% / 87%	4% / 96%	7% / 93%	7% / 93%	5% / 95%	5% / 95%	0% / 100%	10% / 90%

Total cost share

Medical/Rx benchmarking for active medical plans

- The graph below illustrates how costs are shared with employees and considers both plan design (variable cost when services are used) and employee contributions (fixed cost)



Note: Benchmark plans based on average employers in the Willis Towers Watson 2016 Financial Benchmarking Survey

* Composite includes First State Basic, CDHP, HMO and PPO plans. It excludes 267 actives enrolled in the POS plan.