

The State of Delaware

Centers of Excellence Administration for the GHIP

June 10, 2019

This document was prepared for the State of Delaware's sole and exclusive use and on the basis agreed by the State. It was not prepared for use by any other party and may not address their needs, concerns or objectives. This document should not be disclosed or distributed to any third party other than as agreed by the State of Delaware and Willis Towers Watson in writing. We do not assume any responsibility, or accept any duty of care or liability to any third party who may obtain a copy of this presentation and any reliance placed by such party on it is entirely at their own risk.

COE overview

A Center of Excellence (COE) is a medical facility and/or professional that has been identified as delivering high quality services and superior outcomes for specific procedures or conditions

- COEs may incorporate separate contracting arrangements for a predetermined set of services (e.g., bundled payments)
 - Plan design steerage to encourage use of COEs is optional
-
- Encouraging greater use of COEs is a tactic on the GHIP strategic framework as a way to deliver value-based care, and supports the following goals:
 - Addition of at least net 1 VBCD model by end of FY2018
 - Reduction of gross GHIP trend by 2% by end of FY2020
 - Helps SEBC mitigate the total cost of care for GHIP and its participants while driving improvements in the health of the GHIP population

COE coverage under the GHIP today

- The GHIP allows lower member cost sharing when COEs are used for bariatric surgery, knee/hip replacements, spine surgeries and transplants
 - Members pay the lowest cost share when COE facilities are used for these types of procedures
 - When non-COE facilities are used instead, members will pay a higher cost share that varies according to the type of procedure
- GHIP also provides travel and lodging reimbursement for members traveling to a COE facility that is over 100 miles from the member's home
- Access to COEs is currently available through the State's medical carriers, Aetna and Highmark, though differences exist between their COE offerings in terms of:
 - Scope of COE-eligible procedures for a given category of services (e.g., elective orthopedic procedures)
 - List of specific providers designated as COEs

FY20 carve-out COE program

- In the spirit of providing a consistent member experience across all GHIP medical options, the SEBC issued an RFP in March 2018 to evaluate the market for third-party administrators of COE services
 - RFP intended to identify organizations that could:
 - Reduce the total cost of care for GHIP participants and the State, without sacrificing the quality of care delivered
 - Facilitate GHIP participant choice of providers who deliver high quality care at a lower total cost, while minimizing disruption and providing an excellent member experience
 - Support financial rewards to medical providers who deliver higher quality care and lower total cost of care
 - Proposal Review Committee (PRC) recommended contract award to EmployerDirect Healthcare (dba SurgeryPlus) for an initial term of three years effective July 1, 2019
 - Also included recommendation that the third-party COE network would be offered as an option alongside GHIP medical carriers' COE networks
- SEBC voted to adopt PRC recommendation on October 22, 2018, and delegated further consideration of COE program components to the Health Policy & Planning subcommittee
- Following that decision, SurgeryPlus presented its capabilities to the Health Policy & Planning subcommittee in November 2018
- Based on input from the subcommittee, SurgeryPlus developed the following proposal for a carve-out COE program design, communication and engagement strategy

SurgeryPlus proposal

Scope of COE-eligible services

Joint Replacement & Revision

- Knee Replacement / Revision
- Hip Replacement / Revision
- Shoulder Replacement
- Ankle Replacement
- Elbow Replacement
- Wrist Replacement

Spine

- Laminectomy / Laminotomy
- Anterior Lumbar Interbody Fusion (ALIF)
- Posterior Lumbar Interbody Fusion (PLIF)
- Anterior Cervical Disk Fusion (ACDF)
- 360 Spinal Fusion
- Artificial Disk

Cardiac

- Defibrillator Implant
- Permanent Pacemaker Implant
- Pacemaker Device Replacement
- Valve Surgery
- Cardiac Ablation

GYN

- Hysterectomy
- Bladder Repair (Anterior or Posterior)
- Hysteroscopy

Bariatric

- Gastric Bypass
- Laparoscopic Gastric Bypass
- Laparoscopic Sleeve Gastrectomy

Hernia

- Hernia Repair (inguinal, ventral, umbilical, and hiatal)

Gallbladder

- Gallbladder Removal

Thyroid

- Thyroidectomy

Orthopedics

- Knee/Shoulder Arthroscopy
- ACL/MCL/PCL Repair
- Rotator Cuff Repair
- Bunionectomy
- Carpal Tunnel Release

ENT

- Ear Tube Insertion (Ear Infection)
- Septoplasty
- Sinuplasty

Gastroenterology

- Colonoscopy
- Endoscopy

Pain Management

- Cervical Epidural
- Lumbar Epidural Steroid
- Stellate Ganglion Block
- Epidural Blood Patch

Other Minor / Misc. Procedures

- Biopsy
- Excision of Mass

SurgeryPlus proposal

Network providers available for procedures

- SurgeryPlus has contracted providers in New Jersey, Philadelphia, and the greater Washington, D.C. area, as a result of SurgeryPlus having existing clients within the region

Procedure Category	New Jersey	Philadelphia	Greater D.C. / Delaware
Orthopedic	✓	✓	✓
Spine	—	✓	✓
General Surgery	✓	✓	✓
Bariatric	—	✓	✓
OB/GYN	—	✓	✓
ENT	✓	—	—
Pain Management	✓	✓	✓
Gastroenterology	✓	✓	✓
Cardiac	—	—	✓

SurgeryPlus proposal

Provider credentialing process – “Surgeons of Excellence”

Physician Credentialing



Mandatory

Board Certification	<input checked="" type="checkbox"/>
Specialty Training Requirements	<input checked="" type="checkbox"/>
Procedure Volume Requirements	<input checked="" type="checkbox"/>
State Sanctions Check	<input checked="" type="checkbox"/>
Medical Malpractice Claims Review	<input checked="" type="checkbox"/>
Criminal Background Checks	<input checked="" type="checkbox"/>
Monthly Network Monitoring	<input checked="" type="checkbox"/>

Facility Credentialing

- SurgeryPlus facility credentialing includes the review of relevant, verifiable hospital data points
 - Hospital Acquired Condition (HAC) scores
 - Readmittance rates (overall and procedure specific)
 - Complication rates (overall and procedure specific)

SurgeryPlus proposal

Proposed plan design / covered services

- Cost sharing would be waived for use of SurgeryPlus network providers
- The following travel benefits would be provided to members as well:



Hotel

- ☑ Hotels must be 3 stars or above
- ☑ S+ may be able to use a hospital-affiliated hotel that features additional care and discounted rates



Airfare

SurgeryPlus will book flights if it appears to be the best travel option when placement is more than 125 miles away.



Car

<u>Miles Traveled</u>		<u>Reimbursement</u>
0 - 99	→	\$25
100 - 199	→	\$50
200+	→	\$100



Per Diem

\$35 per person, per day

SurgeryPlus proposal

Member engagement strategy – tiered incentive design

Tier A (\$4,000)	Tier B (\$2,000)	Tier C (\$1,000)	Tier D (\$500)
<p>Joint Replacement & Revision</p> <ul style="list-style-type: none"> ▪ Knee Replacement / Revision ▪ Hip Replacement / Revision ▪ Shoulder Replacement ▪ Ankle Replacement ▪ Elbow Replacement ▪ Wrist Replacement <p>Spine</p> <ul style="list-style-type: none"> ▪ Laminectomy / Laminotomy ▪ Anterior Lumbar Interbody Fusion (ALIF) ▪ Posterior Lumbar Interbody Fusion (PLIF) ▪ Anterior Cervical Disk Fusion (ACDF) ▪ 360 Spinal Fusion ▪ Artificial Disk 	<p>Cardiac</p> <ul style="list-style-type: none"> ▪ Defibrillator Implant ▪ Permanent Pacemaker Implant ▪ Pacemaker Device Replacement ▪ Valve Surgery ▪ Cardiac Ablation <p>GYN</p> <ul style="list-style-type: none"> ▪ Hysterectomy ▪ Bladder Repair (Anterior or Posterior) ▪ Hysteroscopy <p>Bariatric</p> <ul style="list-style-type: none"> ▪ Gastric Bypass ▪ Laparoscopic Gastric Bypass ▪ Laparoscopic Sleeve Gastrectomy 	<p>Hernia</p> <ul style="list-style-type: none"> ▪ Hernia Repair (inguinal, ventral, umbilical, and hiatal) <p>Gallbladder</p> <ul style="list-style-type: none"> ▪ Gallbladder Removal <p>Thyroid</p> <ul style="list-style-type: none"> ▪ Thyroidectomy <p>Orthopedics</p> <ul style="list-style-type: none"> ▪ Knee/Shoulder Arthroscopy ▪ ACL/MCL/PCL Repair ▪ Rotator Cuff Repair ▪ Bunionectomy ▪ Carpal Tunnel Release <p>ENT</p> <ul style="list-style-type: none"> ▪ Ear Tube Insertion (Ear Infection) ▪ Septoplasty ▪ Sinuplasty 	<p>Gastroenterology</p> <ul style="list-style-type: none"> ▪ Colonoscopy ▪ Endoscopy <p>Pain Management</p> <ul style="list-style-type: none"> ▪ Cervical Epidural ▪ Lumbar Epidural Steroid ▪ Stellate Ganglion Block ▪ Epidural Blood Patch <p>Other Minor / Misc. Procedures</p> <ul style="list-style-type: none"> ▪ Biopsy ▪ Excision of Mass

SurgeryPlus proposal

Member communication plan

- Marketing to date includes:
 - Information on SBO website
 - Information included in 2019 Open Enrollment Highlights video
 - SurgeryPlus presence at all 2019 Open Enrollment onsite events (health fairs, education sessions, and HR & Benefit Representative meetings)
- SurgeryPlus can tailor the communication approach to the State as appropriate

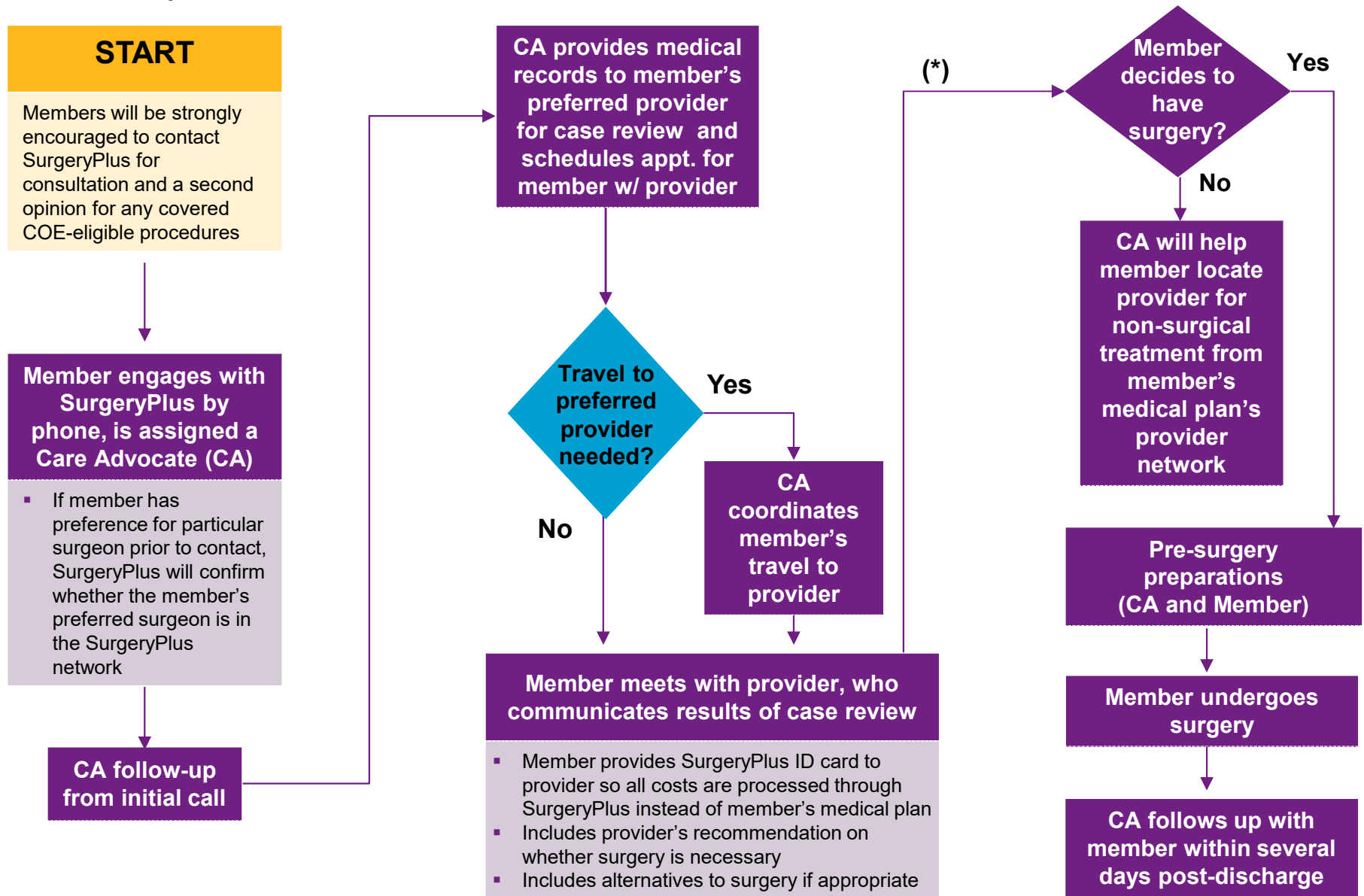


SurgeryPlus proposal

Member experience

(*) If provider accepts member for surgery.

Provider may decline member request for surgery for a variety of reasons, including: inappropriateness of surgery as a treatment option for member's given condition, presence of comorbidities that may increase surgical risk.



Other administrative considerations

Coordination with GHIP medical vendors – Highmark and Aetna

- Eligibility file feeds are being established
- Ongoing discussions to establish claim file feeds to allow SurgeryPlus to proactively identify patients with claims that are indicators of probable surgical procedures
 - SurgeryPlus would contact those members to educate them on their COE benefits and attempt to engage them with a SurgeryPlus network provider
 - Any member contact would be coordinated with any other outreach by Aetna and Highmark through each vendor's care management / customer service functions
 - Example:
 - Plan participant with an initial visit to an orthopedic surgeon would be identified as a potential surgery candidate
 - Medical carrier reporting on eligibility file feed used by providers for real-time verification of eligibility

Estimated cost and savings potential of carve-out COE program

Assumptions

- Cost and savings for COE-eligible procedures are a function of COE network utilization
 - Savings increase as more procedures are directed through the COE network, which can vary based on incentive design
- WTW previously estimated \$500k in net year 1 savings for SurgeryPlus COE implementation
 - COE-eligible procedures consisted of a subset offered to the GHIP today (i.e., knee/hip replacements and spine surgeries) only and 10% utilization of COE network
- Revised estimates reflect updated list of proposed covered services and tiered incentive design
 - Based on GHIP utilization and allowed cost for COE-eligible procedures for the 24 months ended 12/31/2018, as provided by SurgeryPlus
 - SurgeryPlus savings based on contracted rates where the procedure would be directed
- Several COE network utilization¹ rates were used to show range of cost and savings
 - 10% – typical first-year utilization rate cited by SurgeryPlus when carve-out COE network is offered as a choice alongside the plan sponsor's TPA's COE networks
 - 100% – assumes carve-out COE network captures all COE-eligible procedures
 - Note – 100% utilization scenario has been provided to show maximum range of potential costs and savings, and is not WTW's expectation for the first year experience of the State

¹ Utilization defined as the percentage of all procedures directed through the carve-out COE vendor's network.

Estimated cost and savings potential of carve-out COE program

For all proposed COE-eligible procedures

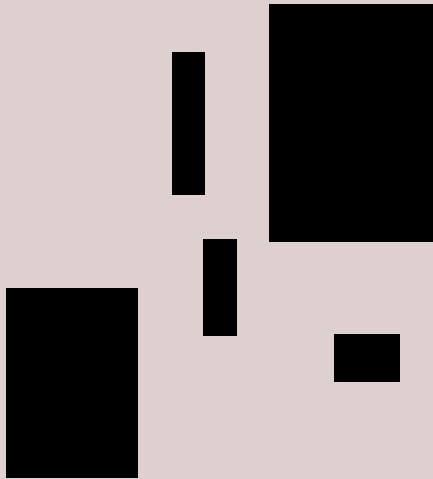
Year 1	COE Utilization Assumption	
Fees / (Savings)	10%	100%
Current State		
Gross cost	\$11,800,000	\$117,600,000
Member cost share	<u>\$200,000</u>	<u>\$1,400,000</u>
Plan cost after member cost share	\$11,600,000	\$116,200,000
SurgeryPlus		
Gross Cost	\$4,800,000	\$48,200,000
Member cost share	<u>\$0</u>	<u>\$0</u>
Plan cost after member cost share	\$4,800,000	\$48,200,000
Savings over current state	(\$6,800,000)	(\$68,000,000)
Other Costs		
Financial reward payments	\$2,300,000	\$22,600,000
Variable administrative fees	<u>\$1,800,000</u>	<u>\$18,100,000</u>
Total Fees	\$4,100,000	\$40,700,000
Net Savings		
Total year 1 net savings	(\$2,700,000)	(\$27,300,000)

Note: 100% utilization scenario has been provided to show maximum range of potential costs and savings, and is not WTW's expectation for the first year experience of the State

Caveats:

- Includes active employees and non-Medicare retirees only; excludes Medicfill retirees
- Savings based on utilization of COE-eligible procedures during 24 months ended 12/31/2018, annualized, for GHIP active employees and non-Medicare retirees; utilization provided by SurgeryPlus
- Not a direct comparison of provider-specific pricing - based on SurgeryPlus's contracted rates where procedure would be directed, compared to the State's average allowed cost per procedure
- Financial reward payments based on tiered incentive design illustrated on page 8
- Members will be required to travel out of state for care; costs above exclude travel expenses (pass through cost to the State)
- Analysis reflects all proposed COE-eligible procedures
- Procedures were not split by inpatient and outpatient services; member out-of-pocket costs assume outpatient procedures only; cost-sharing is waived for COE-network providers under proposed SurgeryPlus plan design
- Additional savings through GHIP member use of Aetna and Highmark COEs is possible and not factored into the savings estimates above

Appendix



COE coverage under the GHIP

Inconsistencies within current COE offering

- Some differences within the Aetna and Highmark lists of COE-eligible procedures (example below)
- Dictates which procedures qualify for plan design steerage to COE facilities

DRG #	Diagnostic Related Group (DRG)	Aetna	Highmark
Orthopedic			
461	Bilateral or multi major joint procedures of lower extremity w/ major Complications and Comorbid Conditions (CC)	✓	✗
462	Bilateral or multi major joint procedures of lower extremity w/o major CC	✓	✓
464	Wound debridement and skin graft except hand, for musculoskeletal and connective tissue disorders w/ CC	✗	✓
466	Revision of hip or knee replacement w/ major CC	✓	✗
467	Revision of hip or knee replacement w/ CC	✓	✓
468	Revision of hip or knee replacement w/o CC / major CC	✓	✓
469	Major joint replacement w/ major CC	✓	✓
470	Major joint replacement w/o major CC	✓	✓

COE-eligible procedure ✓

Not a COE-eligible procedure ✗

- Third-party COE vendor would offer a discrete, consistent set of COE-eligible procedures, eliminating potential confusion among members as to those surgeries for which steerage to a COE is encouraged

COE coverage under the GHIP

Inconsistencies within current COE offering

- Some differences within the Aetna and Highmark lists of providers considered to be a COE

	Bariatric	Knee / Hip / Spine	Transplants
Aetna	Christiana Care – Wilmington, DE Nanticoke Memorial Hospital – Seaford, DE St. Francis Hospital – Wilmington, DE <i>Plus 15+ other facilities in surrounding area¹</i>	<u>Knee / Hip / Spine</u> Christiana Care – Wilmington, DE <i>Plus 15+ other facilities in surrounding area¹</i>	duPont Hospital for Children – Wilmington, DE <i>Plus 10+ other facilities in surrounding area¹</i>
Highmark	Christiana Care – Wilmington, DE Kent General Hospital – Dover, DE Milford Memorial Hospital – Milford, DE Nanticoke Memorial Hospital – Seaford, DE St. Francis Hospital – Wilmington, DE <i>Plus 20+ other facilities in surrounding area¹</i>	<u>Knee / Hip</u> Christiana Care – Wilmington, DE <u>Spine</u> Beebe Medical Center – Lewes, DE Christiana Care – Newark, DE <i>Plus 20+ other facilities in surrounding area¹</i>	duPont Hospital for Children – Wilmington, DE <i>Plus 8+ other facilities in surrounding area¹</i>

- Both Aetna and Highmark leverage aggregate outcomes data from across their book of business to evaluate providers for potential designation as COE facilities
 - It is possible for any provider to meet each vendor’s quality standards but not produce the volume of cases for the vendor to evaluate during a given measurement period

¹ Surrounding area defined as southern Pennsylvania and New Jersey (Philadelphia, Camden, Vineland), Maryland (Baltimore, Annapolis, Salisbury), and Washington, D.C. (including Arlington, VA).