The State of Delaware

GHIP Strategic Framework

State Employee Benefits Committee

December 19, 2022

Disclaimer

Willis Towers Watson has prepared this information solely in our capacity as consultants under the terms of our engagement with you with knowledge and experience in the industry and not as legal advice. This information is exclusively for the State of Delaware's State Employee Benefits Committee to use in the management, oversight and administration of your state employee group health program. It may not be suitable for use in any other context or for any other purpose and we accept no responsibility for any such use.

Willis Towers Watson is not a law firm and therefore cannot provide legal or tax advice. This document was prepared for information purposes only and it should not be considered a substitute for specific professional advice. As such, we recommend that you discuss this document with your legal counsel and other relevant professional advisers before adopting or implementing its contents. This document is based on information available to Willis Towers Watson as of the date of delivery and does not account for subsequent developments after that date.

Willis Towers Watson shares available medical and pharmacy research and the views of our health management practitioners in our capacity as a benefits consultant. We do not practice medicine or provide medical, drug, or legal advice, and encourage our clients to consult with both their legal counsel and qualified health advisors as they consider implementing various health improvement and wellness initiatives.

This material was not prepared for use by any other party and may not address their needs, concerns or objectives. This document may not be reproduced, disclosed or distributed to any other party, whether in whole or in part, other than as agreed with you in writing, except as may be required by law.

We do not assume any responsibility, or accept any duty of care or liability to any other party who may obtain a copy of this material and any reliance placed by such party on it is entirely at their own risk.

Overview of the GHIP Strategic Framework

- The State Employee Benefits Committee has adopted the **Group Health Insurance Plan (GHIP) Strategic Framework** to outline GHIP goals and guiding principles
- Framework includes:
  - **Mission statement** – unchanged since originally adopted in December 2016
  - **Goals** – last updated in February 2020, uses FY21 as baseline for measurement
  - **Strategies** – last updated in February 2020, based on goals
  - **Tactics** – last updated in February 2020, based on strategies
- Four-part format of the Framework reflects preferences of SEBC members from 2016; to date, SEBC has not opted to streamline this format
- Most recent update for SEBC on progress towards goals was provided in April 2022[1]

1 Source: https://dhr.delaware.gov/benefits/sebc/documents/2022/0425-fy22-strategic-plan.pdf.

Mission Statement

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.

- ***Purple text*** highlights core concepts embedded in the mission statement
- Definitions of all core concepts have been previously documented for the SEBC[1]

1 Source: https://dhr.delaware.gov/benefits/sebc/documents/2016/1216-health-strategic-planning.pdf.

Goals *(effective February 2020)*

	Increase proportion of medical spend to providers who are compensated for the quality, not quantity, of care delivered	Reduce cost for plan participants with diabetes	Limit health care cost inflation through targeted reduction in high cost, low value services and providers	Offer and increase engagement in tools that help plan participants use their health care benefits effectively
Big Picture:				
"Fine Print":	Defines "pay-for-quality" using the same language as other Delaware agencies, workgroups and policy committees – i.e., defined within the **Alternative Payment Model (APM) Framework**. Uses FY2021 medical spend as a baseline and FY23 as measurement period. Goal establishes targets for increasing the proportion of future medical spend through two types of provider payment models, both focused on "pay-for-value (quality)." Expectation: Meeting this goal produces a shift in provider compensation away from "pay-for-quantity" (fee-for-service) and towards "pay-for-value."	Defines "cost" as the State's share of medical and Rx expenses. Uses FY2021 medical and Rx spend as a baseline and FY23 as measurement period. Reduction measured as a percent of total cost per member per month. Expectation: Meeting this goal will also result in a reduction of plan participants' share of medical and Rx expenses.	Limits health care cost inflation (referred to as "total cost of care inflation") to the same level as the Delaware Health Care Spending Benchmark. Uses FY2021 medical and Rx spend as a baseline and FY23 as measurement period. Targets specific types of services that are known to be expensive due to the types of providers used or due to high unit costs, including: inpatient and outpatient facility costs, drug costs.	The State employee health plan includes tools that help members select a medical plan and price out medical services and drugs. Pre-2016, utilization of these tools had been low; though steady increases have been observed in recent years as a result of robust communication and education campaigns led by SBO in partnership with other State organizations. Expectation: Over time, plan participant demographics will continue to skew towards more "technology native" members that will prefer to access the online version of these tools.

Goals *(effective February 2020) – continued*

Big Picture:	**Increase proportion of medical spend to providers who are compensated for the quality, not quantity, of care delivered**	**Reduce cost for plan participants with diabetes**	**Limit health care cost inflation through targeted reduction in high cost, low value services and providers**	**Offer and increase engagement in tools that help plan participants use their health care benefits effectively**
***Goal language approved by SEBC in Feb 2020*:**	Using the Alternative Payment Model (APM) Framework and FY2021 medical spend as a baseline[1], increase GHIP spend through advanced APMs[2] to be at least the following by the end of FY2023 (as % of total spend): ▪ Category 3: 40% ▪ Category 4: 10%	Reduction of GHIP diabetic cost per-member-per-month (PMPM) by 8% by the end of FY2023[3], using FY2021 spend as a baseline	Limit total cost of care inflation for GHIP participants at a level commensurate with the Health Care Spending Benchmark[4] 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	In light of the GHIP's changing demographic profile, strive for an incremental increase in unique users utilizing a specific point-of-enrollment and/or point-of-care engagement platform / consumerism tool[5] by at least 5% annually

* Final Strategic Framework approved by the SEBC is available online: https://dhr.delaware.gov/benefits/sebc/documents/strategic-framework.pdf?ver=0802

1 Approximate FY21 baseline medical spend in advanced APMs: Category 3 – 48%, Category 4 – 1%. Based on GHIP-specific data provided by Highmark and Aetna. See following link for further details: https://dhr.delaware.gov/benefits/sebc/documents/2022/0425-fy22-strategic-plan.pdf.

2 Defined by the APM Framework as Category 3 and Category 4 models.

3 As a baseline, the FY2021 spend is $1,584 PMPM for diabetics. The FY2023 target of $1,741 PMPM for diabetics is based on an 8% overall reduction in projected FY2023 PMPM costs with an annual inflationary trend of 9.2% for combined medical and drug claims included.

4 Currently pegged at 3.0% for CY2022 and 3.1% for CY2023.

5 Through FY2021, this tool continued to be administered under the purview of the SBO. Post-FY2021, selection of a specific engagement platform / consumerism tool is at the discretion of the SEBC.

Strategies and tactics – examples

Mission Statement

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.

Goal

Using the Alternative Payment Model (APM) Framework and FY2021 medical spend as a baseline[1], increase GHIP spend through advanced APMs[2] to be at least the following by the end of FY2023 (as % of total spend):

- Category 3: 40%
- Category 4: 10%

Strategies

- Continue to support the DHIN, including encouraging participation by Highmark and Aetna, and other data-driven approaches to provider care delivery
- Continue to support Highmark and Aetna efforts to establish advanced APM contracts (e.g., bundled payments, shared savings with downside risk, global budgets) with Delaware providers
- Continue to ensure members are aware of how to find high quality, high value providers
- Consider opportunities to partner directly with Delaware providers to promote greater adoption of advanced APMs

Tactics

- Continue to require medical TPAs to submit GHIP claim data to the DHIN and to support value-based provider contracts (e.g., ACOs) where applicable
- Leverage the Delaware Health Care Claims database to compare cost across other state populations
- Continue to hold medical TPAs accountable for expanding their pay-for-value contracts with providers
- Continue to promote tools and resources that help members identify high quality, high value providers
- Evaluate the readiness of the provider marketplace in Delaware to assume additional financial risk
- Work with providers and TPAs to ensure non-claims payments are collected and reported to the DHIN

***Purple text** within mission statement highlights core concepts primarily supported by this goal.*

1 Approximate FY21 baseline medical spend in advanced APMs: Category 3 – 48%, Category 4 – 1%. Based on GHIP-specific data provided by Highmark and Aetna. See following link for further details: https://dhr.delaware.gov/benefits/sebc/documents/2022/0425-fy22-strategic-plan.pdf.

2 Defined by the APM Framework as Category 3 and Category 4 models.

Request for input from the SEBC

Does the Committee have a preference for:

- Retaining the same goals that have been in place since February 2020, but updating the measurement period beyond FY2023
- Revising the goals to reflect the Committee's current areas of focus

Big Picture:	*Goal language approved by SEBC in February 2020:*
Increase proportion of medical spend to providers who are compensated for the quality, not quantity, of care delivered	Using the Alternative Payment Model (APM) Framework and FY2021 medical spend as a baseline, increase GHIP spend through advanced APMs to be at least the following by the end of FY2023 (as % of total spend): ▪ Category 3: 40% ▪ Category 4: 10%
Reduce cost for plan participants with diabetes	Reduction of GHIP diabetic cost per-member-per-month (PMPM) by 8% by the end of FY2023, using FY2021 spend as a baseline
Limit health care cost inflation through targeted reduction in high cost, low value services and providers	Limit total cost of care inflation for GHIP participants at a level commensurate with the Health Care Spending Benchmark 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
Offer and increase engagement in tools that help plan participants use their health care benefits effectively	In light of the GHIP's changing demographic profile, strive for an incremental increase in unique users utilizing a specific point-of-enrollment and/or point-of-care engagement platform / consumerism tool by at least 5% annually

Next steps

- WTW and SBO will continue to evaluate the progress of the goals compared to FY22 results
- Additional reporting on FY23 results will be available in late CY2023

- Based on the Committee's feedback on future goals of the GHIP Strategic Framework, a refreshed set of draft goals will be presented for the Committee's review and consideration at the January 2023 SEBC meeting
  - Will also include an initial discussion of long-term planning opportunities (originally raised at the November 2022 SEBC meeting) as potential new strategies for inclusion with the revised goals

Long-term opportunities: FY25 or later

- Carving-out coverage of additional procedures to SurgeryPlus
- Implement a high deductible health plan with an HSA ("HSA plan")
- Primary care clinics
- Direct contracting with a hospital system
- Pre-65 marketplace
- Reference-based pricing
- Remove medical TPA(s) and administer plans in-house

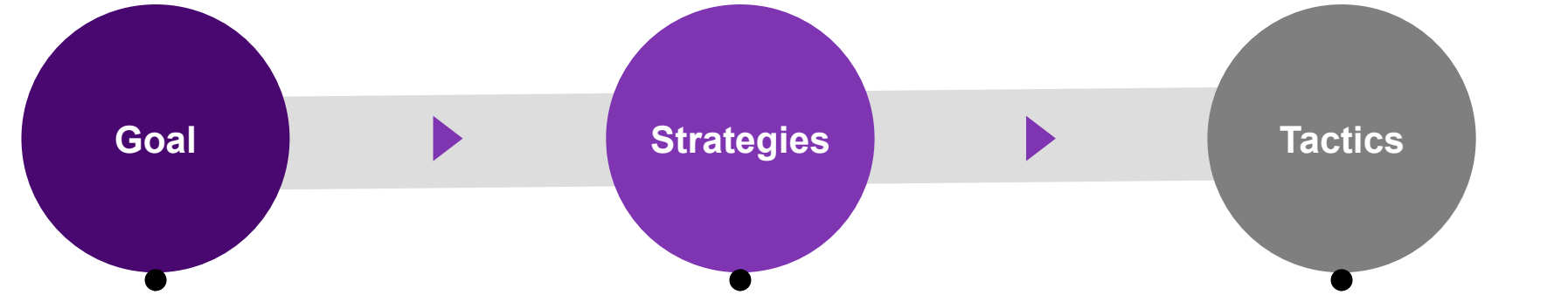
Appendix

GHIP Strategic Framework: Strategies and Tactics

GHIP goal #1

Mission Statement

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.



Using the Alternative Payment Model (APM) Framework and FY2021 medical spend as a baseline[1], increase GHIP spend through advanced APMs[2] to be at least the following by the end of FY2023 (as % of total spend):

- Category 3: 40%
- Category 4: 10%

- Continue to support the DHIN, including encouraging participation by Highmark and Aetna, and other data-driven approaches to provider care delivery
- Continue to support Highmark and Aetna efforts to establish advanced APM contracts (e.g., bundled payments, shared savings with downside risk, global budgets) with Delaware providers
- Continue to ensure members are aware of how to find high quality, high value providers
- Consider opportunities to partner directly with Delaware providers to promote greater adoption of advanced APMs

- Continue to require medical TPAs to submit GHIP claim data to the DHIN and to support value-based provider contracts (e.g., ACOs) where applicable
- Leverage the Delaware Health Care Claims database to compare cost across other state populations
- Continue to hold medical TPAs accountable for expanding their pay-for-value contracts with providers
- Continue to promote tools and resources that help members identify high quality, high value providers
- Evaluate the readiness of the provider marketplace in Delaware to assume additional financial risk
- Work with providers and TPAs to ensure non-claims payments are collected and reported to the DHIN

***Purple text** within mission statement highlights core concepts primarily supported by this goal.*

1 Approximate FY21 baseline medical spend in advanced APMs: Category 3 – 48%, Category 4 – 1%. Based on GHIP-specific data provided by Highmark and Aetna. See following link for further details: https://dhr.delaware.gov/benefits/sebc/documents/2022/0425-fy22-strategic-plan.pdf.
2 Defined by the APM Framework as Category 3 and Category 4 models.

GHIP goal #2

Mission Statement

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.

Goal

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

Strategies

In addition to those noted for Goal #1:

- Continue leveraging vendor-provided and community-based diabetes prevention and management programs
- Continue to offer GHIP coverage of select diabetes prescriptions and supplies at no cost to members
- Continue to encourage member awareness and use of diabetes self-care resources and lifestyle risk reduction programs
- Continue exploring opportunities to expand access to primary care for GHIP participants

Tactics

- Continue to offer condition-specific resources for diabetes and metabolic syndrome through the State Group Health plan (e.g., Livongo, Diabetes Prevention Program, CareVio, CCMU), including coverage of select diabetes prescriptions and supplies at no cost to members
- Continue to educate members on the availability of preventive care and condition-specific resources through the GHIP and other community resources (e.g., hospital-based health and wellness courses)
- Continue measuring diabetes prevalence, medical service/Rx utilization and cost ongoing vs. baseline
- Continue the Health Policy & Planning Subcommittee task of evaluating primary care access in Delaware

***Purple text** within mission statement highlights core concepts primarily supported by this goal.*

1 As a baseline, the FY2021 spend is $1,584 PMPM for diabetics. The FY2023 target of $1,741 PMPM for diabetics is based on an 8% overall reduction in projected FY2023 PMPM costs with an annual inflationary trend of 9.2% for combined medical and drug claims included.

GHIP goal #3

Mission Statement

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.

Limit total cost of care inflation for GHIP participants at a level commensurate with the Health Care Spending Benchmark[1] 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

In addition to those noted for Goal #1:

- Continue managing medical TPA(s) and GHIP coverage provisions
- Continue to offer and promote resources that will support member efforts to improve and maintain their health
- Continue to monitor GHIP claims experience to identify areas of unnecessary utilization

- Evaluate competitiveness of State Group Health medical and Rx vendors' pricing for covered services and drugs against their competitors
- Continue to explore, implement and promote medical TPA programs and plan designs that help steer members to most appropriate sites of care (without impacting quality of care delivered)
- Continue to educate GHIP members on lower cost alternatives to the emergency room for non-emergency care (e.g., telemedicine, urgent care centers, retail clinics)
- Continue to educate members on the availability of GHIP care management and risk reduction programs
- Continue to monitor utilization of the SurgeryPlus benefit and drive engagement through additional member education and ongoing review of incentives

***Purple text** within mission statement highlights core concepts primarily supported by this goal.*

1 Currently pegged at 3.0% for CY2022 and 3.1% for CY2023.

GHIP goal #4

Mission Statement

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.

In light of the GHIP's changing demographic profile, strive for an incremental increase in unique users utilizing a specific point-of-enrollment and/or point-of-care engagement platform/consumerism tool[1] by at least 5% annually

- Drive GHIP members' engagement in their health and benefit coverage decisions
- Ensure members understand benefit offerings and value provided
- Promote and educate members on the importance of using decision support tools for plan selection and provider price/quality comparison
- Offer meaningfully different medical plan options to meet the diverse needs of GHIP participants, and targeted programs to support special needs

- Continue to promote health care consumerism and the importance of making informed decisions when enrolling in or changing benefits
- Continue to communicate the value of benefits provided along with member education resources
- Steer new employees to these tools
- Explore and implement new decision support tools and/or engagement solutions as the vendor marketplace for these continues to evolve
- Periodically evaluate opportunities for changes to GHIP medical plan options and price tags, to encourage meaningful differences to prompt a greater need for members to utilize decision support

***Purple text** within mission statement highlights core concepts primarily supported by this goal.*

1 Through FY2021, this tool continued to be administered under the purview of the SBO. Post-FY2021, selection of a specific engagement platform / consumerism tool is at the discretion of the SEBC.