

The State of Delaware

Lantern Surgeons of Excellence Program – Incentive Structure

State Employee Benefits Committee Meeting

September 29, 2025

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Overview of the Lantern Surgeons of Excellence Program – Incentive structure

- Lantern Surgery Care is a comprehensive program that provides GHIP non-Medicare Aetna and Highmark members access to covered benefits through a high-quality network of credentialed surgeons and facilities for planned, non-emergent procedures
- By using the Lantern Surgery Care benefit, members do not pay a copay, deductible, or coinsurance for any services received through Lantern. Members may even be eligible for financial incentives and travel benefits when applicable
- With the exception of bariatric surgical procedures, utilization of Lantern Surgery Care is voluntary
- Financial incentives are offered in order to drive utilization of the Lantern benefit
- Note: Bariatric procedures are not eligible for the financial incentives

Lantern Financial Incentives*

Tier A (\$4,000)	Tier B (\$2,000)	Tier C (\$1,000)	Tier D (\$500)
Joint Replacement & Revision <ul style="list-style-type: none"> Knee Replacement / Revision Hip Replacement / Revision Shoulder Replacement Ankle Replacement Elbow Replacement Wrist Replacement Spine <ul style="list-style-type: none"> Laminectomy / Laminotomy Anterior Lumbar Interbody Fusion (ALIF) Posterior Interbody Fusion (PLIF) Anterior Cervical Disk Fusion (ACDF) 360 Spinal Fusion Artificial Disk 	Cardiac <ul style="list-style-type: none"> Defibrillator Implant Permanent Pacemaker Implant Pacemaker Device Replacement Valve Surgery Cardiac Ablation GYN <ul style="list-style-type: none"> Hysterectomy Bladder Repair (Anterior or Posterior) Hysteroscopy 	Hernia <ul style="list-style-type: none"> Hernia Repair (inguinal, ventral, umbilical, and hiatal) Gallbladder <ul style="list-style-type: none"> Gallbladder Removal Thyroid <ul style="list-style-type: none"> Thyroidectomy Orthopedics <ul style="list-style-type: none"> Knee/Shoulder Arthroscopy ACL/MCL/PCL Repair Rotator Cuff Repair Bunionectomy Carpal Tunnel Release ENT <ul style="list-style-type: none"> Ear Tube Insertion (Ear Infection) Septoplasty Sinuplasty 	Gastroenterology <ul style="list-style-type: none"> Colonoscopy¹ Endoscopy Pain Management <ul style="list-style-type: none"> Cervical Epidural Lumbar Epidural Steroid Stellate Ganglion Block Epidural Blood Patch Other Minor / Misc. Procedures <ul style="list-style-type: none"> Biopsy Excision of Mass

¹ Preventive colonoscopies are NOT incentive eligible. Diagnostic colonoscopies ARE incentive eligible.

* For members who used the Lantern benefit, rewards will be provided after claims have been fully processed, no later than 6 months, following the surgical date of service. Lantern will also issue a 1099 for tax reporting purposes.



Overview of Lantern recommendations

- The SBO requested that Lantern review the current incentive structure and recommend updates based on Lantern's book of business and best practices
 - Rewards across Lantern's book of business vary by category and across clients, but generally range from \$500 - \$1,000 per category, with higher amounts selectively leveraged for joint and spine surgeries, which average ~\$2,000/procedure
 - Given the State's rich medical plan design, higher reward amounts have been leveraged to successfully incent members to use Lantern for their non-emergent procedures
 - Per Lantern, the State has achieved higher PEPM savings compared to other clients with rewards, however, given the nuances with plan design, communication plans, member/workforce types, etc. across clients, it is difficult to make a direct comparison
 - Lantern indicated that data does not yet exist on impact of reward reduction broadly, however, reducing select categories by conservative amounts for the State should be a low-risk measure given tenure of program, commitment to ongoing communication, and positive member experience with Lantern
 - If adjustments are made, Lantern recommends that they are conservative and focus on high volume / high savings procedure categories and limit impact to procedure volume, which could impact the overall savings

Overview of Lantern recommendations (continued)

- Lantern recommends the following incentive adjustments:
 - Reduce incentive rewards by 25% for select high-volume, high-impact categories to enhance plan savings while preserving incentive effectiveness
 - Target categories: Joint, Spine
 - Current incentive per procedure is \$4,000; Lantern recommends a decrease to \$3,000
 - Align gynecologic procedure reward to current “Tier C” design (\$1,000)
 - Current gynecologic incentive is \$2,000, Tier B
 - Increase Cardiac procedure rewards to align with Joint and Spine levels, encouraging greater utilization of Lantern for high-impact cardiac surgeries
 - Current cardiac incentive is \$2,000; Lantern recommends an increase to \$3,000
- Expected cost impact, per Lantern
 - Strategically refining incentives enables the State to capture additional savings from high-volume, high-cost procedures. It also allows for recalibration of incentives in areas—such as cardiac procedures—where current reward levels are not driving desired utilization, despite significant savings potential through Lantern
 - Based on FY25 utilization, the incentive changes above would result in a savings of \$199,000 annually
 - Changes in incentive amounts could change Lantern utilization (+/-) and so actual cost impact is challenging to quantify

Recommended Adjustments to Rewards for the State:

Current Procedure Rewards

Reward Category	JOINT	SPINE	BARI	ORTHO	HERNIA	GALL	THYROID	GYN	CAR	ENT	GASTRO	PAIN	GEN	URO
State of Delaware	\$4,000	\$4,000	\$-	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000	\$1,000	\$500	\$500	\$500	\$500

Proposed Procedure Rewards

Reward Category	JOINT	SPINE	BARI	ORTHO	HERNIA	GALL	THYROID	GYN	CAR	ENT	GASTRO	PAIN	GEN	URO
State of Delaware	\$3,000	\$3,000	\$-	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$3,000	\$1,000	\$500	\$500	\$500	\$500

Example: Rewards by Procedure category* (FY25 7/1/2024-6/30/2025)

Procedures Category	# of Procedures	Current Reward Amount	FY 25 Incentive Totals by Category	Adjusted Procedure Incentives	FY 2025 Adjusted Incentive Totals by Category
Joint	134	\$4,000	\$536,000	\$3,000	\$402,000
Spine	43	\$4,000	\$172,000	\$3,000	\$129,000
Other Orthopedic	148	\$1,000	\$148,000	\$1,000	\$148,000
Pain Management	56	\$500	\$28,000	\$500	\$28,000
GI	398	\$500	\$199,000	\$500	\$199,000
GYN	22	\$2,000	\$44,000	\$1,000	\$22,000
ENT	9	\$1,000	\$9,000	\$1,000	\$9,000
General**	59	\$500/\$1,000**	\$48,000	\$500/\$1,000**	\$48,000
Total	869		\$1,184,000		\$985,000

*Example leverages 2025 procedure counts by category for illustration of differences in award / savings levels with potential changes

*Example assumes all GI category is eligible for reward (does not account for any preventative colonoscopy in projection)

** General procedure category includes Gallbladder and Hernia procedures, which both have \$1,000 reward. All other procedures in this category have a \$500 reward.



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Next steps

- SEBC to consider revisions to the Lantern incentive structure for either a 1/1/2026 or 7/1/2026 effective date.