



State Employee Benefits Committee (SEBC) FY2024 and FY2025 Strategic Framework Results

October 28, 2025



SBO Strategic Framework FY2024 and FY2025 Results

Goal	Result
<u>Goal 1</u> Using the Alternative Payment Model (APM) Framework and FY2023 medical spend as a baseline, increase Group Health Insurance Plan (GHIP) spend through advanced APMs to be at least the following by the end of FY2025 (as % of total spend): • Category 3 (APMs Built on Fee-for-Service Architecture): 50% • Category 4 (Population-Based Payment): 5%	In FY2024, total medical spend (i.e., allowed amount, including both member cost share and plan payments), was \$1.14B, which includes \$367M (32%) in Category 3 and \$13M (1%) in Category 4 payment models, meaning the goal was not met, though significant progress was made towards the Category 3 goal (up from 26% in FY2023). FY2025 data is not yet available.
<u>Goal 2</u> 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	Overall results were 23.7% for FY2024 and 20.7% for FY2025, meaning the goal was not met. While utilization overall has dipped, the extent of change may not be reflective of individual groups. For example, historically, state agencies and higher education institutions have had greater utilization than school districts, Delaware Transit Corporation (DTC), and early retirees. For FY2024 (FY25 Open Enrollment) the overall rate excluding DTC and early retirees was 27.7% and for FY 2025 (FY26 Open Enrollment) the overall rate excluding DTC and early retirees was 26.1%.

**The data collected and interpreted by the SBO and their vendors for this report is measured on a fiscal year basis and cannot be adequately compared against a calendar year benchmark.*

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<u>Goal 3</u> Reduce per-member-per-month (PMPM) cost trend for the GHIP and for plan participants for the following conditions by the end of FY2025, using FY2023 spend as a baseline: • Diabetes by 8% for the GHIP and 0.33% for plan participants • Behavioral health by 0.5% for the GHIP and 0.02% for plan participants, • Musculoskeletal by 2% for the GHIP and 0.08% for plan participants	As a baseline, the FY2022 net payment PMPM was \$1,337 PMPM for patients with diabetes episodes. The PMPM increased 6.9%, 12.4%, and 13.7% to \$1,429, \$1,607, and \$1,827 in fiscal years 23, 24 and 25, respectively, exceeding both the 9.2% inflationary trend and the objective of an 8% reduction in trend. From FY2022 to FY2025, the medical payment trend was 26.6% (an increase from \$946 PMPM to \$1,200 PMPM) and the prescription drug trend was 60.3% (an increase from \$390 PMPM to \$626 PMPM). As a baseline, the FY2022 net payment PMPM was \$1,620 PMPM for patients with musculoskeletal episodes. The PMPM increased 21.5%, 4.4%, and 10.7% to \$1,968, \$2,055, and \$2,274 in fiscal years 23, 24 and 25, respectively, exceeding both the 9.2% inflationary trend and the objective of an 2% reduction in trend. Since FY2022, the out-of-pocket payment PMPM for patients with musculoskeletal episodes has increased 22.4% from \$70.48 to \$86.25. As a baseline, the FY2022 net payment PMPM was \$53 PMPM for patients with behavioral health episodes. The net payment PMPM increased 8.2%, 5.8%, and 9.9% to \$1,055, \$1,117, and \$1,228 in fiscal years 23, 24 and 25, respectively, below the 9.2% inflationary trend but slightly above the objective of an .5% reduction in trend. Since FY2022, the out-of-pocket PMPM for patients with behavioral health disorders has increased 44% from \$55.30 to \$76.77.
<u>Goal 4</u> Limit total cost of care inflation for GHIP participants at a level commensurate with the Health Care Spending Benchmark by the end of FY2025 by focusing on specific components, which are inclusive of, but not limited to: outpatient facility costs, inpatient facility costs, pharmaceutical costs, and bariatric surgery costs.	Against an established national baseline trend of 6%, the GHIP has successfully achieved a lower trend (5.1%) over the past eight years from FY16 to FY24. However, the GHIP's observed trend was higher than the Department of Health and Social Services (DHSS) established Health Care Spending Benchmark of 3.0% for Calendar Year 2024*. Healthcare costs and trends are continuing to rise nationally and for the GHIP. Industry and government analysts anticipate healthcare unit cost in the US to increase 6% or more again in 2025 and 2026.

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Thank You



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