

The State of Delaware

GHIP Savings Opportunity: Lantern Surgeons of Excellence Program – Incentive Structure

State Employee Benefits Committee Meeting

November 25, 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 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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Incentive considerations

Lantern provided additional context to support their recommendations

Category	Recommended adjustment	Rationale	Comparison against Lantern Book of Business ¹
Joint & Spine	Reduce from \$4,000 to \$3,000	High-volume, high-impact category warrants less incentive	\$3,000 would be second highest in BoB, remaining above 84% of other clients
Cardiac	Increase from \$2,000 to \$3,000	Very high potential savings for every case engaged	\$3,000 would remain second highest in BoB
Gynecologic	Reduce from \$2,000 to \$1,000	Align with other procedures in Tier C	\$1,000 would be third highest in BoB, higher than 54% of other clients

¹Lantern compared State of Delaware to the other 18 clients that offer incentives. Clients vary in plan design, size, industry and tenure of partnership. Rewards across Lantern Book of Business generally range from \$500 - \$1,000 per category.

SEBC questions and answers

Committee Member questions from September 29 SEBC meeting

- How do the unit costs of services at Lantern compare to the unit costs the traditional carriers, Aetna and Highmark?
 - Please refer to the WTW savings analysis provided to the SEBC.
- What savings is Lantern delivering to GHIP members?
 - All cost sharing is waived for members, and so they save their typical deductible/coinsurance (~2% to ~8% depending on plan).
 - Cash incentives likely exceed this member cost-sharing.
- What savings is Lantern delivering to the GHIP plan?
 - Please refer to the WTW savings analysis provided to the SEBC.
- Confirm if travel is included in the net savings shown in the 2024 savings analysis
 - No, the savings shown did not reflect any travel costs that may have been covered by the plan.
- Are there equity concerns around reducing the incentive for gynecological services?
 - The \$1,000 incentive aligns with procedures that are generally provided to males. Therefore, the incentives related to procedures provided distinctly for males and females are equitable.

SEBC questions and answers (continued)

Committee Member questions from September 29 SEBC meeting

- What proportion of total available procedures provided to GHIP members were delivered through Lantern?
 - In FY 2025 about 1.9% of available procedures were delivered through Lantern.

- Has Lantern demonstrated more favorable clinical outcomes for GHIP members?
 - The SBO is continuing to investigate clinical outcomes for Lantern procedures compared to similar procedures provided under the standard medical benefit. A detailed analysis will be forthcoming.
 - Lantern reported calendar year-to-date through September 2025:
 - GHIP members have engaged Lantern in 1,253 cases, including;
 - 763 Completed Procedures;
 - 73 Avoided Procedures.
 - Total Surgery Care savings of \$26.05 PEPM of which \$4.57 is attributed to Avoided Procedures and Avoided Complications.
 - These savings do not reflect the cost of member incentives.

- How does Lantern vet and credential providers?
 - Providers qualify for the Lantern network by achieving mandatory credentialing guidelines. Providers who meet the qualifications are known as Surgeons of Excellence.
 - See <https://dhr.delaware.gov/benefits/lantern/documents/why-use-lantern.pdf> for more details.

Next steps

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