

The State of Delaware

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

State Employee Benefits Committee Meeting

February 13, 2026

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.

Contents

- Incentive Considerations
- Comparison of Outcomes: Lantern vs. GHIP Commercial
- Budget Impact of Proposed Incentive Changes
- Next steps
- Appendix

Incentive Considerations

Lantern provided additional context to support their recommendations

Category	Recommended incentive 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.

Budget Impact of Proposed Incentive Changes

Recommended incentive adjustments are expected to generate **\$199,000 in GHIP savings for FY2027**

- **No impact on Lantern utilization** is anticipated

FY2026 GHIP Budget Context

- Projected Lantern claims: **\$14.7M**
- Total GHIP claims budget: **\$1.5B**

Savings Impact

- \$199,000 savings = **1.35% reduction** in Lantern spending
- \$199,000 savings = **0.01% reduction** in total GHIP claims spend

Budget impact is expected to be **similar in FY2027** if new incentives are implemented effective **July 1, 2026**

Next steps

- SEBC to vote today to maintain the current incentive structure or adopt the revised incentive structure detailed below effective July 1, 2026.

Category	Recommended Incentive Change
Joint & Spine	Reduce from \$4,000 to \$3,000
Cardiac	Increase from \$2,000 to \$3,000
Gynecologic	Reduce from \$2,000 to \$1,000

Appendix

Comparison of Patient Outcomes: Lantern vs. GHIP Commercial

Background

- SEBC requested additional information on patient outcomes for similar procedures performed by:
 - **Lantern**
 - **GHIP Commercial carriers (Aetna and Highmark)**
- WTW collected FY2025 procedure counts and complication rates from all sources

Findings

- **Lantern reported zero complications** during FY2025
- Commercial carriers reported complication rates **consistent with typical U.S. provider performance – about 3.65% overall** for the relevant procedures.

Important Considerations

- Lantern performed **1,315 procedures (~2% of total)** — volume may be **too small for statistically credible comparisons**
- There is **not a consistent methodology for the lookback period** for complication rates across the three entities, making comparisons difficult
- Lantern can **deselect highly complex cases**, reducing complication risk in ways commercial carriers cannot

Conclusion

- Lantern's self-reported complication rates are **at least consistent — and potentially better —** than those observed among commercial carriers