

# The State of Delaware

## Centers of Excellence Administration for the GHIP

### Subcommittee Discussion Guide

June 6, 2019

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## COE overview

A Center of Excellence (COE) is a medical facility and/or professional that has been identified as delivering high quality services and superior outcomes for specific procedures or conditions

- COEs may incorporate separate contracting arrangements for a predetermined set of services (e.g., bundled payments)
  - Plan design steerage to encourage use of COEs is optional
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- Encouraging greater use of COEs is a tactic on the GHIP strategic framework as a way to deliver value-based care, and supports the following goals:
    - Addition of at least net 1 VBCD model by end of FY2018
    - Reduction of gross GHIP trend by 2% by end of FY2020
  - Helps SEBC mitigate the total cost of care for GHIP and its participants while driving improvements in the health of the GHIP population

## COE coverage under the GHIP today

- The GHIP allows lower member cost sharing when COEs are used for bariatric surgery, knee/hip replacements, spine surgeries and transplants
  - Members pay the lowest cost share when COE facilities are used for these types of procedures
  - When non-COE facilities are used instead, members will pay a higher cost share that varies according to the type of procedure
- GHIP also provides travel and lodging reimbursement for members traveling to a COE facility that is over 100 miles from the member's home
- Access to COEs is currently available through the State's medical carriers, Aetna and Highmark, though differences exist between their COE offerings in terms of:
  - Scope of COE-eligible procedures for a given category of services (e.g., elective orthopedic procedures)
  - List of specific providers designated as COEs

## FY20 carve-out COE program

- In the spirit of providing a consistent member experience across all GHIP medical options, the SEBC issued an RFP in March 2018 to evaluate the market for third-party administrators of COE services
  - RFP intended to identify organizations that could:
    - Reduce the total cost of care for GHIP participants and the State, without sacrificing the quality of care delivered
    - Facilitate GHIP participant choice of providers who deliver high quality care at a lower total cost, while minimizing disruption and providing an excellent member experience
    - Support financial rewards to medical providers who deliver higher quality care and lower total cost of care
  - Proposal Review Committee (PRC) recommended contract award to EmployerDirect Healthcare (dba SurgeryPlus) for an initial term of three years effective July 1, 2019
    - Also included recommendation that the third-party COE network would be offered as an option alongside GHIP medical carriers' COE networks
- SEBC voted to adopt PRC recommendation on October 22, 2018, and delegated further consideration of COE program components to the Health Policy & Planning subcommittee
- Following that decision, SurgeryPlus presented its capabilities to the Health Policy & Planning subcommittee in November 2018
- Based on input from the subcommittee, SurgeryPlus developed the following proposal for a carve-out COE program design, communication and engagement strategy

# SurgeryPlus proposal

## Scope of COE-eligible services

### Joint Replacement & Revision

- Knee Replacement / Revision
- Hip Replacement / Revision
- Shoulder Replacement
- Ankle Replacement
- Elbow Replacement
- Wrist Replacement

### Spine

- Laminectomy / Laminotomy
- Anterior Lumbar Interbody Fusion (ALIF)
- Posterior Lumbar Interbody Fusion (PLIF)
- Anterior Cervical Disk Fusion (ACDF)
- 360 Spinal Fusion
- Artificial Disk

### Cardiac

- Defibrillator Implant
- Permanent Pacemaker Implant
- Pacemaker Device Replacement
- Valve Surgery
- Cardiac Ablation

### GYN

- Hysterectomy
- Bladder Repair (Anterior or Posterior)
- Hysteroscopy

### Bariatric

- Gastric Bypass
- Laparoscopic Gastric Bypass
- Laparoscopic Sleeve Gastrectomy

### Hernia

- Hernia Repair (inguinal, ventral, umbilical, and hiatal)

### Gallbladder

- Gallbladder Removal

### Thyroid

- Thyroidectomy

### Orthopedics

- Knee/Shoulder Arthroscopy
- ACL/MCL/PCL Repair
- Rotator Cuff Repair
- Bunionectomy
- Carpal Tunnel Release

### ENT

- Ear Tube Insertion (Ear Infection)
- Septoplasty
- Sinuplasty

### Gastroenterology

- Colonoscopy
- Endoscopy

### Pain Management

- Cervical Epidural
- Lumbar Epidural Steroid
- Stellate Ganglion Block
- Epidural Blood Patch

### Other Minor / Misc. Procedures

- Biopsy
- Excision of Mass

## SurgeryPlus proposal

### Network providers available for procedures

- SurgeryPlus has contracted providers in New Jersey, Philadelphia, and the greater Washington, D.C. area, as a result of SurgeryPlus having existing clients within the region

Procedure Category	New Jersey	Philadelphia	Greater D.C. / Delaware
Orthopedic	✓	✓	—
Spine	—	✓	—
General Surgery	✓	✓	✓
Bariatric	—	✓	—
OB/GYN	—	—	—
ENT	✓	—	—
Pain Management	✓	✓	✓
Gastroenterology	✓	✓	✓
Cardiac	—	—	✓



# SurgeryPlus proposal

## Provider credentialing process – “Surgeons of Excellence”

### Physician Credentialing



#### Mandatory

Board Certification	<input checked="" type="checkbox"/>
Specialty Training Requirements	<input checked="" type="checkbox"/>
Procedure Volume Requirements	<input checked="" type="checkbox"/>
State Sanctions Check	<input checked="" type="checkbox"/>
Medical Malpractice Claims Review	<input checked="" type="checkbox"/>
Criminal Background Checks	<input checked="" type="checkbox"/>
Monthly Network Monitoring	<input checked="" type="checkbox"/>

### Facility Credentialing

- SurgeryPlus facility credentialing includes the review of relevant, verifiable hospital data points
  - Hospital Acquired Condition (HAC) scores
  - Readmittance rates (overall and procedure specific)
  - Complication rates (overall and procedure specific)

# SurgeryPlus proposal

## Proposed plan design / covered services

- Cost sharing would be waived for use of SurgeryPlus network providers
- The following travel benefits would be provided to members as well:



### Hotel

- ☑ Hotels must be 3 stars or above
- ☑ S+ may be able to use a hospital-affiliated hotel that features additional care and discounted rates



### Airfare

SurgeryPlus will book flights if it appears to be the best travel option when placement is more than 125 miles away.



### Car

<u>Miles Traveled</u>		<u>Reimbursement</u>
0 - 99	→	\$25
100 - 199	→	\$50
200+	→	\$100



### Per Diem

\$35 per person, per day



# SurgeryPlus proposal

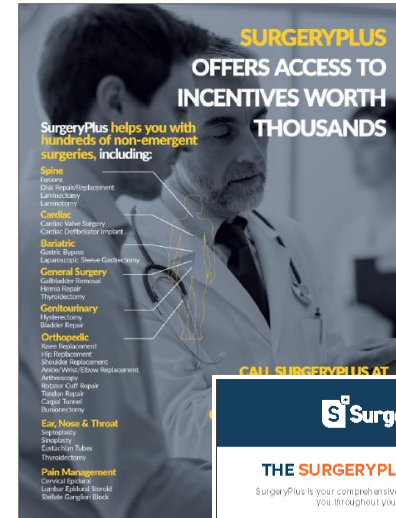
## Member engagement strategy – tiered incentive design

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

# SurgeryPlus proposal

## Member communication plan

- Marketing to date includes:
  - Information on SBO website
  - Information included in 2019 Open Enrollment Highlights video
  - SurgeryPlus presence at all 2019 Open Enrollment onsite events (health fairs, education sessions, and HR & Benefit Representative meetings)
- SurgeryPlus can tailor the communication approach to the State as appropriate

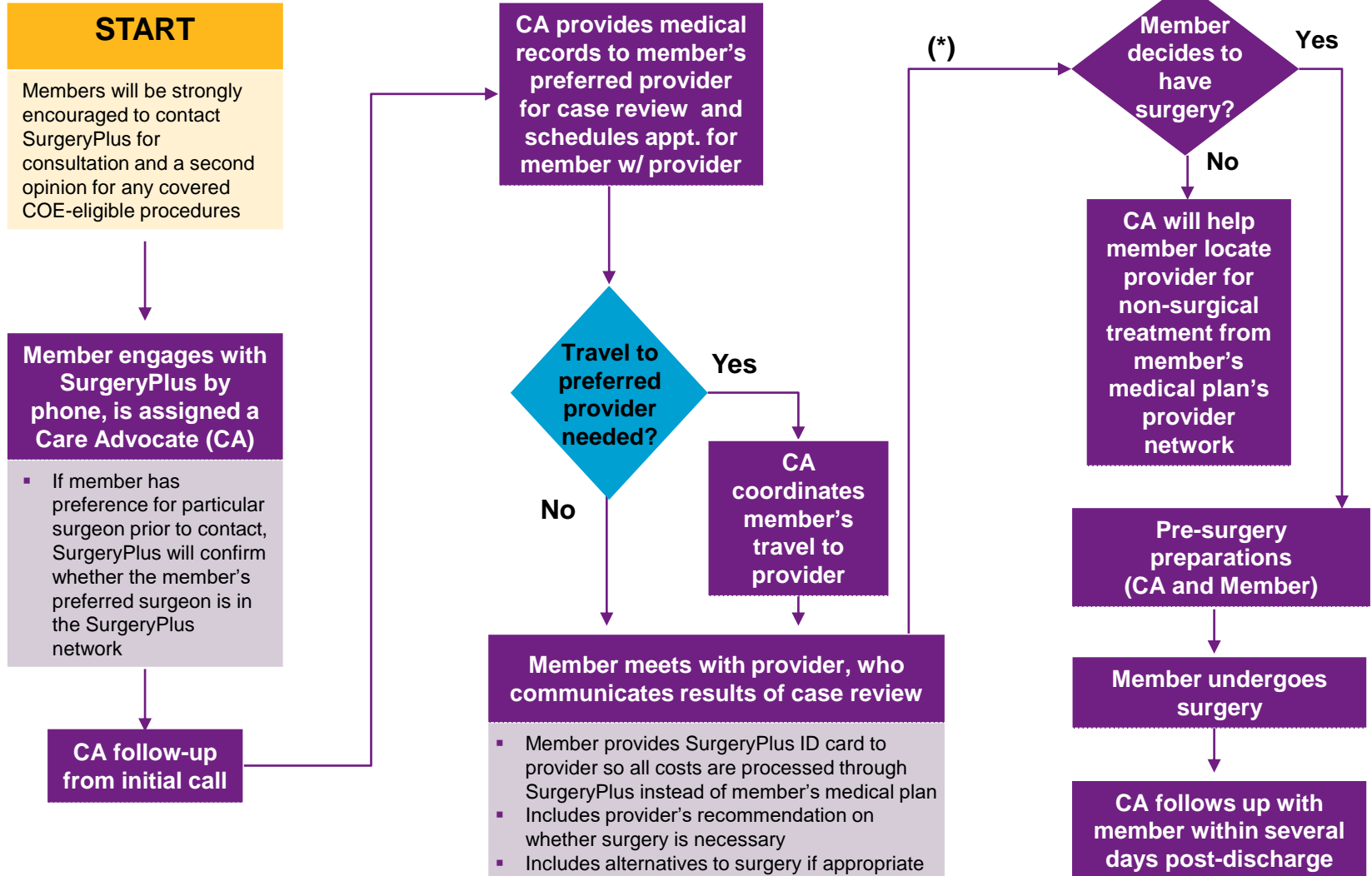


# SurgeryPlus proposal

## Member experience

(\*) If provider accepts member for surgery.

Provider may decline member request for surgery for a variety of reasons, including: inappropriateness of surgery as a treatment option for member's given condition, presence of comorbidities that may increase surgical risk.



## Other administrative considerations

### Coordination with GHIP medical vendors – Highmark and Aetna

- Eligibility file feeds are being established and will be in production by 7/1/19
- Ongoing discussions to establish claim file feeds to allow SurgeryPlus to proactively identify patients with claims that are indicators of probable surgical procedures
  - SurgeryPlus would contact those members to educate them on their COE benefits and attempt to engage them with a SurgeryPlus network provider
  - Any member contact would be coordinated with any other outreach by Aetna and Highmark through each vendor's care management / customer service functions
  - Example:
    - Plan participant with an initial visit to an orthopedic surgeon would be identified as a potential surgery candidate
    - Medical carrier reporting on eligibility file feed used by providers for real-time verification of eligibility

# Estimated cost and savings potential of carve-out COE program

## Assumptions

- Cost and savings for COE-eligible procedures are a function of COE network utilization
  - Savings increase as more procedures are directed through the COE network, which can vary based on incentive design
- WTW previously estimated \$500k in net year 1 savings for SurgeryPlus COE implementation
  - COE-eligible procedures consisted of a subset offered to the GHIP today (i.e., knee/hip replacements and spine surgeries) only and 10% utilization of COE network
- Revised estimates reflect updated list of proposed covered services and tiered incentive design
  - Based on GHIP utilization and allowed cost for COE-eligible procedures for the 24 months ended 12/31/2018, as provided by SurgeryPlus
  - SurgeryPlus savings based on contracted rates where the procedure would be directed
- Several COE network utilization<sup>1</sup> rates were used to show range of cost and savings
  - 10% – typical first-year utilization rate cited by SurgeryPlus when carve-out COE network is offered as a choice alongside the plan sponsor's TPA's COE networks
  - 100% – assumes carve-out COE network captures all COE-eligible procedures
  - Note – 100% utilization scenario has been provided to show maximum range of potential costs and savings, and is not WTW's expectation for the first year experience of the State

<sup>1</sup> Utilization defined as the percentage of all procedures directed through the carve-out COE vendor's network.

# Estimated cost and savings potential of carve-out COE program

For all proposed COE-eligible procedures

Year 1	COE Utilization Assumption	
Fees / (Savings)	10%	100%
<b>Current State</b>		
Gross cost	\$11,800,000	\$117,600,000
Member cost share	<u>\$200,000</u>	<u>\$1,400,000</u>
Plan cost after member cost share	\$11,600,000	\$116,200,000
<b>SurgeryPlus</b>		
Gross Cost	\$4,800,000	\$48,200,000
Member cost share	<u>\$0</u>	<u>\$0</u>
Plan cost after member cost share	\$4,800,000	\$48,200,000
Savings over current state	(\$6,800,000)	(\$68,000,000)
<b>Other Costs</b>		
Financial reward payments	\$2,300,000	\$22,600,000
Variable administrative fees	<u>\$1,800,000</u>	<u>\$18,100,000</u>
Total Fees	\$4,100,000	\$40,700,000
<b>Net Savings</b>		
Total year 1 net savings	(\$2,700,000)	(\$27,300,000)

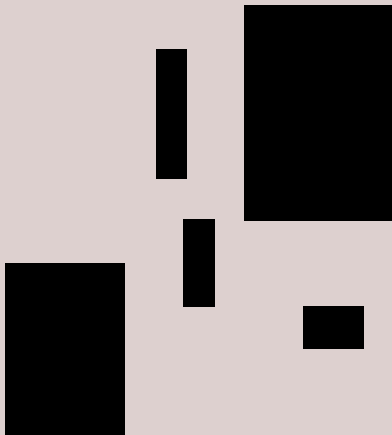
**Note: 100% utilization scenario has been provided to show maximum range of potential costs and savings, and is not WTW's expectation for the first year experience of the State**

**Caveats:**

- Includes active employees and non-Medicare retirees only; excludes Medicfill retirees
- Savings based on utilization of COE-eligible procedures during 24 months ended 12/31/2018, annualized, for GHIP active employees and non-Medicare retirees; utilization provided by SurgeryPlus
- Not a direct comparison of provider-specific pricing - based on SurgeryPlus's contracted rates where procedure would be directed, compared to the State's average allowed cost per procedure
- Financial reward payments based on tiered incentive design illustrated on page 8
- Members will be required to travel out of state for care; costs above exclude travel expenses (pass through cost to the State)
- Analysis reflects all proposed COE-eligible procedures
- Procedures were not split by inpatient and outpatient services; member out-of-pocket costs assume outpatient procedures only; cost-sharing is waived for COE-network providers under proposed SurgeryPlus plan design
- Additional savings through GHIP member use of Aetna and Highmark COEs is possible and not factored into the savings estimates above



# Appendix



# COE coverage under the GHIP

## Inconsistencies within current COE offering

- Some differences within the Aetna and Highmark lists of COE-eligible procedures (example below)
- Dictates which procedures qualify for plan design steerage to COE facilities

DRG #	Diagnostic Related Group (DRG)	Aetna	Highmark
<b>Orthopedic</b>			
461	Bilateral or multi major joint procedures of lower extremity w/ major Complications and Comorbid Conditions (CC)	✓	✗
462	Bilateral or multi major joint procedures of lower extremity w/o major CC	✓	✓
464	Wound debridement and skin graft except hand, for musculoskeletal and connective tissue disorders w/ CC	✗	✓
466	Revision of hip or knee replacement w/ major CC	✓	✗
467	Revision of hip or knee replacement w/ CC	✓	✓
468	Revision of hip or knee replacement w/o CC / major CC	✓	✓
469	Major joint replacement w/ major CC	✓	✓
470	Major joint replacement w/o major CC	✓	✓

COE-eligible procedure ✓

Not a COE-eligible procedure ✗

- Third-party COE vendor would offer a discrete, consistent set of COE-eligible procedures, eliminating potential confusion among members as to those surgeries for which steerage to a COE is encouraged

# COE coverage under the GHIP

## Inconsistencies within current COE offering

- Some differences within the Aetna and Highmark lists of providers considered to be a COE

	Bariatric	Knee / Hip / Spine	Transplants
Aetna	<b>Christiana Care</b> – Wilmington, DE <b>Nanticoke Memorial Hospital</b> – Seaford, DE <b>St. Francis Hospital</b> – Wilmington, DE <i>Plus 15+ other facilities in surrounding area<sup>1</sup></i>	<u><b>Knee / Hip / Spine</b></u> <b>Christiana Care</b> – Wilmington, DE <i>Plus 15+ other facilities in surrounding area<sup>1</sup></i>	<b>duPont Hospital for Children</b> – Wilmington, DE <i>Plus 10+ other facilities in surrounding area<sup>1</sup></i>
Highmark	<b>Christiana Care</b> – Wilmington, DE <b>Kent General Hospital</b> – Dover, DE <b>Milford Memorial Hospital</b> – Milford, DE <b>Nanticoke Memorial Hospital</b> – Seaford, DE <b>St. Francis Hospital</b> – Wilmington, DE <i>Plus 20+ other facilities in surrounding area<sup>1</sup></i>	<u><b>Knee / Hip</b></u> <b>Christiana Care</b> – Wilmington, DE <u><b>Spine</b></u> <b>Beebe Medical Center</b> – Lewes, DE <b>Christiana Care</b> – Newark, DE <i>Plus 20+ other facilities in surrounding area<sup>1</sup></i>	<b>duPont Hospital for Children</b> – Wilmington, DE <i>Plus 8+ other facilities in surrounding area<sup>1</sup></i>

- Both Aetna and Highmark leverage aggregate outcomes data from across their book of business to evaluate providers for potential designation as COE facilities
  - It is possible for any provider to meet each vendor’s quality standards but not produce the volume of cases for the vendor to evaluate during a given measurement period

<sup>1</sup> Surrounding area defined as southern Pennsylvania and New Jersey (Philadelphia, Camden, Vineland), Maryland (Baltimore, Annapolis, Salisbury), and Washington, D.C. (including Arlington, VA).