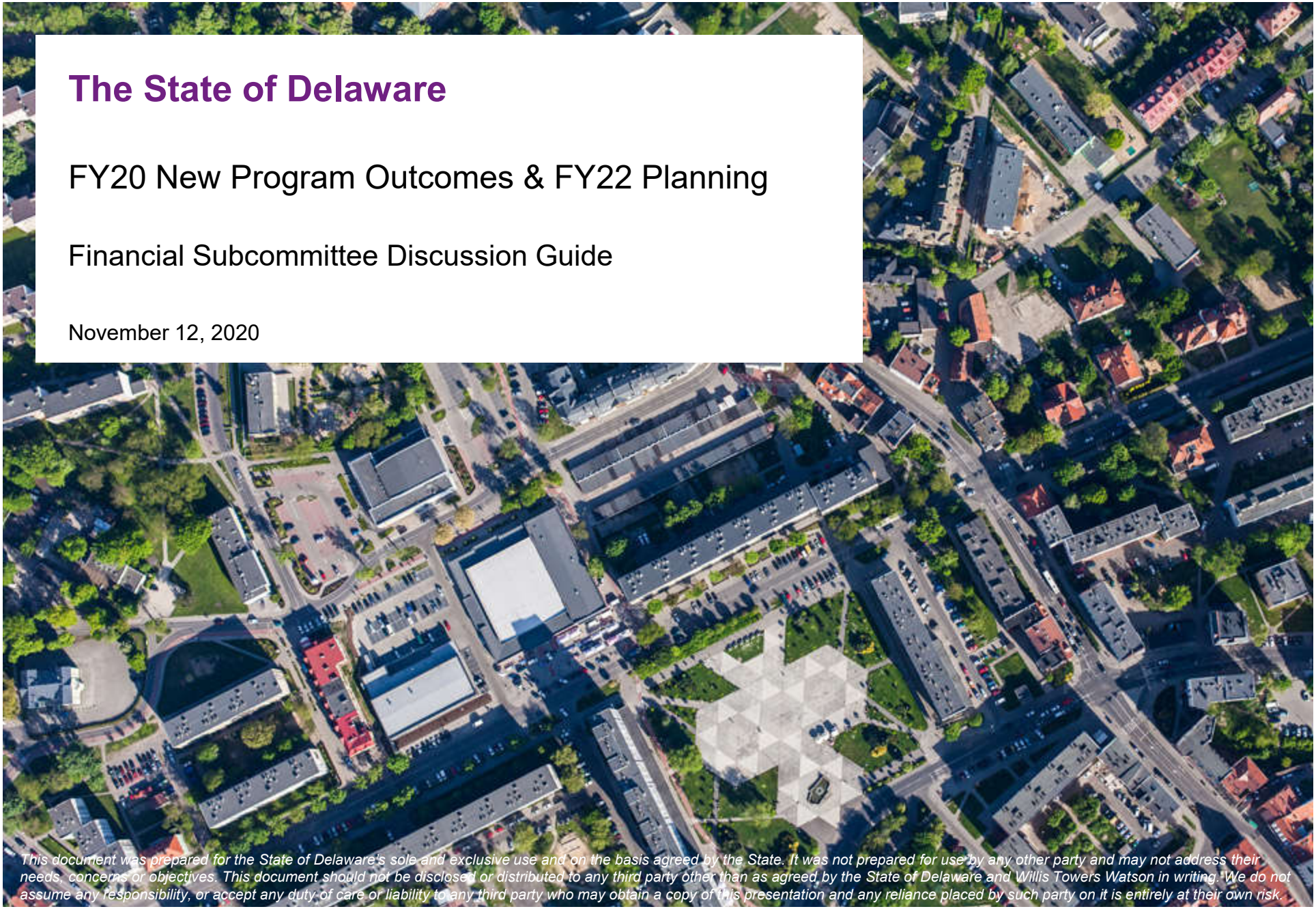
# The State of Delaware

## FY20 New Program Outcomes & FY22 Planning

## Financial Subcommittee Discussion Guide

November 12, 2020









Willis Towers Watson

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# Overview of recent GHIP initiatives and changes

## Introduction

- A number of initiatives have been implemented since FY16 that have the potential to materially impact GHIP program offerings and its enrolled population; these include:
  - Site of care steerage
  - Clinical management programs
  - Other initiatives and changes, such as those required by legislation
- Today's discussion will focus on conducting a deeper dive into several of these items, specifically:
  - Review latest results of site of care steerage plan design changes and programs
  - Review recent cost and utilization associated with maternity and fertility benefits
- Further dialogue will take place at the December 2020 Subcommittee meetings about:
  - Impact of clinical management programs offered by Highmark and Aetna
  - Impact of Livongo and SurgeryPlus programs on GHIP cost, utilization and population health

# Overview of recent GHIP initiatives and changes (continued)

| | FY17 *(Effective 7/1/16)* | FY18 *(Effective 7/1/17)* | FY19 *(Effective 7/1/18)* | FY20 *(Effective 7/1/19)* | FY21 *(Effective 7/1/20)* |
|---|---|---|---|---|---|
| **Site of Care Steerage** | ▪ ***Already in place*:** Aetna infusion therapy site-of-care steerage<br>▪ Copay changes for urgent care, high-tech imaging*<br>▪ Third-party telemedicine programs added | (no changes) | ▪ Copay changes for basic imagining, high-tech imaging, outpatient labs* | ▪ Copay changes for basic imaging, high-tech imaging, outpatient labs, emergency room, and telemedicine*<br>▪ Implemented Highmark infusion therapy site-of-care steerage program | (no changes) |
| **Clinical Management Programs** | (no changes) | ▪ Implemented Aetna/Carelink and Highmark CCMU care management programs | ▪ Implemented diabetes prevention programs (Retrofit, YMCA) | ▪ Implemented Livongo for diabetes management | (no changes) |
| **Other Initiatives and Changes** | (no changes) | • Implemented Aetna Enhanced Clinical Review program for select high tech imaging services | ▪ HB203 Diabetes monitoring and prevention | ▪ Implemented SurgeryPlus surgeons of excellence program<br>▪ ***Effective 8/1/19:*** Implemented enhanced fertility benefits* | (no changes) |

*Details on the following pages.

# Overview of recent GHIP initiatives and changes (continued)

## Site of care steerage – copay changes

*Highlights copay change*

- Chart below reflects recent copay changes for site-of-care steerage in the PPO and HMO plans
- Unless otherwise noted, copays apply to both plans (PPO and HMO)

| Copays by type of service | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|---|
| **Basic Imaging (X-rays, ultrasounds)** | | | | | | |
| ▪ Freestanding Facility (preferred) | ▪ $20 copay | ▪ $20 copay | ▪ $20 copay | ▪ $0 copay | ▪ $0 copay | ▪ $0 copay |
| ▪ Hospital-based Facility | ▪ $20 copay | ▪ $20 copay | ▪ $20 copay | ▪ $35 copay | ▪ $50 copay | ▪ $50 copay |
| **High Tech Imaging (MRI, CT, PET scan)** | | | | | | |
| ▪ Freestanding Facility (preferred) | ▪ $15 HMO / $20 PPO | ▪ $0 copay | ▪ $0 copay | ▪ $0 copay | ▪ $0 copay | ▪ $0 copay |
| ▪ Hospital-based Facility | ▪ $15 copay | ▪ $35 copay | ▪ $35 copay | ▪ $50 copay | ▪ $75 copay | ▪ $75 copay |
| **Outpatient Lab** | | | | | | |
| ▪ Preferred Lab | ▪ $10 copay | ▪ $10 copay | ▪ $10 copay | ▪ $10 copay | ▪ $10 copay | ▪ $10 copay |
| ▪ Other Lab | ▪ $10 copay | ▪ $10 copay | ▪ $10 copay | ▪ $20 copay | ▪ $50 copay | ▪ $50 copay |
| **Emergency / Urgent Care** | | | | | | |
| ▪ Urgent Care | ▪ $25 HMO / $30 PPO | ▪ $15 HMO / $20 PPO[1] | ▪ $15 HMO / $20 PPO | ▪ $15 HMO / $20 PPO | ▪ $15 HMO / $20 PPO | ▪ $15 HMO / $20 PPO |
| ▪ Emergency Room | ▪ $150 copay | ▪ $150 copay | ▪ $150 copay | ▪ $150 copay | ▪ $200 copay | ▪ $200 copay |
| **Telemedicine** | • N/A | ▪ $15 HMO / $20 PPO | ▪ $15 HMO / $20 PPO | ▪ $15 HMO / $20 PPO | ▪ $0 copay[2] | ▪ $0 copay |

1 Change made to match PCP office visit copay.
2 Effective March 2020, $0 copay temporarily applied to CDH Gold and First State Basic plans and virtual telemedicine services provided by a primary care or other physician.

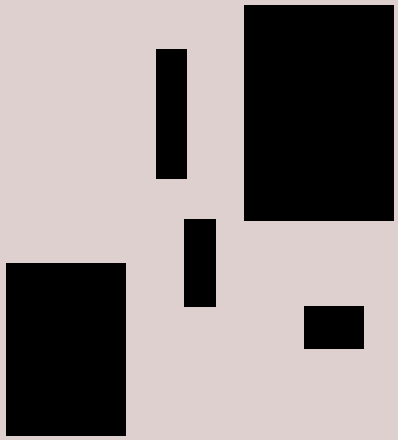
# Overview of recent GHIP initiatives and changes (continued)

## Recent changes to fertility benefits

| Fiscal Year | Pre-FY2011 | FY2011 | FY2016 | FY2020 |
|---|---|---|---|---|
| **Effective Date** | Before July 1, 2010 | July 1, 2010 | July 1, 2015 | August 1, 2019 |
| **Member cost share** | | | | |
| **IVF** | Standard medical/Rx plan design provisions apply<br>Must try other methods first (AI) before pre-authorization granted | 25% coinsurance (medical and Rx)<br>Must try other methods first (AI) before pre-authorization granted | No changes | Standard plan design provisions apply (medical only)<br>25% coinsurance (Rx only) |
| **All other infertility treatments** | Standard medical/Rx plan design provisions apply | 25% coinsurance (medical and Rx) | No changes | Standard plan design provisions apply (medical only)<br>25% coinsurance (Rx only) |
| **Plan cost share** | | | | |
| **IVF** | $30,000 lifetime maximum (medical & Rx combined) | Combined lifetime maximum for IVF and all other infertility treatments<br>$10,000 lifetime maximum (medical only)<br>$15,000 lifetime maximum (Rx only) | No changes | Combined lifetime maximum for IVF and all other infertility treatments<br>$30,000 lifetime maximum (medical only)<br>$15,000 lifetime maximum (Rx only) |
| **All other infertility treatments** | Unlimited | | | |
| **Grandfathered members** | None | Must be approved for IVF as of 6/30/10<br>May continue IVF treatments subject to pre-FY2011 plan cost sharing ($30,000 lifetime max for medical & Rx combined).<br>Standard medical/Rx plan design provisions apply. | Began phase-out of grandfathered benefit for IVF.<br>Must have had IVF activity within the last 3 years or will lose grandfathered status then standard plan cost share limits (as of FY2016) would apply. | No changes |

# Impact on the GHIP in FY20

Site of care steerage



# Recent plan design changes to promote site-of-care steerage

## Summary of steerage and cost avoidance – FY20

- WTW measured the expected utilization and claims cost in FY20 for ER, imaging (high tech and basic) and labs based on FY19 utilization levels by site of service
- FY20 expected visits and claims were then compared to estimated FY20 steerage and cost avoidance opportunity previously provided by Aetna and Highmark to determine actual savings
- FY20 Q4 utilization impacted by reduction in claim activity during COVID-19 pandemic shut-down; experience through FY20 Q3 has also been provided for reference
  - Experience through FY20 Q3 reflects 4/1/2019-3/31/2020 compared to prior 12 month period; expected utilization not adjusted for impact of FY19 Q4 data

| | ER | Imaging (HTI & Basic) | Labs |
|---|---|---|---|
| **Estimated number of visits steered toward preferred site of care** | | | |
| Estimated visits steered[1] | (454) | (3,833) | (7,715) |
| Actual visits steered (FY20)[2] | 24 | (1,930) | (6,732) |
| Actual visits steered (thru FY20 Q3)[2] | (157) | (1,910) | (8,809) |
| **Estimated cost avoidance opportunity** | | | |
| Estimated cost avoidance[1] | ($2.6M) | ($1.7M) | ($2.6M) |
| Actual cost avoidance (FY20)[2] | $32,453 | ($512,183) | ($431,135) |
| Actual cost avoidance (thru FY20 Q3)[2] | ($151,042) | ($576,622) | ($565,394) |

1 Estimated visits steered to preferred site of care provided by Aetna/Highmark; estimated cost avoidance opportunity calculated based on annual claim savings assumptions provided by Aetna and Highmark and projected FY20 medical claims; see Appendix for details
2 Measured for active and early retiree populations only; excludes Medicare retirees, surviving spouses/dependents and COBRA

# Recent plan design changes to promote site-of-care steerage

## Recommendations for FY22

- Actual and projected site-of-care steerage savings are difficult to accurately measure:
  - Projected savings based on annual claim savings as a percent of total medical cost (provided by Aetna/Highmark) for all GHIP members enrolled in HMO/PPO plans
  - Actual savings based on FY19 utilization levels and FY20 unit costs by service/setting for active/early retirees only
  - Significant impact of COVID-19 on FY20 utilization makes actual-to-expected analysis difficult
  - Savings estimates also did not factor in telemedicine plan design change to $0 copay due to limited prior utilization of telemedicine services; COVID-19 led to sharp increase in utilization of telemedicine services which can produce ongoing savings for GHIP population
- There is still evidence that thousands of members were successfully steered to the preferred sites of care, particularly for imaging and lab services
  - In the past, the GHIP has had success steering members in the year of a plan design change, but subsequent plan years have seen members revert back to old habits
- Recommend no additional plan design changes in FY22; instead:
  - Send communications to GHIP members promoting the preferred sites of care and copay differentials, including telemedicine services offered with $0 copay
  - Explore opportunities to work with Highmark and Aetna to send targeted communications to members when they use non-preferred sites to provide them with preferred sites for future needs

# Recent plan design changes to promote site-of-care steerage

## Recommendations for FY22 (continued)

- Recommend no additional plan design changes in FY22; instead:
  - Leverage upcoming medical TPA RFP to address bidder capabilities to support improvements in site-of-care steerage in terms of:
    - Utilization management capabilities such as ability to administer prior authorization for use of non-preferred sites-of-care
    - Network features such as offering robust access to preferred sites of care including areas where access has been challenging such as Sussex County
    - Ability to support innovative plan design features beyond tiered copays
    - Member tools to help participants identify preferred sites of care
    - Communication capabilities to support member education about this issue
    - Provider incentives to support referrals to preferred sites of care

# Other interventions to promote site-of-care steerage

## Infusion therapy overview

**Infusion therapy defined:**

- Intravenous administration of certain medications that treat conditions such as autoimmune disorders, enzyme replacement and rare/esoteric diseases
- Administered under the supervision of a medical professional
- Several possible sites of care: outpatient hospital facility, infusion center, doctor's office, or patient's home

***Advantages to administering outside of a hospital:*** *significantly reduced cost of drug administration, reduced risk of patient exposure to hospital-acquired illnesses, enhanced privacy and comfort, potentially reduced travel time and associated expenses*

- Both medical carriers monitor infusion therapy utilization under the GHIP to identify potential member candidates for their site-of-care steerage programs
  - Aetna's program has been in place for the GHIP since before FY16
  - Highmark's program is newer and was implemented for FY20 (effective 7/1/19)
- While there are some nuanced differences between the carriers' programs, both include the following components:
  - Require member's doctor to request prior authorization for infusion therapy
  - Medical carrier reviews request for medical necessity and clinical appropriateness, and will reach out to member's doctor to suggest alternative site of care if appropriate

# Infusion therapy

## Summary of steerage and cost avoidance – FY20

- Highmark and Aetna provided data on actual cost avoided in FY20 as a result of each vendor's infusion therapy site-of-care steerage program
  - FY20 actual utilization and costs were compared to estimated FY20 utilization and cost at non-preferred sites of care to determine actual cost avoided
- Results for both carriers were compared to the estimated cost avoidance included in the final FY20 budget
  - Since the Aetna program was already in place prior to the beginning of FY20, no incremental cost avoidance was assumed for the Aetna program in the FY20 budget
  - FY20 budget assumed incremental cost avoidance of $2.0m with the implementation of Highmark's infusion therapy program
- FY20 Q4 utilization impacted by reduction in claim activity during COVID-19 pandemic shut-down; experience through FY20 Q3 has also been provided for reference
  - Experience through FY20 Q3 reflects 4/1/2019-3/31/2020; expected utilization not adjusted for impact of FY19 Q4 data

| | Highmark | Aetna | Total |
|---|---|---|---|
| **Estimated cost avoidance opportunity** | | | |
| Estimated cost avoidance[1] | ($2.0M) | $0 | ($2.0M) |
| Actual cost avoidance (FY20 full year) | ($5.8M) | ($0.6M) | ($6.4M) |
| Actual cost avoidance (thru FY20 Q3) | ($4.8M) | ($0.6M) | ($5.4M) |

1 Estimated patients steered to preferred site of care and estimated cost avoidance opportunity provided by Highmark; see Appendix for details.

# Infusion therapy

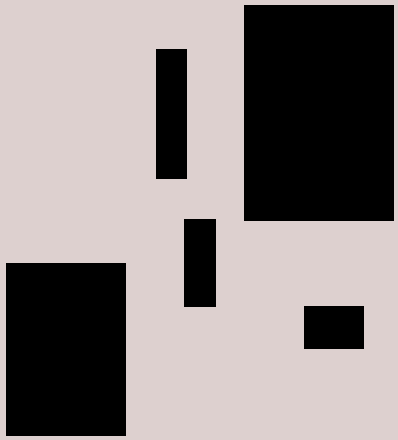
## Recommendations for FY22 (continued)

- Consistent with other site-of-care steerage opportunities, no plan design changes are recommended for FY22; instead:
  - Explore opportunities to work with Highmark and Aetna to send targeted communications to providers whose patients repeatedly use non-preferred sites to educate them more broadly about the use of preferred sites of care
  - Leverage the upcoming medical TPA RFP to address bidder capabilities to support improvements in the cost associated with specialty medications dispensed through the medical plan
    - As a service category, *specialty drugs dispensed in an outpatient place of service* was among the top 10 types of service by cost for both FY19 and FY20[1] (approximately $22.8M or about 3.0% of total cost each year)

1 Source: IBM Watson Health. Includes State employees, non-Medicare pensioners and Medicare pensioners. Excludes the University of Delaware and participating groups.

# Impact on the GHIP

Maternity and fertility benefits utilization



# Maternity and fertility benefits utilization

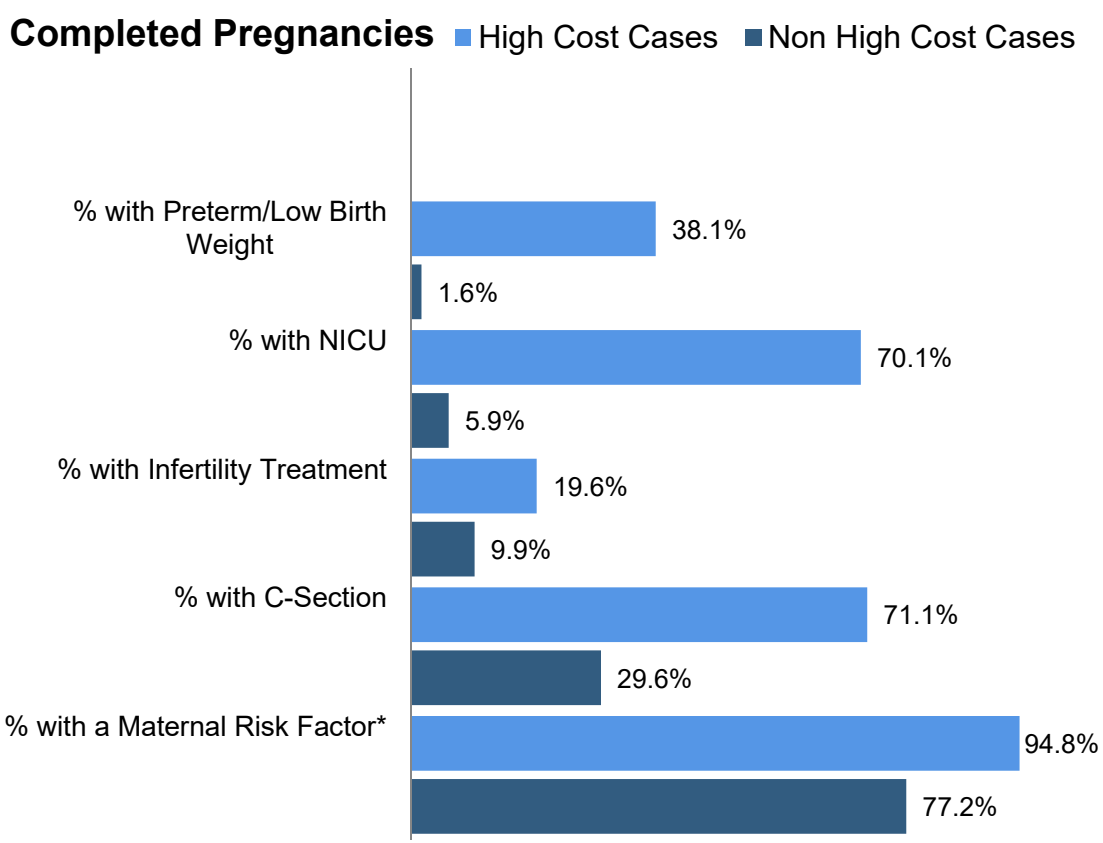
## Summary of recent experience

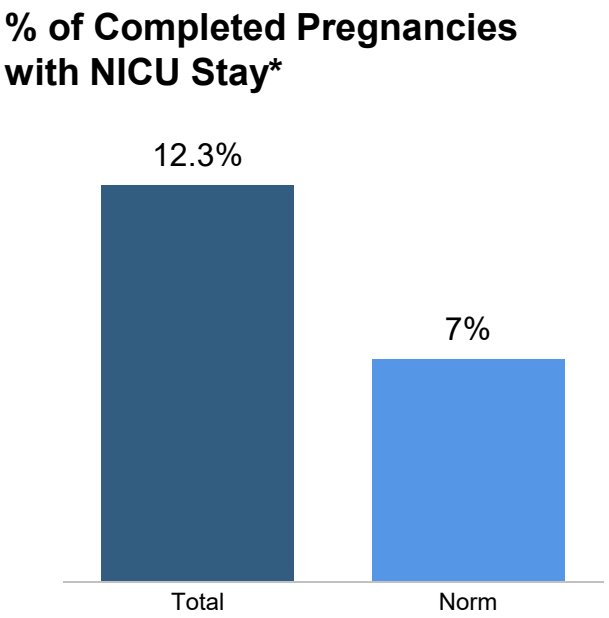
- IBM Watson Health presented a maternity and fertility analysis to the SBO in July and October 2020, covering the timeframe of claims incurred March 2019 through February 2020
  - The analysis reviewed the entire maternity experience, including newborn admission, postpartum depression, and fertility benefit utilization
- Key findings include:
  - Maternity costs per completed pregnancy averaged $36,000, which is 46% higher than the geographically adjusted norm
  - The GHIP's rate of high cost cases is almost twice the norm, with 94% of high cost cases having at least one identifiable maternal risk factor
  - The proportion of NICU stays is about twice the national average for the GHIP (12.3% of completed pregnancies vs. 6% national norm)
    - Women with comorbid conditions such as obesity, anxiety disorder, and diabetes were more likely to have a baby in the NICU

Source: IBM Watson Health.

# Maternity and fertility benefits utilization

## Summary of recent experience




**Maternal risk factors include diabetes, hypertension, HIV, prior pre-term birth, history of infertility treatment (coded by the doctor and can be any history of infertility, not just in the past 18 months), infection during pregnancy, age 35 and older, stress, alcohol use, or tobacco use during pregnancy. Risk factors are based on diagnosis codes submitted with pregnancy claims (may be understated if providers did not use detailed coding).*

Source: IBM Watson Health.

# Maternity and fertility benefits utilization

## Summary of recent experience

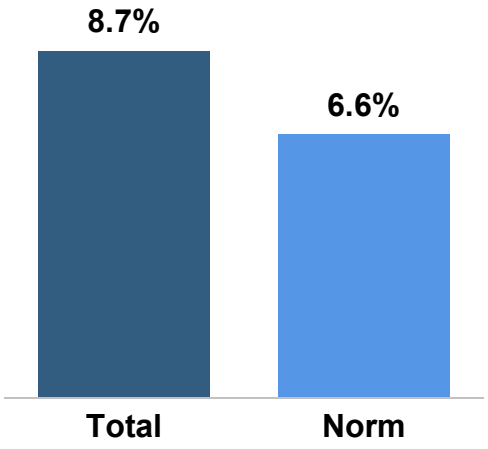
- Key findings (continued):
  - About 1 in 5 completed pregnancies with infertility treatment were high cost cases
    - Women with comorbid conditions such as obesity, hypertension, and diabetes were more likely to need fertility treatment
  - Under 1% of mothers were diagnosed with postpartum depression. This rate is below the norm and national estimates, which suggests this condition is under-diagnosed
  - Opportunities exist to promote lifestyle management and increase engagement in the programs offered by the GHIP for condition management prior to pregnancy, such as Livongo, EAP, behavioral health benefits, CareVio, CCMU, etc.

Source: IBM Watson Health.

# Maternity and fertility benefits utilization

## Summary of recent experience

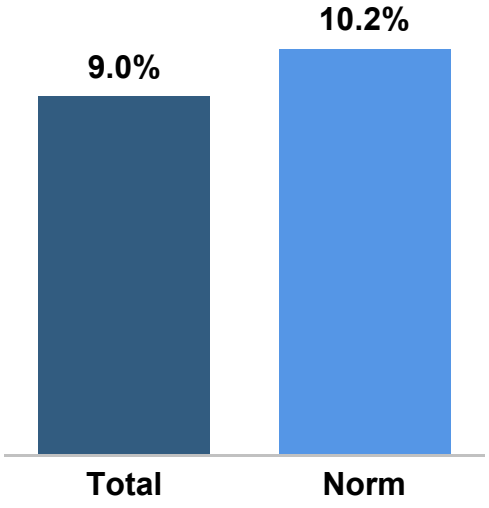
**% of Deliveries with Preeclampsia***




* Preeclampsia is related to an increase in blood pressure and if left untreated it can result in kidney, liver, and brain issues in the mother as well as fetal complications

Source: https://www.marchofdimes.org/complications/preeclampsia.aspx

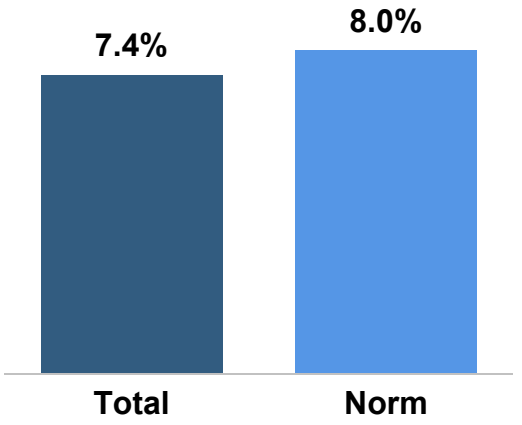
**% of Deliveries with Gestational Diabetes****




** Gestational diabetes develops during pregnancy in patients who have not had diabetes before; it typically goes away after delivery, but can put the mother at higher risk for developing type II diabetes in the future

Source: http://www.diabetes.org/diabetes-basics/gestational/

**VBAC Deliveries as % of Potential C-Sections*****




*** *Vaginal birth after C-section (VBAC) is considered safe for 60-80% of women with previous C-sections[1]—the rate is calculated as VBAC deliveries divided by deliveries coded with a previous C-section*

Source: IBM Watson Health.

# Maternity and fertility benefits utilization

## Summary of recent experience

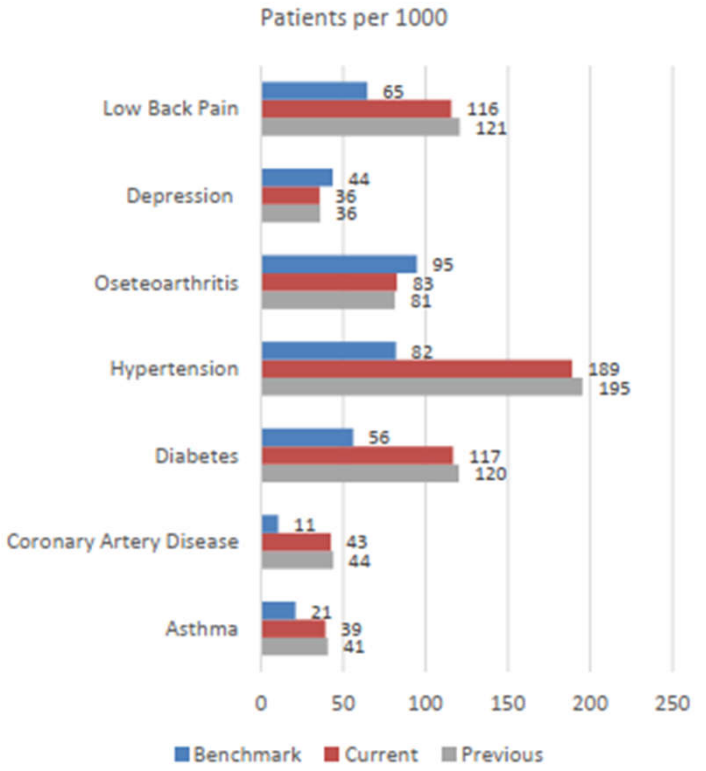
- Other studies produced similar findings related to cost trends associated with maternity benefits utilization and maternal health outcomes in Delaware
  - The report on the impact of diabetes in Delaware issued by the Division of Public Health, the Division of Medicaid & Medical Assistance and the Statewide Benefits Office found that:
    - In 2017, maternal gestational diabetes was diagnosed during pregnancy for 845 of 10,835 (7.8%) births in Delaware
    - As age increases, so does the prevalence of gestational diabetes: 1.0% of Delaware women aged 13-18 who gave birth in 2017 were diagnosed with gestational diabetes compared to 22.4% of Delaware women aged 40-49
  - Specifically for the GHIP, while the average length of inpatient admissions for maternity decreased by 8.2% from FY19 to FY20, the average monthly cost per member per month increased by almost half a percent (0.4%)

# Maternity and fertility benefits utilization

## Summary of recent experience

- Other studies produced similar findings related to cost trends associated with maternity benefits utilization and maternal health outcomes in Delaware
  - Prevalence of chronic conditions and lifestyle risk factors continue to far exceed benchmarks

**Prevalence of chronic conditions, total GHIP population[1]**
**Previous period: Oct 2018 - Sep 2019 (Paid)**
**Current period: Oct 2019 - Sep 2020 (Paid)**



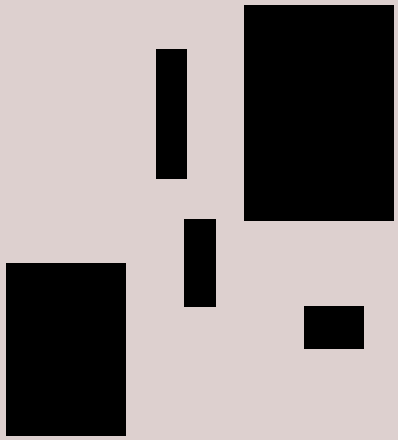

1 Source: IBM Watson Health.

# Maternity and fertility benefits

## Recommendations for FY22

- Consider opportunity to leverage monetary or non-monetary incentives to encourage member participation in maternity management programs offered by Highmark and Aetna
- Encourage member participation in other clinical management programs that address chronic conditions and lifestyle risks, such as Livongo, diabetes prevention programs, CCMU and CareVio
- Opportunity for Highmark and Aetna to enhance outreach, education and engagement efforts with segments of the GHIP population in which there are known issues with high costs and poor health outcomes
- Leverage the medical RFP to encourage medical TPAs to negotiate improved pricing associated with maternity and fertility services, including use of alternative payment models such as bundled pricing or shared savings arrangements

# FY22 planning



# FY22 planning

## Bariatric surgery

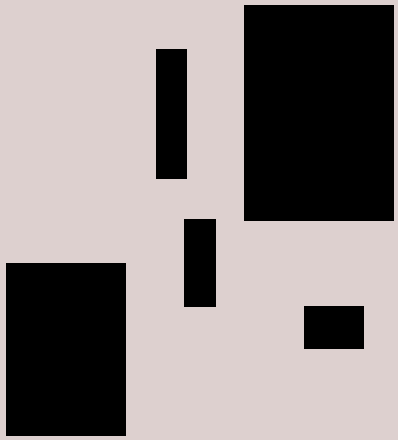
- One opportunity for consideration is carving out bariatric surgery to the SurgeryPlus program
- Currently, GHIP members who want to obtain these procedures have the choice to use their medical plan's provider network (i.e., through Highmark or Aetna) or obtain the surgery through the SurgeryPlus program
- There is potential for significantly different member experiences when seeking this surgery through the medical plan vs. the SurgeryPlus program in terms of:
  - Concierge support for locating a provider, scheduling an appointment, coordination of follow-up care with the member's PCP, etc.
  - Availability of participating providers
  - Health outcomes associated with the selected surgical provider
  - Claim billing and adjudication process
  - Travel benefits associated with using a provider of excellence
- The medical carriers have had challenges with administering this benefit for the State in the past, such as applying the appropriate member cost sharing when a provider of excellence is selected for the procedure

# FY22 planning

## Bariatric surgery

- SurgeryPlus has indicated that some plan sponsors within its book of business are starting to mandate use of the SurgeryPlus program for a limited set of procedures
  - Bariatric surgery is the most popular procedure to “carve-out” entirely to SurgeryPlus
- There are several potential benefits to GHIP participants and the plan if the State were to do this:
  - Bariatric surgery providers in Delaware already participate in the SurgeryPlus network, which would limit travel requirements for members
  - This procedure requires a lengthy coordination process with patients prior to surgery, and the SurgeryPlus program could support patients through this process via the concierge services offered through the program
  - Potential for members to share in the potential savings realized through steering members to SurgeryPlus providers
- Further details on FY20 utilization and cost associated with bariatric surgery under the GHIP will be provided at the December 2020 Subcommittee meeting

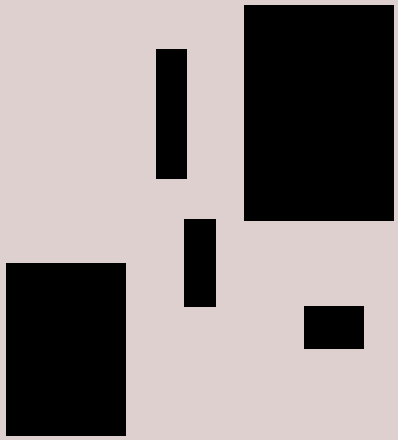
# Next steps



# Next steps

- Continue to monitor emerging experience in these areas
- Further dialogue planned will take place at the December 2020 Financial Subcommittee meeting about:
  - Impact of clinical management programs offered by Highmark and Aetna
  - Impact of Livongo and SurgeryPlus programs on GHIP cost, utilization and population health
  - Deeper dive into FY22 opportunity to direct all bariatric surgeries to SurgeryPlus program

# Appendix



# Recent plan design changes to promote site-of-care steerage

## Urgent care – utilization for FY19 and FY20

| *(non-emergent & primary care treatable only)*[1] | Visits: FY19 (Period 1) | Visits: FY20 (Period 2) | Visits: Period 2 (Expected) | Visits: Steered | Total Cost (Period 1) | Total Cost (Period 2) | Total Cost: Period 2 (Expected) | Cost Savings Estimate |
|---|---|---|---|---|---|---|---|---|
| Emergency Room | 13,316 | 11,545 | 11,521 | 24 | $16,640,552 | $15,272,328 | $15,240,799 | $31,529 |
| Urgent Care | 55,745 | 48,557 | 48,231 | 326 | $6,021,974 | $5,405,188 | $5,368,927 | $36,261 |
| Primary Care | 146,322 | 126,250 | 126,600 | -350 | $13,616,003 | $12,761,811 | $12,797,148 | ($35,337) |
| Total | 215,383 | 186,352 | 186,352 | 0 | $36,278,528 | $33,439,327 | $33,406,874 | $32,453 |

1 Represents a subset of the total number of visits to emergency rooms, urgent care centers and primary care physicians during each fiscal year. Classification of these types of visits provided by IBM Watson Health and based on a New York University study. Non-Emergent = no immediate care required within 12 hours. Primary Care Treatable = treatment required within 12 hours, but could be provided in a primary care setting.

Visits and total cost by site of service provided by IBM Watson Health.

# Recent plan design changes to promote site-of-care steerage

## Imaging (high tech and basic) – utilization for FY19 and FY20

| High tech imaging services | Visits: FY19 (Period 1) | Visits: FY20 (Period 2) | Visits: Period 2 (Expected) | Visits: Steered | Total Cost (Period 1) | Total Cost (Period 2) | Total Cost: Period 2 (Expected) | Cost Savings Estimate |
|---|---|---|---|---|---|---|---|---|
| Hospital-based Facility | 8,174 | 7,663 | 7,857 | -194 | $14,586,498 | $15,056,012 | $15,437,208 | ($381,196) |
| Freestanding Facility | 5,854 | 5,821 | 5,627 | 194 | $2,652,473 | $2,579,995 | $2,494,003 | $85,992 |
| Total | 14,028 | 13,484 | 13,484 | 0 | $17,238,971 | $17,636,006 | $17,931,211 | ($295,205) |

| Basic imaging services | Visits: FY19 (Period 1) | Visits: FY20 (Period 2) | Visits: Period 2 (Expected) | Visits: Steered | Total Cost (Period 1) | Total Cost (Period 2) | Total Cost: Period 2 (Expected) | Cost Savings Estimate |
|---|---|---|---|---|---|---|---|---|
| Hospital (Outpatient Imaging) | 30,314 | 26,192 | 27,928 | -1,736 | $7,914,722 | $6,723,431 | $7,169,057 | ($445,626) |
| Freestanding Facility | 41,113 | 39,613 | 37,877 | 1,736 | $5,228,450 | $5,217,412 | $4,988,765 | $228,647 |
| Total | 71,427 | 65,805 | 65,805 | 0 | $13,143,172 | $11,940,843 | $12,157,822 | ($216,979) |

Visits and total cost by site of service provided by IBM Watson Health.

# Recent plan design changes to promote site-of-care steerage

## Outpatient lab – utilization for FY19 and FY20

| Outpatient lab services | Visits: FY19 (Period 1) | Visits: FY20 (Period 2) | Visits: Period 2 (Expected) | Visits: Steered | Total Cost (Period 1) | Total Cost (Period 2) | Total Cost: Period 2 (Expected) | Cost Savings Estimate |
|---|---|---|---|---|---|---|---|---|
| Hospital (Outpatient Lab) | 66,762 | 57,104 | 63,836 | -6,732 | $6,012,305 | $5,527,273 | $6,178,929 | ($651,656) |
| Preferred Lab | 131,274 | 132,254 | 125,522 | 6,732 | $4,165,199 | $4,331,967 | $4,111,446 | $220,521 |
| Total | 198,036 | 189,358 | 189,358 | 0 | $10,177,504 | $9,859,240 | $10,290,375 | ($431,135) |

Visits and total cost by site of service provided by IBM Watson Health.

# Site-of-care steerage opportunities for FY20

## Additional assumptions for estimated cost avoidance – imaging services

| **Service**<br>***For PPO and HMO plans only*** | **FY19 Current** | **FY20 Design Options** | | | |
|---|---|---|---|---|---|
| | | **Option 1** | **Option 2** | **Option 3** | **Max Opportunity *(illustrative)*** |
| **Basic Imaging**<br>▪ Freestanding Facility (preferred)<br>▪ Hospital-based Facility | ▪ $0 copay<br>▪ $35 copay | ▪ $0 copay<br>▪ $40 copay | ▪ $0 copay<br>▪ $50 copay | ▪ $0 copay<br>▪ $50 copay | n/a |
| **High Tech Imaging**<br>▪ Freestanding Facility (preferred)<br>▪ Hospital-based Facility | ▪ $0 copay<br>▪ $50 copay | ▪ $0 copay<br>▪ $60 copay | ▪ $0 copay<br>▪ $65 copay | ▪ $0 copay<br>▪ $75 copay | |
| **Estimated number and percent of services steered toward preferred site of care** | | ▪ Basic: 1,515 (3%)<br>▪ High Tech: 515 (3%) | ▪ Basic: 2,781 (5%)<br>▪ High Tech: 707 (4%) | ▪ Basic: 2,781 (5%)<br>▪ High Tech: 1,052 (6%) | ▪ Basic: 56,130 (100%)<br>▪ High Tech: 18,407 (100%) |
| **Estimated cost avoidance opportunity** | | $0.8m annual claim savings<br>($0.5m to General Fund) | $1.6m annual claim savings<br>($1.1m to General Fund) | $1.7m annual claim savings<br>($1.1m to General Fund) | $8.3m annual claim savings<br>($5.5m to General Fund) |

The percentage of cost paid by the State subsidy from the general fund and non-general fund based on FY 2018 premium contributions and revenue as reported by DHR Financial Services/OMB PHRST.
Savings for active and pre-65 retiree populations only; based on each vendor's best estimate of the expected utilization at the desired site of care.
Savings largely attributable to copay differential rather than changes in member behavior.

*Highlights potential FY20 design change.*

# Site-of-care steerage opportunities for FY20

## Additional assumptions for estimated cost avoidance – outpatient lab services

| Service<br>*For PPO and HMO plans only* | FY19 Current | FY20 Design Options | | | |
|---|---|---|---|---|---|
| | | Option 1 | Option 2 | Option 3 | Max Opportunity *(illustrative)* |
| **Outpatient Lab**<br>▪ Preferred Lab<br>▪ Other Lab | ▪ $10 copay<br>▪ $20 copay | ▪ $10 copay<br>▪ $30 copay | ▪ $10 copay<br>▪ $40 copay | ▪ $10 copay<br>▪ $50 copay | n/a |
| **Estimated number and percent of services steered toward preferred site of care** | | 2,642 (1%) | 5,212 (2%) | 7,715 (4%) | 216,206 (100%) |
| **Estimated cost avoidance opportunity** | | $1.6m annual claim savings ($1.1m to General Fund) | $2.4m annual claim savings ($1.6m to General Fund) | $2.6m annual claim savings ($1.7m to General Fund) | $5.9m annual claim savings ($3.9m to General Fund) |

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Savings largely attributable to copay differential rather than changes in member behavior.
Preferred labs for both Aetna and Highmark: Quest and Labcorp.
*Highlights potential FY20 design change.*

# Site-of-care steerage opportunities for FY20

## Additional assumptions for estimated cost avoidance – emergency / urgent care

| Service<br>*For PPO and HMO plans only* | FY19 Current | FY20 Design Options | | |
|---|---|---|---|---|
| | | Option 1 | Option 2 | Max Opportunity *(illustrative)* |
| **Emergency / Urgent Care**<br>▪ Urgent Care (HMO/PPO copay)<br>▪ Emergency Room | ▪ $15/$20 copay<br>▪ $150 copay | ▪ $15/$20 copay<br>▪ $175 copay | ▪ $15/$20 copay<br>▪ $200 copay | n/a |
| **Estimated number and percent of services steered toward preferred site of care** | | 288 (2%) | 454 (2%) | 18,976 (100%) |
| **Estimated cost avoidance opportunity** | | $1.4m annual claim savings<br>($0.9m to General Fund) | $2.6m annual claim savings<br>($1.7m to General Fund) | $5.3m annual claim savings<br>($3.5m to General Fund) |

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Savings largely attributable to copay differential rather than changes in member behavior.

*Highlights potential FY20 design change.*

# Site-of-care steerage – infusion therapy program under Highmark

## Recommendations for FY20 changes

***Recommendation:***

- Implement Highmark's infusion therapy site-of-care steerage program ($2.0m claim savings potential[1], $1.3m to General Fund)

**Rationale for recommendation:**

- Advantages to administering infusion therapy outside of a hospital – significantly reduced cost of drug administration, reduced risk of patient exposure to hospital-acquired illnesses, enhanced privacy and comfort, potentially reduced travel time and associated expenses
- Potential savings associated with steerage to non-hospital sites of care
- Highmark program provides additional clinical oversight via review of medical appropriateness and assists members with locating alternative sites of care; includes appeal process to address denied requests
- Similar program currently in place for Aetna GHIP plan participants

**Follow-ups from presentation to the SEBC on January 14, 2019**

- Highmark confirmed that this program does not include infused medications for chemotherapy treatment (consistent with Aetna program)
- In response to a request for the latest information on the number of members engaged in the Aetna program, in FY18 there were 15 patients identified, of which 6 were successfully shifted to an alternative site of care; the remaining 9 are not actively being managed by the program at this time for a variety of reasons[2]

1 Note: Reflects savings potential; actual savings are not guaranteed and should not be relied upon for budgeting purposes. Based on most recent incurred data (August 2017 – July 2018) for targeted drugs delivered in a hospital setting; reflects 67 members with 388 claims for 10 targeted drugs.
2 Reasons include: High risk of complications, pediatric patient, member/provider approved for exception, therapy was delayed for medical reasons, patient no longer on therapy.