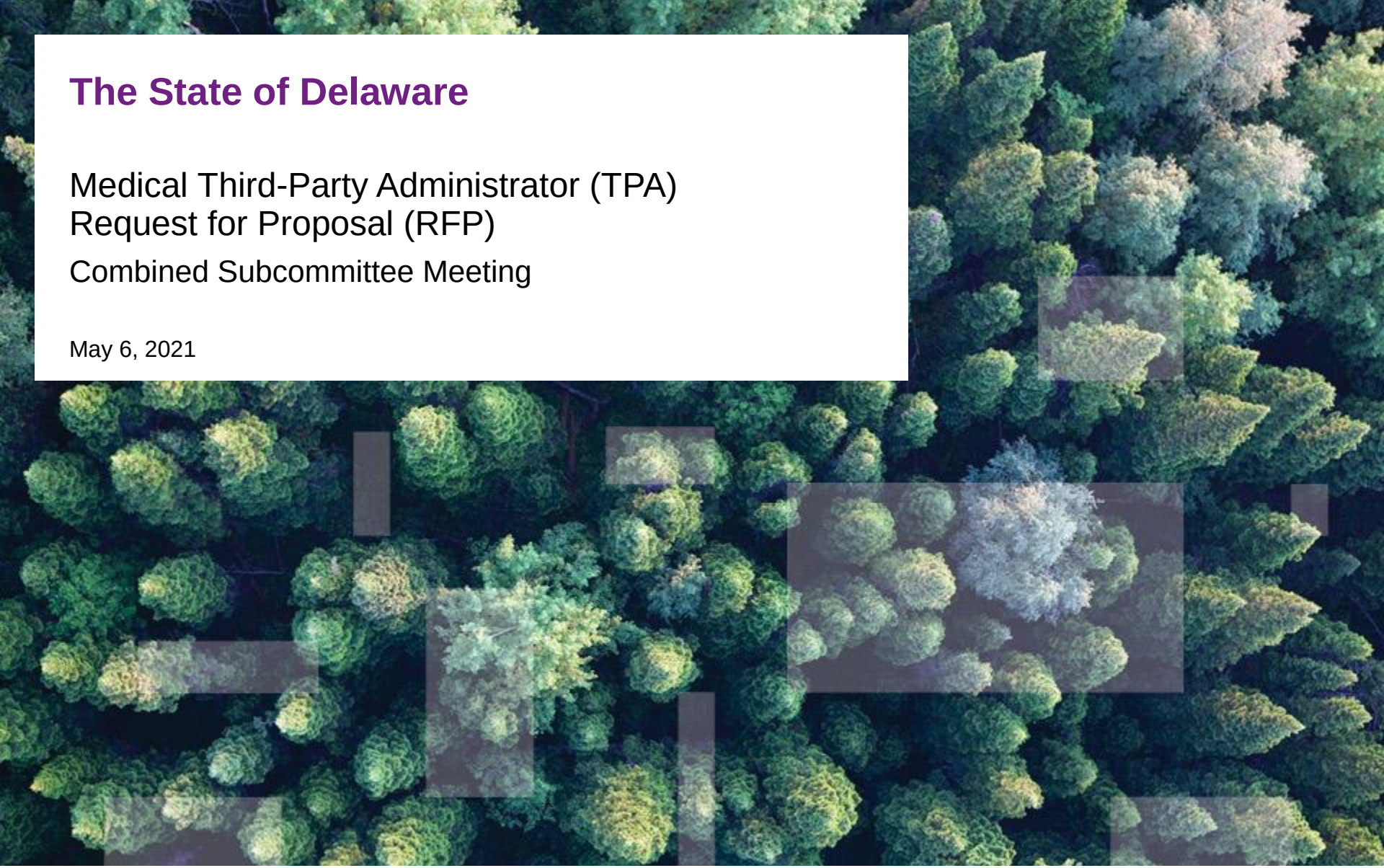
The State of Delaware

Medical Third-Party Administrator (TPA) Request for Proposal (RFP)

Combined Subcommittee Meeting

May 6, 2021



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Today's discussion

Agenda

- Recent market dynamics affecting the GHIP
- Goals of the 2021 Medical TPA RFP
- Areas for further consideration
- Current status of the 2021 RFP
- Next steps

Recent market dynamics affecting the GHIP

	Pre-2016 RFP
Industry drivers	▪ Passage of the Affordable Care Act (ACA) (2010) ▪ Beginning of shift in greater accountability of health care delivery system for managing outcomes and cost leads to increased focus on value-based contracting with medical providers
Delaware state-level drivers	▪ Passage of House Bill 81 (2011): specified types of GHIP plan options offered and participant cost sharing parameters ▪ State Employees Health Plan Task Force (2015) borne out of 2015 Health Fund deficit / cost pressures ▪ Delaware Health Care Commission developed the Delaware Health Innovation Plan (2013), which led to establishment of Delaware Center for Health Innovation (2014) focused on health care transformation and payment reform
Key changes to GHIP design and offerings	▪ ACA-mandated changes ▪ Participant cost sharing changes as a result of House Bill 81 and the FY16 budget shortfall ▪ Adoption of consumer directed health plan (CDH Gold) with both Highmark and Aetna in response to House Bill 81

2016 Medical TPA RFP

Recent market dynamics affecting the GHIP (continued)

2016 Medical TPA RFP

	Post-2016 RFP
Industry drivers	▪ Consolidation in the health care market through TPA/PBM mergers (e.g., Aetna/CVS Health, Cigna/Express Scripts) ▪ Increasing emphasis on value-based provider contracting ▪ COVID-19 pandemic
Delaware state-level drivers	▪ Consolidation of Delaware providers with hospital systems buying up independent practices ▪ Establishment of Delaware Health Care Spending Benchmark ▪ Establishment of working groups/committees to address statewide health care considerations such as primary care, delivery system transformation, prescription drug purchasing and Delaware's liability for retiree medical expenditures (through OPEB study group)
Key changes to GHIP design and offerings	▪ Adoption of GHIP Strategic Framework (eff. Dec 2016; updated Feb 2020) ▪ Adoption of plan design differentials to encourage site of care steerage for select services (effective Jul 2016 and later) ▪ Addition of SurgeryPlus surgeons of excellence program (effective Jul 2019) ▪ PBM RFP (2020) led to change from Express Scripts to CVS Health

Outcomes of the 2016 Medical TPA RFP (effective July 1, 2017)

- GHIP administration remained with Highmark Delaware and Aetna
- Single administrator for each type of plan resulted in elimination of Highmark HMO and Highmark CDH Gold plans
- Adoption of financial risk-sharing (value-based) agreement with Aetna/Christiana Care for HMO plan
- Adoption of enhanced care management for Aetna HMO ("CareVio") and Highmark PPO and FSB plans ("CCMU")
- No changes to Highmark Special Medicfill Medicare supplement plan

Goals of the 2021 Medical TPA RFP

Identify Medical TPA(s) that can:

Support the goals of the GHIP Strategic Framework	Provide competitive financial terms	Support the GHIP's programs and plan offerings	Deliver on core functions of a medical TPA

▪ Increase proportion of spend through advanced alternative payment models
▪ Reduce per-member cost for diabetic members
▪ Limit total cost of care inflation
▪ Offer and increase engagement in decision support tools
	▪ Competitive provider reimbursement rates and administrative fees
	▪ Service level guarantees including accountability for supporting the GHIP Strategic Framework goals
	▪ Offer solutions that uphold and support:
	  ▪ Investments in primary care, and
	  ▪ Affordability Targets of the Delaware Department of Insurance's Office of Value Based Health Care Delivery
		▪ Administer current plans
		▪ Support plan provisions that optimize effectiveness of GHIP benefit offerings
		▪ Integrate with other programs and vendors supporting the GHIP
		▪ Maintain a provider network that meets current and future state goals of the GHIP
		▪ Provide supplemental coverage to Medicare-eligible retirees and their Medicare-eligible dependents
		▪ Support other state-level health care initiatives
			▪ Claims administration
			▪ Provider network
			▪ Care management
			▪ Member services
			▪ Care navigation support
			▪ Online tools/resources
			▪ Communications support
			▪ Account management
			▪ Reporting
			▪ Participation in the DHIN
			▪ Coordination with Delaware community health resources

Areas for further consideration

- Achievement of GHIP Strategic Framework goals will require transformational level of change that may not be possible under current requirements of Delaware Code, which include:
  - State pays a fixed cost share (as % of total cost) for each medical plan option
  - State must offer four medical plan options to active employees and non-Medicare pensioners
- Implications if these requirements remain in place:
  - Plans with low enrollment (i.e., CDH Gold, First State Basic) could syphon headcount from other plan options, which may limit the impact of efforts to align with value-based arrangements at the plan level
  - Continuing to limit employee/pensioner share of total plan cost will also continue to limit the SEBC's ability to solve for projected FY22 budget shortfall

- ***Limits SEBC's ability to drive meaningful change towards an ideal future state:*** fewer medical plan choices between more meaningfully different options (based on price tags and design) that steer participants to high quality, cost efficient providers

Current status of the 2021 RFP

- RFP was posted to Delaware's Bid Solicitation Directory on Monday, April 26
- Intent to bid deadline was Friday, April 30
  - Several organizations have indicated interest in submitting proposals, including Highmark and Aetna
- Mandatory conference call with bidders was Wednesday, May 5

Next steps

- Questions from bidders are due by Friday, May 14
- Responses to bidder questions targeted for release on Friday, May 28
- Bid deadline for RFP participants is Friday, June 18
- Analysis of proposals will be conducted June – August and will include evaluation of:
  - Bidder proposals for how they could support the SEBC in achieving an “illustrative future state” that upholds the goals of the RFP without the current limitations of Delaware Code
  - Multiple Medicare options to determine any financial benefits to the GHIP and member communication considerations if a decision were made to move away from the current Medicare supplement offering
- Finalist interviews are scheduled for August 23-24
- Proposal Review Committee recommendation to the SEBC will be presented in late 2021
- Effective dates for contract awards through this RFP process:
  - 7/1/2022 for active employee/non-Medicare pensioner plan options
  - 1/1/2023 for Medicare retiree plan option