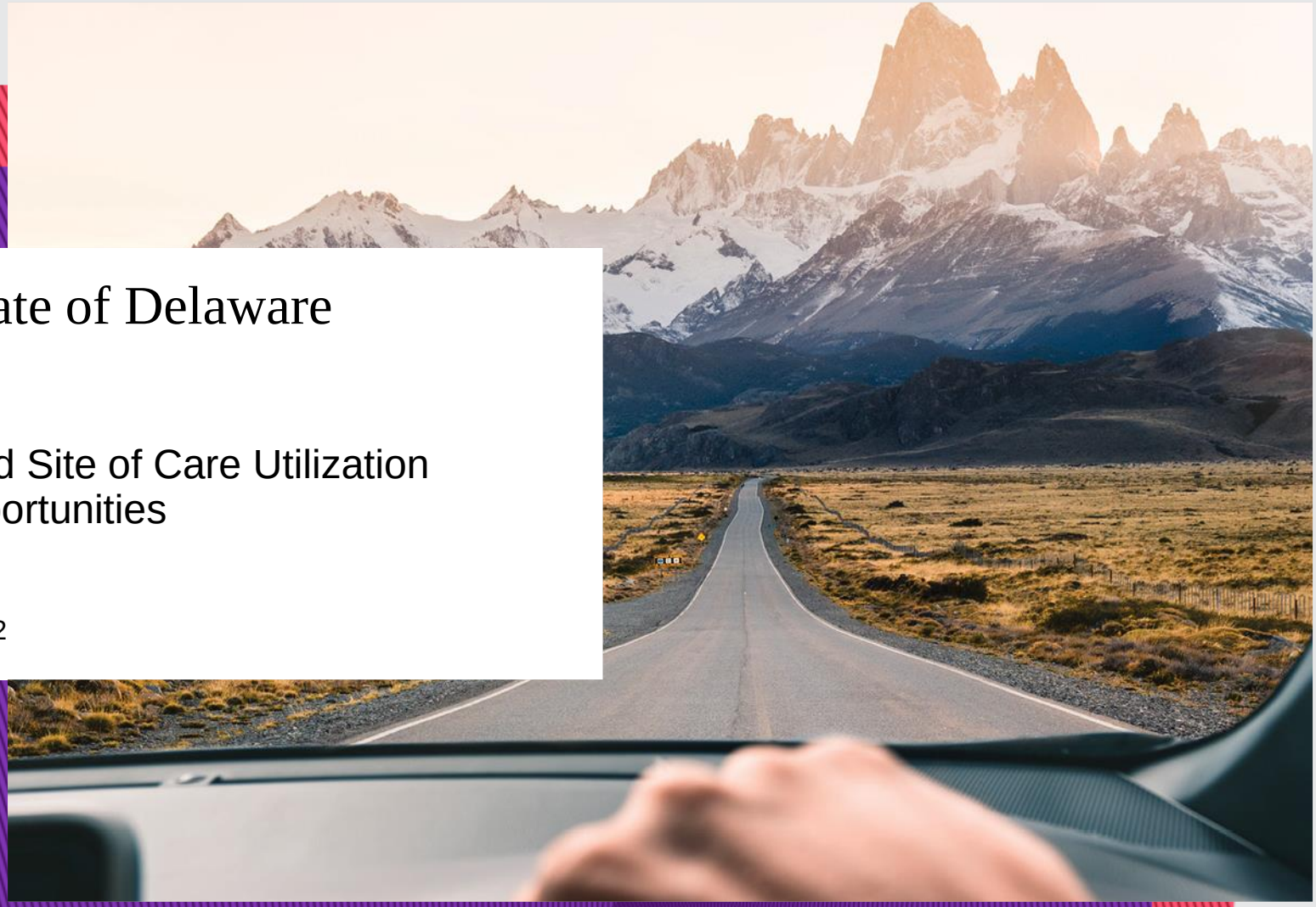

The State of Delaware

Preferred Site of Care Utilization and Opportunities

July 21, 2022

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Today’s discussion

- Site of care reporting update
- Plan design considerations
- Next steps

Site of care steerage – current copay differentials

Highlights copay change

- The GHIP PPO and HMO plans include variable copays for the same type of service depending on where the service is provided ("site of care" or "site of service")
- Chart reflects current site of care copay differentials, which have been in place since July 1, 2019
  - Exception: telemedicine copay was lowered to $0 in March 2022
- Following is available to support plan participants with choosing the most appropriate site of care:
  - Decision support on SBO website on Choosing the Right Care
  - Lists of preferred sites of care in Delaware under each medical plan are posted to SBO website
  - Medical carrier customer service, nurseline and care management nurses are trained on the State's plan design and know to direct members to preferred sites of care; member outreach also occurs to educate and steer future utilization

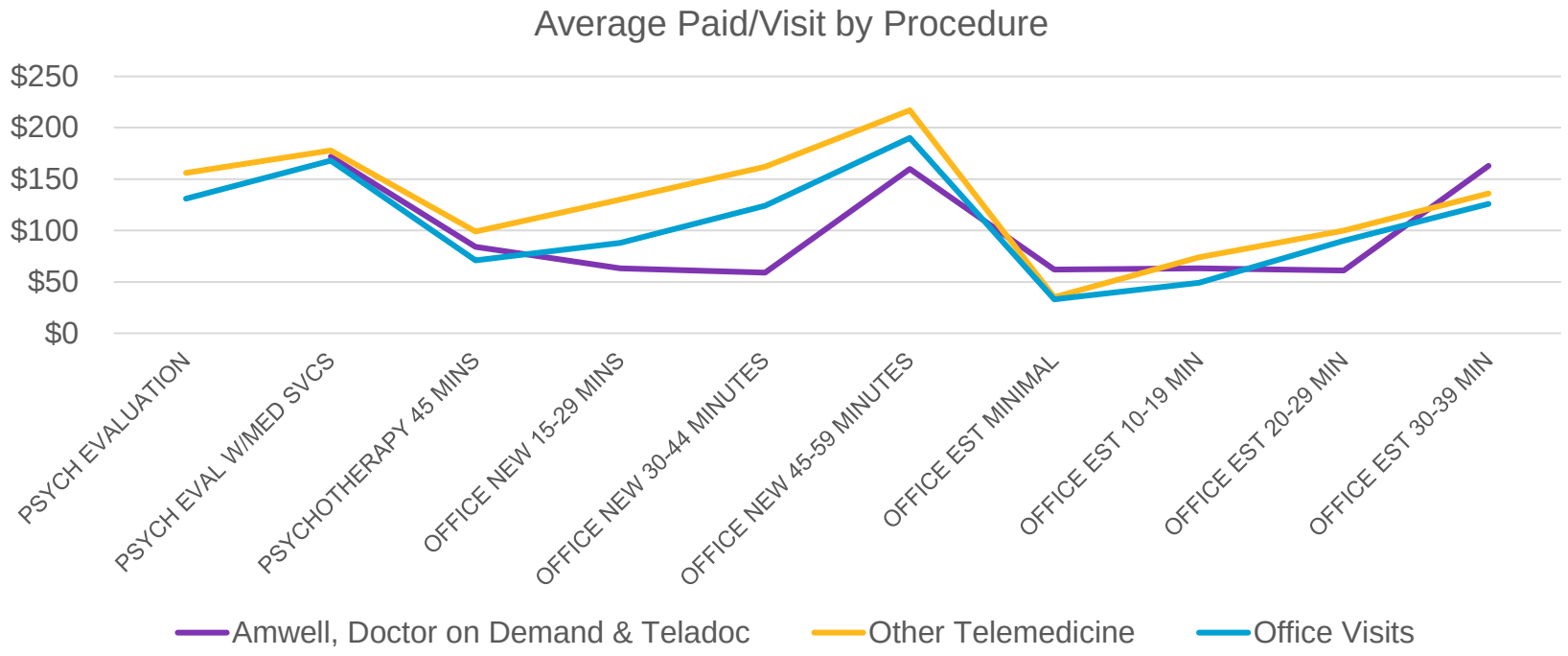
Copays by type of service	HMO & PPO plans (effective since July 1, 2019)
Basic Imaging **(X-rays, ultrasounds)** ▪ In-network non-hospital affiliated freestanding facility (preferred) ▪ Hospital-based facility	 ▪ $0 copay ▪ $50 copay *(+$15 from FY19)*
High Tech Imaging **(MRI, CT, PET scan)** ▪ In-network non-hospital affiliated freestanding facility (preferred) ▪ Hospital-based facility	 ▪ $0 copay ▪ $75 copay *(+$25 from FY19)*
Outpatient Lab ▪ In-network non-hospital affiliated preferred lab ▪ Other lab	 ▪ $10 copay ▪ $50 copay *(+$30 from FY19)*
Emergency / Urgent Care ▪ Urgent Care ▪ Emergency Room	 ▪ $15 HMO / $20 PPO ▪ $200 copay *(+$50 from FY19)*
In-network telemedicine provider through third-party vendors	▪ $0 copay[1] *(-$15 HMO / -$20 PPO from FY19)*

1 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.

Site of care reporting update

Site of service
Telemedicine and Office Visits

- Average Paid per visit for telemedicine and office visits, CY2021
  - Average paid for traditional telemedicine providers (Amwell, Doctor on Demand & Teladoc) was $67, while other telemedicine providers averaged $117 per visit and office visits were $107
  - Office visits and other telemedicine visits had similar costs per visit by procedure code; difference could be based on individual providers' contracts



Source: Merative; reflects GHIP population excluding Medicfill; utilization annualized based on average membership

Site of service

Visits to emergency room, urgent care, primary care for non-emergent/primary care treatable conditions only

- Visits by site of service from January 2019 – December 2021:
  - Total visits increased in emergency rooms and urgent care centers from CY20 to CY21, while they decreased with primary care providers
  - ER utilization for non-emergent/primary care treatable conditions consistently 6% of total visits during CY19-CY21
  - Steering from ER to urgent care for non-emergencies could have saved approximately $13.2m in CY21

	CY2019		CY2020		CY2021		Change from CY2019		Change from CY2020	
Site of Service	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit
Emergency Room	13,265	$1,283.96	10,046	$1,339.51	10,677	$1,376.55	-3,219	4.3%	631	2.8%
Urgent Care	57,882	$109.17	42,990	$116.49	43,631	$139.07	-14,892	6.7%	641	19.4%
Primary Care	144,936	$98.16	112,094	$107.75	109,446	$122.43	-32,842	9.8%	-2,648	13.6%
Total	216,083	$173.90	165,130	$184.96	163,754	$208.63	-50,953	6.4%	-1,376	12.8%

Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported.

Non-emergent visits to emergency room

Top 5 non-emergent diagnoses

- Top 5 non-emergent diagnoses in ER compared to their costs in urgent care, CY2021
  - Potential cost avoidance if ER visits were performed in an urgent care setting instead would be approximately $6.9m for the top 5 non-emergent diagnoses

Diagnosis Summary Group	Visits	Paid/Visit	Total Payments	Urgent Care Paid/Visit
Abdominal and pelvic pain	2,212	$1,697	$3,753,024	$131
Pain in throat and chest	1,360	$1,578	$2,145,407	$123
Acute upper respiratory infections of multiple and unspecified sites	364	$1,095	$398,612	$120
Cellulitis and acute lymphangitis	287	$1,481	$425,150	$128
Cutaneous abscess, furuncle and carbuncle	143	$1,108	$158,488	$130

Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported. Top conditions were determined by ranking disease summary groups by the combined volume of visits to emergency rooms and urgent care centers during the latest rolling year period.

Site of service
High-tech imaging

- Visits for high-tech imaging by site of service from January 2019 – December 2021:
  - Overall number of visits decreased at each site from CY19 to CY20, and in CY21 some visits appear to have shifted to a freestanding location from the hospital setting
  - While the average paid per visit to freestanding locations increased 8.7%, the average paid per visit was still 75% less than a hospital setting, which experienced decreases in number of visits and average cost per visit for CY21
  - Visits in an outpatient hospital setting for high-tech imaging accounted for 57.6% during CY19; only 54.2% of the high-tech imaging services were performed in the same setting during CY21
  - While some high-tech imaging services need to be performed in an outpatient hospital setting, the GHIP could have saved up to approximately $10.8m if all high-tech imaging services in CY21 were performed at a freestanding facility

	CY2019		CY2020		CY2021		Change from CY2019		Change from CY2020	
High-tech Imaging	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**
Hospital Outpatient	8,515	$1,820.18	7,437	$1,999.28	7,278	$1,978.64	-1,078	9.8%	-159	-1.0%
Freestanding Facility	6,269	$443.97	5,525	$457.09	6,157	$496.94	-744	3.0%	632	8.7%
Total	14,784	$1,236.61	12,962	$1,341.92	13,435	$1,299.61	-1,822	8.5%	473	-3.2%

Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported. Excludes PET scans.

Site of service
Basic imaging

- Visits for basic imaging by site of service from January 2019 – December 2021:
  - Cost and utilization increased for both sites of service from CY20 to CY21
  - Average paid per visit was 97% higher in the outpatient hospital setting than at a freestanding location for basic imaging services; in each setting, average paid per visit increased for CY21, with outpatient hospital increasing more than freestanding facilities (13.1% vs. 9.4%, respectively)
  - During CY19, 42.5% of basic imaging visits were performed in the outpatient hospital setting; comparatively, outpatient hospital basic imaging visits comprised 39.5% in CY21
  - While some basic imaging services need to be performed in an outpatient hospital setting, the GHIP could have saved up to approximately $3.5m if all basic imaging services in CY21 were performed at a freestanding facility

	CY2019		CY2020		CY2021		Change from CY2019		Change from CY2020	
Basic Imaging	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**
Hospital Outpatient	33,445	$232.13	28,800	$228.14	29,667	$258.00	-4,645	-1.7%	867	13.1%
Freestanding Facility	45,300	$122.69	41,523	$128.88	45,495	$141.00	-3,777	5.0%	3,972	9.4%
Total	78,745	$169.17	70,323	$169.53	75,162	$187.18	-8,422	0.2%	4,839	10.4%

Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported.

Site of service
Labs

- Visits for lab services by site of service from January 2019 – December 2021:
  - In CY21, average cost per visit in a preferred lab was 63.7% less than in hospital outpatient lab, and hospital outpatient lab visits on average increased 10.2% from CY20 to CY21
  - Preferred lab utilization increased from 68.5% in CY2019 to 74.3% in CY21
  - While some lab services need to be performed in an outpatient hospital setting, the GHIP could have saved approximately up to $4.1m if all lab services in CY21 were performed at a preferred lab

	CY2019		CY2020		CY2021		Change from CY2019		Change from CY2020	
Labs	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**	**Visits**	**Avg Paid/Visit**
Hospital (Outpatient Lab)	64,436	$93.84	61,652	$96.68	60,510	$106.49	-2,784	3.0%	-1,142	10.2%
Preferred Lab	140,267	$31.91	154,491	$36.18	175,093	$38.65	14,224	13.4%	20,602	6.8%
Total	204,703	$51.40	216,143	$53.43	235,603	$56.07	11,440	4.0%	19,460	4.9%

Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported.

Plan design considerations

Site of care steerage – copay changes

Highlights copay change

- The GHIP PPO and HMO plans include variable copays for the same type of service depending on where the service is provided ("site of care" or "site of service")
- Chart below reflects historical copay changes promoting site-of-care steerage; unless otherwise noted, copays apply to both plans

Copays by type of service	FY16	FY17	FY18	FY19	FY20	FY21 & later
Basic Imaging **(X-rays, ultrasounds)**						
In-network non-hospital affiliated 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)**						
In-network non-hospital affiliated 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						
In-network non-hospital affiliated 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
In-network telemedicine provider through third-party vendors	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.

Observations on utilization of services with variable copays by site of care

- Prior to COVID-19, GHIP experience would show reduction in utilization of non-preferred sites of care in the plan years coinciding with copay changes, but in years with no changes, utilization of non-preferred sites of care would revert back to higher levels
- With the pandemic playing a significant role in changing utilization patterns across virtually all types of care, it is necessary to establish a new baseline for GHIP experience with site of care utilization and continue to monitor to determine whether these behavior changes are sustainable
- Utilization of all service types increased in 2021 relative 2020, with the exception of visits to ER, urgent care, or primary care for non-emergent/primary care treatable conditions:
  - High-tech imaging services were up overall in 2021, with a decrease in services performed in outpatient settings
  - Basic imaging services were up overall in 2021, with higher utilization at freestanding facilities (preferred site of care)
  - Outpatient labs, which have increased at both hospitals and preferred labs (driven by COVID-19 testing)
- Likely stems from the combined impact of the COVID-19 pandemic and changes in behavior driven by copay differentials
- Greatest potential for GHIP savings tied to shifting utilization from ER to urgent care for non-emergent conditions

1 See materials from the January 2021 and October 2021 Subcommittee meetings for further details: https://dhr.delaware.gov/benefits/sebc/documents/sub-comm-2021/0121-covid-cost-reporting.pdf, https://dhr.delaware.gov/benefits/sebc/documents/sub-comm-2021/1007-fy23-planning.pdf.

Illustrative modeling: copay changes for high-tech imaging

- Copay changes for non-preferred sites of care for high-tech imaging services are modeled below
- Cost avoidance to the GHIP was modeled based on CY21 utilization and reflects the impact of increasing the non-preferred copay
  - Does not reflect any change in utilization to a preferred site of care, but would expect some utilization to shift to freestanding facilities
  - Potential cost avoidance ranges from about $180,000 to $545,000 annually with an increase to the non-preferred copay

Hospital outpatient (non-preferred site of care)	Current	Option 1	Option 2	Option 3	Benchmark[1]
Copay	$75	$100	$125	$150	$300
Potential cost avoidance (n = 7,278 imaging services)	$0	($181,950)	($363,900)	($545,850)	($1,637,550)

- No copay changes were modeled for other types of services, due to prior feedback from the SEBC suggesting there was limited interest in pursuing (i.e., ER copay changes) or due to favorable increases in utilization (e.g., outpatient labs, due to increased COVID-19 testing; basic imaging at preferred sites of care only)

1 Calculated from 2022 WTW Financial Benchmarks Survey, Government/Public Sector/Education industry cut, PPO/POS plans.

Next steps

- Continue to monitor emerging utilization and cost savings associated with copay differentials supporting site-of-care steerage adopted to date; discuss potential plan design changes to promote additional utilization of preferred sites of care
- Further review Highmark and Aetna networks to evaluate member access to freestanding radiology centers by Delaware county, in terms of providers' participating status and availability for appointments
- Continue to discuss timing and level of future rate action