

Cost and Utilization Analysis

State of Delaware

January 2023

Cost and utilization trends

Professional services

Top provider charges contributing to increased PMPY trend

- Professional service claims billed by the practitioner, performed inpatient or outpatient
- Outpatient injections, transportation (ambulance services), and outpatient procedures all had double digit percentage increases in allowed amounts per service of 42%, 20% and 15% respectively
- Injections per 1,000 decreased by 5%, but allowed amounts increased by 42% which led to a 38% increase in PMPY
- Inpatient facility visits increased by 41%, and allowed amount increased 8% driving an overall increase in PMPY trend of 58%
- Despite a decrease in the allowed amount per service in the emergency room, utilization increased 131% which contributed to a 113% increase in PMPY trend

Service Category Group	Allowed Amount per Service		Services per 1,000		PMPY Trend	Price (Allowed per Service)	Utilization Trend
	Dec 2020- Nov 2021	Dec 2021- Nov 2022	Dec 2020- Nov 2021	Dec 2021- Nov 2022			
IP Procedures	\$951.41	\$933.46	16.5	22.5	33.1%	-1.9%	36.5%
OP Transportation	\$449.06	\$537.58	52.3	56.5	27.8%	19.7%	8.2%
OP Procedures	\$334.57	\$385.11	103.4	132.1	50.1%	15.1%	27.7%
OP ER	\$225.51	\$207.48	22.2	51.4	112.6%	-8.0%	131.4%
OP Preventive Visits	\$126.01	\$127.40	89.2	114.9	29.8%	1.1%	28.8%
IP Facility Visits	\$103.40	\$111.78	26.1	36.8	58.4%	8.1%	41.1%
OP Office Visits	\$96.90	\$106.12	906.3	1059.1	26.3%	9.5%	16.9%
OP Injections	\$70.95	\$100.67	494.9	471.8	37.6%	41.9%	-4.7%

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.

Service category group

- Overall allowed PMPY increased 9.1% period-over-period from \$8,025 to \$8,758
 - Medical trend PMPY increased 9.4%; pharmacy increased by 7.2%
- Leading service category group increases were for outpatient laboratory, inpatient facility, and outpatient facility
- Highest categories by PMPY net cost were outpatient facility, prescription drugs, and inpatient facility
- Pharmacy trend increased 7.2% from \$1,745 to \$1,871 PMPY

Service Category Group	Net Pay PMPY Dec 2020 – Nov 2021	Net Pay PMPY Dec 2021 – Nov 2022	Trend	Difference PMPY
Facility Inpatient	\$1,445.75	\$1,617.26	11.9%	\$171.51
Facility Outpatient	\$1,769.64	\$1,969.80	11.3%	\$200.16
Laboratory Outpatient	\$218.96	\$281.86	28.7%	\$62.89
MHSA	\$304.43	\$318.45	4.6%	\$14.01
Other Professional Services	\$835.14	\$897.20	7.4%	\$62.06
Physician Inpatient	\$147.85	\$146.44	-1.0%	-\$1.41
Physician Outpatient	\$647.69	\$667.64	3.1%	\$19.95
Prescription Drugs	\$1,744.88	\$1,871.30	7.2%	\$126.43
Radiology Outpatient	\$364.37	\$378.99	4.0%	\$14.62

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.

Leading clinical conditions

GHIP Actives and Early Retirees Patients per 1,000

- Leading clinical conditions were hypertension, low back, depression, diabetes, and anxiety
- Prevalence of most leading conditions for GHIP significantly above MarketScan State Government benchmarks

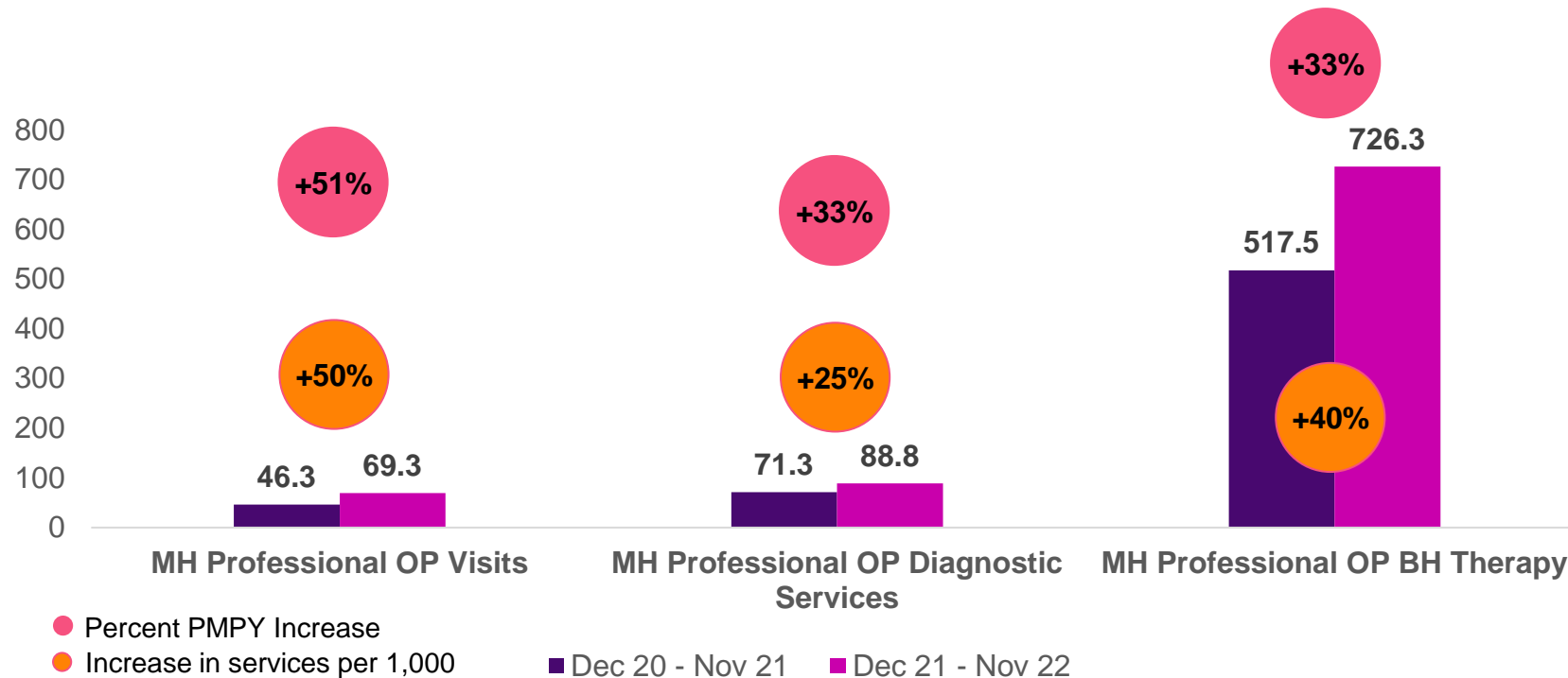
Clinical Condition	Patients per 1,000	MarketScan (State Government)	Percentage Difference
Anxiety	78.2	52.9	47.8%
Asthma	33.1	25.7	28.9%
Bipolar	8.3	6.2	33.9%
CHF	2.9	2.9	1.6%
Coronary Artery Disease	13.7	12.6	9.0%
Depression	91.0	59.1	53.9%
Diabetes	86.5	72.6	19.2%
HIV	1.4	1.7	-19.8%
Hypertension	115.5	112.2	3.0%
Low Back	92.3	78.6	17.4%
Osteoarthritis	58.3	41.1	41.8%
Rheumatoid Arthritis	6.4	5	28.5%
COPD	5.1	4.5	13.3%

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.

Mental health visits

Mental health services where increased utilization contributed to an increase in PMPY

- Mental health services for outpatient visits, outpatient diagnostic services and outpatient behavioral health therapy had large increases in utilization driving an overall increase in PMPY trend
- Allowed amount per service increased by 4% for outpatient office visits and 7% for outpatient diagnostic services on top of increased utilization; allowed amounts for outpatient behavioral health therapy decreased by 4% but PMPY still up 33%

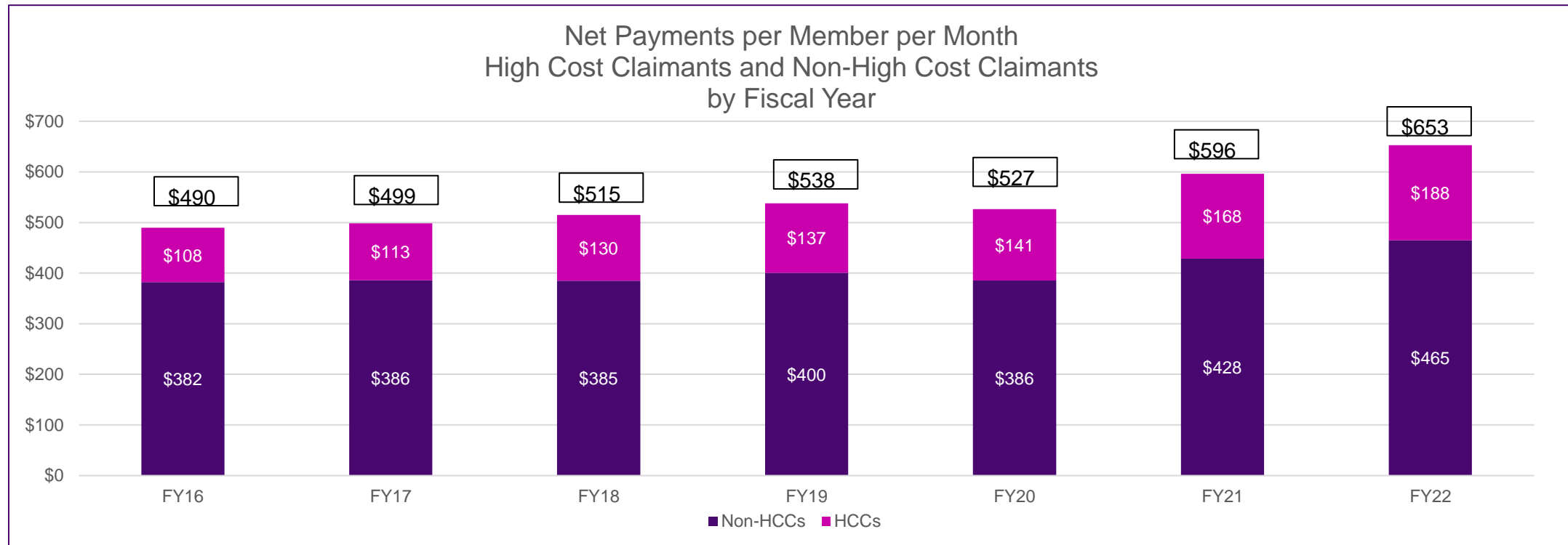


Source: Merative; includes active employees, early retirees and their families. Net Payment and Allowed Amount are computed using a completion factor for claims incurred but not reported.

Net PMPM for high-cost claimants (HCCs)

HCCs vs non-HCCs

- Net PMPM for total payments increased from FY16 – FY22 by 33%
- HCCs accounted for 22% of the total PMPM in FY16; however, in FY22 HCCs accounted for 29% of the total PMPM
- PMPY payments for HCCs have skyrocketed coming out of the pandemic, with FY22 PMPY up 37% compared to FY19 (pre-pandemic)
- Top diagnostic categories in FY22 included circulatory, myeloproliferative diseases, respiratory, nervous system, and musculoskeletal



Emergency room

Site of service

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

- Visits by site of service from July 2019 – June 2022:
 - Visits to all sites of service increased modestly in FY2022 relative to FY2021, with ER having the highest increase
 - ER utilization for non-emergent/primary care treatable conditions was consistently 6% of total visits
 - Steering from ER to urgent care for non-emergencies could have saved \$13.4m in FY22
 - There are a variety of approaches to combat unnecessary ER utilization, including copay incentives and “post-authorization” penalties

Site of Service	FY2020		FY2021		FY2022		Change from FY2020 – FY2021		Change from FY2021 – FY2022	
	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit	Visits	Avg Paid/Visit
Emergency Room	11,606	\$1,301	10,245	\$1,398	10,558	\$1,411	-11.7%	7.4%	3.1%	1.0%
Urgent Care	48,748	\$111	42,998	\$125	43,389	\$142	-11.8%	13.0%	0.9%	14.0%
Primary Care	126,837	\$101	111,578	\$117	112,891	\$120	-12.0%	16.0%	1.2%	2.3%
Total	187,191	\$178	164,821	\$199	166,838	\$207	-12.0%	11.7%	1.2%	4.4%

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.

Non-emergent visits to the emergency room

Top 5 non-emergent diagnoses

- Top 5 non-emergent diagnoses in ER compared to their costs in urgent care, FY2022
 - Potential cost avoidance if ER visits were performed in an urgent care setting instead would be approximately \$6.2m for the top 5 non-emergent diagnoses

Diagnosis Summary Group	Visits	Paid/Visit	Urgent Care Paid/Visit	Total Potential Cost Avoidance
Abdominal and pelvic pain	2,230	\$1,744	\$139	\$3.6m
Acute upper respiratory infections of multiple and unspecified sites	455	\$1,206	\$127	\$0.5m
Pain in throat and chest	1,253	\$1,469	\$116	\$1.7m
Suppurative and unspecified otitis media	107	\$630	\$123	\$0.1m
Cellulitis and acute lymphangitis	269	\$1,496	\$134	\$0.4m

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.

Plan migration

Plan migration

- Enrollment in the Comprehensive PPO plan, the most expensive plan to the State, increased by 1.4% while enrollment in the First State Basic plan, the cheapest plan to the State, decreased by 0.9%
- Migration to the PPO plan expected to drive \$4.4M increase in GHIP expenses in FY23 (cost impact reduced by increased contributions for PPO members)
- Creating a broader spread in plan values and setting budget rates and contributions closer to plan actuarial values can help members select plans that are most appropriate for them and help reduce GHIP expenses

Medical Plan	Plan Actuarial Value	FY22 Net PEPY	FY22 June Enrollment	FY22 June Enrollment	% Change in Enrollment	Cost Impact
First State Basic	92%	\$7,216	3,686	3,651	(0.9%)	(\$0.3M)
Comprehensive PPO	96%	\$10,987	29,614	30,019	1.4%	\$4.4M
CDH Gold (including account funding)	96%	\$7,721	3,370	3,445	2.2%	\$0.6M
HMO	97%	\$11,580	9,142	8,846	(3.2%)	(\$3.4M)
Total			45,812	45,961	0.3%	\$1.3M

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