

# The State of Delaware

Cost and Utilization of Approved or  
Extended Programs and Services – Update

Financial Subcommittee

February 12, 2024

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# Today's discussion

- Update on the following programs and services approved for or extended in FY24:
  - Benefit enhancements due to the COVID-19 public health emergency
  - PrudentRx
  - Hinge Health
  - Bariatric surgery carve-out to SurgeryPlus benefit
- Input from Subcommittee members is being requested at today's meeting on any changes in these programs and services into FY25
- Subcommittee member feedback will be shared with the SEBC at the February 20 meeting

# Benefit enhancements prompted by the COVID-19 public health emergency

- In early CY2023, the SEBC voted to extend the following benefit enhancements, which were originally adopted as a result of the COVID-19 public health emergency, through June 30, 2024
- Most enhancements were optional, except for one that was mandated by federal legislation
- The table below shows the estimated cost of each benefit enhancement for FY24, including the original estimate used for budget purposes and the updated estimate based on more recent experience (headcount and claims) through December 2023
- Latest estimated cost for these benefit enhancements is \$940,000 for FY24, majority of which would have been paid by members
- Similar level of cost to the GHIP is likely for FY25 if enhancements are extended for the next plan year

Benefit Plan	Change	Optional or Mandated by federal legislation	FY24 Estimated Cost	
			Original Budgeted	Updated with experience through December 2023
EAP	Coverage for all SOD employees and non-Medicare pensioners (beyond those enrolled in the State employee group health plan)	Optional	\$67,200	\$65,000
Medical	No member cost share for office visits (PCP, urgent care, ER) that result in either order or administration of a COVID-19 test or for treatment of COVID-19 or associated health complications	Mandated by FFCRA <sup>1</sup> <i>(requirement has expired following end of the public health emergency)</i>	n/a <sup>2</sup>	n/a <sup>2</sup>
	No member cost share for in-network, inpatient services related to treatment of COVID-19 or associated complications	Optional	\$800,000 <sup>3</sup>	\$400,000 <sup>5</sup>
	No member cost share for any telehealth visits	Optional	\$600,000 <sup>4</sup>	\$475,000 <sup>6</sup>
<b>Total estimated costs – FY24</b>			<b>\$1,400,000</b>	<b>\$940,000</b>

1 FFCRA = Families First Coronavirus Response Act.

2 Not valued separately – cost included in medical estimate for expanding in-network inpatient treatment of COVID-19 shown above.

3 Based on estimated 2022 COVID-19 inpatient admits from Highmark/Aetna November 2022 reporting

4 Telehealth visit cost estimate based on 2022 utilization through Nov., provided by Aetna and Highmark, annualized; assumes cost sharing applies to all telehealth visits (\$15 copay HMO, \$20 copay PPO, 10% coinsurance CDH Gold and First State Basic); assumes average \$90 allowed cost per telehealth visit for coinsurance amounts; reflects offsetting savings for reduced cost of virtual behavioral health visits relative to in-person behavioral health visits based on Merative reporting.

5 Based on estimated 2023 COVID-19 inpatient admits from Highmark/Aetna January 2024 reporting

6 Telehealth visit cost estimate based on FY23 full year utilization provided by Aetna and Highmark; assumes cost sharing applies to all telehealth visits (\$15 copay HMO, \$20 copay PPO, 10% coinsurance CDH Gold and First State Basic); assumes average \$90 allowed cost per telehealth visit for coinsurance amounts; reflects offsetting savings for reduced cost of virtual behavioral health visits relative to in-person behavioral health visits based on Merative reporting.



# PrudentRx

- Program leverages manufacturer assistance with specialty medications and requires engagement from members
- Effective date for the GHIP: July 1, 2023, for non-Medicare medical plans only
- Net savings estimate provided by CVS: **\$6.6M** to the GHIP in FY24, built into the FY24 budget
  - Savings also expected for plan participants: \$358,000/year, affecting about 1,600 members using a specialty drug (excludes members using HIV and fertility medications)

	ACTUAL FY24 / PROJECTED <sup>1</sup>					
	Non-Specialty	Gross Specialty	PrudentRx Savings	Net Specialty	Total	Program Fees
July	\$ 9,697,581	\$ 7,158,126	\$ (808,336)	\$ 6,349,790	\$ 16,047,371	
August	\$ 10,438,249	\$ 7,681,048	\$ (1,797,569)	\$ 5,883,479	\$ 16,321,729	\$ 426,969
September	\$ 11,130,482	\$ 7,564,560	\$ (1,499,446)	\$ 6,065,114	\$ 17,195,596	\$ 423,417
October	\$ 11,227,364	\$ 7,190,731	\$ (1,189,090)	\$ 6,001,641	\$ 17,229,005	\$ 301,912
November	\$ 12,353,914	\$ 8,414,062	\$ (1,175,767)	\$ 7,238,295	\$ 19,592,210	\$ 300,418
December	\$ 9,697,581	\$ 7,685,755	\$ (850,136)	\$ 6,835,619	\$ 16,533,200	\$ 216,456
January	\$ 10,438,249	\$ 7,237,797	\$ (735,261)	\$ 6,502,536	\$ 16,940,785	\$ 182,903
February	\$ 11,130,482	\$ 8,819,244	\$ (679,154)	\$ 8,140,090	\$ 19,270,573	\$ 176,463
March	\$ 11,227,364	\$ 7,937,312	\$ (466,910)	\$ 7,470,402	\$ 18,697,766	\$ 162,997
April	\$ 12,353,914	\$ 8,188,988	\$ (344,220)	\$ 7,844,768	\$ 20,198,683	\$ 112,058
May	\$ 11,583,941	\$ 8,933,933	\$ (110,236)	\$ 8,823,697	\$ 20,407,638	\$ 82,613
June	\$ 11,018,070	\$ 8,665,747	\$ -	\$ 8,665,747	\$ 19,683,817	\$ 26,457
<b>Total</b>	<b>\$ 132,297,193</b>	<b>\$ 95,477,303</b>	<b>\$ (9,656,124)</b>	<b>\$ 85,821,179</b>	<b>\$ 218,118,372</b>	<b>\$ 2,412,662</b>

Updated GHIP net savings estimate: **\$7.2M** in FY24

Member savings<sup>2</sup>: \$576,000 in FY24

Based on 1,412 members using a specialty drug<sup>2</sup>

<sup>1</sup> Source: December 2023 Fund Report, updated with CVS data through January 2024.

<sup>2</sup> Source: CVS FY24 Q2 report, capturing Commercial claims paid 7/1/2023 – 12/31/2023. PrudentRx YTD reporting for the GHIP, paid July – December 2023.

# Hinge Health

- Program provides non-Medicare members with the option to receive virtual physical therapy
- Member receives a personalized care plan created and delivered by a licensed doctor of physical therapy
- Also includes access to board certified health coaches for ongoing check-ins and counseling, and wearable technology to facilitate physical therapy sessions and provide feedback to a health coach about the quality of those sessions via an app
- Effective date for the GHIP: January 1, 2023, for non-Medicare medical plans only
- Estimated annual cost and savings to the GHIP:
  - \$2.3M - \$2.8M cost, based on a range of participation (low: 2,800 members; high: 3,700 members)
  - \$6.3M - \$8.3M gross savings, based on \$2,244 savings per participant as determined by third-party validated ROI study<sup>1</sup>
  - \$4.0M net savings built into the FY24 budget

## 2023 Program Results<sup>2</sup>

2,275 members engaged (*2,018 members participating at least 12 weeks, minimum duration required for ROI calculation*)

\$2.0M program cost

\$6.3M gross savings (based on \$3,128 savings/participant)<sup>3</sup>

**\$4.3M net savings**

Estimated ROI: 3.1x

Member satisfaction rating: 9 out of 10

Members experiencing a clinically significant reduction in pain<sup>4</sup>: 76%

Member self-reported outcomes at Week 12:

**-44%**

Reduction  
in pain

**-57%**

Reduction in  
surgery intent

**-56%**

Reduction in  
lost productivity

- WTW and SBO are evaluating options for independently validating the savings reported by Hinge Health

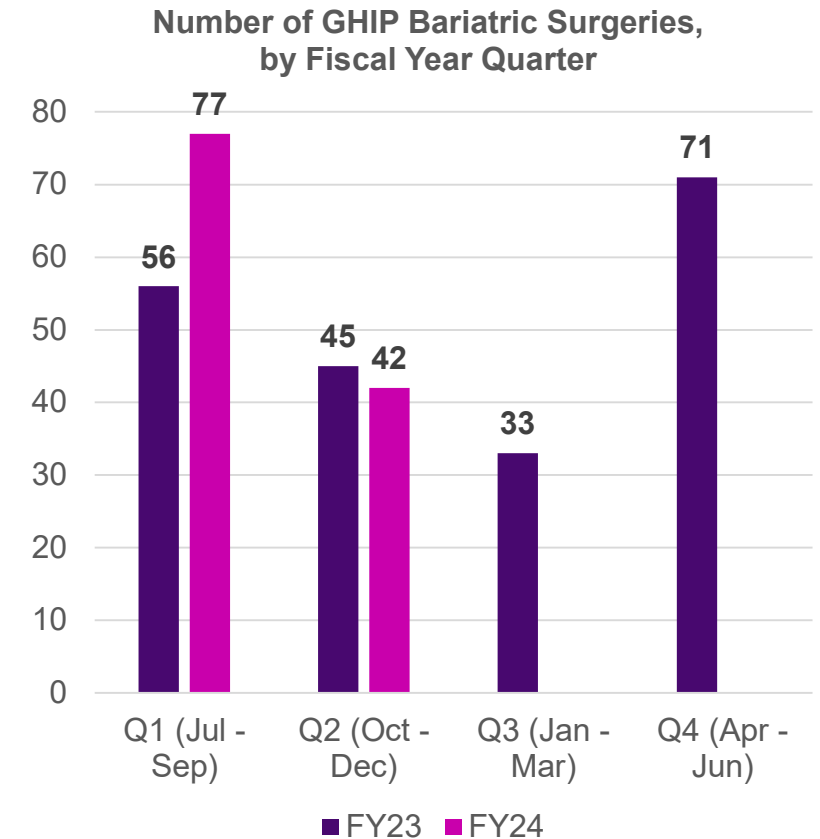
See Appendix for detailed footnotes.

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# Bariatric surgery carve-out to SurgeryPlus benefit

- Effective July 1, 2023, GHIP coverage of bariatric surgery for non-Medicare medical plans is only available through the SurgeryPlus benefit
- Net savings estimate: **\$1.0M** to the GHIP in FY24, built into the FY24 budget
  - Based on estimated net savings of \$14,000 per bariatric procedure (after SurgeryPlus program fees)
  - For conservatism, aggregate net savings were based on 30% of the total expected number of procedures per year, which was estimated using the 2-year average number of bariatric procedures for GHIP members incurred outside of the SurgeryPlus program during 2020-2021 (2-year average: 235 procedures/year; 30% of the average is about 71 procedures)
- There is no copay, deductible or coinsurance amount related to surgeries performed through the SurgeryPlus benefit
- As reported to the Financial Subcommittee last month, WTW is in the process of validating the savings associated with the SurgeryPlus benefit for bariatric and other covered procedure categories – initial results expected in late March 2024
- Bariatric surgery utilization under the GHIP has increased by 18% for FY24 (119 procedures through December 2023, compared to same period in 2022); chart represents data reported to the Financial Subcommittee in January 2024



Graph reflects data on an incurred basis during the time periods specified.  
Source: Highmark, Aetna, SurgeryPlus.

# Next steps

- **For discussion:** Input from Subcommittee members is being requested at today’s meeting on any changes in these programs and services into FY25
- Please note that the actual results of these programs are already factored into the FY25 cost projections since FY24 (emerging) experience is being used to set FY25 rates and there will be nearly a full year of FY24 experience available when final rates are set

Program / Benefit	FY24 Cost / (Net Savings)	
	Original Budgeted	Updated Estimate
Benefit enhancements due to the COVID-19 public health emergency	\$1,400,000	\$940,000
PrudentRx	(\$6,600,000)	(\$7,200,000)
Hinge Health	(\$4,000,000)	(\$4,300,000)
Bariatric surgery carve-out to SurgeryPlus benefit	(\$1,000,000)	TBD
<b>Total</b>	<b>(\$10,200,000)</b>	<b>(\$10,560,000)</b> <i>before impact of any cost or net savings from bariatric carve-out</i>



# Appendix

# Hinge Health footnotes

1. Source: Validation Institute, accessed May 2022.
2. Source: Hinge Health 2023 Annual Review for the State of Delaware GHIP, February 2024
3. Savings/participant based on average savings of \$71.09 per participant per year for every 1% pain reduction (source: Hinge Health meta-analysis of several >10,000 participant studies). GHIP member self-reported pain reduction of -44% after 12 weeks of participation in Hinge Health program.
4. Measured by Minimal Clinically Important Difference (MCID), a clinically validated benchmark for an outcome to be considered significant. For pain, MCID is defined as >34% relative pain reduction (23-point absolute decrease from baseline).