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CORRESPONDENCE MEMORANDUM

DATE: May 6, 2014
TO: Group Insurance Board
FROM: Shayna Gobel, Manager, Self-Insured Health Benefit Plans
Mary Statz, Director, Health Benefits and Insurance Plans Bureau
SUBJECT: WPS Health Insurance Annual Utilization Report Overview

This memo is for informational purposes only. No Board action is required.

Each year WPS provides information regarding the overall performance of the Standard Plan, the State Maintenance Plan (SMP) and the Medicare Plus plan. WPS identifies each plan's enrollment statistics, plan and provider utilization trends, overall cost and specific cost drivers. This information is used to determine opportunities to improve quality and reduce costs.

Significant Findings

- Enrollment in the Standard Plan has steadily declined since 2011, including a 6% decrease from 2013 to 2014. The Standard Plan continues to attract an older population, primarily because of nationwide provider access for participants not living year-round in Wisconsin -- which contributes to the rising costs of the plan.
- Cost trending for the Standard Plan has varied slightly, but the 2013 medical and prescription claim costs Per Member Per Month (PMPM) are still within 4% of 2010 claim costs.
- Costs of services related to facility inpatient care and physician costs have increased since 2012.
- There was a significant decrease in the number of Standard Plan members with claims costs over \$100,000 for the year, dropping \$577,543 in 2013 (\$2,697,329) compared with 2012 (\$3,274,872). However, these high-cost claimants did account for 29.5% of the total claims paid under the Standard Plan.

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance

Electronically Signed:
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Board	Mtg Date	Item #
GIB	5.21.14	6B

- The 2013 enrollment in SMP has dropped 16.4% since 2012, and more than 65% since 2010. Note that SMP was the qualified health plan in the same seven counties for 2012 and 2013. In 2013 SMP enrollment averaged 110 members per month compared to 178 members per month in 2012. In January 2014, SMP enrollment dropped to 92 members per month. Low enrollment and the significant shifts in SMP enrollment do not allow for a meaningful trend analysis.
- Cost trending for SMP has varied since 2010, with a 12.4% cost increase from 2012 to 2013. However, the 2013 medical and prescription costs PMPM are almost six percent below what they were in 2010. There were no SMP members with claims costs over \$100,000 in 2013.
- Enrollment in the Medicare Plus plan remains consistent overall. Drug costs associated with the Medicare Plus plan have increased 7.59% since 2012, and medical claims have been steadily rising since 2010. Overall, the plan did see a significant drop in costs in 2012, but claim costs increased 5.1% between 2012 and 2013. The primary factor contributing to the higher costs in 2013 was an increase in individuals seeking high-cost and high-volume pharmacy services. There was a significant increase in members with claims costs exceeding \$100,000. Nine members had high cost claims in 2013 for a total of \$368,317 in claims, substantially driven by treatment for cancer and related medications.

Cost Drivers

- The highest cost drivers for the Standard Plan and Medicare Plus plan were cancer treatment, orthopedic care and cardiac care, which accounted for 67% of the cases over \$100,000. According to WPS, these conditions are age-related and are common cost drivers across WPS's book of business. Behavioral health also contributed to the high-cost cases, but only accounted for 4% of these cases.
- Bariatric surgery costs increased 9.3% in 2013. Costs can vary, based on procedures that result in complications or additional inpatient days. However, the total number of bariatric procedures dropped from 15 in 2012 to 5 in 2013.

Quality Improvement Programs & Existing Cost Containment Measures

WPS is taking steps to reduce the impact of the highest-cost drivers. For example, WPS has partnered with Diplomat pharmacy to manage intravenous chemotherapeutics (for cancer treatment) and is redirecting members to home therapy when appropriate. In addition, WPS is looking to shift members to more cost-efficient imaging centers for care related to orthopedic procedures and is evaluating vendors to assist with prior authorizations for orthopedics and cardiac-related procedures.

WPS reports estimated savings in 2013 of \$1.92 million generated through "WPS Care Management," which involves planning and facilitating care services for members. WPS Care Management includes a wide span of services, ranging from prior authorization for

outpatient services to Medical Review that involves a post-claim review by Medical Affairs to ensure that services received were medically necessary and covered and billed appropriately. For example, WPS Care Management nurses monitor patient care from preadmission through discharge planning to ensure proper utilization as the most appropriate level of care. In addition, case managers focus on ensuring consistent quality of care for members involved in acute or catastrophic medical situations. Each of the high-cost claims (more than \$100,000) received care management services. The most significant savings resulted from medical reviews and pre-authorization of outpatient services.

WPS also provides Chronic Care Management (CCM) to assist members with care of such chronic conditions as asthma, congestive heart failure, coronary artery disease, and diabetes. WPS describes this service as a proactive approach using education and treatment to empower members to prevent long-term and unnecessary complications related to chronic diseases. There were 26 members receiving CCM in 2013 across Standard Plan, SMP, and Medicare Plus.

Future Opportunities

WPS identified preventive screenings for diabetes and mammograms as areas that decrease future costs and improve quality of care. Diabetic testing rates are slightly below the national benchmarks for similar plans, which suggests there is an opportunity for improvement in this category. WPS is using Health Status Measure as a predictor of risk for future care and related costs. This modeling tool is used to identify at-risk members for case management, before health conditions and costs escalate. The full WPS Utilization report is available upon request.

Staff will be at the Board meeting to answer any questions.