State of Wisconsin Group Insurance Board
Department of Employee Trust Funds

Self-Insured RFP Network Evaluation

May 18, 2016

Board	Mtg Date	Item #
GIB	5.18.16	3B

✳ **Segal Consulting**

Introduction

➢ The Department of Employee Trust Funds (ETF) has enlisted Segal Consulting (Segal) to assist in the design and financial evaluation of the RFP to Evaluate Self-Insurance and a Regional / Statewide Health Insurance Program structure.

➢ RFP is scheduled for release in July 2016.

➢ In advance of the July release, prospective vendors have two opportunities to provide input:

- Request for Comment (May 4, 2016): a high-level overview of the strategic framework and data necessary to evaluate the financial component of the proposals
- Preview release of the RFP (June 3, 2016)

➢ The process involves the following key steps:

- Release Request for Comment on financial overview – May 4th
- Develop technical and financial components of RFP
- Release Preview of RFP – June 3rd
- Build Data Files
- Release RFP – July 22nd
- Receive Proposals – September 9th
- Evaluate Proposals
- Present results and recommendations to Board – November 15th

Program Structure
(Presented in November 2015 Report)

➢ Below is a comparison of some of the key design differences between the current plan and the recommended plan.

	Current Plan	Recommended Plan
Statewide/National Option	✓	✓
Competitive Statewide Plan	✗	✓
Service Areas Defined by Plans	✓	✗
Uniform Regions	✗	✓
Tiered Networks	✗	✓
Closed Network Option	✓	✓(Maybe)
Value Based Copays	✗	✓
Wellness Incentives	✓	✓
Wellness Participation Premium Incentive/Penalty	✗	✓
Reference Based Pricing	✗	✓
Integrated Telemedicine	✗	✓
Gain Sharing	✗	✓

➢ Some of the current plans may have an element marked with "✗" above, but this would be considered an outlier and not representative of the entire program structure.
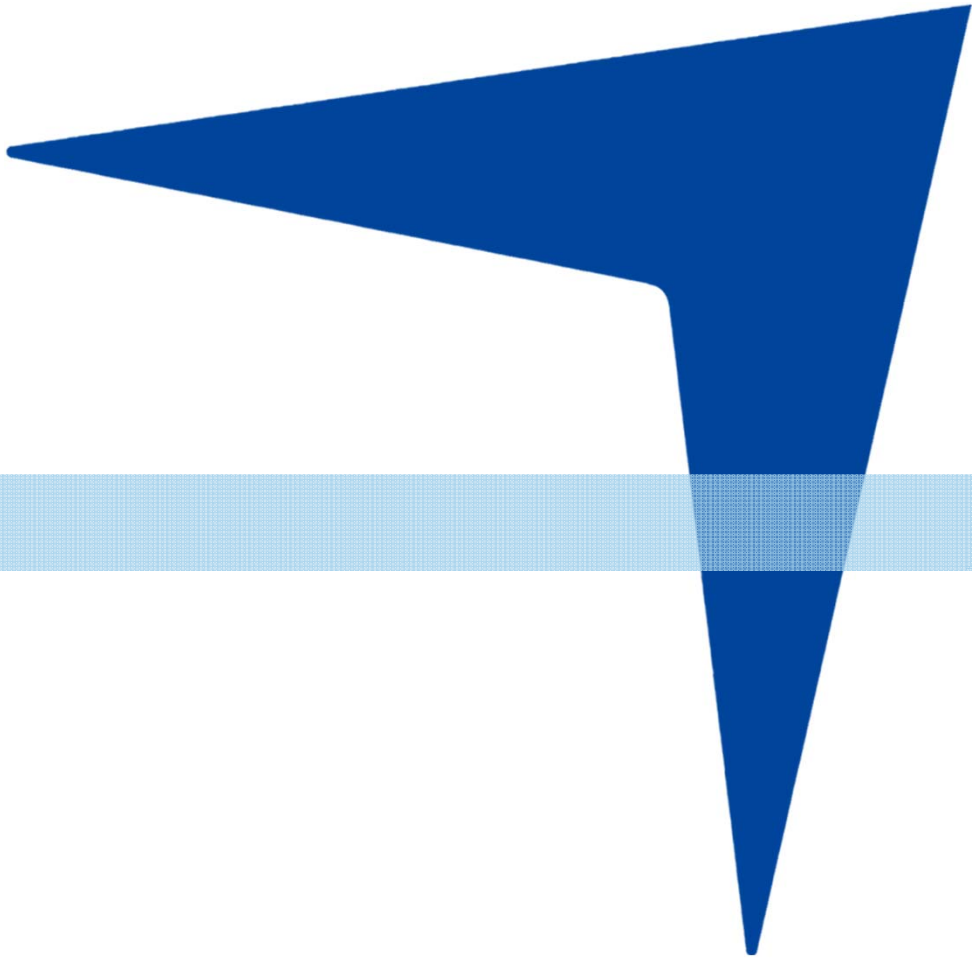
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Current Footprint
(Presented in November 2015 Report)

➢ ETF works with 17 different plans throughout the State

➢ Segal conducted a review and analysis of the plans, as well as the pricing and access available in the market they currently serve

➢ Segal utilized the 5 current Medicaid regions as a basis

➢ Below is a brief summary of plans and enrollment by region
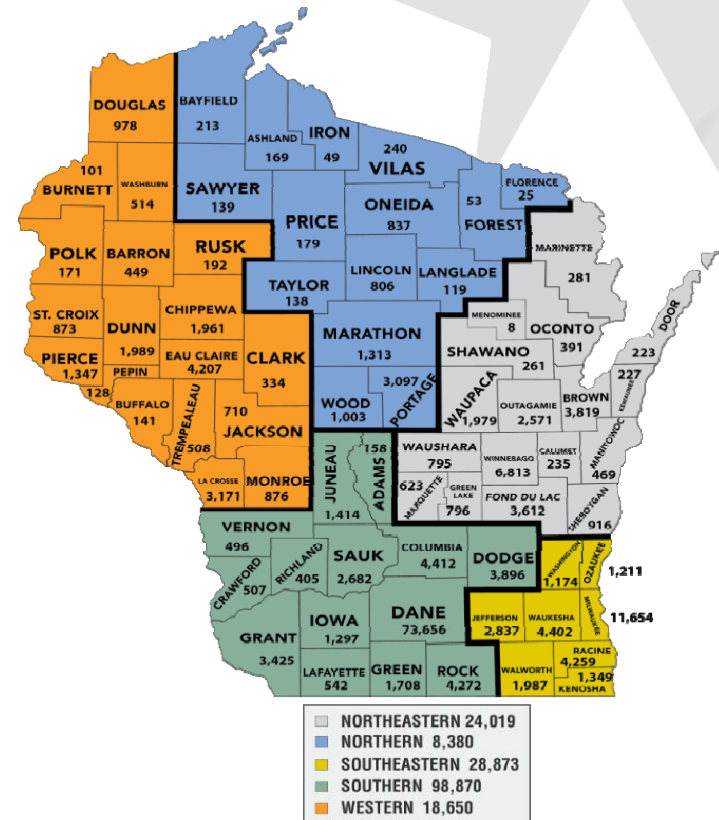
Medicaid Region	Number of Plans	State Members Non-Medicare
Northeastern	7	24,019
Northern	5	8,380
Southeastern	7	28,873
Southern	9	98,870
Western	7	18,650
Statewide	17	178,792

Logical Delineations
(Presented in November 2015 Report)

➢ A Request for Information (RFI) was issued in 2015 to gather additional data on provider discounts, network coverage and disruption at the provider level.

➢ The RFI data collected supplemented information gathered during 2016 negotiations, which was limited to current health plans and service areas.

- Pricing information was consistent for most plans between the RFI and ETF specific health plan data.
- Many plans reported networks with access exceeding standards and broader service areas.

➢ Based on our analysis, we recommended three geographic regions:

- A Southern Region, with approximately 99,000 members
  - Roughly 50% of the total membership
- An Eastern Region, with approximately 53,000 members
- A Northwestern Region, with approximately 27,000 members
  - Potentially subdivided initially into Northern and Western regions

Results of RFP will provide the GIB information to determine most advantageous program structure.

Potential Regional Designations

➤ The RFP will be designed to look at Statewide and Regional options.

➤ Medicaid regions were initially proposed in the RFC as regional boundaries:

Southern	Southeastern	Northeastern	Western	Northern
Adams	Jefferson	Brown	Barron	Ashland
Columbia	Kenosha	Calumet	Buffalo	Bayfield
Crawford	Milwaukee	Door	Burnett	Florence
Dane	Ozaukee	Fond du Lac	Chippewa	Forest
Dodge	Racine	Green Lake	Clark	Iron
Grant	Walworth	Kewaunee	Douglas	Langlade
Green	Washington	Manitowoc	Dunn	Lincoln
Iowa	Waukesha	Marinette	Eau Claire	Marathon
Juneau		Marquette	Jackson	Oneida
Lafayette		Menominee	La Crosse	Portage
Richland		Oconto	Monroe	Price
Rock		Outagamie	Pepin	Sawyer
Sauk		Shawano	Pierce	Taylor
Vernon		Sheboygan	Polk	Vilas
		Waupaca	Rusk	Wood
		Waushara	St. Croix	
		Winnebago	Trempealeau	
			Washburn	
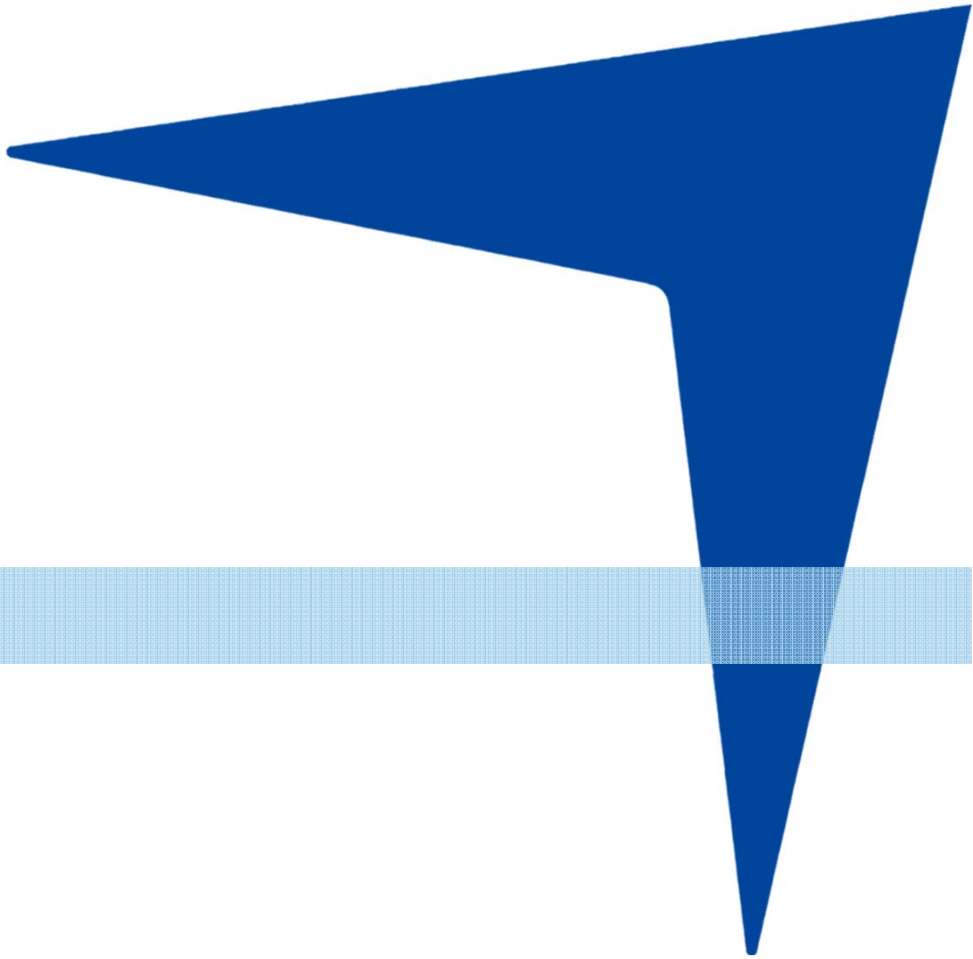
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Network Access

➢ Each vendor will provide a report indicating those members with and without access according to network access standards.

➢ Access Standards initially proposed in the RFC:

Provider Type	Urban	Non-Urban
Facilities	1 within 20-mile radius	1 within 35-mile radius
Primary Care	2 within 10-mile radius	2 within 20-mile radius
Specialists	2 within 10-mile radius	2 within 50-mile radius
Behavioral Health	2 within 20-mile radius	2 within 50-mile radius

➢ The access reports will include providers currently under contract, and may also include providers that have entered a legally binding Letter of Agreement with the vendor.

➢ Vendors will provide separate reporting for each network proposed, including narrow network alternatives.

➢ Reporting will be by county.
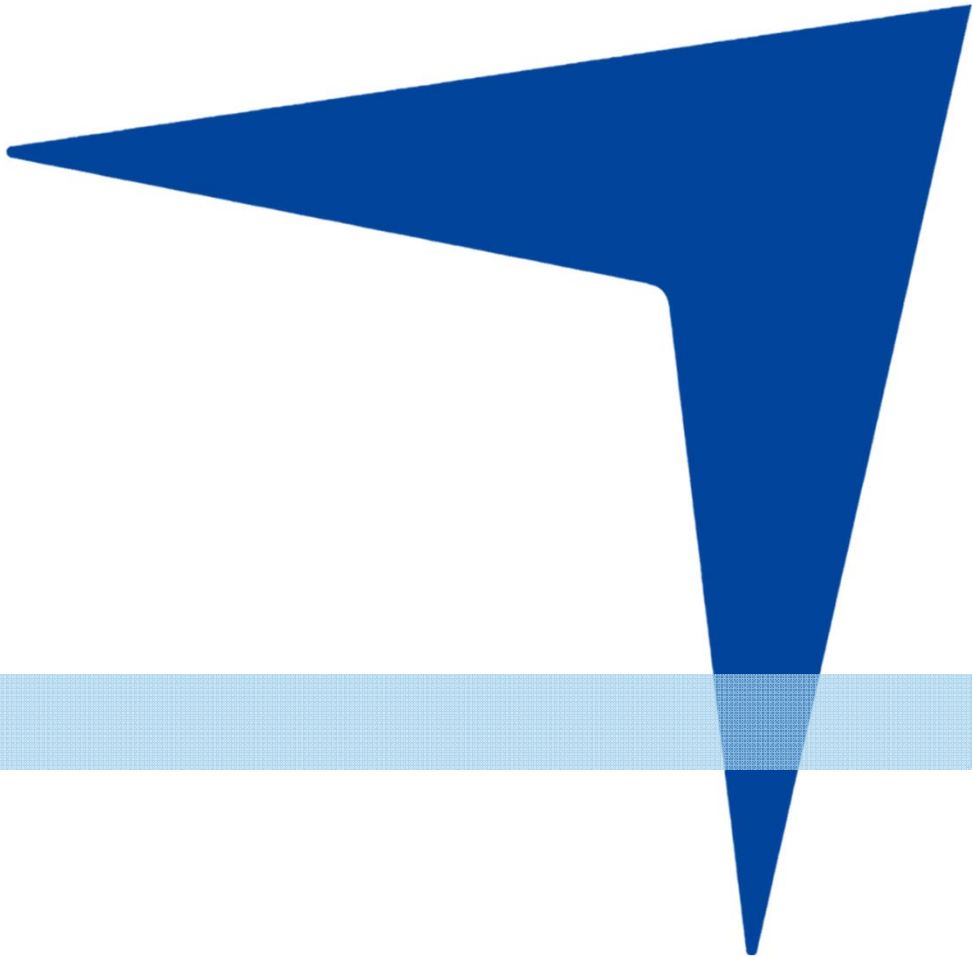
Repricing File Provided to Vendors

➢Each vendor will receive a repricing file containing ETF member claims experience for the most recent 12-month period collected during 2017 negotiations.

➢The repricing file will contain only the elements necessary for repricing claims, recognizing potential differences in reimbursement structures.

➢The only financial field included will be the submitted charge for covered services. No current contracting information will be disclosed.

This file will provide detailed claims experience of ETF members over a 12-month period.

Repricing File Returned from Vendors

➢ Using the repricing file, vendors will be asked to provide the following information for each service in the file:

- Current Network Status – Y/N
- Current Contract Amount
- 2018 Projected Network Status – Y/N/L (L = Letter of Agreement)
- 2018 Projected Contract Amount

➢ This information will allow vendors to identify:

- Current networks with contracted amounts
- 2018 network improvements already in place
- 2018 projected networks including providers with a legally binding Letter of Agreement

➢ The file should be repriced for each network being offered by the vendor, including narrow network alternatives.

➢ If vendors make assumptions on network changes for 2018, descriptions of methodology will be required.

Possible Capitation

➢We understand that there may be capitation arrangements that could be in the best interest of ETF to maintain, such as primary care services or labs.

➢For any proposed capitation, we will require the vendor to identify in the repricing file which services would be capitated and provide the proposed capitation rate to be charged to ETF for those services.

➢ETF will retain the option to enter into capitated arrangements, and it will be the responsibility of the vendor to demonstrate how capitation of any service would be a cost savings to ETF.

➢This may be further negotiated during negotiations.

Discounts & Disruption

➤ A per member per month (PMPM) cost will be developed based on the ETF experience and repriced information.

➤ Results will allow comparisons of:

- Effective discounts of similar providers
- Pricing of networks within a defined region, focusing on per service cost
- Overlap of providers and contracts
- Cost differentials of narrow networks
- Disruption of current providers

➤ Viable alternatives will be presented to the Board that will include:

- Statewide options
- Regional options
- Multiple vendor options

This analysis will focus on the ETF distributions of providers and services. The following section focus on a "book of business" review.

Market Pricing (Book of Business)

➢The Uniform Data Specifications workgroup, facilitated by Milliman and Red Quill Consulting, is a collaborative effort between many major insurance carriers and consulting firms. The intent is to discuss and reach consensus on the definitions of financial terms, claims categories, and general methodologies of data files provided to consulting firms for discount comparison.

➢Segal has utilized this approach for many large clients and will include as an additional comparative point on this procurement.

➢The detailed Discount Data Specifications was released with the RFC.

➢The focus is on a bidder's commercial business and provider contracts in place and/or with a legally binding intent to contract.

➢This section will allow a vendor to demonstrate its network efficiencies assuming ETF members utilize its network consistent with the vendor's current membership profile.
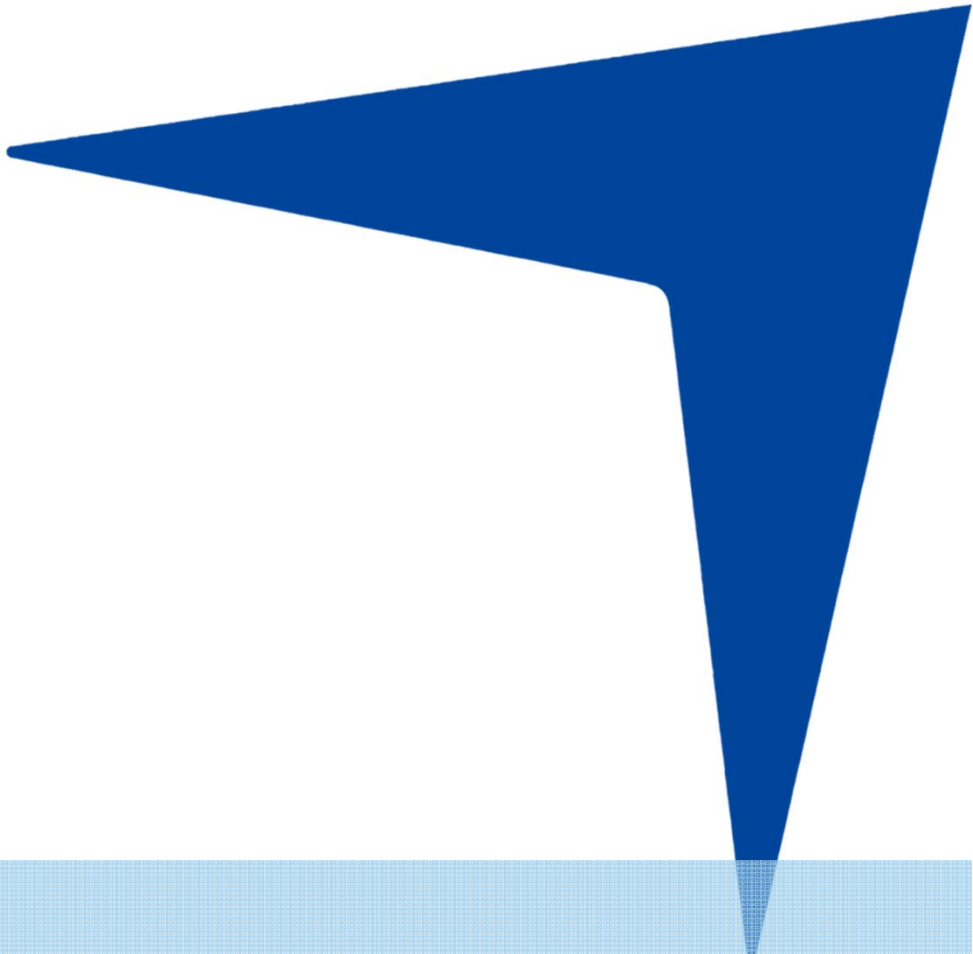
Market Pricing (Book of Business)

➢The data is aggregated by zip code, network, network status, place of service, and procedure code, among other fields. We will be able to aggregate this information for the zip codes where the plan's participants reside and provide a summary comparison at the Metropolitan Statistical Area (MSA), Region or Statewide level.

➢Note that there is no specific provider information included in this analysis.

➢Data is collected in three major categories:

- Inpatient - by Diagnosis Related Group (DRG)
- Outpatient - by categories defined (ER, Surgery, Pathology, etc)
- Professional - by procedure codes defined.

This analysis will focus on pricing of services for network providers outside of historical ETF specific distributions.

Other Supporting Files

➢During the process, we will require vendors to submit supplemental files for various purposes.

➢These may include:

- Network Providers
- Membership Summaries
- Book-of-Business Summaries – utilization and cost focused on per member

1. **General Information**

2. **Regional Approach**

3. **Network Access**

4. **Discounts & Disruption**

5. **Market Pricing**

6. **Other Supporting Files**

7. **Initial Feedback**

8. **Summary and Next Steps**

Preliminary Comments
Regional Designation

➤ Wide range of responses

- Several respondents are able to accommodate the regional philosophy
- Other various suggestions for defining service areas

➤ Flexibility requested in defining regions

- LaCrosse county from Western to Southern
- Jefferson county from Southeastern to Southern
- Combine Northeastern and Southeastern regions

➤ Consider disruption of utilization and practice patterns

- Will cross-region referrals be paid as in-network?
- Could a member elect a plan in another region?

Preliminary Comments
Network Access

➢ Prefer county by county reporting vs. regional

➢ Urban/Non-Urban county designation
- Urban/Non-Urban designation will be included with RFP
- Consider adding a Rural designation

➢ Consider other sources for defining access standards
- CMS Medicare Advantage
- Federally Facilitated Marketplace

➢ Consider consolidation of specialty/facility categories

➢ Mechanism for filling holes in the network after 7/1/2016
- Letter of Intent (LOI) required

➢ Quest vs. GeoAcess software

Preliminary Comments
Repricing File/Discounts

➢ Regional data files vs. statewide only

➢ Requiring signed NDA/Confidentiality Agreement

➢ Use of vendors' standard formats
- Will not be allowed – must follow reporting requirement to maintain consistency and comparability

➢ Requests for change in data elements (PHI/PII)
- Will require signed Non-Disclosure and Confidentiality Agreement
- PHI/PII elements required for repricing – will meet HIPAA guidelines for essential elements

➢ Will not have pricing available for 2018
- Fields are provided to allow for new contracts under LOI or known improvements

➢ Concerns with disclosing provider level information
- No new information requested - Agreement with ETF to provide this information in 2017 HMO renewal

Preliminary Comments
Market Pricing

➢ Data specs appear thoughtful and complete

➢ Reasonable and applicable

➢ Not currently collecting inpatient claims by DRG – significant undertaking, time-consuming

➢ Unable to disclose provider information – violation of provider agreements (Segal/ETF is not requesting provider-specific reporting here)

➢ Data request is irrelevant to current ETF service area designations (Segal/ETF intends to evaluate vendors' defined service areas offered)

➢ Request to report by county vs. 3 digit zip code

Overall purpose of this section is for the vendor to demonstrate how their network will be competitive. This will represent pricing and expected distribution for their network proposed. With the anticipated disruption, this is 100% relevant and necessary for pricing comparisons.

Summary and Next Steps

➢ Comments from the RFC will be considered and if appropriate, integrated into the RFP.

➢ After the release of the Preview of the RFP, we will further modify the RFP if appropriate.

➢ The goal is to have open, direct communication and be fair to all parties.

Questions & Discussion

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Thank you!