

Wisconsin Dept. of Employee Trust Funds



DW/VBI Project Update
February 21, 2018



Watson Health™





Project Plan

WI ETF DW/VBI Project - Releases Timing

Name	Scope Summary	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	
Phase 1	Initial database available; includes data from all medical data suppliers except last 3, plus Delta, StayWell and Navitus																		
Phase 2	Updated database available; includes data from last 3 medical data suppliers, plus provider enrollment data from all 2018 plans, plus dashboards																		
Phase 3	Additional analytics (will continue ongoing through contract period)																		

Analytic Planning Guide



<i>Context</i>	 Understand Population	 Design Programs	 Optimize Vendors	 Evaluate Impact	<i>Success Measures</i>
Organization Mission, Vision & Values	Health	Plan Design	Network Analysis	Wellness	Demographic
Total Rewards Philosophy / Benefit Program Design	Productivity	Modeling	Risk Sharing	Health Management	Cost & Quality
Planning Cycle / Operating Rhythm	Consumer Engagement	Cost Sharing	Pay for Value	Quality of Care	Efficiency
Benchmark & Success Indicators	Focused Outreach	Benchmarks	Payment Integrity	ROI / VOI	Effectiveness

Using Benchmarks for Benefit Evaluation

MarketScan® Benchmarks

MarketScan® Norm Breadth					
Overview	Industry	Geography	Workforce	Best Practice	HPM *
<ul style="list-style-type: none"> Built from MarketScan data representing 40M lives and 10% of annual U.S. healthcare expense 275 unique measures 9,500 benchmarks Benchmark Categories: <ul style="list-style-type: none"> <u>Cost</u> (e.g. Allow Amount PMPM Medical) <u>Use</u> (e.g., Admits Per 1000 Acute) <u>Price</u> (e.g., Allow Amount Per Admission Acute) <u>Quality</u> (e.g., Strep Screens Per Episode – Pharyngitis) <u>Condition-specific</u> (e.g., Days LOS Bipolar Disorder) <u>Screening</u> (e.g., Mammogram Screening Rate) 	<ul style="list-style-type: none"> Aerospace and Defense Auto Supplier Chemicals and Refining Communications Finance, Insurance, and Real Estate Food and Beverage Healthcare Information Technology Manufacturing, Durable Goods Manufacturing, Non-durable Goods Oil and Gas and Extraction and Mining Pharmaceutical Retail Services and Local Government State Government Transportation, Communication, and Utilities Universities Utilities Vehicle Manufacturer 	<ul style="list-style-type: none"> U.S. Total Region (4) Division (9) State 	<ul style="list-style-type: none"> Active Early Retiree Hourly Active Hourly Early Retiree Medicare Eligible Retiree Salaried Active Salaried Early Retiree 	<p>Selected measures based on top performing customers (either 25th or 75th percentile as appropriate)</p>	<p>Norms covering Workers' Compensation, STD, and LTD</p> <p>* Optional add-on, not included in current scope</p>

MarketScan Benefits:

- The highest-quality source available for benchmarking the commercially insured population.
- Source data has been de-identified, standardized and clinically enhanced.
- Benchmarks are automatically adjusted to the demographics, case-mix, severity of illness of your population.

Clinical Condition Reporting and Program Evaluation

Plan Cost Comparison

2016 Plan Costs Compared to Adjusted Benchmark										
Plan Group	Allowed Amount PMPM Med and Rx	Adjusted Benchmark	Allowed Amount PMPM Med	Adjusted Benchmark	Inpatient Allowed Amount PMPM	Adjusted Benchmark	Outpatient Allowed Amount PMPM	Adjusted Benchmark	Drug Allowed Amount PMPM	Adjusted Benchmark
Plan A	\$697	\$534	\$549	\$382	\$134	\$83	\$405	\$279	\$148	\$160
Plan B	\$608	\$608	\$451	\$435	\$129	\$107	\$297	\$309	\$157	\$173
Plan C	\$835	\$512	\$696	\$366	\$167	\$80	\$468	\$266	\$139	\$159
Plan D	\$489	\$415	\$382	\$297	\$87	\$63	\$292	\$218	\$107	\$127
Plan E	\$648	\$507	\$514	\$363	\$121	\$79	\$375	\$262	\$134	\$155
Plan F	\$637	\$430	\$534	\$307	\$149	\$64	\$345	\$230	\$102	\$135
Plan G	\$391	\$405	\$312	\$290	\$62	\$51	\$224	\$221	\$79	\$133
Plan H	\$637	\$445	\$536	\$318	\$120	\$75	\$396	\$228	\$100	\$133
Plan I	\$677	\$484	\$543	\$346	\$115	\$75	\$397	\$254	\$134	\$149
Plan J	\$798	\$734	\$606	\$525	\$148	\$139	\$404	\$372	\$192	\$202
Plan K	\$664	\$540	\$525	\$386	\$106	\$90	\$395	\$276	\$139	\$162
Plan L	\$553	\$526	\$420	\$376	\$103	\$86	\$313	\$270	\$133	\$158
Plan M	\$640	\$392	\$527	\$281	\$131	\$60	\$376	\$204	\$113	\$122

- Plan G has lower than expected total per-member-per-month costs. Plan B total PMPM costs are equal to the adjusted benchmark.
- Plan C has the highest per-member-per-month costs. Plan J has the second highest PMPM costs, however costs are only 8.7% higher than the age / gender / severity adjusted benchmark.
- Additional detailed analysis of top chronic conditions can lead to possible gaps in care.

Chronic Condition Trends

Episode	Episodes			Total Allowed Cost Per Episode			Inpatient Allowed Cost Per Episode			Outpatient Allowed Cost Per Episode			Drug Allowed Cost Per Episode		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
Asthma	5,751	5,173	-10%	\$3,094	\$3,163	2%	\$143	\$153	7%	\$1,089	\$1,106	2%	\$1,861	\$1,903	2%
COPD	1,619	1,615	0%	\$4,857	\$5,145	6%	\$686	\$714	4%	\$1,616	\$1,719	6%	\$2,556	\$2,712	6%
Coronary Artery Disease	4,686	4,644	-1%	\$7,454	\$8,358	12%	\$3,430	\$4,307	26%	\$2,505	\$2,834	13%	\$1,520	\$1,217	-20%
Depression	16,094	15,416	-4%	\$1,735	\$1,543	-11%	\$268	\$295	10%	\$947	\$878	-7%	\$520	\$371	-29%
Diabetes	12,511	12,040	-4%	\$5,941	\$6,322	6%	\$484	\$456	-6%	\$1,154	\$1,134	-2%	\$4,303	\$4,732	10%
Low Back Disorder	31,527	27,189	-14%	\$1,087	\$1,147	6%	\$232	\$267	15%	\$764	\$803	5%	\$91	\$77	-15%
Osteoarthritis	11,368	10,555	-7%	\$6,147	\$5,886	-4%	\$3,355	\$3,124	-7%	\$2,331	\$2,299	-1%	\$461	\$463	0%

- Coronary Artery disease costs-per-episode have increased by 12% due to increasing inpatient and outpatient costs.
- Diabetes treatment costs increased 6% due to increasing drug costs per episode.
- Preventive visits with a physician are an important step in diagnosing and treating any health condition.
- Gaps in care for chronic conditions such as coronary artery disease can provide insight into condition management opportunities.

Preventive Care Utilization

Employees with a Preventive Care Service

34%

Spouses with a Preventive Care Service

33%

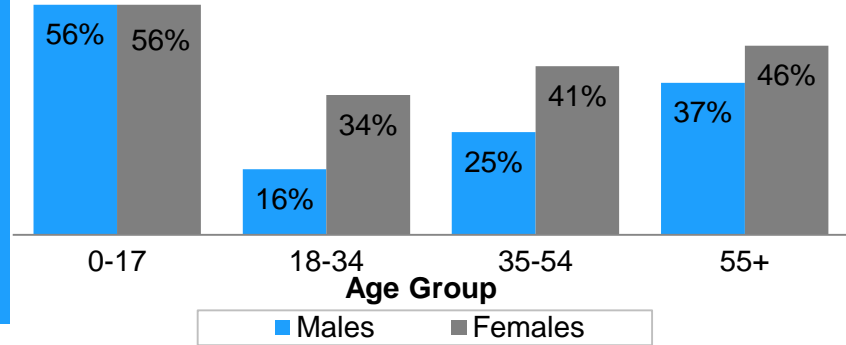
Dependents with a Preventive Care Service

46%

43% of females had a preventive care service

33% of males had a preventive care service

% of Members with a Preventive Service




- Overall, 62% of members did not have a preventive care service in 2016.
- Males age 18-34 had the lowest use of preventive care with 84% of members not incurring a service; 75% of males age 35-44 did not incur a preventive service.

Adherence to Cardiovascular Clinical Guidelines

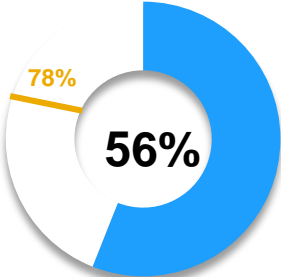
18 out of 1,000 members have coronary artery disease

This result is **higher** than the MarketScan benchmark prevalence of 15

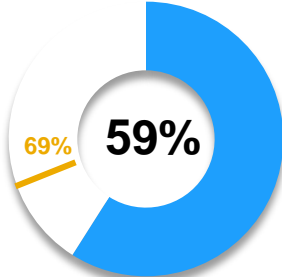


- CAD is the 3rd most costly chronic condition in the WI ETF population with \$27.1 million in medical and prescription drug net payments.¹
- Approximately 4,600 patients have CAD with an average treatment net cost per patient of \$5,833.¹

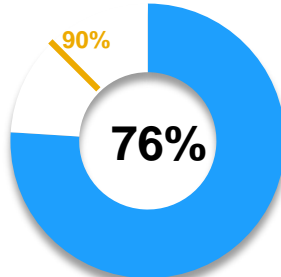
CAD Patients with a Cholesterol Test



CAD Patients with an ACE/ARB Rx



CAD Patients with a Lipid Lowering Rx




— Represents MarketScan Benchmark

¹Cost and rank data based on 2016 episodes

Adherence to Diabetes Clinical Guidelines

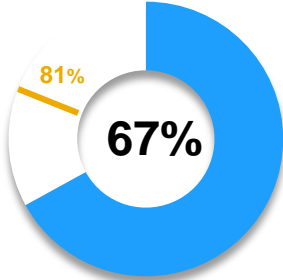
68 out of 1,000 members have diabetes

This result is **lower** than the MarketScan benchmark prevalence of 78

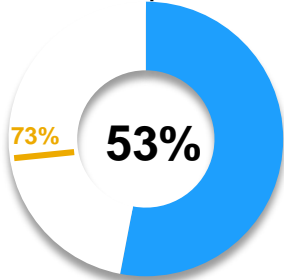


- Diabetes is the most costly chronic condition in the WI ETF population with \$52.7 million in medical and prescription drug net payments.¹
- Approximately 12,000 patients have diabetes with an average treatment cost per patient of \$4,376.¹

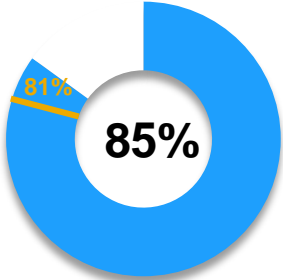
Diabetics
with an HbA1c Test



Diabetics
with a Lipid Test



Diabetics
with a Nephropathy Test

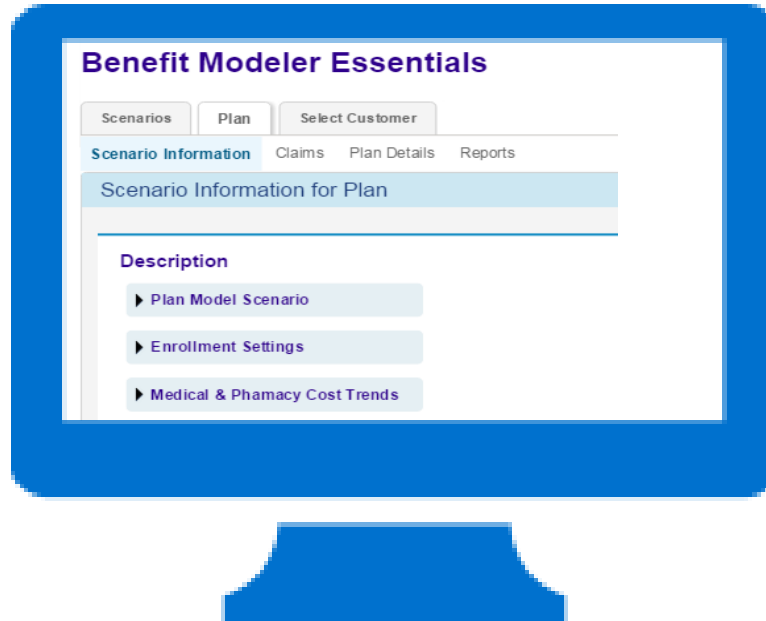


— Represents MarketScan Benchmark

¹Cost and rank data based on 2016 episodes

Modeling the Impact of Benefit Changes

Benefit Modeler



**Have Confidence that the Benefit Plans
You Design for Your Population
Align With Your Strategic Goals**

- Provides a flexible, intuitive web-based application
- Includes alerts for ACA compliance
- Compares up to five plan design changes at once
- Enables evaluation of HDHPs
- Leverages MarketScan® data
- Incorporates organization-specific demographic and geographic data

Benefit Modeler



Benefit
Modeler

Benefit Modeler

Scenarios

ABC

Select C

Scenarios

Create a New Benefit Model Scenario

Scenario Name:

Create

▼ Demo - Benefit Model Scenarios

Scenario Name	Comments
12-10-10 cj demo	demo
12-10-10 cj demo plan 2	demo
2012 HRA	Demo HRA plan
2014 Training Case	PPO / HDHP Training Case

Benefit Modeler

Benefit Plan Reports

Five-Year Cost Projection

2017:	Traditional	HDHP I with HSA	HDHP II with HSA	HSA III
Medical Plan				
Claims	\$434,105,932	\$479,791,141	\$444,871,306	\$448,071,727
Fees	\$0	\$0	\$0	\$0
Total	\$434,105,932	\$479,791,141	\$444,871,306	\$448,071,727
Prescription Drug Plan				
Claims	\$124,085,320	\$108,311,264	\$101,078,252	\$101,863,785
Fees	\$0	\$0	\$0	\$0
Total	\$124,085,320	\$108,311,264	\$101,078,252	\$101,863,785
Total Claims and Fees	\$558,191,252	\$588,102,405	\$545,949,558	\$549,935,513
2018:				
Medical Plan				
Claims	\$475,850,575	\$525,928,980	\$487,651,172	\$491,159,354
Fees	\$0	\$0	\$0	\$0
Total	\$475,850,575	\$525,928,980	\$487,651,172	\$491,159,354
Prescription Drug Plan				
Claims	\$132,771,292	\$115,893,053	\$108,153,730	\$108,994,250
Fees	\$0	\$0	\$0	\$0
Total	\$132,771,292	\$115,893,053	\$108,153,730	\$108,994,250

Benefit Modeler

General Information

Out-of-Area Plan Enrollment

Percentage of Employees

Network Penetration

(Based on Ees with Access)

In Network

Physician

Hospital

Other

Deductible/OOP Max Calculation

Deductible OOP Max*

In- and out-of-network combined?

*(Out of Pocket Maximum)

In Network

Deductible & Maximums

	Individual	Family
Deductible	<input type="text" value="\$500"/>	<input type="text" value="\$1,000"/>
Out-of-Pocket Maximum*	<input type="text" value="\$3,000"/>	<input type="text" value="\$6,000"/>

*(Includes the Deductible)

Lifetime Maximum

	Plan Benefit	Copy	Max Applies
Inpatient Hospital	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	
Medical	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Surgical	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Maternity	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Mental Health	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="No"/>
Chemical Dependency	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="No"/>
Skilled Nursing Facility	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Outpatient Hospital	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	
Emergency Room	<input type="text" value="80%"/>	<input type="text" value="\$50"/>	<input type="text" value="Yes"/>
Ambulatory Surgery	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Radiology	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Laboratory	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Maternity	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Mental Health	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Chemical Dependency	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Other	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Inpatient Physician	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	
Medical/Surgical	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Mental Health	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Chemical Dependency	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Maternity	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>

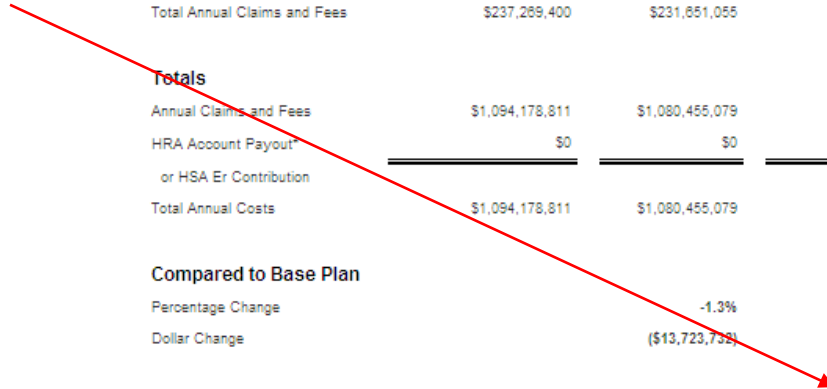
Outpatient Physician	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	
Physician Office Visits	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	<input type="text" value="Yes"/>
Specialist Office Visits	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	<input type="text" value="Yes"/>
Mental Health	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	<input type="text" value="Yes"/>
Chemical Dependency	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	<input type="text" value="Yes"/>
Other	<input type="text" value="80%"/>	<input type="text" value="\$20"/>	<input type="text" value="Yes"/>
Preventive Care	<input type="text" value="100%"/>	<input type="text" value="\$0"/>	
Physical Exams	<input type="text" value="100%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Immunizations	<input type="text" value="100%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Screenings	<input type="text" value="100%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Well Childcare	<input type="text" value="100%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Outpatient Miscellaneous	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	
Allergy	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Ambulance	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Chemotherapy	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Chiropractor	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Dialysis	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
DME	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Hearing	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Hearing Aids	<input type="text" value="0%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Home Health Care	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Laboratory	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Physical Therapy	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Podiatry Services	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Prescr. - Major Med.	<input type="text" value="0%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Radiology/X-Ray	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>
Speech	<input type="text" value="80%"/>	<input type="text" value="\$0"/>	<input type="text" value="Yes"/>

Benefit Modeler Report Results

Total Annual Medical and Rx Costs

	RFD Scenario 1 Baseline	RFD Alternate PPO	RFD Alternate PPO w HSA
Medical Plan			
Annual Claims	\$820,278,537	\$812,171,150	\$868,116,466
Annual Administrative Fees	\$38,832,874	\$38,832,874	\$38,832,874
Total Annual Claims and Fees	\$858,909,411	\$848,804,024	\$704,749,340
Prescription Drug Plan			
Annual Claims (After Copays and Rebates)			
Mail Order	\$141,076,633	\$138,128,084	\$127,432,300
Retail	\$92,338,675	\$89,666,879	\$83,408,285
Total	\$233,413,308	\$227,794,963	\$210,838,585
Annual Administrative Fees	\$3,858,092	\$3,858,092	\$3,858,092
Total Annual Claims and Fees	\$237,269,400	\$231,651,055	\$214,694,657
Totals			
Annual Claims and Fees	\$1,094,178,811	\$1,080,455,079	\$919,443,997
HRA Account Payout or HSA Er Contribution	\$0	\$0	\$59,077,801
Total Annual Costs	\$1,094,178,811	\$1,080,455,079	\$978,521,798
Compared to Base Plan			
Percentage Change		-1.3%	-10.6%
Dollar Change		(\$13,723,738)	(\$115,657,013)
Total Annual HSA Account Contribution	\$0	\$0	\$88,301,550

What are the projected aggregate cost savings for the new plan design?



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