

2020 Benefit Changes

Item 8C: Group Insurance Board

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Office of Strategic Health Policy





Action Requested

ETF recommends the Board approve the following change options to the 2020 Uniform Medical Benefit (UB):

- Option M3.2: Change the number and means of counting therapies toward an annual limit to 25 of each therapy before prior authorization (PA) and 25 following PA
- Option M4: Remove the continuous coverage requirement for treatment of congenital defects
- Option M6.2: Cover bariatric surgery and weight loss services for members with a body mass index (BMI) or 35 or greater



Action Requested

ETF recommends the Board approve the following changes to the 2020 Uniform Pharmacy Benefit (UPB):

- Option P1.1: Create a combined non-specialty out of pocket limit (OOPL)
- Option P2: Cover vaccines at retail pharmacies under the UPB



Action Requested

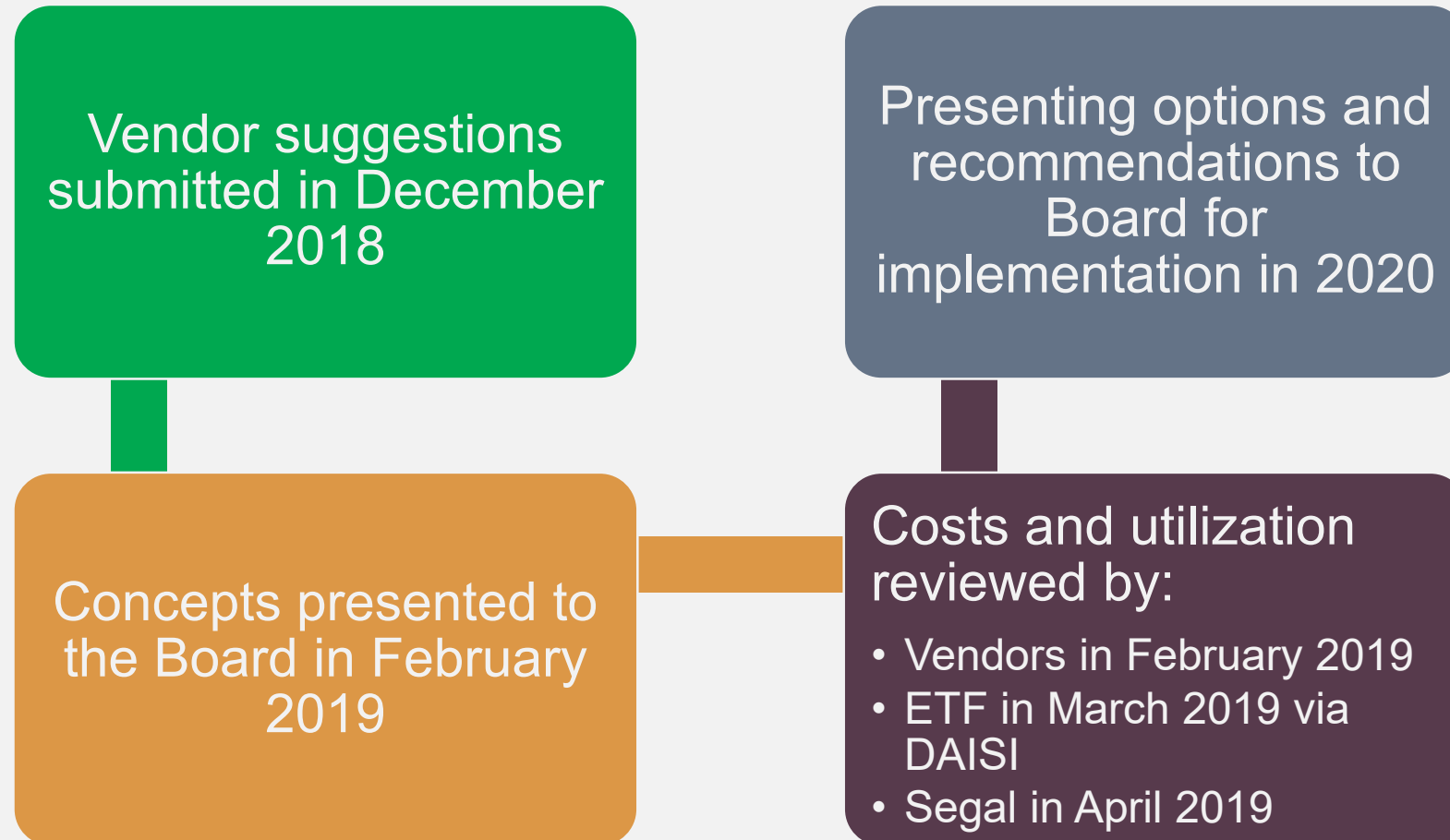
ETF recommends the Board make the following changes to the 2020 Uniform Dental Benefit (UDB):

- Option D2: Cover periodontal maintenance cleanings at 100%
- Option D3: Cover pulp vitality tests
- Option D4: Cover caries assessment and sealant restorations

Background & Utilization Trends

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Benefit Change Process



Current Population

Current: November 2017 – October 2018 (Previous: 11/16 – 10/17)						
	Enrollment			Average Age		
	Previous	Current	% Change	Previous	Current	% Change
Subscribers	121,926	120,432*	-1.2%	51.0	51.0	0.0%
Members	269,515	263,754*	-2.1%	39.3	39.3	0.2%
Average Family Size	2.2	2.2	-1.0%			

Source: IBM Watson Health March 2019 DAISI Dashboard, Created April 16, 2019

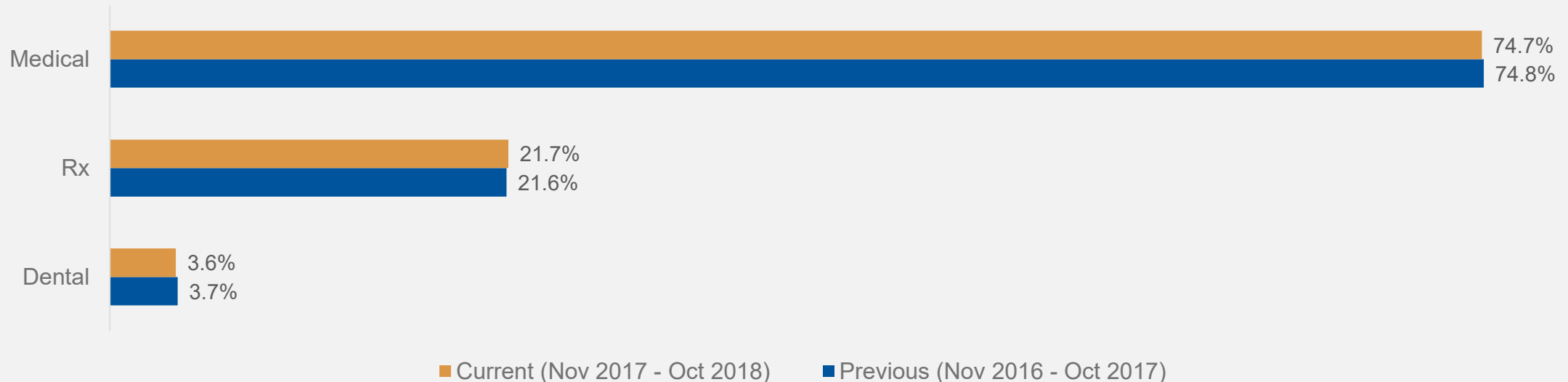
*Note: enrollment numbers include any member enrolled at any point during the reference year.

Net Payment for Services

Total Net Payment for Services Nov 17 – Oct 18: \$1.48B

Change in Net Payment from Prior Year: ▲ 5.9%

Percent of Net Payment by Summary Categories

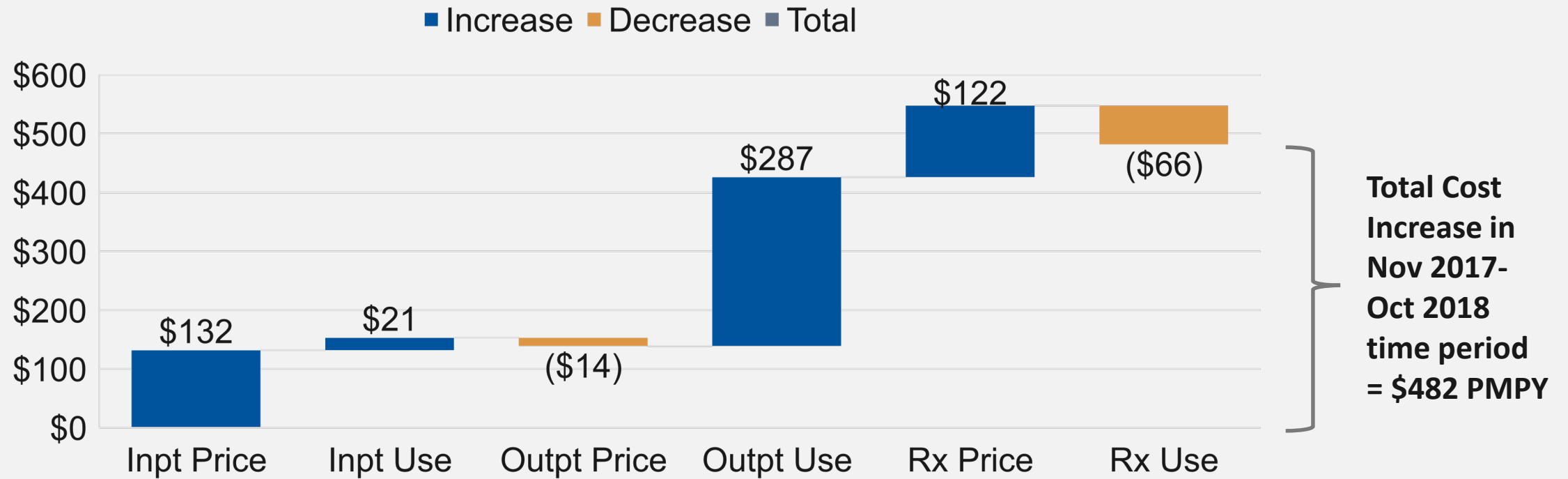


Source: IBM Watson Health March 2019 DAISI Dashboard, Created April 16, 2019

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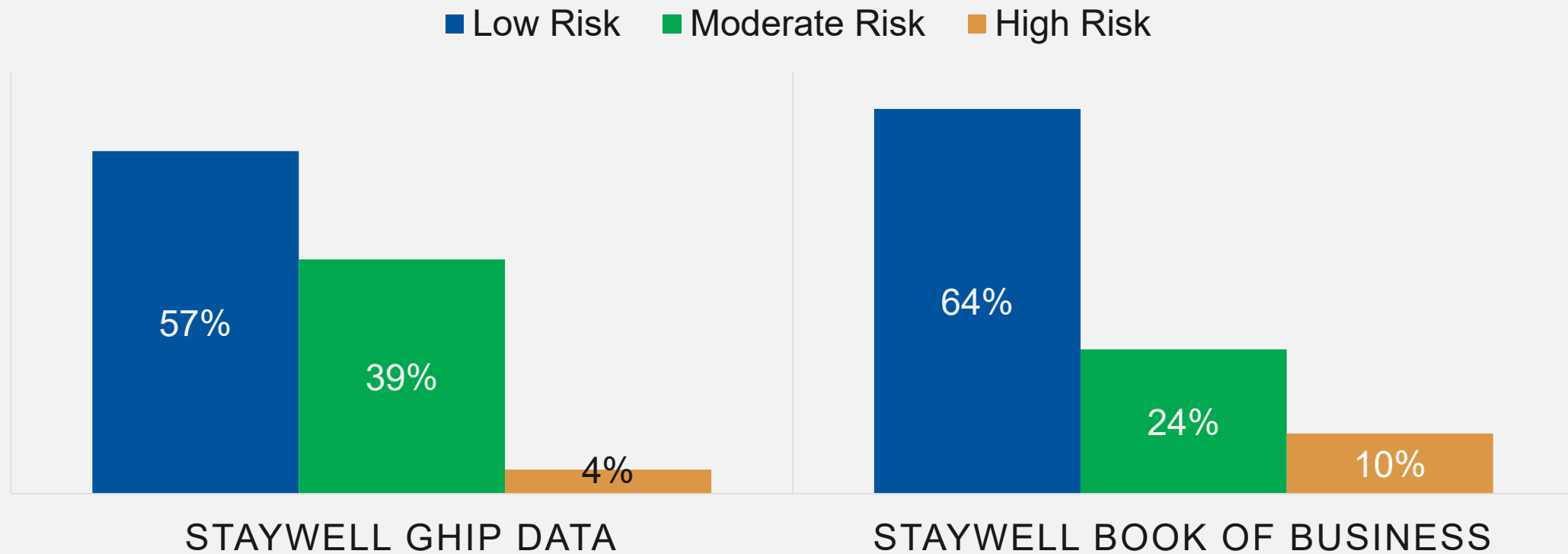
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Cost Drivers



Source: IBM Watson Health March 2019 DAISI Dashboard, Created April 16, 2019

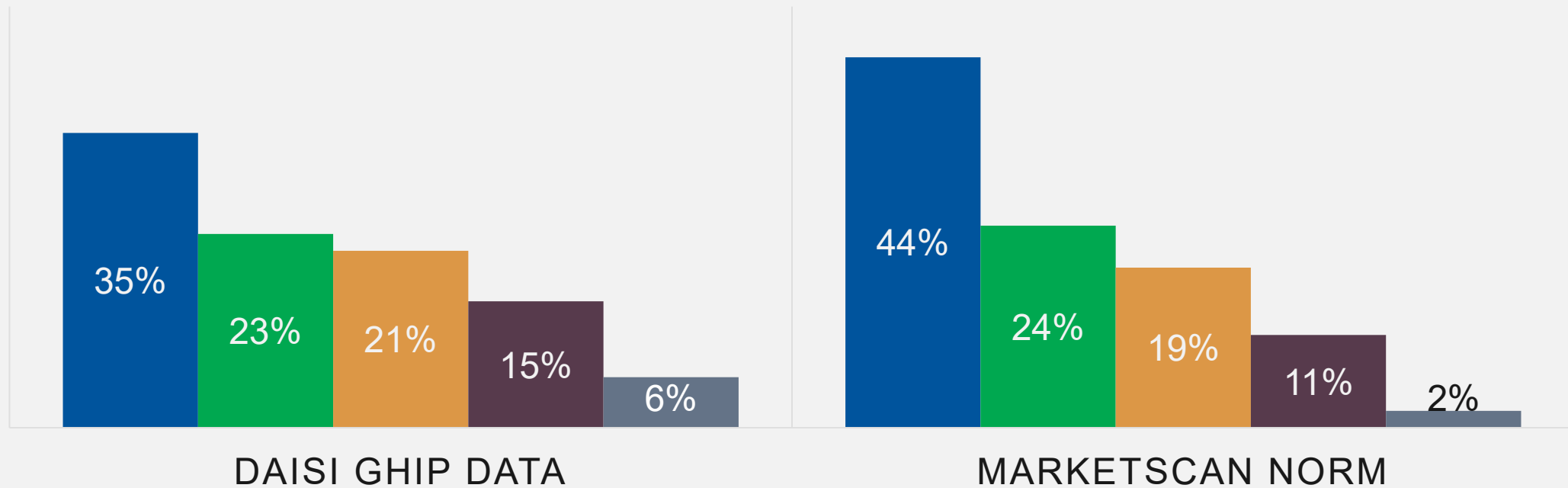
Risks



Sources: StayWell Annual Key Findings Report, January 16, 2019; IBM Watson Health March 2019 Dashboard.
Note: StayWell data as appears in Key Findings Report; percentages may not sum due to rounding.

Risks and Norms

■ Healthy ■ Stable ■ At Risk ■ Struggling ■ In Crisis



Sources: StayWell Annual Key Findings Report, January 16, 2019; IBM Watson Health March 2019 Dashboard.
Note: StayWell data as appears in Key Findings Report; percentages may not sum due to rounding.

Medical Cost Sharing Changes

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Cost Sharing Changes

- **Option M1:** Moving to coinsurance-only in HDHP
 - Current configuration is unusual in the commercial market

✓ Pros:

- Simplifies benefit for HDHP members (state and local program option 7/17)

× Cons:

- Increases plan premium \$3.50 to \$5.50 per employee per month (PEPM)

Cost Sharing Changes

- **Option M2.1:** Change all coinsurance to 90% / 10%

✓ Pros:

- Simpler to communicate

× Cons:

- Increases plan premium \$0.15 to \$3.00 PEPM, depending on plan

- **Option M2.2:** Change all coinsurance to 80% / 20%

✓ Pros:

- Simpler to communicate
- Decreases cost to plan \$3.50 to \$18.00 PEPM, depending on plan

× Cons:

- Member disruption may be significant

Recommendation: No Changes

- Option M1 and M2.1 raise premium
 - Concurrent program cuts would be required
- Option M2.1 lowers premium but would cause disruption

Medical Therapy Limit Changes

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Therapy Utilization

Current Benefit:

- 50 visits total of PT/OT/ST before prior authorization (PA)
- 50 visits each of PT/OT/ST after PA

Number of Visits	Physical Therapy Patients		Occupational Therapy Patients		Speech Therapy Patients	
	2017	2018	2017	2018	2017	2018
0 – 10	13,039	11,412	2,556	2,348	771	678
11 – 20	2,459	1,897	294	303	89	72
21 – 30	612	442	86	89	39	64
31 – 40	189	133	58	54	43	34
41 – 50	70	37	35	18	24	26
over 50	36	20	134	37	31	26
Totals	16,405	13,941	3,163	2,849	997	900

Source: IBM Watson Health Advantage Suite query, claims through 10/30/2018

Therapy Limit Changes

- **Option M3.1:** 50 visits total before PA, 100 visits total after PA

✓ Pros:

- Simpler to communicate & administer
- Allows higher number of single therapy type

× Cons:

- Estimated \$100K to \$200K additional claims cost
- Increased use possible for high utilizers

- **Option M3.2:** 25 visits each before PA, 25 visits each after PA

✓ Pros:

- Simpler to communicate & administer
- Aligns with benefit needs of most members
- Estimated \$350K to \$500K less claims cost

× Cons:

- May reduce therapy access to high utilizers

Recommendation: M3.2

- 25 visits of each therapy type before PA
- 25 visits of each therapy type after PA
- Members needing additional therapy may be approved by plans under medical necessity and cost-effective care provisions of Uniform Benefits

Medical Benefit Additions

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Coverage of Congenital Defects

- **Option M4**
- Current language limits coverage of congenital defects to dependents continuously covered under a health plan from birth
- Conflict with Affordable Care Act (ACA) language
- Leaves members needing treatment
- Coverage estimated to cause an additional \$100K to \$200K in claim costs

Coverage of Severe Malocclusion Correction

- **Option M5**
- Malocclusion is a misalignment of the jaw and teeth
- In extreme cases it hinders ability to eat or close the mouth
- Excluded under UB
- Some coverage can be extended under congenital defects provision (ortho and oral surgery)
- Coverage estimated to cause an additional \$300K to \$500K in claim costs

Recommendation: M4

- Remove the limitation for continuous coverage of congenital defects
- Revisit coverage of severe malocclusion if grievance issues continue

Coverage of Bariatric Surgery

- Category of procedures that modify the digestive system to help patients lose weight
- Estimated 200,000 procedures per year in US

Historical and Current Coverage

- Covered by GHIP before 2018 in the Access Plan
- Few recipients, likely due to Access Plan costs
- Benefit plans in all of WI's surrounding states cover bariatric surgery
- Medicare covers (and WI's Medicare Advantage product as a result)

Surgeries and Associated Procedures

- Most common procedures:
 - Gastric bypass
 - Sleeve gastrectomy
 - Biliopancreatic diversion with or without duodenal switch weight loss
- Mechanism of weight loss
 - Two pathways: restriction and malabsorption
 - Most common procedures employ a combination of these pathways
- Other weight loss services are generally required to receive surgery and maintain weight loss

Criteria for Coverage

Institute for Clinical
and Economic
Review (ICER)

Evidence shows most success in patients with BMI of 35 or more

Wisconsin
Medicaid

Most restrictive criteria; includes a 6 month period of sobriety

Medicare

Criteria includes alternatives based on the facility where the surgery takes place

Safety & Effectiveness

- Safety has improved steadily; correlated with the facility performing the procedure
 - Facility certification available
 - Complications can happen many years after procedure
 - 17.9% to 19.4% complication rate for most common procedures
 - 6.2% to 14.8% re-operation rate
 - Surgeries have substantial positive impact on comorbid conditions
 - 16 of 21 studies reviewed by ICER show improvement or remission
 - “Associated with...likelihood of full resolution” of Type 2 Diabetes

Coverage of Bariatric Surgery

Estimated Eligible GHIP Members

- Estimated 5.9% or 15,512 members had BMI of 35 or greater
- 2.9% had BMI ≥ 35 and a comorbid condition
- Not all people with BMI ≥ 35 will be eligible for or pursue surgery

Cost and Return on Investment

- Segal estimates cost of \$1M to \$3M in claims
- ICER report estimated cost of claims is recovered in ~30 months
- ICER estimated Quality Adjusted Life Years (QALYs) gained = 0.5 additional years

Coverage Options:

M6.1: Cover only surgery for members with BMI ≥ 35

Manages minor costs, but may not set members up for success

M6.2: Cover surgery and weight loss procedures for members with BMI ≥ 35

Allows coverage for needed ancillary services, but creates unequal access

M6.3: Cover surgery as approved by the health plans

Defers coverage to health plan experts, but could result in non-uniform benefits

Recommendation: M6.2

- Cover bariatric surgery and required weight loss services for members with BMI ≥ 35
- More likely to be uniform
- Costs of ancillary weight loss services are projected to be negligible
- Overall costs are expected to be recovered in 30 months
- Member longevity in the GHIP makes cost recovery more likely

Pharmacy Cost Sharing and Benefit Changes

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Cost Sharing Changes

- **Option P1.1:** Combine Level 1, 2, & 3 OOPPL into a single OOPPL (\$1,200 individual / \$2,400 family)

✓ Pros

- Simplifies OOPPLs
- Keeps the separate specialty OOPPL as future cost lever

× Cons

- Additional cost sharing exposure to 3,500 members who meet current Level 1/2 OOPPL

- **Option P1.2:** Combine all pharmacy OOPPLs into one (\$1,300 individual / \$2,600 family)

✓ Pros

- Simplest OOPPL option; members only have one limit to track for prescriptions

× Cons

- Additional cost sharing exposure for 3,500 members
- Future specialty drug cost management strategy may require re-breaking out OOPPL

Benefit Addition

- **Option P2:** Add coverage of vaccines at pharmacies
- Does not replace coverage under UB, only adds for member convenience
- Costs projected to be minimal
 - 9% of eligible population @ average of \$15 per vaccine
- Limited to members age 6 and older (or based on pharmacy policies)

Recommendations: P1.1 and P2

- Creating a single, non-specialty medicine OOPPL will help simplify the benefit for members without raising premium; preserving the specialty OOPPL would allow future flexibility if specialty drug costs continue to rise
- Adding coverage for vaccines at pharmacies will help members get necessary vaccines conveniently

Dental Cost Sharing and Benefit Changes

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Cost Sharing Changes

Option D1: Increase the annual dental benefit maximum to \$1,500

Current benefit maximum is \$1,000 per person	1% - 2% of members reach limit each year	Max benefits in the commercial market range between \$1,000 and \$2,000	Estimated increase in claims = \$796K to \$1.1M
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Cost Sharing Changes

**Option D2:
Cover
periodontal
maintenance at
100%**

- 2,229 members over the age of 20 are known to have some level of periodontal disease
- Currently covered at 80%
- Experience is similar to regular cleaning
- Visits are critical to finalizing expensive and painful periodontal scaling treatments
- Estimated increase in claims = \$398K to \$663K

Benefit Additions

- **Option D3:** Add coverage of pulp vitality tests
 - 666 tests billed from 1/2017 to 10/2018; most denied claim that is not otherwise covered by a supplemental plan
 - Generally associated with emergency treatment
 - Costs \$60/procedure; no impact to premium expected
- **Options D4:** Add coverage of caries assessment and sealant repair
 - Standard preventive services aimed at managing disease and repairing preventive work
 - Low cost; not expected to impact premium

Recommendations: D2, D3 & D4

- Changes to the periodontal maintenance benefit will remove cost barriers to members maintaining teeth; costs may help defray future cost of periodontal re-treatment
- Pulp vitality tests, caries assessment and sealant repair are all negligible in cost and support the basic care needs UDB is designed to manage
- While increasing the UDB limit would help members receive needed treatment, costs will not be offset

Cost Requirements & Summary

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Cost Requirements

- Under Wis. Stats. §40.03(6)(c), the Board cannot expand benefits unless required by law, or would maintain or reduce premium costs in the current or any future year.
- Two recommended changes may result in premium increases:
 - Bariatric surgery costs are expected to be recovered in 2.5 years, with savings potential after
 - Periodontal cleanings may increase premium in the near term with the goal of preventing costly future re-treatment

Cost Requirements

The Board could also make changes short term to recover immediate costs:

Move to 80% coinsurance (Option M2.2)

Increase the Pharmacy or Medical OOPs (not yet analyzed)

Note:
Reductions in benefits would now be long-term given the statutory provision referenced.

Summary of Medical Recommendations

Recommended Change	Estimated Cost	Notes on Impact
M3.2: Modifying therapy limits to 25 of each before authorization and 25 of each after authorization	Savings of \$350K - \$500K	
M4: Removing continuous coverage requirement from congenital defects	Cost of \$100K - \$200K	Compliance with legal requirements; offset not required.
M6.2: Adding coverage of bariatric surgery	Cost of \$1M - \$3M	Cost recovery estimated in 30 months; cost savings opportunity following due to chronic disease control
Medical Benefit Change Total Cost	\$750K - \$2.7M cost	

Summary of Pharmacy Recommendations

Recommended Change	Estimated Cost
P1.1: Combine Level 1, 2, and 3 OOPL	No cost to plan
P2: Adding vaccine coverage to pharmacy benefit at pharmacies	No cost to plan
Pharmacy Benefit Change Total Cost	No change in costs

Summary of Dental Recommendations

Recommended Change	Estimated Cost	Notes on Impact
D2: Increasing coverage of periodontal maintenance to 100%	Cost of \$398K to \$663K	Initial costs intended to divert members from more costly future procedures
D3: Pulp vitality test coverage	No/limited cost	
D4: Caries assessment and sealant restoration coverage	No/limited cost	
Dental Benefit Change Total Cost	\$398K - \$663K cost	



Action Requested

ETF recommends the Board approve the following options for 2020 benefit changes:

- M3.2: Modifying therapy limits
- M4: Removing the continuous coverage requirement from congenital defect language
- M6.2: Adding coverage of bariatric surgery and weight loss for members with BMI ≥ 35
- P1.1: Creating a single non-specialty pharmacy OOP
- P2: Adding coverage of vaccines at pharmacies to the pharmacy benefit
- D2: Increasing coverage of periodontal maintenance to 100%
- D3: Adding coverage of pulp vitality tests
- D4: Adding coverage of caries assessment and sealant repairs