Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

Correspondence Memorandum

Date: July 25, 2019

To: Group Insurance Board

From: Jessica Rossner, Data, Measurement, and Compliance Lead
Oladipo Fadiran, IBM Senior Analytics Consultant
Office of Strategic Health Policy

Subject: Data Warehouse Dashboard

This memo is for informational purposes only. No Group Insurance Board (Board) action is required.

This memorandum provides the Board with the quarterly dashboard and highlights. The previous quarter's dashboards and highlights can be found in the meeting materials from the May 2019 Board meeting (GIB | 5.15.19 | 13K).

Dashboard Data
The dashboards include data for health care services rendered from March 2018 to February 2019 (*current period)* compared to services rendered from March 2017 to February 2018 *(previous period)*. The reported data includes payments through June 2019. The four months between the latest rendered services reported and the most recent paid period allows for a completion of all transactions associated with the reporting period.

Notable Dashboard Highlights
- **Continued increase in the Total Net Payment.**
    - The Year Over Year (YoY) Total Net Payment trend of 6.8% is slightly higher than the 6.0% trend for comparable state government employers, and higher than the last rate increase of 5.8%. ETF's fully-insured program structure means increases in Total Net Payment are not immediately experienced by the program but increases over time can be expected to increase health insurance premiums. *[Attachment A: Data Warehouse Dashboard – Financial page 1 top, center]*

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Eileen K Mallow   Electronically Signed 8/5/19

Board	Mtg Date	Item #
GIB	8.21.19	10E

- **Specialty drug costs continue to increase.**
  - Specialty drug costs as a percentage of total drug costs continue to increase: 48.3% compared to 47.2% in our last reporting and comparable to approximately 49% recorded for similar employers. This trend is driven by the development of new and relatively more expensive specialty drugs. ETF and Navitus continue to monitor the specialty drug costs. *[Attachment A: Data Warehouse Dashboard – Financial page 1 top, right]*

- **Outpatient use continues to be a main driver for the increase in total cost.**
  - Utilization of outpatient services continues to be a major driver of overall cost. ETF is working to address opportunities for improvement in emergency services utilization, which is a major contributor to the overall outpatient trend. *[Attachment A: Data Warehouse Dashboard – Financial page 2 top, right]*

- **Updates to the Risk Band Profiles.**
  - IBM Watson Health updates to the Diagnostic Cost Groups (DCG) methodology (see Glossary of Terms in Attachment A) incorporates the most current risk assessment know-how in the healthcare industry, which results in changes to the baseline definition of the risk band categories. Consequently, comparison to previous Risk Band Profile results are no longer valid. Notable changes are in the Allowed Amounts Per Member Per Year and the percentage of cost for each of the risk bands. Baseline updates are implemented infrequently, and all historically stored data has been recalibrated using the new methodology to ensure future analysis is consistent. *[Attachment A: Data Warehouse Dashboard – Clinical page Financial page 4]*

- **Reduction in cost trend for WEA Trust.**
  - The approximate 25% cost trend previously reported for WEA Trust is now adjusted closer to 20%. The reduction in cost trend for this plan is expected to continue as more months in 2018 are included in the "previous" period, thus defining a new baseline. This will be complete when the population for both the previous and current periods have full representations of the relatively higher risk IYC Access health population recently acquired by WEA Trust. *[Attachment A: Data Warehouse Dashboard - Financial page 5]*

Note: Relatively small health plans (plan size indicated by diameter of circle) are more susceptible to effects of cost outliers (e.g. new high cost claimant).

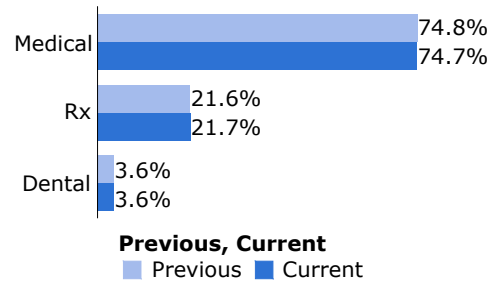Staff will be at the Board meeting to answer any questions.

Attachment A: Data Warehouse Dashboard

Attachment A

Financial

Wisconsin Department of Employee Trust Funds (etf)

	Previous	Current	% Change
Total Net Payment	$1.42 B	$1.52 B	6.8% ▲

Net Payment by Summary Categories

Category	Previous	Current
Medical	74.8%	74.7%
Rx	21.6%	21.7%
Dental	3.6%	3.6%

Previous, Current
☐ Previous ■ Current

Net Payment by Medical Service Categories

Category	Previous	Current
Professional	47.7%	46.8%
Facility Outpatient	31.5%	32.7%
Facility Inpatient	20.8%	20.4%

Previous, Current
☐ Previous ■ Current
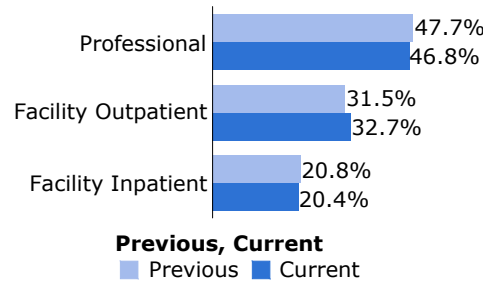
Net Payment by Non-Specialty vs Specialty Drugs

Category	Previous	Current
Non-Specialty	56.9%	51.7%
Specialty	43.1%	48.3%

Previous, Current
☐ Previous ■ Current

Monthly Cost Per Member

Legend: Net Pay PMPM Med — Net Pay PMPM Rx — Net Pay PMPM Dental — Net Pay PMPM
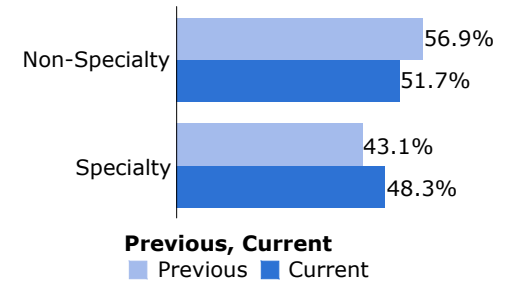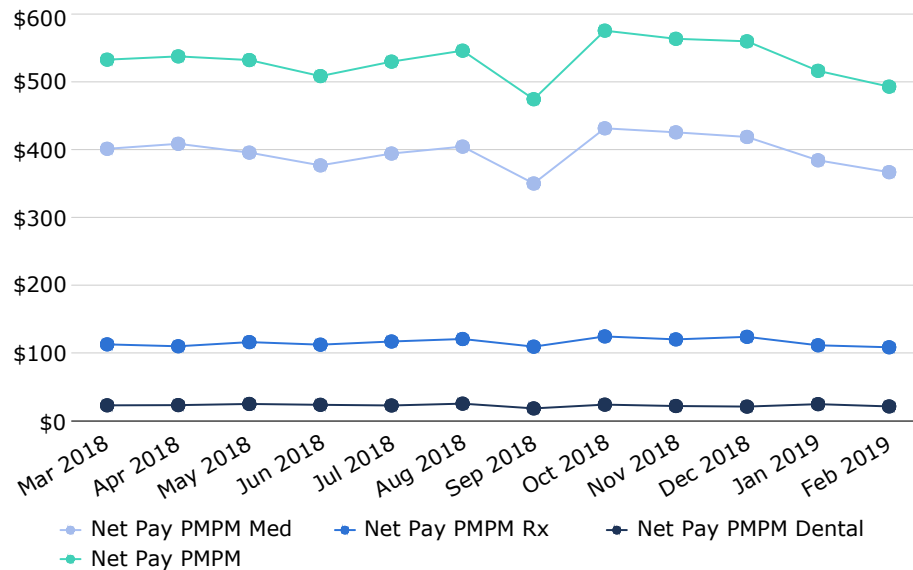
Total Monthly Costs (in Millions)
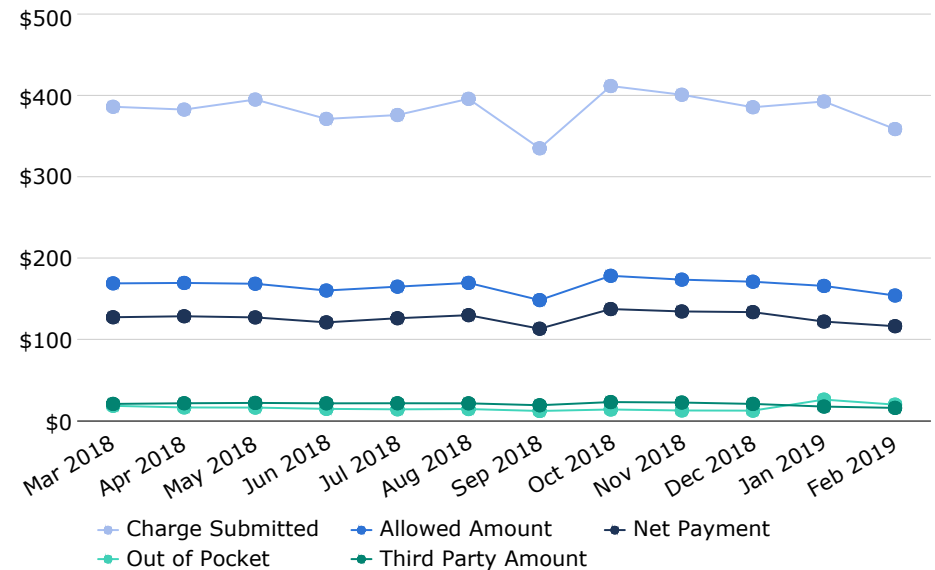
Legend: Charge Submitted — Allowed Amount — Net Payment — Out of Pocket — Third Party Amount

IBM Watson Health

Cost Per Member

	Previous	Current	% Change		Norm	% Difference from Norm	
Allow Amt PMPY Med and Rx	$7,641	$8,184	7.1%	▲	$6,729	21.6%	▲
Allow Amt Per Visit Office Med	$209	$214	2.7%	▲			
Allow Amt Per Adm Acute	$19,315	$20,689	7.1%	▲	$30,132	-31.3%	▼
Allow Amt Per Visit ER	$1,493	$1,649	10.4%	▲	$1,978	-16.6%	▼
Allow Amt Per Script Rx	$121	$128	5.4%	▲	$134	-4.9%	▼
Visits Per 1000 Office Med	6,959	6,882	-1.1%		5,845	17.7%	
Admits Per 1000 Acute	70	71	0.6%		54	30.6%	
Visits Per 1000 ER	272	264	-2.9%		207	27.7%	
Scripts Per 1000 Rx	15,833	15,641	-1.2%				

Cost Drivers

Allowed Amount PMPY increased $544 in the current period.
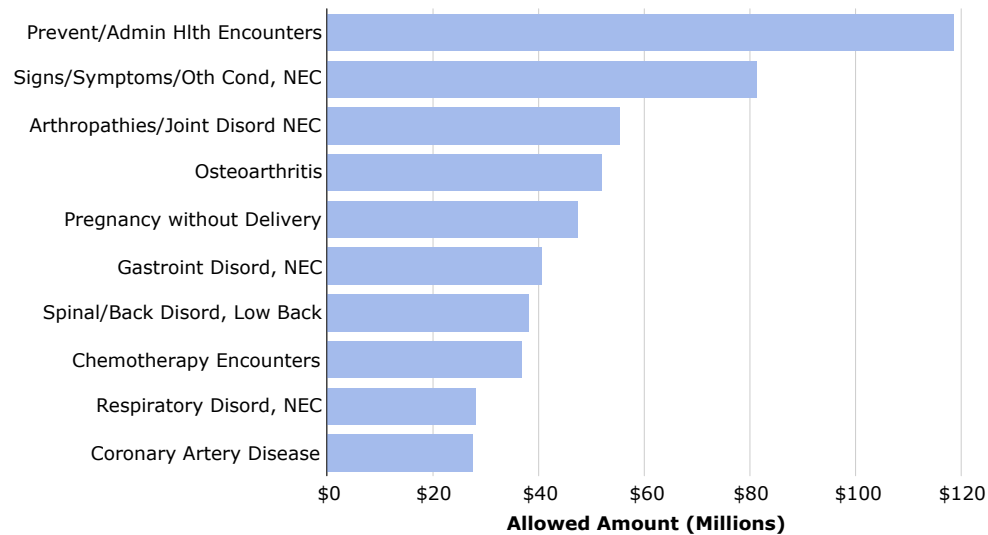The factors driving this change include:
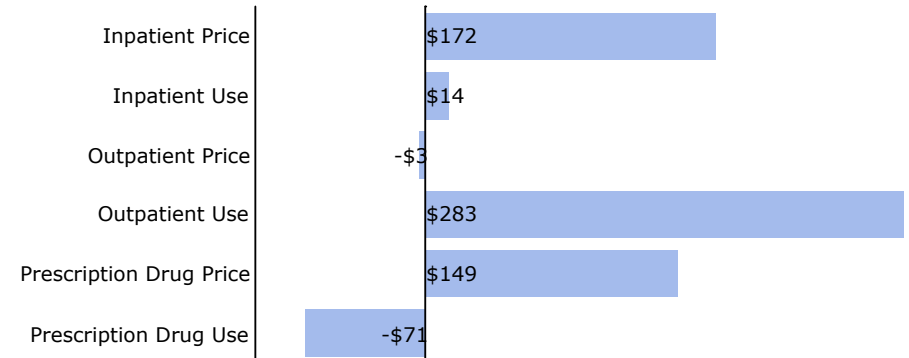
Inpatient Price	$172
Inpatient Use	$14
Outpatient Price	-$3
Outpatient Use	$283
Prescription Drug Price	$149
Prescription Drug Use	-$71

IBM Watson Health

10 Most Expensive Clinical Conditions

Allowed Amount (Millions)

High Cost Claimants (HCC) Trends

	Allow Amt Med	% of Total	+Patients	**Allow Amt Per Patient Med
Prevent/Admin Hlth Encounters	$118,545,864	8.1%	167,359	$708
Signs/Symptoms/Oth Cond, NEC	$81,251,577	5.6%	67,083	$1,211
Arthropathies/Joint Disord NEC	$55,252,010	3.8%	47,437	$1,165
Osteoarthritis	$51,802,730	3.6%	14,466	$3,581
Pregnancy without Delivery	$47,423,149	3.3%	5,049	$9,393
Gastroint Disord, NEC	$40,627,035	2.8%	24,445	$1,662
Spinal/Back Disord, Low Back	$37,991,227	2.6%	25,779	$1,474
Chemotherapy Encounters	$36,717,066	2.5%	994	$36,939
Respiratory Disord, NEC	$28,078,643	1.9%	19,760	$1,421
Coronary Artery Disease	$27,409,211	1.9%	5,271	$5,200
Top 10 Subtotal	**$525,098,512**	**36.1%**	**196,765**	**$2,669**
All Clinical Conditions	**$1,455,767,199**	**100.0%**	**242,274**	**$6,436**

+Patient counts may not be unique since some patients have multiple conditions.

Top 10 Conditions for *Consistent HCC

	Allow Amt Med	Patients	**Allow Amt Per Patient Med
Chemotherapy Encounters	$18,521,376	323	$57,342
Renal Function Failure	$10,939,954	328	$33,354
Signs/Symptoms/Oth Cond, NEC	$9,414,697	2,000	$4,707
Neurological Disorders, NEC	$5,422,790	589	$9,207
Condition Rel to Tx - Med/Surg	$5,216,564	414	$12,600
Respiratory Disord, NEC	$4,976,624	965	$5,157
Multiple Sclerosis	$4,783,089	249	$19,209
Cancer - Nonspecified	$4,692,324	305	$15,385
Cancer - Leukemia	$4,408,308	141	$31,265
Cancer - Breast	$4,127,372	143	$28,863

HCC: defined as member with allowed amount >= $50K.
*Consistent HCC: in addition, member must meet the HCC requirement for each of the last 2 Incurred Rolling years.
**Only costs associated with this condition in the current period, patients may have multiple conditions.

Clinical

% of Members by Risk Band

WI ETF

Risk Band	WI ETF
In Crisis	6.2%
Struggling	15.9%
At Risk	21.5%
Stable	23.0%
Healthy	33.3%

MarketScan Norm (2Q2018 Commercial)

Risk Band	MarketScan Norm
In Crisis	2.0%
Struggling	11.1%
At Risk	19.2%
Stable	24.2%
Healthy	43.4%

Legend: Healthy, Stable, At Risk, Struggling, In Crisis

Risk Band Profiles

Allowed Amounts Per Member Per Year

$53,218
In Crisis
6% of members
40% of costs
- Average Age: 66.1
- % Female: 51%
- % Employee: 66%

$15,923
Struggling
16% of members
30% of costs
- Average Age: 54.5
- % Female: 61%
- % Employee: 61%

$6,616
At Risk
22% of members
17% of costs
- Average Age: 45.3
- % Female: 57%
- % Employee: 54%

$3,221
Stable
23% of members
9% of costs
- Average Age: 34.3
- % Female: 53%
- % Employee: 41%

$1,081
Healthy
33% of members
4% of costs
- Average Age: 26.9
- % Female: 43%
- % Employee: 33%

Risk Bands

*Demographic and financial metrics are for the current period
**See glossary for details on DCG Methodology

Eligibility

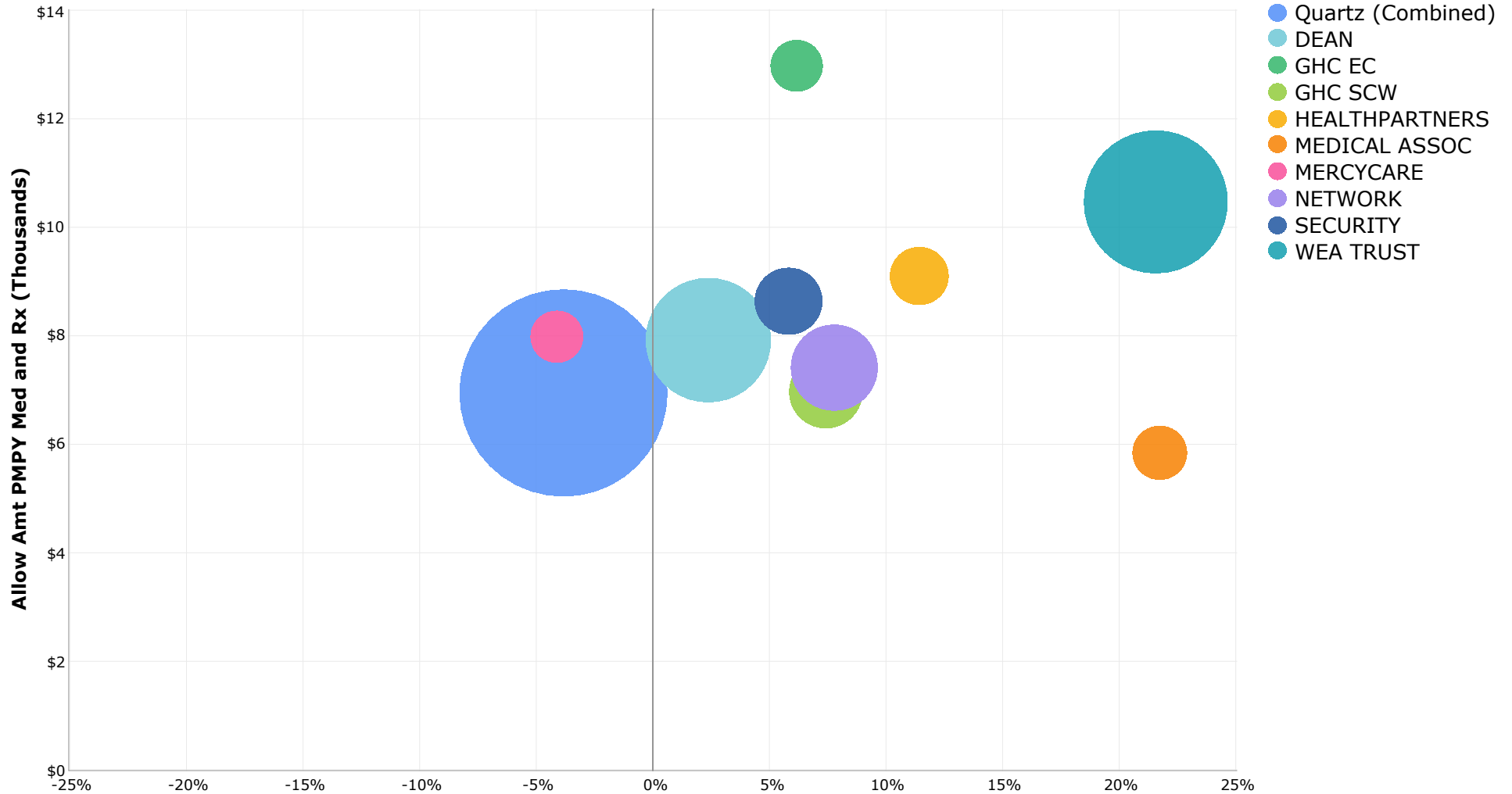|	Enrollment			Average Age		
	Previous	Current	% Change	Previous	Current	% Change
Employees	120,782	120,488	-0.2%	51.0	51.1	0.0%
Members	265,131	262,272	-1.1%	39.3	39.4	0.2%
Family Size Avg	2.2	2.2	-0.8%			

Membership and Net Pay PMPM by Gender

	Previous	Current	% Change
Female	137,076	135,893	-0.9%
Male	128,055	126,379	-1.3%

- Female: $539 (Previous), $570 (Current)
- Male: $468 (Previous), $488 (Current)
- Total: $505 (Previous), $531 (Current)

Previous, Current
Previous | Current
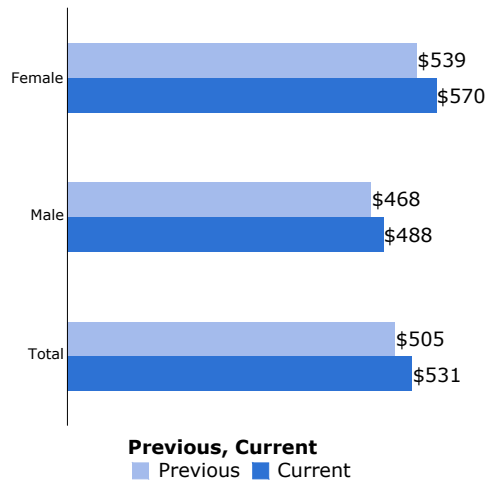
*Membership and Net Pay PMPM by Employee Relationship

	Previous	Current	% Change
Employee/Self	120,568	119,843	-0.6%
Spouse	62,196	60,786	-2.3%
Child/Other Dependent	82,366	81,643	-0.9%

- Employee/Self: $576 (Previous), $601 (Current)
- Spouse: $635 (Previous), $677 (Current)
- Child/Other Dependent: $298 (Previous), $315 (Current)
- Total: $505 (Previous), $531 (Current)

Previous, Current
Previous | Current
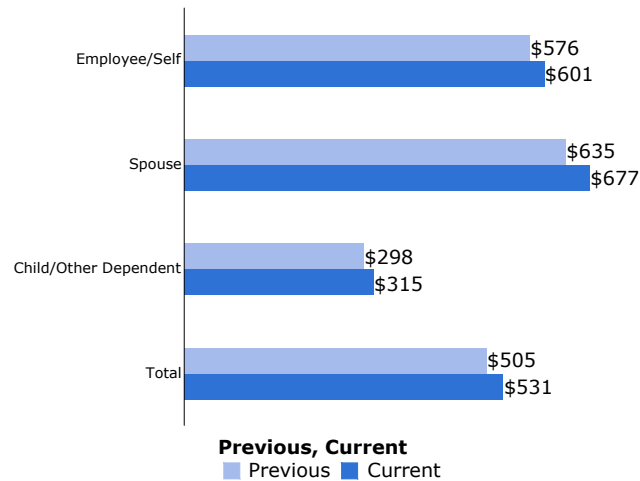
* Membership and Net Pay PMPM by Employee Status

	Previous	Current	% Change
Active	221,945	218,817	-1.4%
Early Retiree	13,244	12,854	-2.9%
Medicare Retiree	34,970	35,208	0.7%
Other	1,338	1,499	12.0%

- Active: $482 (Previous), $511 (Current)
- Early Retiree: $914 (Previous), $964 (Current)
- Medicare Retiree: $516 (Previous), $513 (Current)
- Other: $639 (Previous), $807 (Current)
- Total: $505 (Previous), $531 (Current)

Previous, Current
Previous | Current
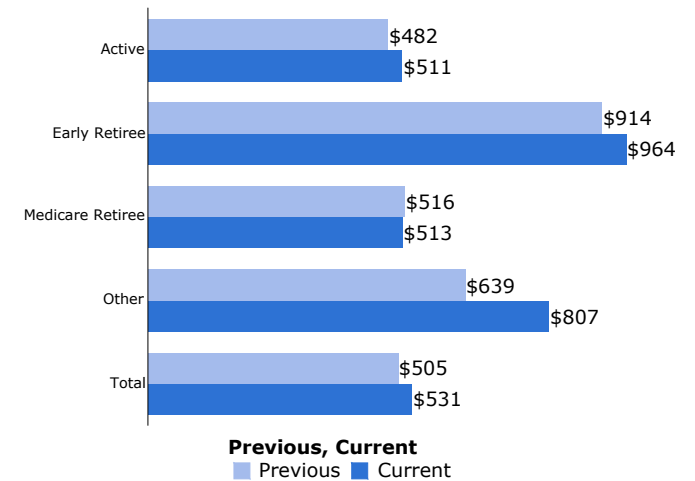
*Membership counts may not be unique since there may be transitions between the listed categories during the reported period

Glossary of Terms

Time Periods

- CRY: Current Rolling Year
- DCG Periods
  - Related to Diagnostic Cost Group methodology and risk adjustment
  - Typically aligned with Jan - Dec plan year
- Incurred: the date a service was rendered
- Paid: the date that the claim for a service was paid
- PRY: Previous Rolling Year

Clinical

- Clinical Conditions: IBM description for a clinical condition based on valid ICD principal diagnosis
- IP: inpatient service, related to an admission
- OP: outpatient services
- Rx: prescription drugs

Eligibility

- Employees: subscriber/self
- Family Size: average number of covered members per family
- Member Age: average age of covered employees/members
- Members: subscribers and dependents

Financial

- Allowed Amount: the total amount paid to the provider by all parties - the underlying medical cost that drives spending
- Net Payment: the amount paid by the plan sponsor (WI ETF)
  - Net Payment = Allowed Amount - (OOP + Third Party Payment)
- OOP: Out Of Pocket, cost to member
- Rates:
  - PMPM: Per Member Per Month
  - PMPY: Per Member Per Year
- Third Party Payment: e.g. Medicare, Medicaid, and other insurance

Other

- DCG: Diagnostic Cost Group (DCG) classifications are the foundation of a family of risk-adjusted payment and analysis methodologies
- Risk Scores and Categories
  - Are the predicted patient risk based on (i) Diagnosis codes (ICD 9/10) and (ii) Demographics
  - Concurrent / prospective: current and predicted risk scores
  - NonRescaled: DCG model population reference / average = 100
  - Rescaled: WI ETF population reference / average = 100
  - Risk Bands: groupings of risk scores based on IBM MarketScan