Correspondence Memorandum

Date: January 8, 2020

To: Group Insurance Board

From: Jessica Rossner, Data, Measurement and Compliance Lead
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Office of Strategic Health Policy

Subject: Data Warehouse Dashboard

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

Background

This memorandum provides the Group Insurance Board (Board) with the quarterly data warehouse dashboard and highlights. The previous quarter's dashboards and highlights can be found in the meeting materials from the November 2019 Board meeting (Ref. GIB | 11.13.19 | 12B).
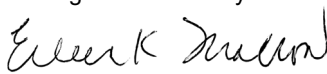
Dashboard Data

The dashboards include data for health care services rendered from August 2018 to July 2019 *(current period)* compared to services rendered from August 2017 to July 2018 *(pervious period)*. The reported data includes payments through November 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
- **Total Net Payment Trends**
  - The Year Over Year (YoY) increase for the periods in question is at 6.3%, which is higher than the previously reported trend of 5.8%(Ref. GIB | 11.13.19 | 12B). Some variability is expected in the course of a calendar year. The full calendar year with incurred claims ending in December 2019 will be reported when the data is available at the August Board meeting. Utilizing IBM's MarketScan we are able to compare our YoY Total Net Payment to comparable state government employers, which are trending a 5.6% increase for the same time period. *[Attachment A: Data Warehouse Dashboard – Financial page 1 top, center]*

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy	Board	Mtg Date	Item #
Eileen K Mallow Electronically Signed 1/21/20	GIB	2.5.20	10B

- **Specialty Drugs Cost**
    - Specialty drugs cost as a percentage of total drug costs continues to increase, which is highlighted as a major driver of the overall cost for the Group Health Insurance Program (GHIP). Specialty Drug costs currently represent 50.2% of the overall costs associated with pharmacy benefits, in comparison to 47.5% during the same period last year. Our cost mix is slightly higher than comparable state government employers within MarketScan, which is approximately 50%. The Department of Employee Trust Funds (ETF) continues to evaluate the options for getting the most appropriate and cost-efficient specialty drugs services. The Board has identified specialty drugs as an area of concern, to be addressed as a part of their priorities over the coming years (Ref. GIB | 2.5.20 | 6A). [Attachment A: Data Warehouse – Financial page 1 top, right]

- **Outpatient Use**
    - The cost of emergency services that could have been addressed at a lower level of care has been previously identified as a major driver of the significant outpatient cost trend and major driver of GHIP overall cost trend. This resulted in further analysis (Ref. GIB | 8.21.19 | 10E) and recommendations for managing the trends by the IBM Watson Health team. Specifically:
        - ETF engaged with the health plans to gather information concerning their telehealth offerings and reporting with the intent of addressing the issue of access highlighted in the analysis.
        - ETF organized a meeting of the health plan medical directors to brainstorm on principles and practices that have worked for reducing avoidable emergency services utilization, with a view to replicating these amongst plans. The information gathered from these deliberations is being evaluated by ETF. The Board identified this as a priority area of research, which will be addressed by ETF at the May Board meeting. [Attachment A: Data Warehouse Dashboard – Financial page 2 top, right]

- **Cost Trend for WEA Trust**
    - The cost trend increase of about 25% that was reported for WEA Trust for the incurred period ending February 2018 (Ref. GIB | 11.13.19 | 12B) has fallen and is now closer to 7.5%. This general reduction in trend is expected to continue as additional data becomes available.
    - A new baseline that fully reflects the new IYC membership risk pool acquired by WEA Trust in 2018 will be shown when the reporting includes data with the "previous" period incurred ending in December 2018. [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 claimants).

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

Attachment A: Data Warehouse Dashboard
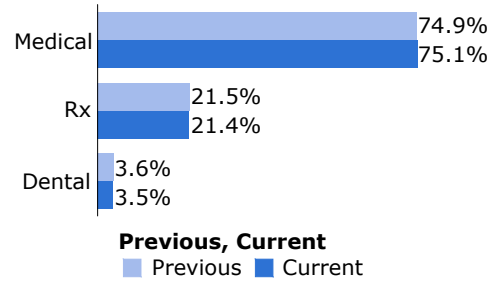
Attachment A

Financial

	Previous	Current	% Change
Total Net Payment	$1.47 B	$1.57 B	6.3% ▲

Net Payment by Summary Categories

Category	Previous	Current
Medical	74.9%	75.1%
Rx	21.5%	21.4%
Dental	3.6%	3.5%

Previous, Current
■ Previous ■ Current

Net Payment by Medical Service Categories

Category	Previous	Current
Professional	47.3%	46.2%
Facility Outpatient	31.8%	33.0%
Facility Inpatient	20.9%	20.8%

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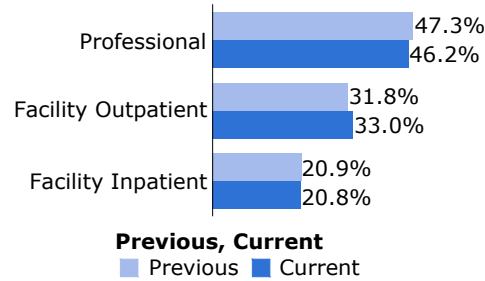
Net Payment by Non-Specialty vs Specialty Drugs

Category	Previous	Current
Non-Specialty	53.9%	49.8%
Specialty	46.1%	50.2%

Previous, Current
■ Previous ■ Current

Monthly Cost Per Member

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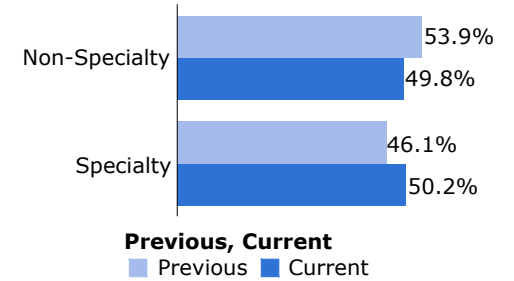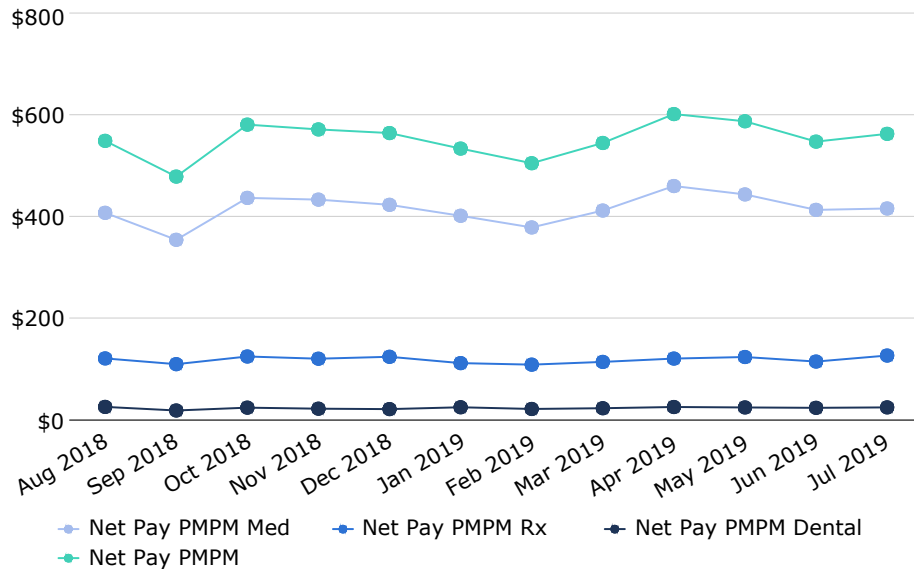
Total Monthly Costs (in Millions)
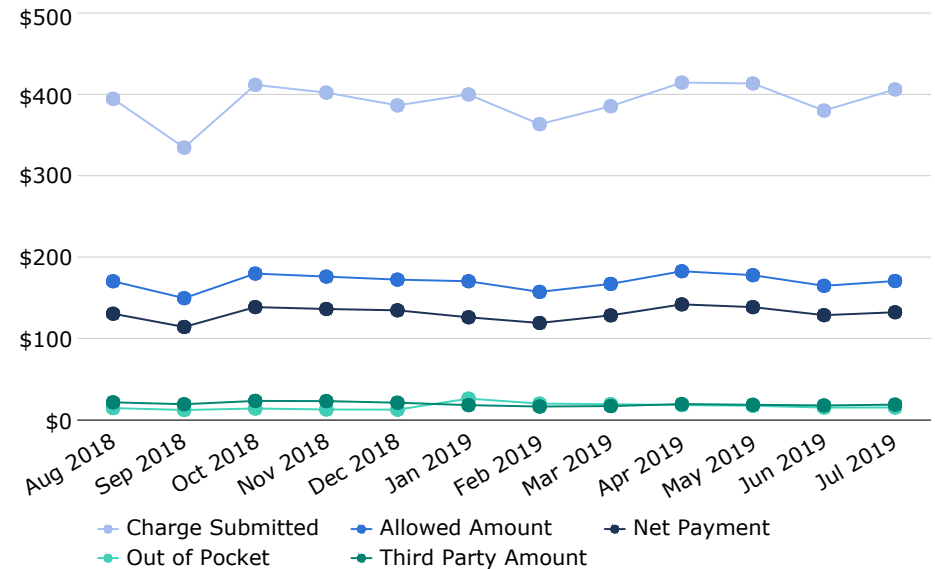
— Charge Submitted — Allowed Amount — Net Payment
— Out of Pocket — Third Party Amount

IBM **Watson Health**

Cost Per Member

	Previous	Current	% Change		Norm	% Difference from Norm	
Allow Amt PMPY Med and Rx	$7,913	$8,410	6.3%	▲	$6,685	25.8%	▲
Allow Amt Per Visit Office Med	$211	$216	2.2%	▲			
Allow Amt Per Adm Acute	$20,356	$21,037	3.3%	▲	$30,057	-30.0%	▼
Allow Amt Per Visit ER	$1,564	$1,685	7.8%	▲	$1,978	-14.8%	▼
Allow Amt Per Script Rx	$123	$131	6.6%	▲	$134	-2.2%	▼
Visits Per 1000 Office Med	6,977	6,989	0.2%		5,811	20.3%	
Admits Per 1000 Acute	71	71	0.7%		54	32.9%	
Visits Per 1000 ER	272	265	-2.5%		206	29.0%	
Scripts Per 1000 Rx	15,778	15,593	-1.2%				

Cost Drivers

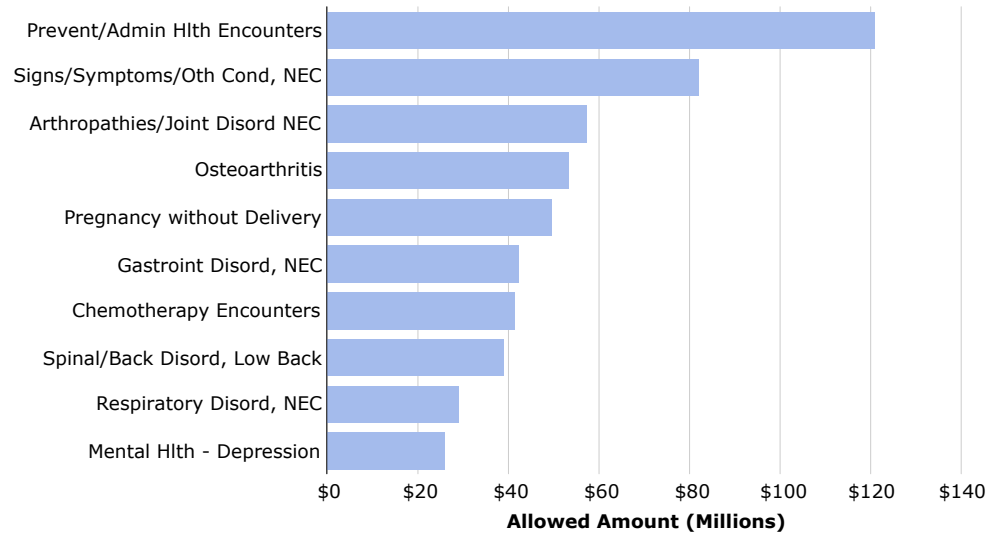Allowed Amount PMPY increased $497 in the current period. The factors driving this change include:
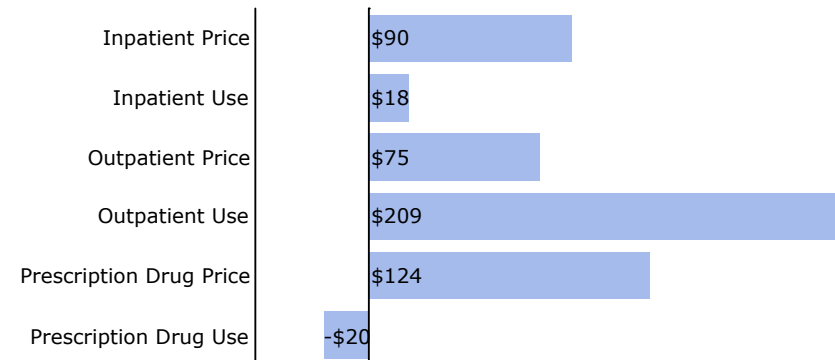
Inpatient Price	$90
Inpatient Use	$18
Outpatient Price	$75
Outpatient Use	$209
Prescription Drug Price	$124
Prescription Drug Use	-$20

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	$120,844,806	8.1%	168,445	$717
Signs/Symptoms/Oth Cond, NEC	$81,895,733	5.5%	67,500	$1,213
Arthropathies/Joint Disord NEC	$57,165,509	3.8%	47,972	$1,192
Osteoarthritis	$53,361,727	3.6%	14,784	$3,609
Pregnancy without Delivery	$49,536,226	3.3%	4,830	$10,256
Gastroint Disord, NEC	$42,236,144	2.8%	24,481	$1,725
Chemotherapy Encounters	$41,270,451	2.8%	978	$42,199
Spinal/Back Disord, Low Back	$38,901,853	2.6%	25,809	$1,507
Respiratory Disord, NEC	$28,979,872	1.9%	19,922	$1,455
Mental Hlth - Depression	$25,960,888	1.7%	19,382	$1,339
Top 10 Subtotal	**$540,153,209**	**36.2%**	**199,368**	**$2,709**
All Clinical Conditions	**$1,491,222,991**	**100.0%**	**241,048**	**$6,607**

+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	$21,468,840	356	$60,306
Renal Function Failure	$11,700,100	372	$31,452
Signs/Symptoms/Oth Cond, NEC	$10,668,468	2,182	$4,889
Condition Rel to Tx - Med/Surg	$5,679,559	460	$12,347
Multiple Sclerosis	$5,663,060	249	$22,743
Respiratory Disord, NEC	$5,158,180	1,061	$4,862
Neurological Disorders, NEC	$4,752,193	645	$7,368
Cancer - Nonspecified	$4,556,424	334	$13,642
Infections, NEC	$4,445,164	572	$7,771
Crohns Disease	$3,996,886	216	$18,504

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.

% of Members by Risk Band

100%

80%

60%

40%

20%

0%

**WI ETF
- 5.3%
- 16.4%
- 21.6%
- 22.8%
- 33.8%

MarketScan Norm (4Q2018 Commercial)
- 2.0%
- 11.0%
- 18.0%
- 23.0%
- 46.0%
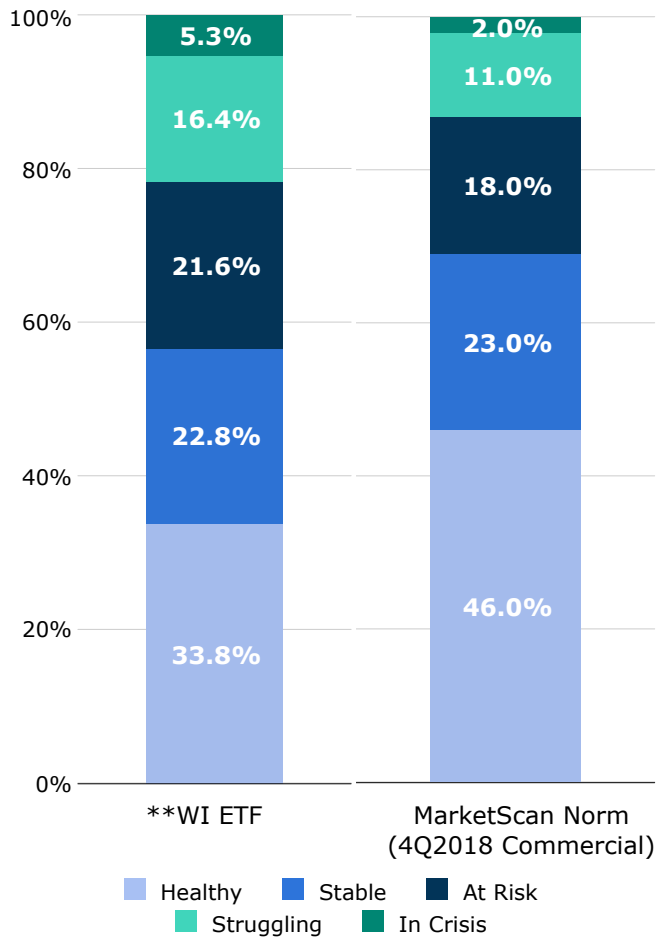
Legend:
- Healthy
- Stable
- At Risk
- Struggling
- In Crisis
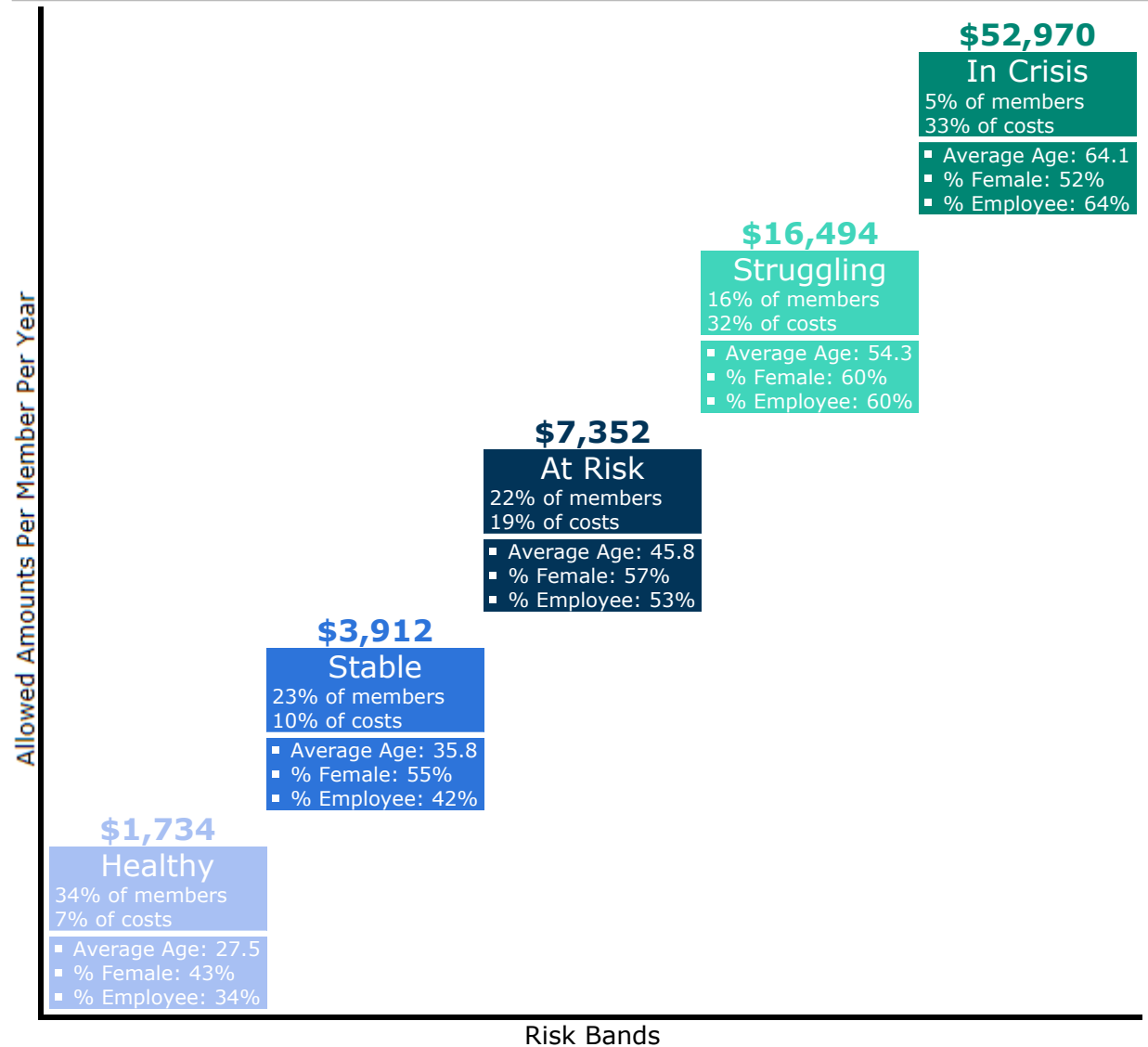
*Demographic and financial metrics are for the current period
**See glossary for details on DCG Methodology

Risk Band Profiles

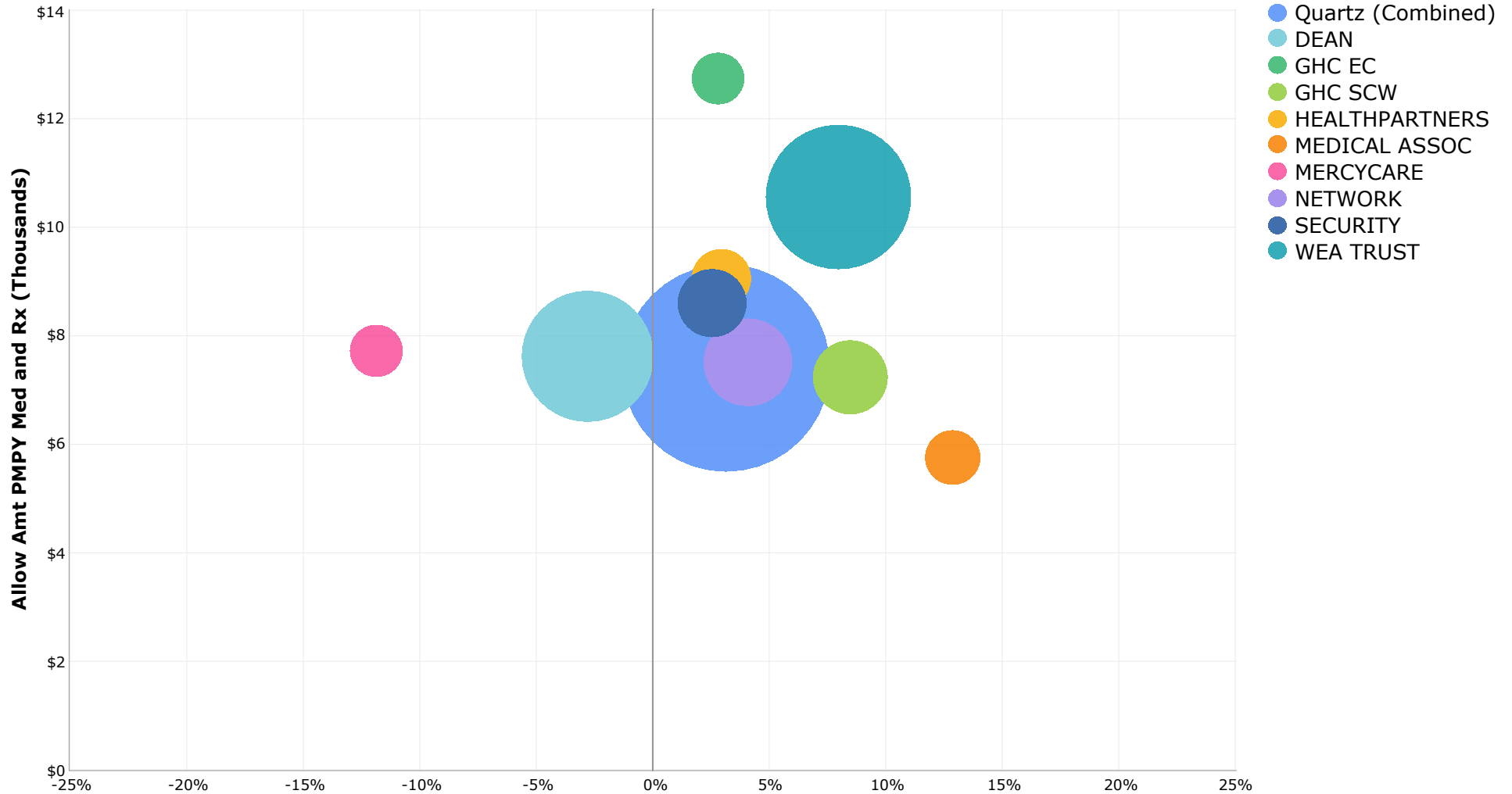Allowed Amounts Per Member Per Year

$52,970
In Crisis
5% of members
33% of costs
- Average Age: 64.1
- % Female: 52%
- % Employee: 64%

$16,494
Struggling
16% of members
32% of costs
- Average Age: 54.3
- % Female: 60%
- % Employee: 60%

$7,352
At Risk
22% of members
19% of costs
- Average Age: 45.8
- % Female: 57%
- % Employee: 53%

$3,912
Stable
23% of members
10% of costs
- Average Age: 35.8
- % Female: 55%
- % Employee: 42%

$1,734
Healthy
34% of members
7% of costs
- Average Age: 27.5
- % Female: 43%
- % Employee: 34%

Risk Bands

IBM **Watson** Health™

	Enrollment			Average Age		
	Previous	Current	% Change	Previous	Current	% Change
Employees	119,639	119,470	-0.1%	51.0	51.1	0.1%
Members	263,280	260,691	-1.0%	39.3	39.5	0.4%
Family Size Avg	2.2	2.2	-0.7%			

Membership and Net Pay PMPM by Gender

	Previous	Current	% Change
Female	136,226	135,199	-0.8%
Male	127,054	125,548	-1.2%

Female $556 / $593
Male $481 / $507
Total $520 / $552

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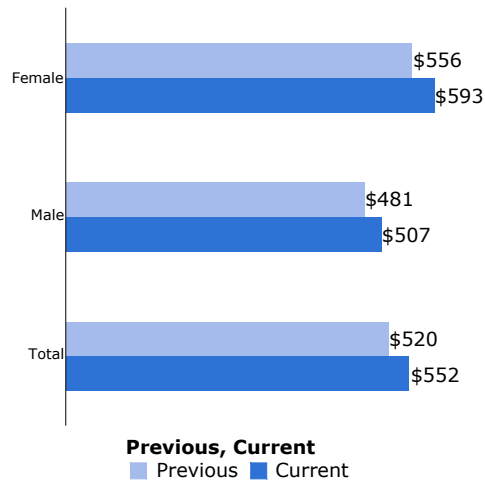
*Membership and Net Pay PMPM by Employee Relationship

	Previous	Current	% Change
Employee/Self	119,453	118,856	-0.5%
Spouse	61,728	60,469	-2.0%
Child/Other Dependent	82,099	81,366	-0.9%

Employee/Self $591 / $620
Spouse $652 / $708
Child/Other Dependent $312 / $330
Total $520 / $552

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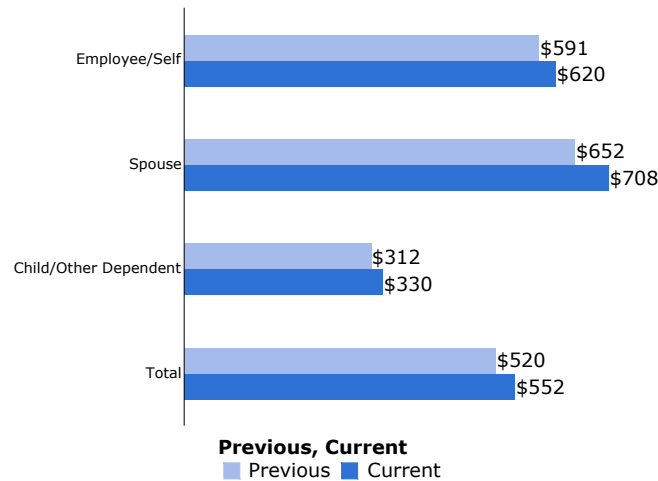
* Membership and Net Pay PMPM by Employee Status

	Previous	Current	% Change
Active	219,497	216,513	-1.4%
Early Retiree	13,162	12,840	-2.4%
Medicare Retiree	35,289	35,657	1.0%
Other	1,584	1,680	6.1%

Active $500 / $527
Early Retiree $926 / $980
Medicare Retiree $507 / $564
Other $684 / $835
Total $520 / $552

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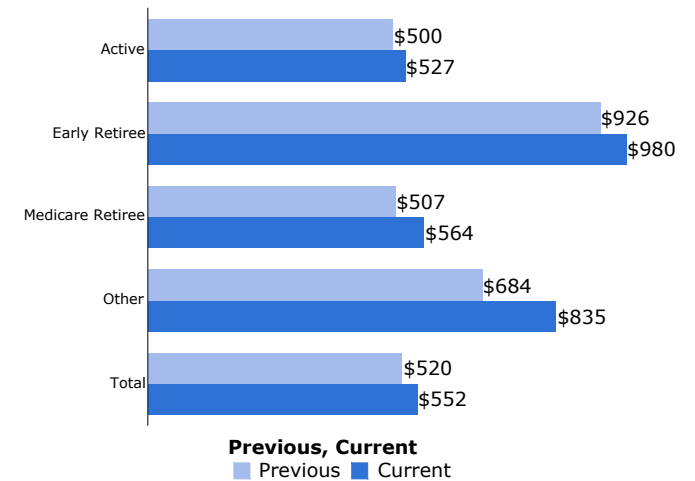
*Membership counts may not be unique since there may be transitions between the listed categories during the reported period

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