Correspondence Memorandum

Date: April 30, 2021

To: Group Insurance Board

From: Jessica Rossner, Data, Measurement and Compliance Lead
Oladipo Fadiran, IBM Analytics Consultant
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 dashboard and highlights. The previous quarter's dashboards and highlights can be found in the meeting materials from the February 2021 Board meeting (GIB | 2.17.21 | 10B).

Dashboard Data
The dashboards include data for health care services provided from January 2020 to December 2020 (current period) compared to services provided from January 2019 to December 2019 (previous period). The reported data includes payments through March 2021. There is typically a gap in time between when services are provided and when they are paid, and the three-month delay allows time for the majority of services to be paid during the one-year time period.

Notable Dashboard Highlights
- **Total Net Payment and Cost Trends**
  - The average net payment per member per month in each month of 2020 was $546. This represents a 2% year-over-year (YoY) increase over the same period in 2019. The net payment trend for similar previous 2018 compared to 2019 periods was 7.1%. *[Attachment: Data Warehouse Dashboards – Financial page 1]*
  - The average allowed amount for medical and pharmacy per member in 2020 was $8,146, similar to the cost in 2019 and resulting in a near flat YoY trend at 1.8%. The cost trend for similar previous 2018 compared to

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

Eileen K Mallow   Electronically Signed 5/4/21

Board	Mtg Date	Item #
GIB	5.12.21	14A

2019 periods was 5.8%. *[Attachment: Data Warehouse Dashboards – Financial page 2]*

o The percentage of High-Cost Claimant (HCC) members only increased slightly from 2.7% to 2.8% (0.1%), but the cost of these cases had a larger trend from 37.7% to 41.8% (4.1%). The flat trend in the prevalence but relative increase in cost of HCC members is an indication of the typically non-optional and high severity of the required care. This is compared to the relatively lower utilization and cost among the non-HCC members whose care can be delayed in many instances and were more subject to the service disruptions due to the COVID-19 pandemic. *[Attachment: Data Warehouse Dashboards – Clinic page 3]*

o The reduced trends in cost and payments in 2020 are due to the disruption in services due to the COVID-19 pandemic. There was a marked drop in incurred costs from March – May of 2020, but pre-pandemic cost levels were reached again by June 2020 and maintained for the rest of the year. *[Attachment: Data Warehouse Dashboards – Financial page 1]*

- **Cost Drivers**
  o Specialty drugs continue to be major drivers of the overall positive trend for the Group Health Insurance Program (GHIP), currently accounting for 58.5% of all prescription drug costs in 2020. This is compared to a relative share of 53.6% in 2019. ETF and the Board have partnered with IBM Watson Health and Navitus to explore options for controlling the cost of specialty drugs while maintaining the quality of care received by GHIP members. *[Attachment: Data Warehouse Dashboards – Financial page 1]*

  o There were marked reductions in the use of both the outpatient and inpatient services, but these were almost matched by increases in the costs of the services that were received. This suggests a reduction in delayable and avoidable care, but a higher severity for the services that were received. *[Attachment: Data Warehouse Dashboards – Financial page 2]*

  o Both the utilization and average cost for prescription drugs increased. The average cost was largely driven by the specialty drug component while the increase in utilization was driven by the "drug stocking" that members did at the onset of the pandemic and an increased use of the longer days' supply option (e.g. members taking advantage of three-month fills). *[Attachment: Data Warehouse Dashboards – Financial page 1 and 2]*

- **Cost by Plan Groups**
  o The medical and prescription drug cost trends were driven by the three largest plan groups by membership:
    - Quartz: had a cost increase of 3.6% over the previous 2019 period.
    - WEA Trust: When WEA Trust acquired the It's Your Choice Access Plan population at the beginning of the 2018 plan, a gradual monthly reduction in the cost trend was expected as a new population risk baseline was established for the members covered under WEA Trust. There is now a relatively stable population under

WEA Trust in 2019 and 2020, so a cost trend analysis is now valid. WEA Trust had a negative cost trend of -4.5% over the previous 2019 period.

- Dean: had a negative cost trend of -1.3%, indicating a reduction compared to the previous 2019 period. *[Attachment: Data Warehouse Dashboards – Financial Page 5]*
- These three plans cover over 75% of all the GHIP members and mostly account for the near flat medical and prescription drug cost trends.

o The most marked deviation from 0% in cost trends were MercyCare and Group Health Cooperative—Eau Claire at 9.7% and -13.6% respectively. These plan groups cover relatively small groups of members (approximately 1,700 and 2,400) each making up less than 1% of the total GHIP membership. The relatively small membership makes these plans susceptible to large swings in costs.

o These trends are not risk adjusted to account for disparities in the risk pool of each plan group.

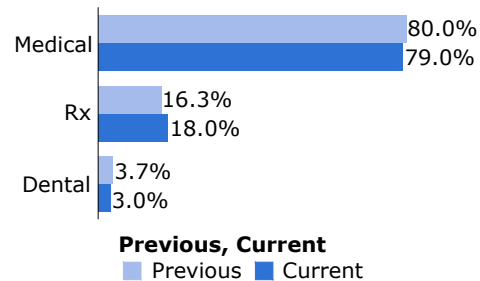Staff will be available at the Board meeting to answer any questions.

Attachment: Data Warehouse Dashboards

Attachment

Financial

	Previous	Current		Previous	Current	% Change
Total Net Payment	$1.51 B	$1.56 B	Net Payment PMPM	$535	$546	2.0% ▲

Net Payment by Summary Categories

	Previous	Current
Medical	80.0%	79.0%
Rx	16.3%	18.0%
Dental	3.7%	3.0%

Previous, Current
■ Previous ■ Current

Net Payment by Medical Service Categories

	Previous	Current
Professional	46.0%	44.2%
Facility Outpatient	33.5%	33.4%
Facility Inpatient	20.5%	22.5%

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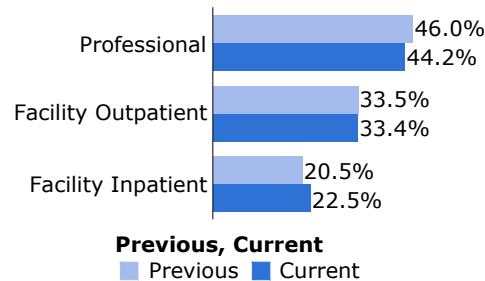
Net Payment by Non-Specialty vs Specialty Drugs

	Previous	Current
Non-Specialty	46.4%	41.5%
Specialty	53.6%	58.5%

Previous, Current
■ Previous ■ Current

Monthly Cost Per Member

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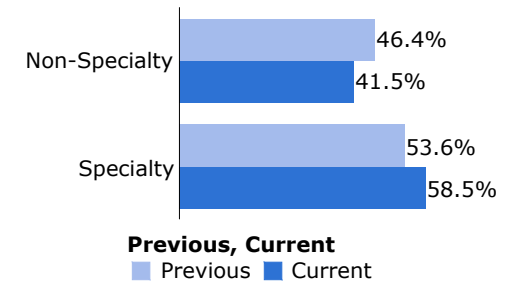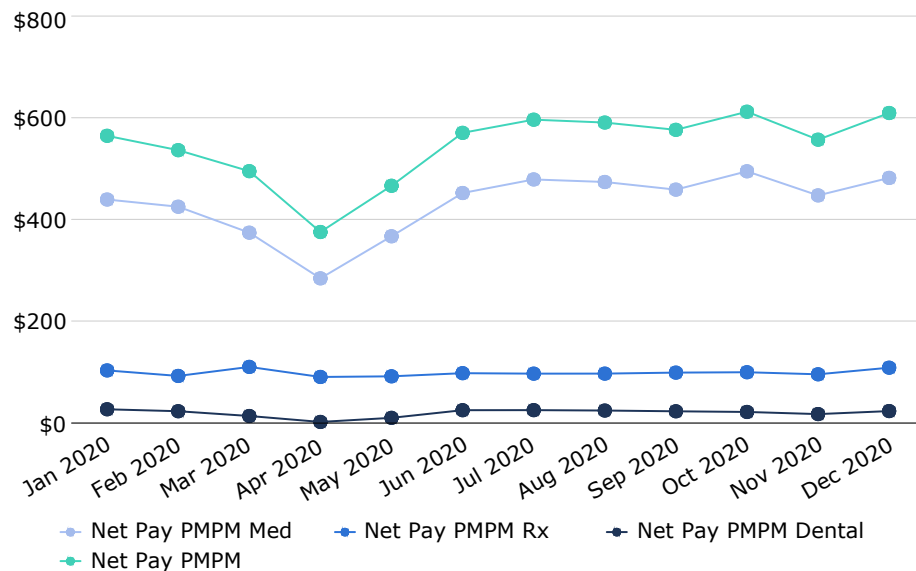
Total Monthly Costs (in Millions)
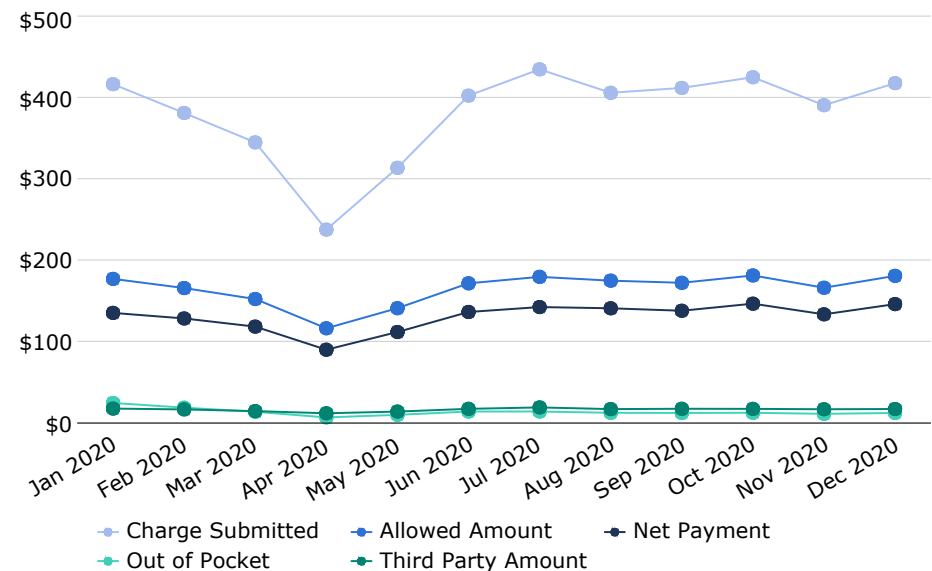
Charge Submitted — Allowed Amount — Net Payment — Out of Pocket — Third Party Amount

IBM Watson Health

Cost Per Member

	Previous	Current	% Change		Norm	% Difference from Norm	
Allow Amt PMPY Med and Rx	$8,005	$8,146	1.8%	▲	$7,240	12.5%	▲
Allow Amt Per Visit Office Med	$216	$222	2.9%	▲			
Allow Amt Per Adm Acute	$21,277	$25,099	18.0%	▲	$33,112	-24.2%	▼
Allow Amt Per Visit ER	$1,706	$1,971	15.5%	▲	$2,225	-11.4%	▼
Allow Amt Per Script Rx	$134	$153	13.9%	▲	$145	5.7%	▲
Visits Per 1000 Office Med	7,111	6,441	-9.4%		6,059	6.3%	
Admits Per 1000 Acute	72	64	-11.2%		52	21.1%	
Visits Per 1000 ER	269	223	-17.1%		208	7.4%	
Scripts Per 1000 Rx	11,695	11,487	-1.8%				

Cost Drivers

Allowed Amount PMPY increased $141 in the current period.
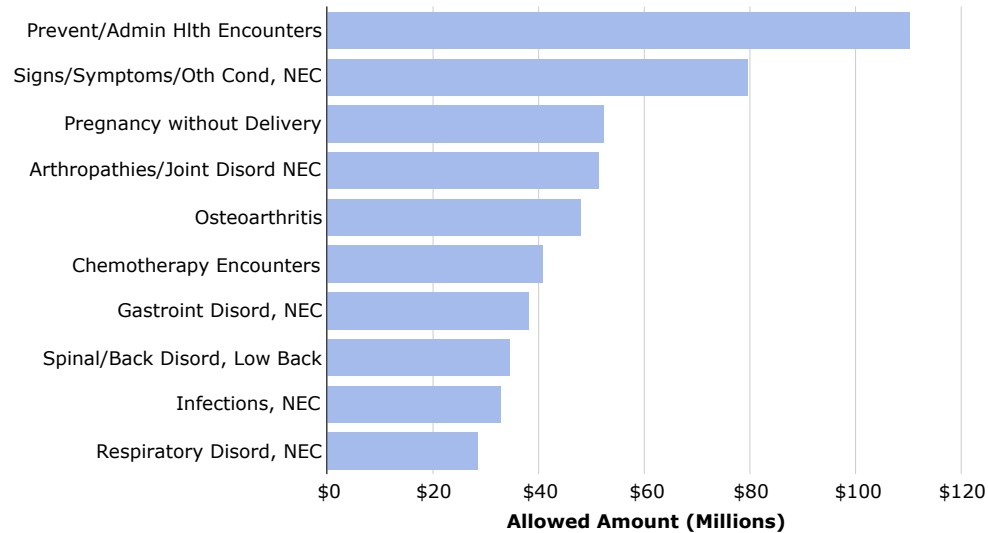The factors driving this change include:
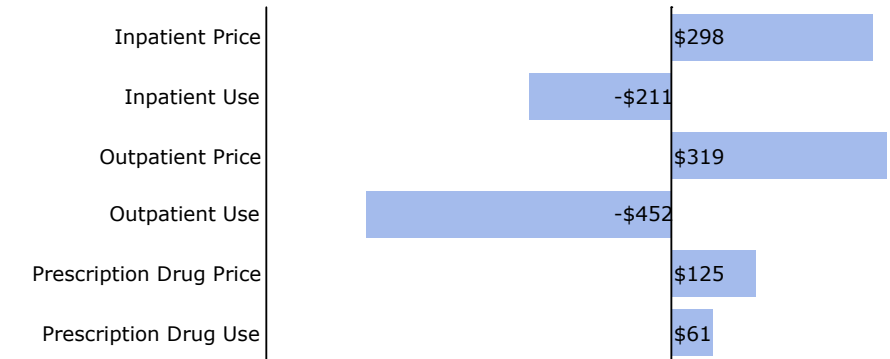
Inpatient Price	$298
Inpatient Use	-$211
Outpatient Price	$319
Outpatient Use	-$452
Prescription Drug Price	$125
Prescription Drug Use	$61

Clinical

10 Most Expensive Clinical Conditions

Allowed Amount (Millions)

	Allow Amt Med	% of Total	+Patients	**Allow Amt Per Patient Med
Prevent/Admin Hlth Encounters	$110,212,351	7.3%	160,224	$688
Signs/Symptoms/Oth Cond, NEC	$79,547,104	5.3%	68,560	$1,160
Pregnancy without Delivery	$52,180,653	3.5%	4,594	$11,358
Arthropathies/Joint Disord NEC	$51,302,977	3.4%	40,493	$1,267
Osteoarthritis	$47,879,143	3.2%	13,075	$3,662
Chemotherapy Encounters	$40,717,824	2.7%	992	$41,046
Gastroint Disord, NEC	$38,045,091	2.5%	20,942	$1,817
Spinal/Back Disord, Low Back	$34,552,864	2.3%	23,031	$1,500
Infections, NEC	$32,759,184	2.2%	37,362	$877
Respiratory Disord, NEC	$28,466,031	1.9%	18,604	$1,530
Top 10 Subtotal	**$515,663,222**	**34.3%**	**192,766**	**$2,675**
All Clinical Conditions	**$1,503,759,979**	**100.0%**	**238,293**	**$6,808**

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

**Only costs associated with this condition in the current period, patients may have multiple conditions.

High Cost Claimants (HCC) Trends
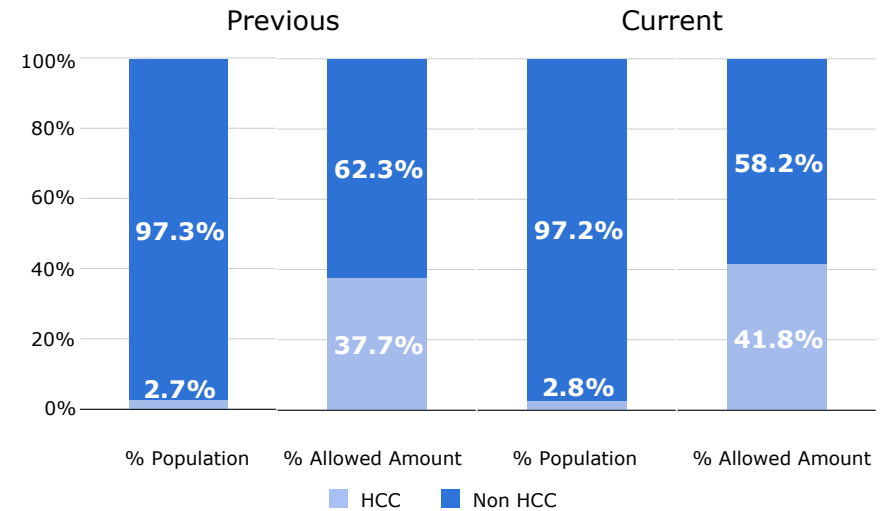
Top 10 Conditions for *Consistent HCC

	Allow Amt Med	Patients	**Allow Amt Per Patient Med
Chemotherapy Encounters	$19,617,822	313	$62,677
Renal Function Failure	$15,476,305	327	$47,328
Signs/Symptoms/Oth Cond, NEC	$10,340,760	2,109	$4,903
Multiple Sclerosis	$6,735,205	257	$26,207
Condition Rel to Tx - Med/Surg	$6,532,578	408	$16,011
Cancer - Leukemia	$6,265,953	162	$38,679
Crohns Disease	$6,183,912	254	$24,346
Cancer - Nonspecified	$5,514,798	259	$21,293
Neurological Disorders, NEC	$4,490,696	597	$7,522
Coronary Artery Disease	$4,434,364	309	$14,351

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.

IBM Watson Health

Clinical

% of Members by Risk Band

	**WI ETF	MarketScan Norm (11_2020 Commercial)**
In Crisis	5.0%	3.0%
Struggling	15.4%	12.0%
At Risk	19.7%	20.0%
Stable	22.7%	24.0%
Healthy	37.1%	41.0%

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

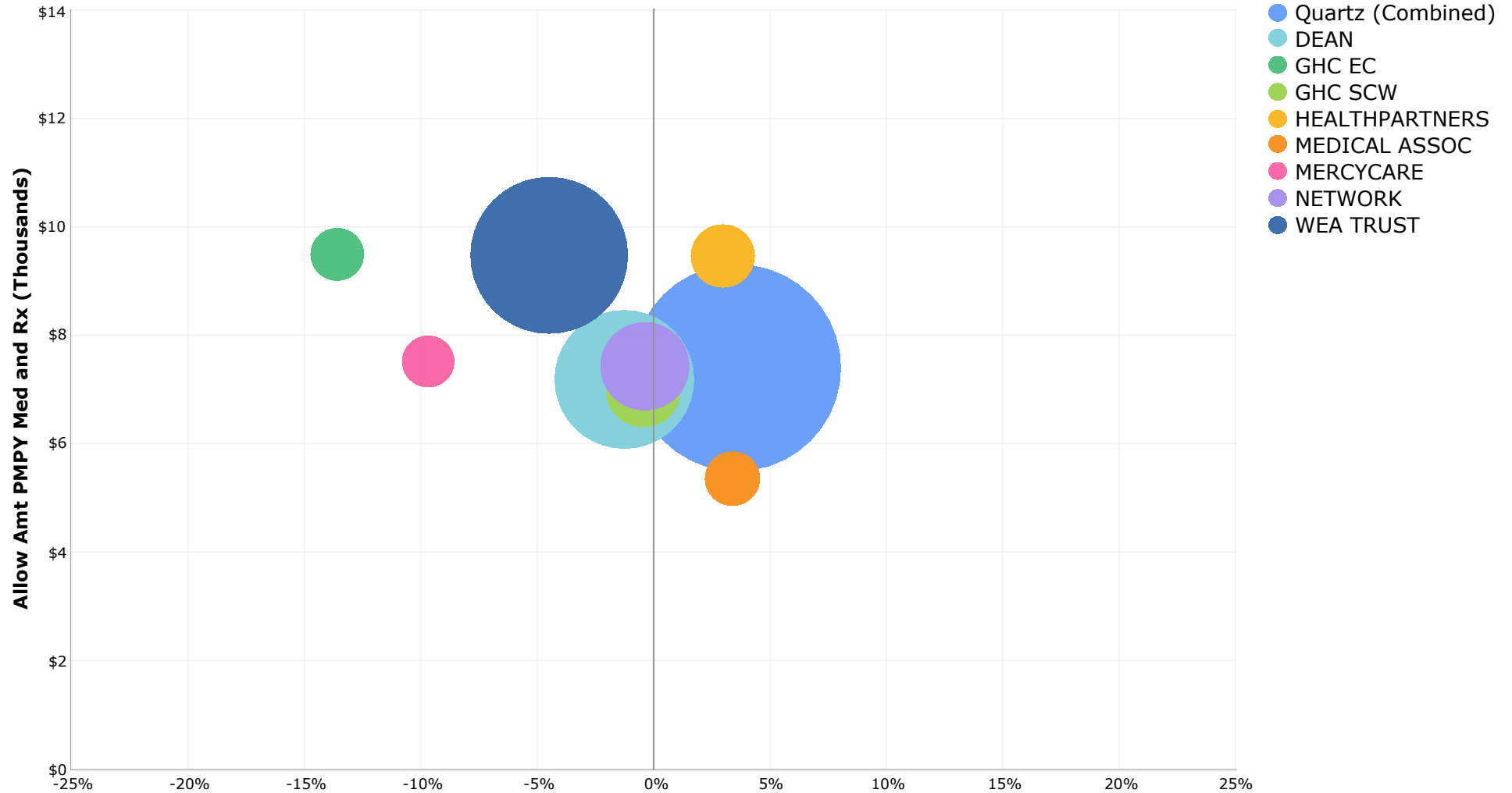Allowed Amounts Per Member Per Year

$64,225
In Crisis
5% of members
39% of costs
- Average Age: 64.4
- % Female: 51%
- % Employee: 64%

$17,403
Struggling
15% of members
32% of costs
- Average Age: 54.0
- % Female: 60%
- % Employee: 60%

$6,739
At Risk
20% of members
16% of costs
- Average Age: 46.5
- % Female: 57%
- % Employee: 54%

$3,013
Stable
23% of members
8% of costs
- Average Age: 37.3
- % Female: 55%
- % Employee: 45%

$950
Healthy
37% of members
4% of costs
- Average Age: 28.1
- % Female: 44%
- % Employee: 35%

Risk Bands

Enrollment and Allowed Amount PMPY by Plan Group

Size of the bubbles represent current enrollment in each plan group
X-axis: % Change Allowed Amount PMPY Current vs Previous for each plan group

IBM **Watson Health**

	Enrollment			Average Age		
	Previous	Current	% Change	Previous	Current	% Change
Employees	118,665	118,910	0.2%	51.2	51.2	0.0%
Members	256,722	257,082	0.1%	39.6	39.6	0.2%
Family Size Avg	2.2	2.2	-0.3%			

Membership and Net Pay PMPM by Gender

	Previous	Current	% Change
Female	133,326	133,707	0.3%
Male	123,499	123,452	0.0%
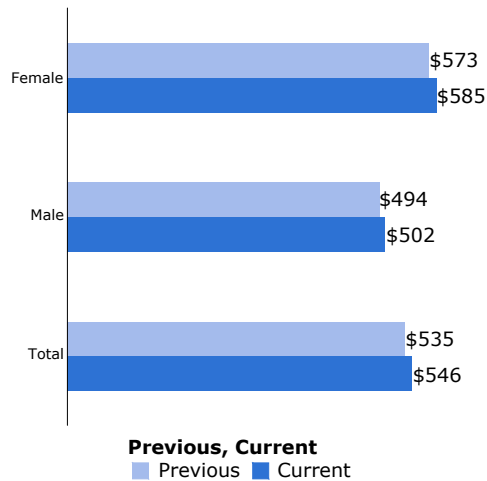
*Membership and Net Pay PMPM by Employee Relationship

	Previous	Current	% Change
Employee/Self	118,593	118,545	0.0%
Spouse	59,140	59,344	0.3%
Child/Other Dependent	78,989	79,193	0.3%
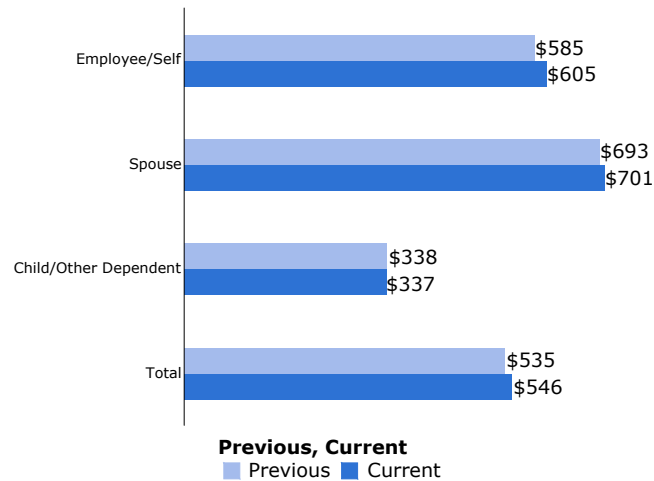
* Membership and Net Pay PMPM by Employee Status

	Previous	Current	% Change
Active	213,306	213,064	-0.1%
Early Retiree	12,541	12,502	-0.3%
Medicare Retiree	35,632	36,611	2.7%
Other	1,553	1,277	-17.8%
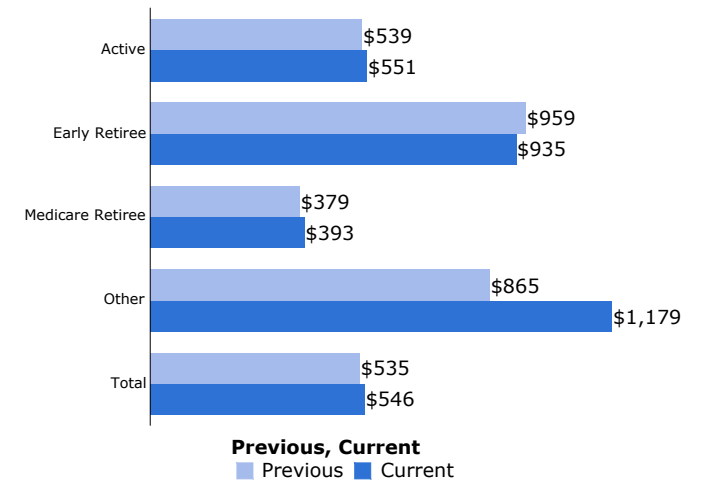
*Membership counts may not be unique since there may be transitions between the listed categories during the reported period

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

IBM Watson Health