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## Correspondence Memorandum

**Date:** July 29, 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 data warehouse dashboard and highlights. The previous quarter's dashboards and highlights can be found in the meeting materials from the May 2021 Board meeting ([GIB | 5.12.21 | 14A](#)).

### Dashboard Data

The dashboards include data for health care services provided from April 2020 to March 2021 (current period) compared to services provided from April 2019 to March 2020 (previous period). The reported data includes payments through June 2021. There is typically a gap in time between when services are provided and when they are paid. The three-month delay in reporting allows for the billing and payment process to be completed for most of the services rendered.

### Notable Dashboard Highlights

- **Total Net Payment and Cost Trends**
  - The reduced trends in cost and payments in 2020 are due to the disruption in services resulting from the COVID-19 pandemic. Assuming no further marked disruption in services in the future due to the COVID-19 pandemic, the current total net payment per member per month (PMPM) trend of 2.4% is expected to increase. This will result from further exclusion of the months with service disruption from the "current period" data. *[Attachment: Data Warehouse Dashboards – Financial page 1, top, right]*

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

Electronically Signed 08.11.21

| Board | Mtg Date | Item # |
|-------|----------|--------|
| GIB   | 8.18.21  | 9B     |

- The net payment for specialty drugs continues to increase. In just the last quarter, specialty pharmacy drug costs increased by 0.9% (“current period” specialty pharmacy costs represented 59.4% of all pharmacy drug costs compared to 58.5% in the May 2021 Board memo ([GIB | 5.12.21 | 14A](#))). The current relative cost shows a 5.5% annual trend, compared to 53.9% one year ago (see August 2020 Board memo ([GIB | 8.19.21 | 12B](#))). ETF and the Board have partnered with IBM Watson Health and Navitus to explore options for controlling the cost of specialty drugs, also known as the Specialty Pharmacy Site of Care Initiative. ETF will provide the Board with an update on the Specialty Pharmacy Site of Care Initiative at the November 2021 Board meeting. *[Attachment: Data Warehouse Dashboards – Financial page 1, middle, right]*
- **Cost Drivers**
  - The \$162 allowed amount per member per year (PMPY) cost trend is driven by:
    - A reduction in both inpatient and outpatient utilization, both coupled with increases in prices. Inpatient costs contributed \$120 to the cost trend while outpatient costs made a negative contribution of \$83, resulting in a total of \$37 in medical cost trend. This is an indication that the relative increase of utilization for higher severity, non-delayable care continues. This explanation for utilization and cost trends is supported by the marked 4% increase (42.2% “current period” compared to 38.2% “previous period”) in percentage of allowed amount in associated costs for High-Cost Claimants (HCC). *[Attachment: Data Warehouse Dashboards – Financial page 2, Clinical page 3]*
    - Prescription drug utilization was essentially flat but there is a prescription drug price increase contribution of \$126 — this is driven by the specialty drug trends noted earlier in this memo. This prescription drug price increase is the main contributor to the overall health care cost trend. *[Attachment: Data Warehouse Dashboards – Financial page 2]*
- **Cost by Plan Groups**
  - Overall medical and pharmacy allowed amount PMPY cost trend of less than 1% is driven primarily by the three largest plan groups by membership. These three plans cover over 75% of all the Group Health Insurance Program (GHIP) members:

| Plan Group | Average Membership Count<br>(% of Total) | Allowed Amount<br>PMPY Cost Trends |
|------------|--|------------------------------------|
| Dean       | 45,691 (19.1%)                           | -0.6%                              |
| Quartz     | 80,531 (33.7%)                           | 2.6%                               |

|           |                |       |
|-----------|----------------|-------|
| WEA Trust | 55,246 (23.1%) | -2.9% |
|-----------|----------------|-------|

- The largest trend of 10.6% is shown by Medical Associates. However, note that this health plan, covering about 3,000 GHIP members, and others with relatively small GHIP enrollment are susceptible to large swings in trends resulting from a larger effect from a few outlier cases.
- These trends are not risk adjusted to account for disparities in the risk pool of each health plan. *[Attachment: Data Warehouse Dashboards – Financial Page 5]*

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

Attachment: Data Warehouse Dashboards

# Attachment A

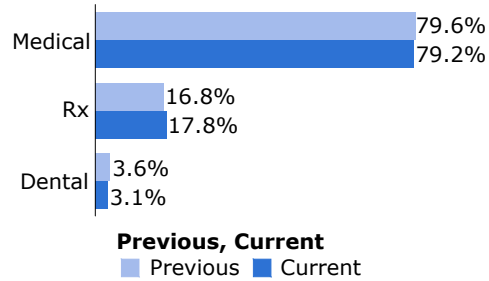
## Financial

Previous Period: Apr 2019 - Mar 2020 (Incurred)  
 Current Period: Apr 2020 - Mar 2021 (Incurred)

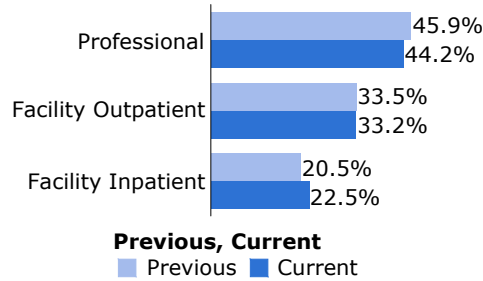


|                   | Previous | Current  | Previous         | Current | % Change     |
|-------------------|----------|----------|------------------|---------|--------------|
| Total Net Payment | \$1.54 B | \$1.59 B | Net Payment PMPM | \$542   | \$556 2.4% ▲ |

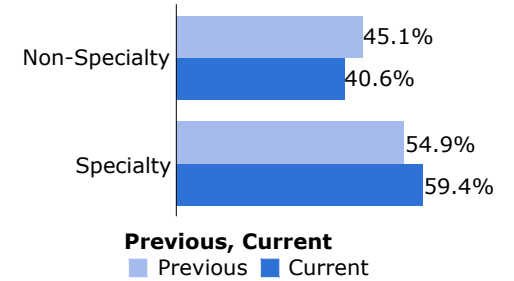
### Net Payment by Summary Categories



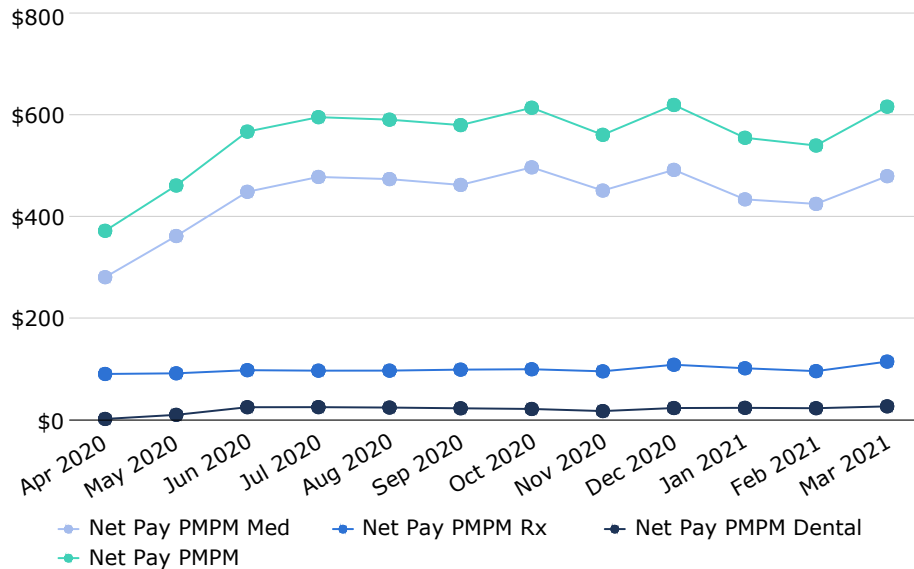
### Net Payment by Medical Service Categories



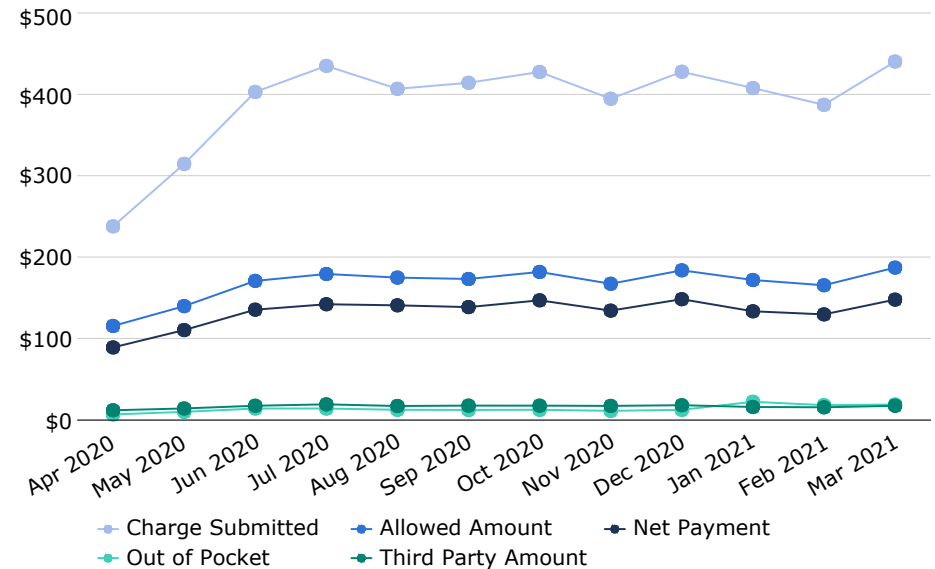
### Net Payment by Non-Specialty vs Specialty Drugs



### Monthly Cost Per Member



### Total Monthly Costs (in Millions)



# Financial

Previous Period: Apr 2019 - Mar 2020 (Incurred)

Current Period: Apr 2020 - Mar 2021 (Incurred)

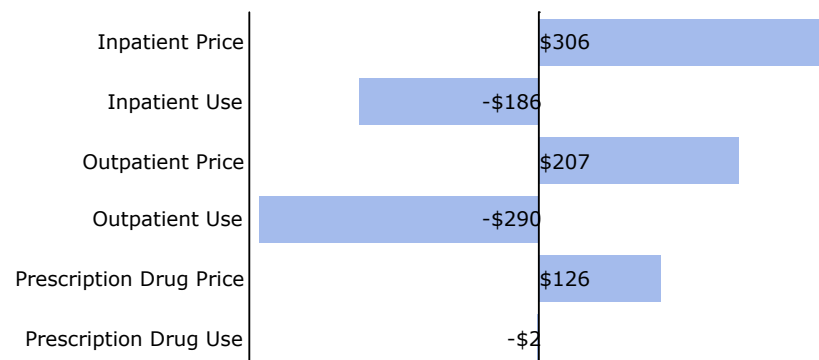


## Cost Per Member

|                                | Previous | Current  | % Change |   | Norm     | % Difference from Norm |
|--------------------------------|----------|----------|----------|---|----------|------------------------|
| Allow Amt PMPY Med and Rx      | \$8,104  | \$8,266  | 2.0%     | ▲ | \$7,237  | 14.2% ▲                |
| Allow Amt Per Visit Office Med | \$218    | \$220    | 0.9%     | ▲ |          |                        |
| Allow Amt Per Adm Acute        | \$21,678 | \$25,624 | 18.2%    | ▲ | \$33,579 | -23.7% ▼               |
| Allow Amt Per Visit ER         | \$1,720  | \$2,053  | 19.4%    | ▲ | \$2,225  | -7.7% ▼                |
| Allow Amt Per Script Rx        | \$138    | \$158    | 14.9%    | ▲ | \$145    | 9.3% ▲                 |
| Visits Per 1000 Office Med     | 7,093    | 6,646    | -6.3%    |   | 6,058    | 9.7%                   |
| Admits Per 1000 Acute          | 70       | 63       | -10.0%   |   | 52       | 20.5%                  |
| Visits Per 1000 ER             | 270      | 209      | -22.6%   |   | 208      | 0.7%                   |
| Scripts Per 1000 Rx            | 11,897   | 11,143   | -6.3%    |   |          |                        |

## Cost Drivers

Allowed Amount PMPY increased \$162 in the current period.  
The factors driving this change include:



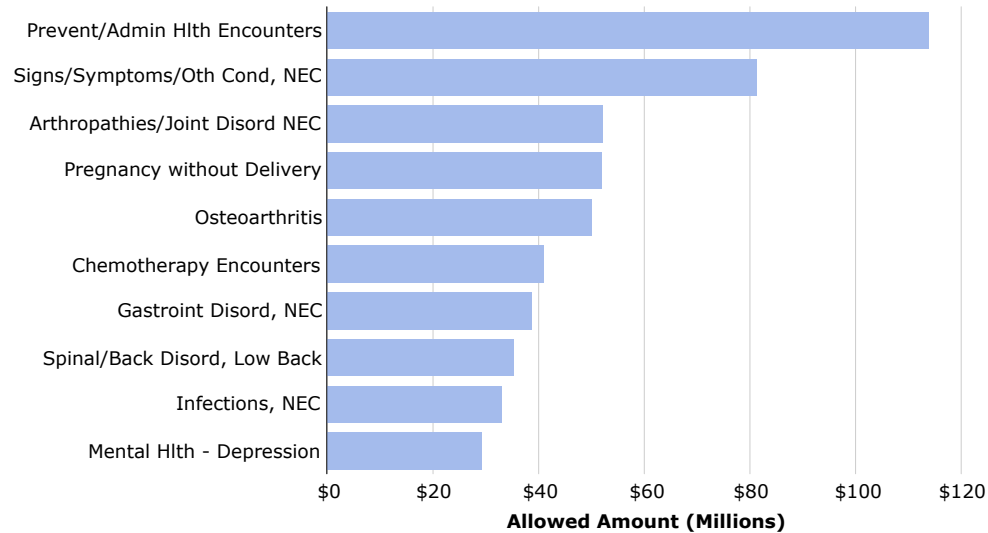
# Clinical

Previous Period: Apr 2019 - Mar 2020 (Incurred)

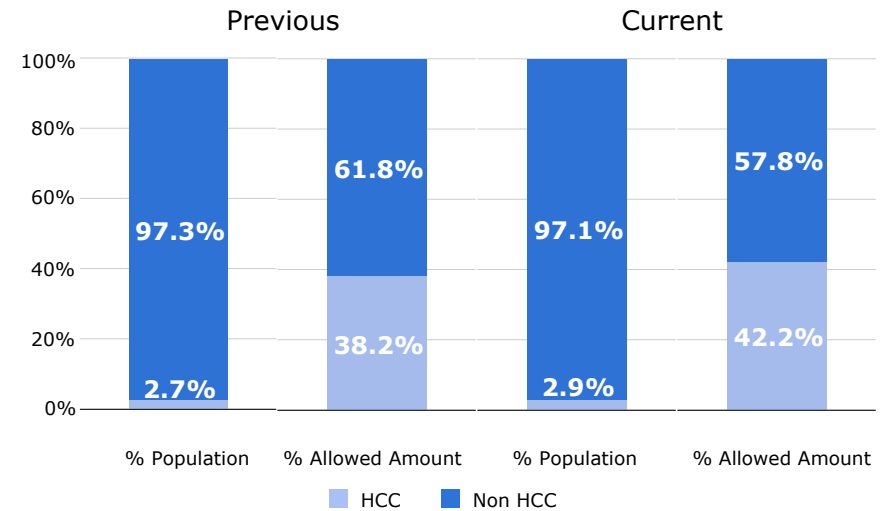
Current Period: Apr 2020 - Mar 2021 (Incurred)



## 10 Most Expensive Clinical Conditions



## High Cost Claimants (HCC) Trends



## Top 10 Conditions for \*Consistent HCC

| Condition                      | Allow Amt Med | Patients | **Allow Amt Per Patient Med |
|--------------------------------|---------------|----------|-----------------------------|
| Chemotherapy Encounters        | \$20,696,046  | 330      | \$62,715                    |
| Renal Function Failure         | \$15,548,535  | 342      | \$45,464                    |
| Signs/Symptoms/Oth Cond, NEC   | \$11,371,851  | 2,203    | \$5,162                     |
| Multiple Sclerosis             | \$6,833,759   | 253      | \$27,011                    |
| Condition Rel to Tx - Med/Surg | \$6,520,167   | 435      | \$14,989                    |
| Crohn's Disease                | \$6,119,413   | 265      | \$23,092                    |
| Respiratory Disord, NEC        | \$5,428,512   | 979      | \$5,545                     |
| Cancer - Nonspecified          | \$5,289,243   | 274      | \$19,304                    |
| Infections, NEC                | \$5,185,853   | 1,018    | \$5,094                     |
| Cancer - Leukemia              | \$5,170,849   | 168      | \$30,779                    |

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.

|                                | Allow Amt Med          | % of Total    | +Patients      | **Allow Amt Per Patient Med |
|--------------------------------|------------------------|---------------|----------------|-----------------------------|
| Prevent/Admin Hlth Encounters  | \$113,786,782          | 7.4%          | 167,560        | \$679                       |
| Signs/Symptoms/Oth Cond, NEC   | \$81,322,665           | 5.3%          | 69,130         | \$1,176                     |
| Arthropathies/Joint Disord NEC | \$52,103,051           | 3.4%          | 39,921         | \$1,305                     |
| Pregnancy without Delivery     | \$51,923,996           | 3.4%          | 4,684          | \$11,085                    |
| Osteoarthritis                 | \$50,063,244           | 3.3%          | 13,224         | \$3,786                     |
| Chemotherapy Encounters        | \$40,832,960           | 2.7%          | 1,013          | \$40,309                    |
| Gastroint Disord, NEC          | \$38,715,291           | 2.5%          | 20,621         | \$1,877                     |
| Spinal/Back Disord, Low Back   | \$35,310,805           | 2.3%          | 22,829         | \$1,547                     |
| Infections, NEC                | \$32,935,810           | 2.1%          | 43,559         | \$756                       |
| Mental Hlth - Depression       | \$29,103,316           | 1.9%          | 19,401         | \$1,500                     |
| <b>Top 10 Subtotal</b>         | <b>\$526,097,921</b>   | <b>34.3%</b>  | <b>198,901</b> | <b>\$2,645</b>              |
| <b>All Clinical Conditions</b> | <b>\$1,532,574,736</b> | <b>100.0%</b> | <b>240,140</b> | <b>\$6,904</b>              |

+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.

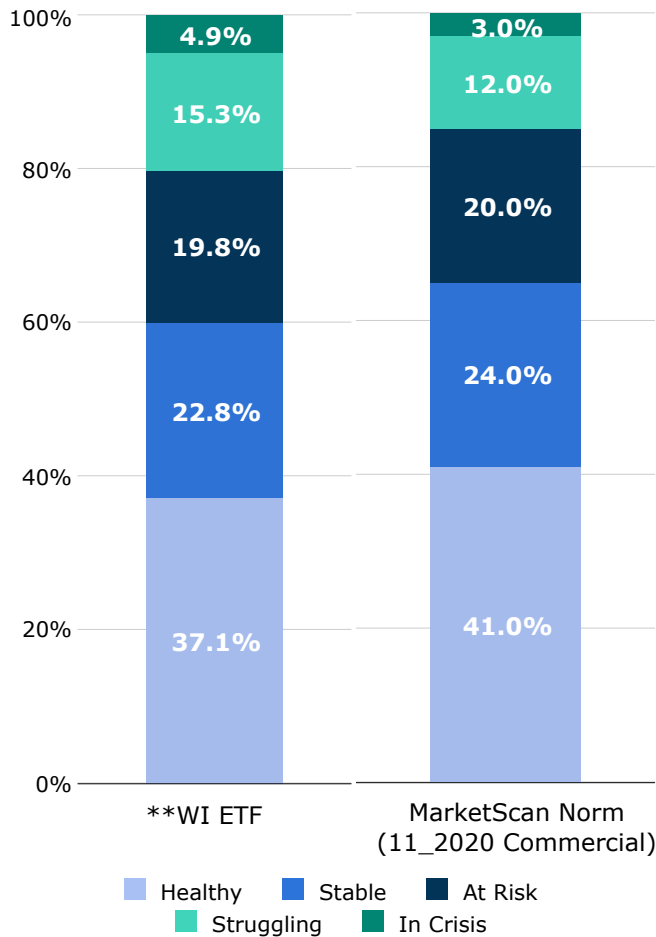
# Clinical

\*Current Period: Apr 2020 - Mar 2021 (Incurred)

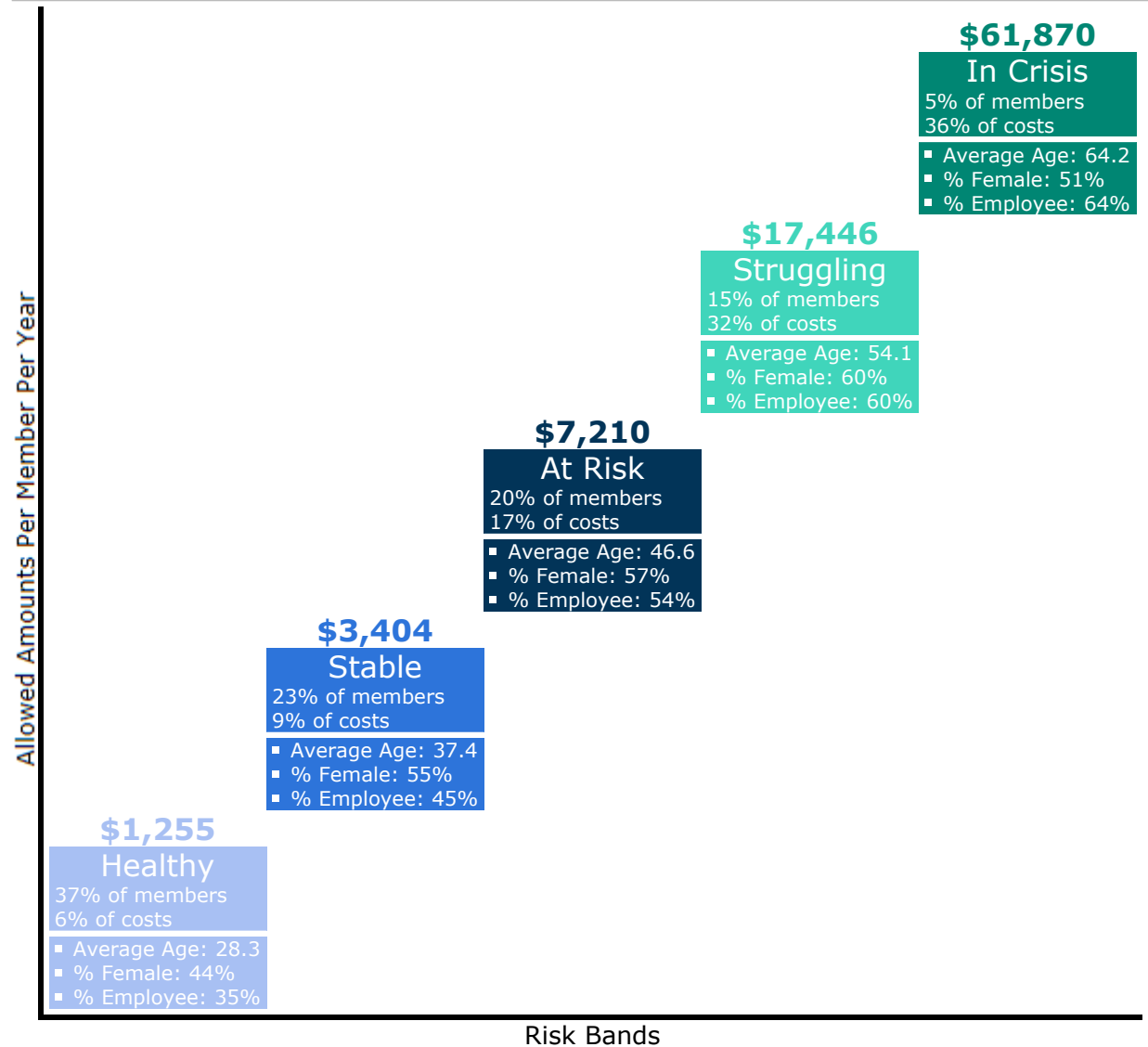
\*\*DCG Period: Jan 2020 - Dec 2020



## % of Members by Risk Band



## Risk Band Profiles



\*Demographic and financial metrics are for the current period

\*\*See glossary for details on DCG Methodology

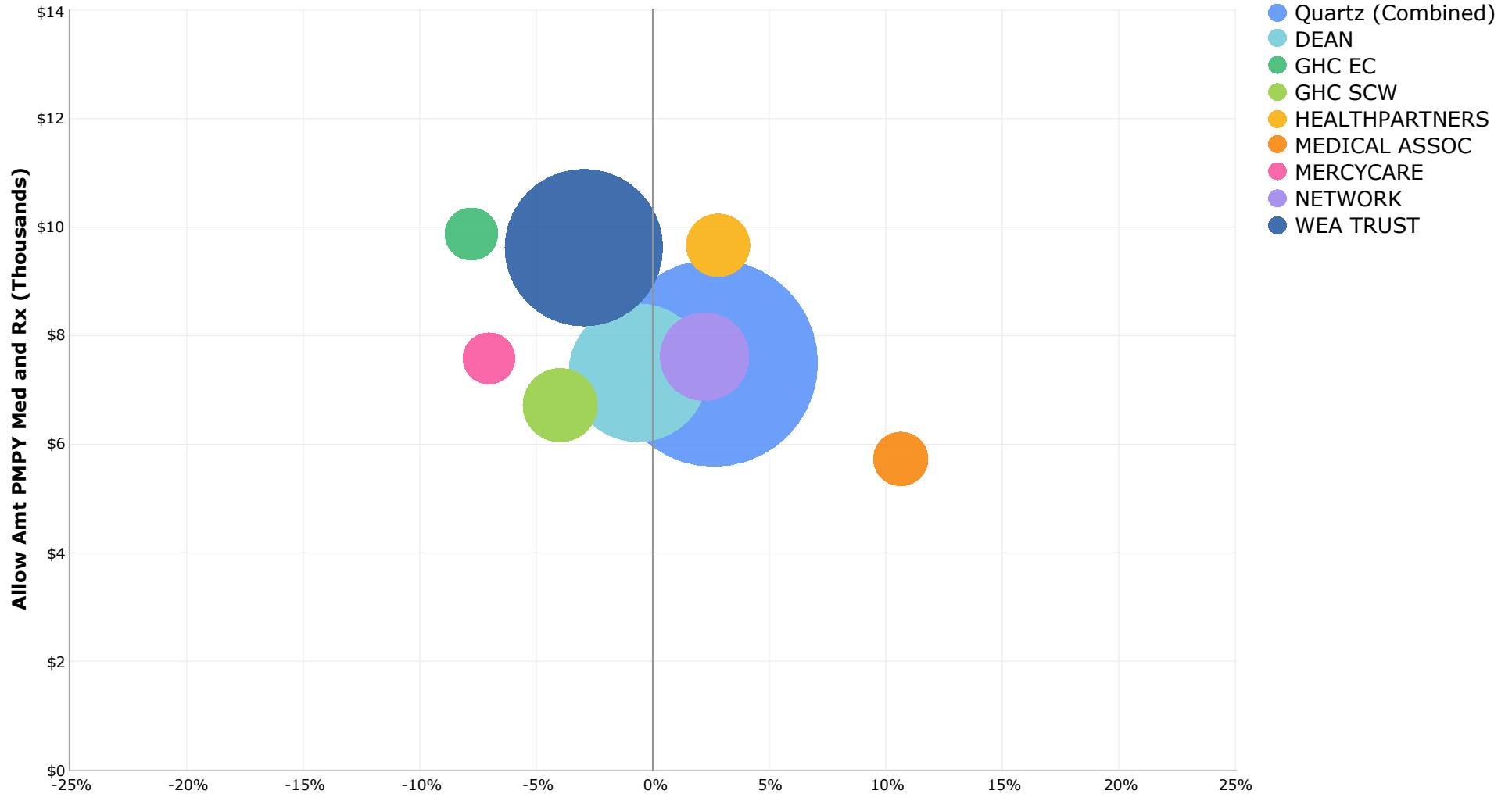
# Financial

Previous Period: Apr 2019 - Mar 2020 (Incurred)

Current Period: Apr 2020 - Mar 2021 (Incurred)



## 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



# Eligibility

Previous Period: Apr 2019 - Mar 2020 (Incurred)

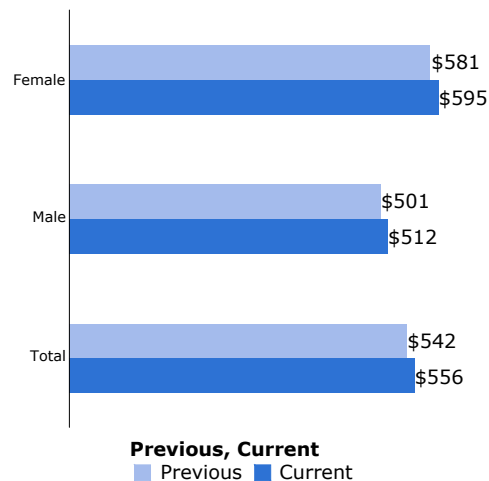
Current Period: Apr 2020 - Mar 2021 (Incurred)



|                 | Enrollment |         |          | Average Age |         |          |
|-----------------|------------|---------|----------|-------------|---------|----------|
|                 | Previous   | Current | % Change | Previous    | Current | % Change |
| Employees       | 120,161    | 119,844 | -0.3%    | 51.2        | 51.2    | 0.1%     |
| Members         | 260,384    | 259,182 | -0.5%    | 39.6        | 39.7    | 0.3%     |
| Family Size Avg | 2.2        | 2.2     | -0.2%    |             |         |          |

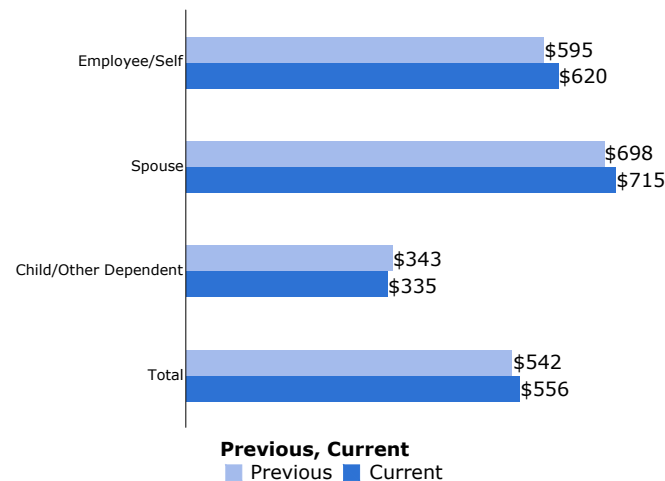
## Membership and Net Pay PMPM by Gender

|        | Previous | Current | % Change |
|--------|----------|---------|----------|
| Female | 135,251  | 134,738 | -0.4%    |
| Male   | 125,234  | 124,515 | -0.6%    |



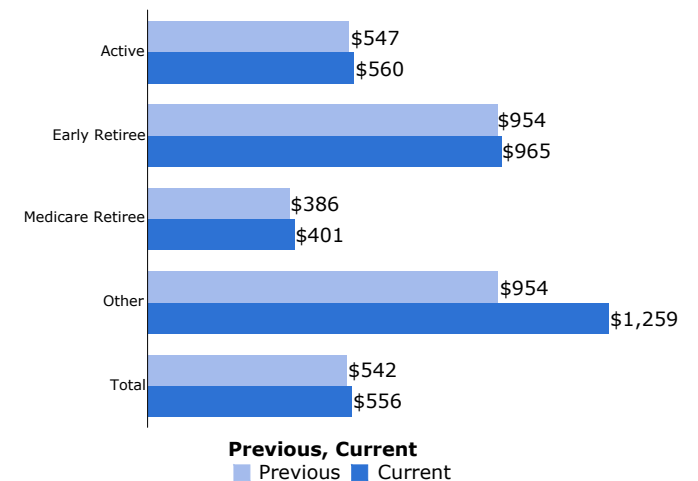
## \*Membership and Net Pay PMPM by Employee Relationship

|                       | Previous | Current | % Change |
|-----------------------|----------|---------|----------|
| Employee/Self         | 119,899  | 119,325 | -0.5%    |
| Spouse                | 60,100   | 59,936  | -0.3%    |
| Child/Other Dependent | 80,385   | 79,921  | -0.6%    |



## \* Membership and Net Pay PMPM by Employee Status

|                  | Previous | Current | % Change |
|------------------|----------|---------|----------|
| Active           | 216,565  | 214,532 | -0.9%    |
| Early Retiree    | 12,789   | 12,688  | -0.8%    |
| Medicare Retiree | 36,006   | 37,002  | 2.8%     |
| Other            | 1,533    | 1,264   | -17.5%   |



\*Membership counts may not be unique since there may be transitions between the listed categories during the reported period

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## 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

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## 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

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## 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

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## 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)
  - $\text{Net Payment} = \text{Allowed Amount} - (\text{OOP} + \text{Third Party Payment})$
- 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

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## 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