

Claims Expenditures in the GHIP

Item 5 – Group Insurance Board

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Informational Item Only

No Board action is required.

What to Expect

- Overview of Healthcare Fundamentals
- Current Dashboards – Costs and Trends Considerations
 - Benefit types, service categories, and responsibilities
 - Drivers, based on utilization and price
 - Top contributions by health condition
 - Risk categories
 - Plan groups
 - Eligibility
- An understanding of the healthcare financial metrics and other related elements included in the regular Board dashboards
- Recognition of the purpose of each of the specific Board dashboards, highlighting value for decision making

Overview

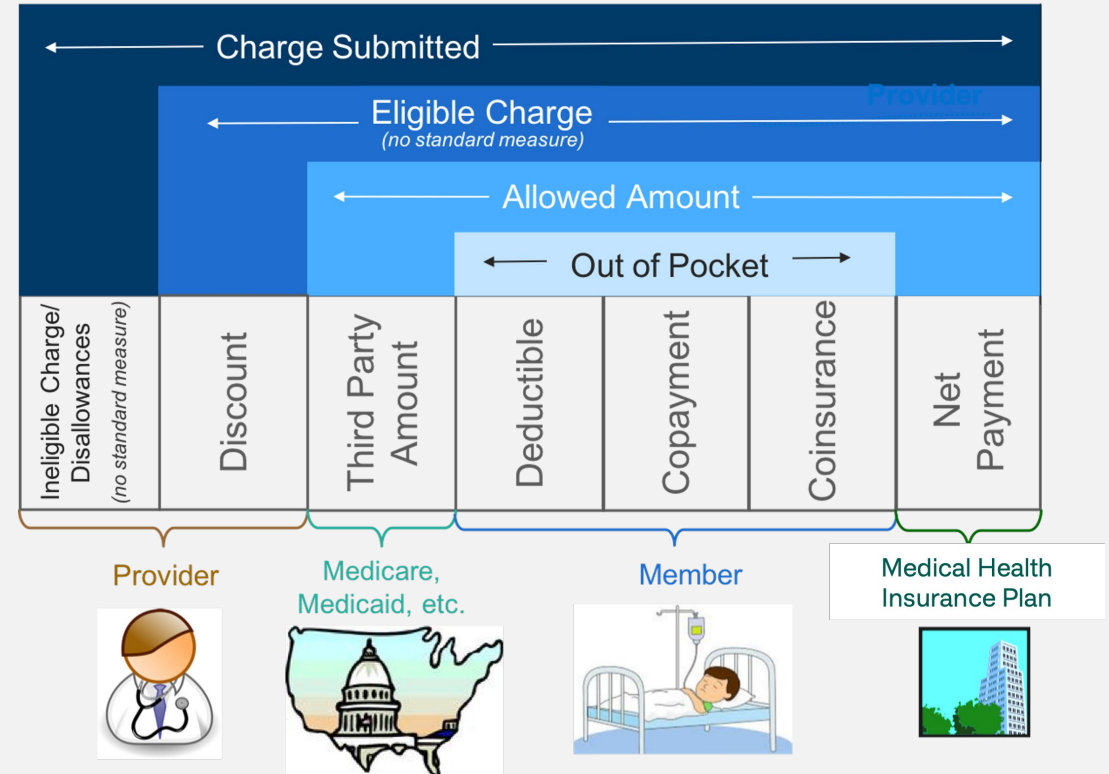
Healthcare Financials

- **Allowed Amount:** Total paid to the provider by all parties, overall cost of services
- **Out-of-Pocket:** Combination of deductible, copayment and coinsurance where applicable, responsibility of the member
- **Net Payment:** Portion of the service cost paid by the health insurance company
- **Simplified Summary Financial Relationship:**
 - $Out\ of\ Pocket + Net\ Payment = Allowed\ Amount$

Paid By
Members

Paid By
Health Plan

Total Cost of
Services



Healthcare Premiums & Rates

Premiums:

- **Amount paid upfront for insured member**
- Paid for all coverage period, whether member receives services or not
- Offsets Net Payments made by insurance company

Rates:

- **Average per employee or per member at per month or year rates**
- Per Member Per Month (PMPM)
- Per Member Per Year (PMPY)
- Per Employee Per Year (PEPY)

Reporting Time Periods

Incurred:

- Dates services were provided

Paid:

- Dates payments are made to providers after “adjudication” of claims

Rolling Years:

- Allows for reporting the most current data as frequently as possible, could span one mid-month year to another
- Current Rolling Year (CRY)
- Previous Rolling Year (PRY)

Reporting Considerations

Adjudication: health insurance plans evaluate claims submitted by providers to determine what and how much is eligible for payment

- Varies by claim type: shorter for prescription drug claims and longer for the more complex services like inpatient hospital stays
 - Reporting typically allows for 3-month delay (lag) to allow for capturing most of the financial metrics for provided services
- Rolling vs. Calendar Years: historically, many important considerations e.g., the rate setting process, are based on data for full January – December calendar years

Eligibility

Employee:

- Also known as the contract holder or subscriber

Member:

- All members on the contract, to include employee, spouse, and dependents

Active:

- Current employee of GHIP participating employer
- IYC Uniform Benefits under the GHIP
- Largest sub-group in GHIP

Early Retirees:

- Subscriber under 65 with an employment status of retired
- IYC Uniform benefits under the GHIP

Medicare Retirees:

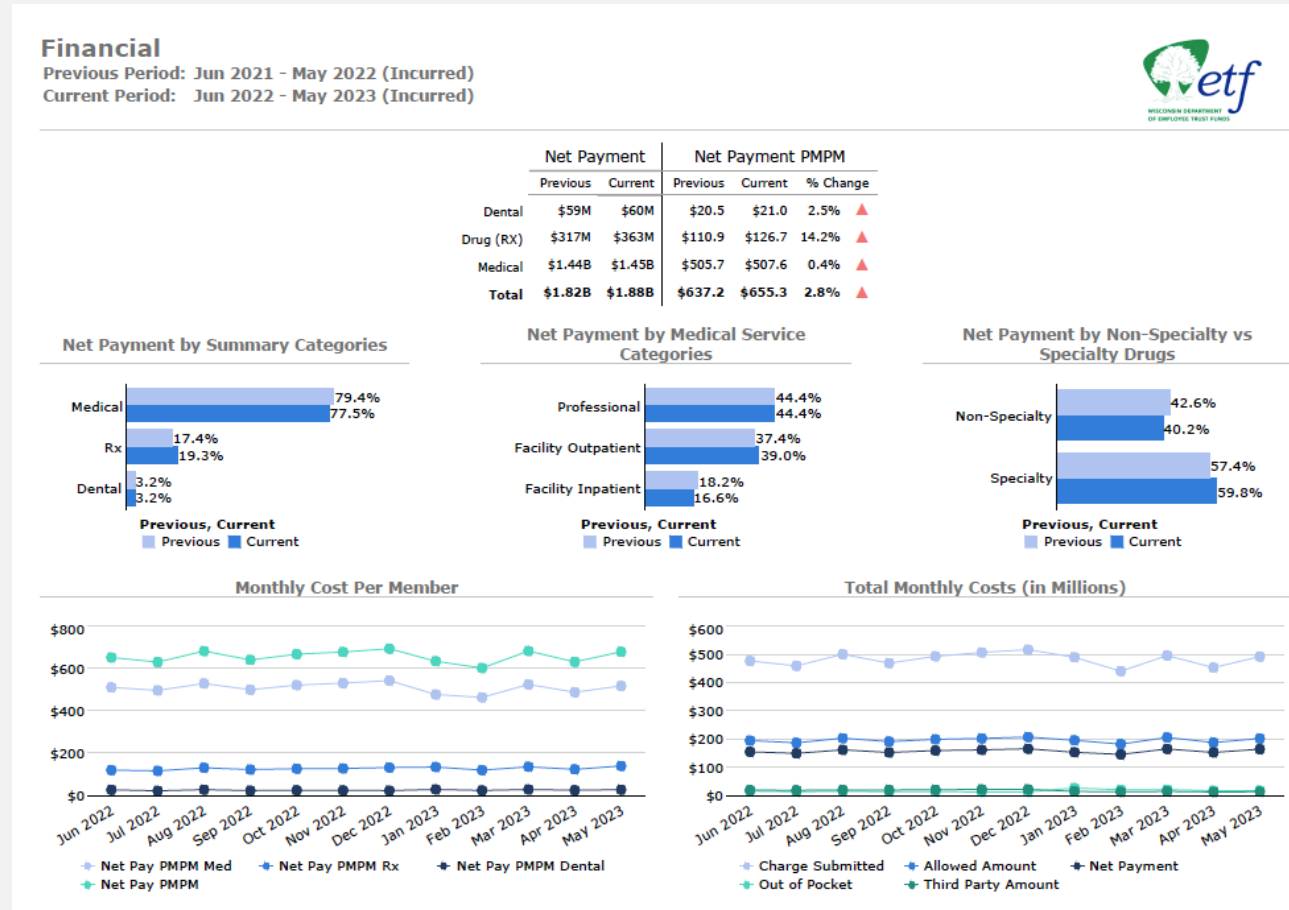
- Subscriber over 65 with an employment status of retired
- Enrolled in IYC Medicare, Medicare Plus, or Medicare Advantage Plans

Others:

- COBRA, Leave of Absence, Sabbatical, etc.

Board Dashboards

Board Dashboard Example



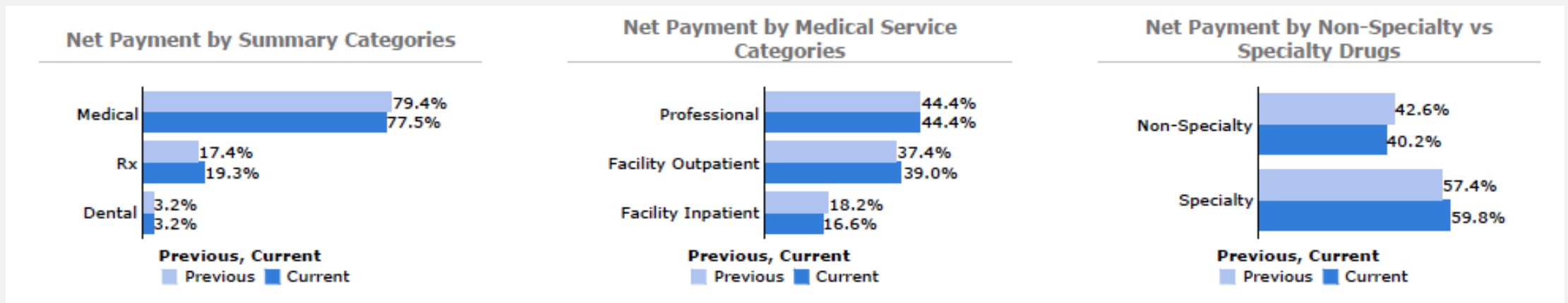
Net Payments

- Cost to health plans, a good indicator of future premium rates
- Rates and Trends for three benefits separated:
 - Dental: self insured, lowest contribution to total cost
 - Prescription Drugs (Rx): self insured, highest trend
 - Medical: full insured through health plans, largest contribution to total cost

	Net Payment		Net Payment PMPM		
	Previous	Current	Previous	Current	% Change
Dental	\$59M	\$60M	\$20.5	\$21.0	2.5% ▲
Drug (RX)	\$317M	\$363M	\$110.9	\$126.7	14.2% ▲
Medical	\$1.44B	\$1.45B	\$505.7	\$507.6	0.4% ▲
Total	\$1.82B	\$1.88B	\$637.2	\$655.3	2.8% ▲

Cost by Benefit & Service Categories

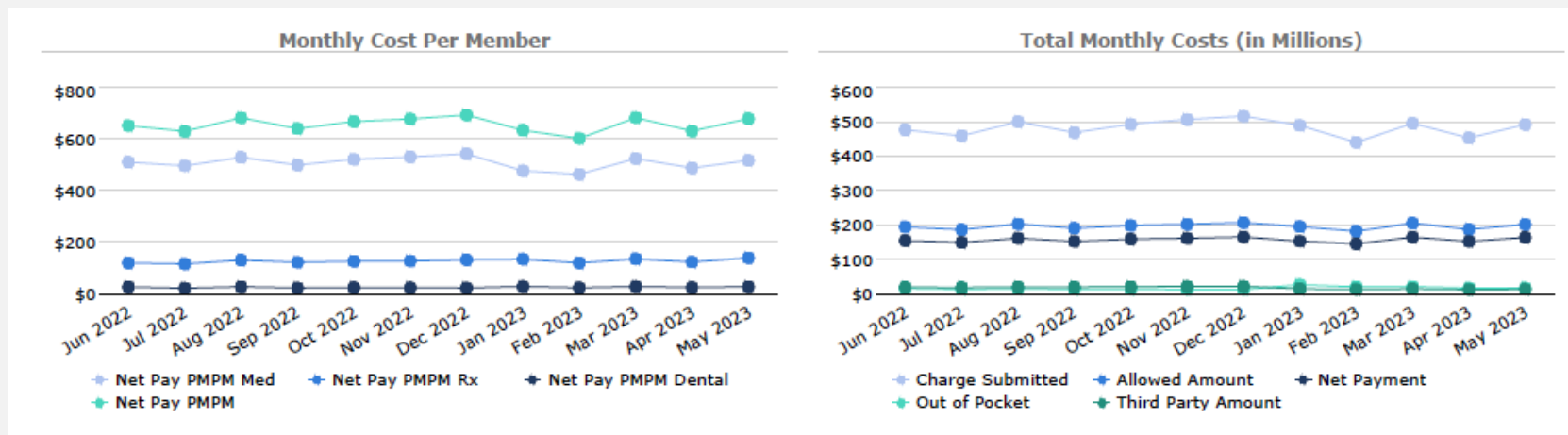
- Relative Costs And Trends by Service Categories:
 - Medical: Outpatient costs growing relatively faster than inpatient
 - Prescription Drugs (Rx): specialty drugs make up a larger proportion, and growing faster than non-specialty drugs



Monthly Cost

- Cost Share Monthly Trends:
 - Net Payments dominate the total allowed amount cost
 - Some monthly variation for all costs

Insight: Summary rates and trends by benefit types and service categories, informs expectations for future GHIP costs



Cost Drivers – Per Member Trends

- Cost Per Member: highlights per member annual cost by top service types and aggregate
 - Based on allowed amounts – independent of benefit design
 - Assesses the following:
 - Year-Over-Year (YoY) trends
 - Comparison to norms

Financial
 Previous Period: Jun 2021 - May 2022 (Incurred)
 Current Period: Jun 2022 - May 2023 (Incurred)

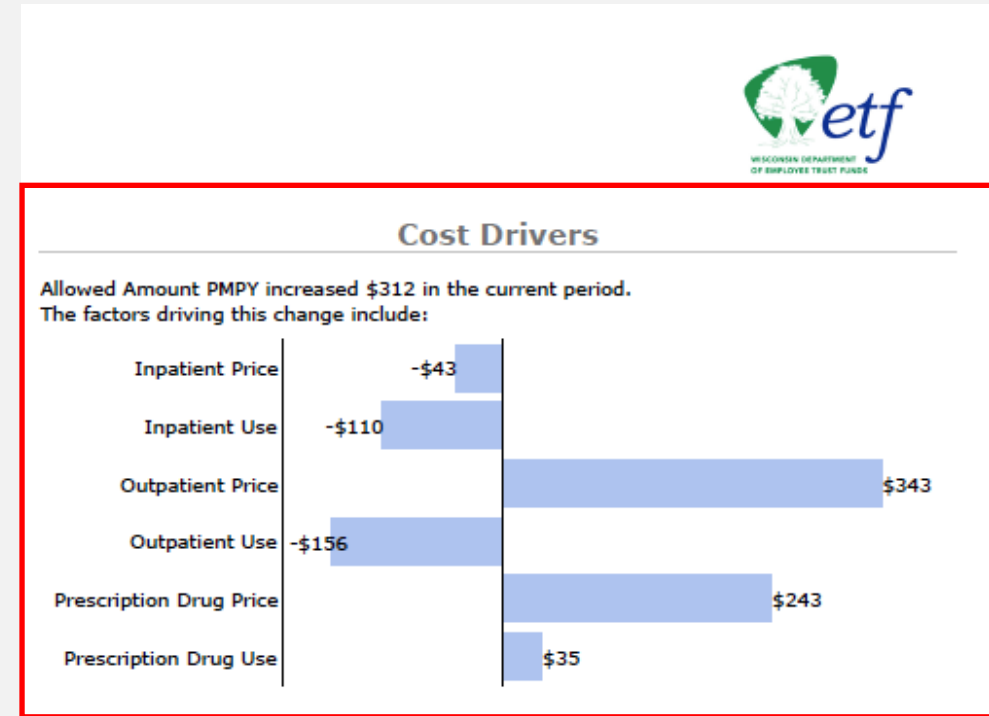
Cost Per Member						
	Previous	Current	% Change		Norm	% Difference from Norm
Allow Amt PMPY Med and Rx	\$9,319	\$9,630	3.3%	▲	\$8,054	19.6% ▲
Allow Amt Per Visit Office Med	\$225	\$237	5.0%	▲		
Allow Amt Per Adm Acute	\$25,689	\$24,996	-2.7%	▼	\$34,699	-28.0% ▼
Allow Amt Per Visit ER	\$2,162	\$2,144	-0.8%	▼	\$2,430	-11.8% ▼
Allow Amt Per Script Rx	\$169	\$187	10.8%	▲	\$173	8.0% ▲
Visits Per 1000 Office Med	7,589	7,275	-4.1%		6,674	9.0%
Admits Per 1000 Acute	65	61	-6.9%		49	22.9%
Visits Per 1000 ER	259	270	4.4%		202	33.5%
Scripts Per 1000 Rx	11,648	11,993	3.0%			

Cost Drivers – Utilization and Price

- Cost Drivers: relative contribution to costs based on utilization (use) and unit cost (price) of 3 broad categories: Inpatient, Outpatient, and Prescription Drugs (Rx)
- Overall current change of \$312 in PMPY cost consists of:

Category	Unit Cost	Utilization	Net Contribution
Inpatient	-\$43	-\$110	-\$153
Outpatient	\$343	-\$156	\$187
Prescription Drugs	\$243	\$35	\$278

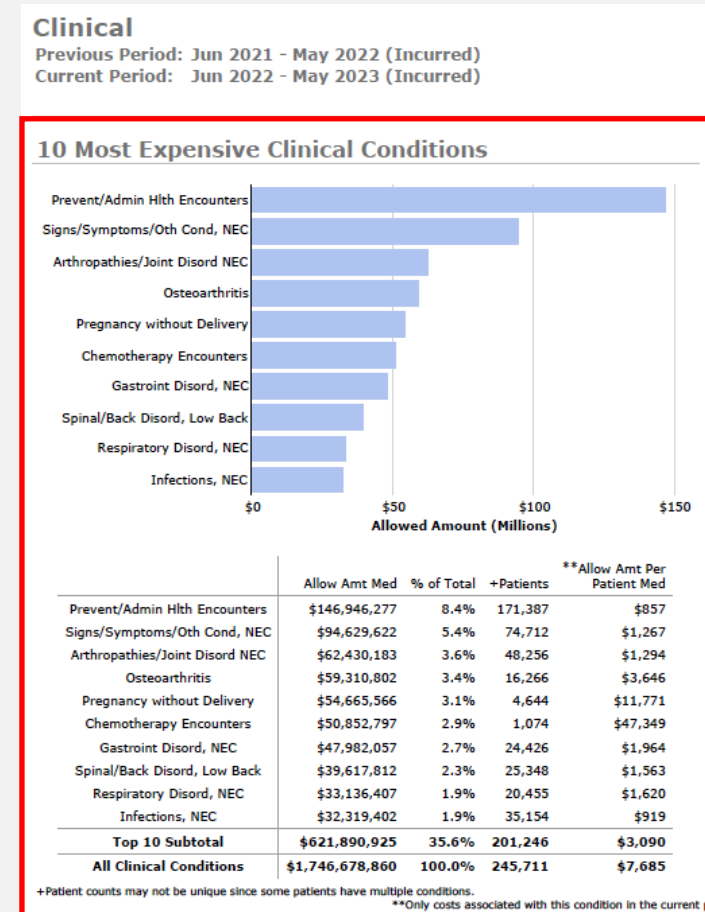
(Ref. GIB | 11.15.23 | 5, Attachment page 2, right)



Insight: how do GHIP costs trend over time, compare to norms, and what categories are driving changes?

Top Cost Contributions by Health Conditions

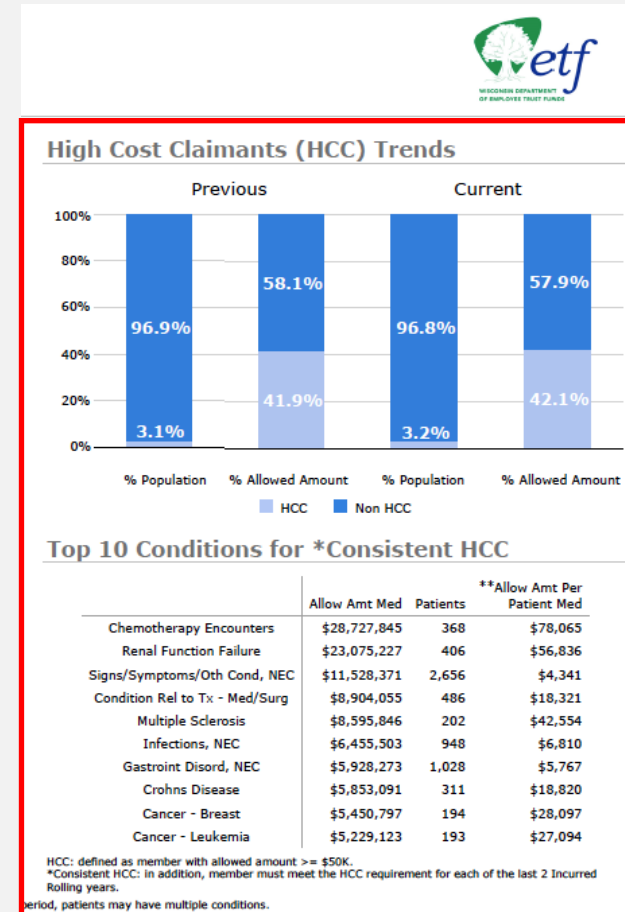
- Identifying top health conditions by overall costs informs efficient allocation of resources to disease or condition specific initiatives
 - Top ranked Preventive health encounters e.g., annual physical check-ups desirable
 - Other top conditions e.g., osteoarthritis are manageable, candidates for disease management programs



High-Cost Claimants Trends

- High-Cost Claimant (HCC): Small percentage of total membership accounting for disproportionate relative cost
 - Members consistently meeting criteria ($\geq \$50K$ in annual medical costs) may benefit from proactive, targeted efforts ensuring best evidence-based treatment for members

Insight: Identify health conditions with good positive ROI potential for quality and cost outcomes

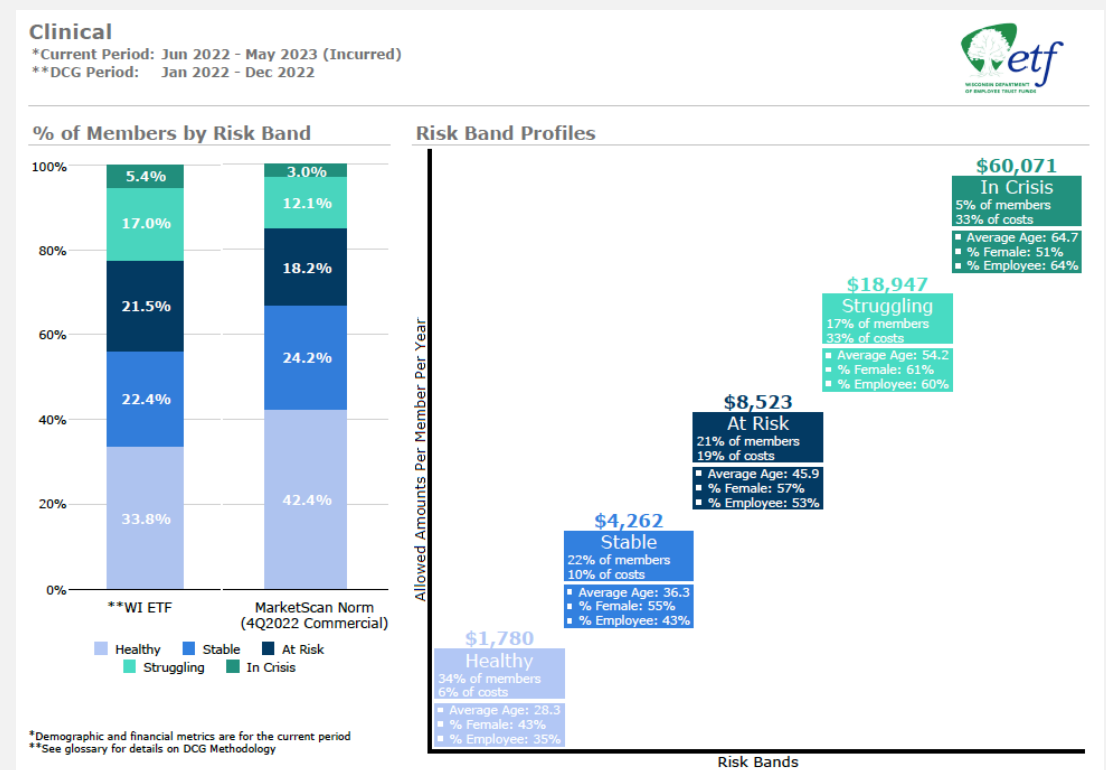


Costs by Risk Categories

Members are categorized into risk bands using Merative’s risk methodology (licensed from Cotiviti). Bands range from:

- “Healthy”: require least resources for healthcare
 - 34% of members accounting for 6% of costs
- “In Crisis”: require a disproportionate level of resources for healthcare
 - 5% of members, account for 33% of costs

Insight: identify sub-population with the best potential for impact from intervention



Costs and Trends by Plan Groups

Summary illustration of the membership distribution and financial status of the GHIP

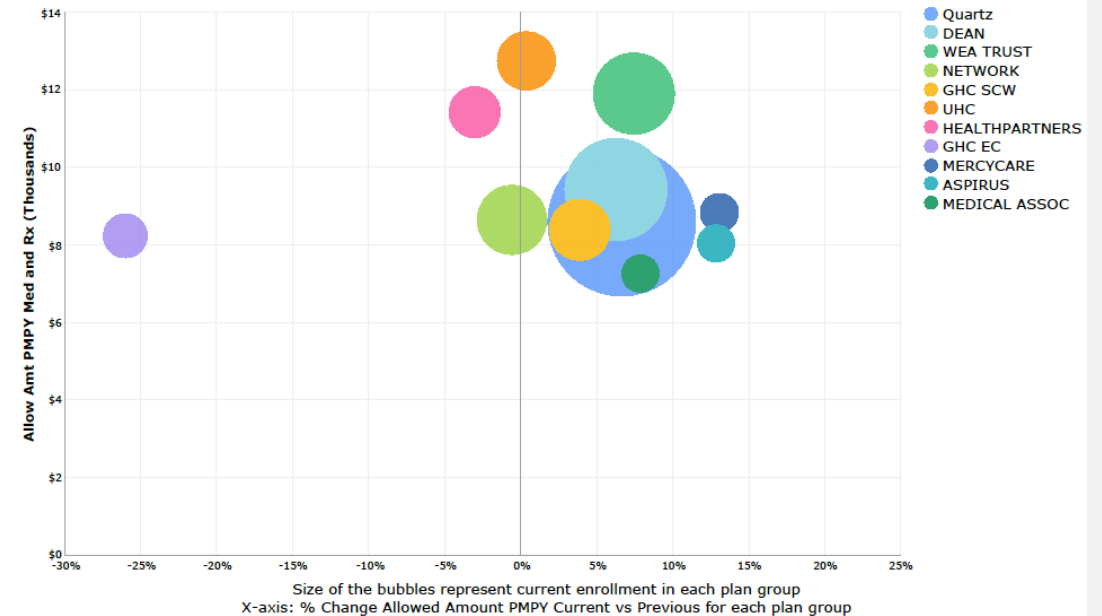
- Bubble sizes indicate the relative size of the members by health plan groups
- Locations on the vertical axis represent the annual per member costs for medical and prescription drug services
- Horizontal distances from the y-axis represent the YoY trend of the per member annual costs

Financial

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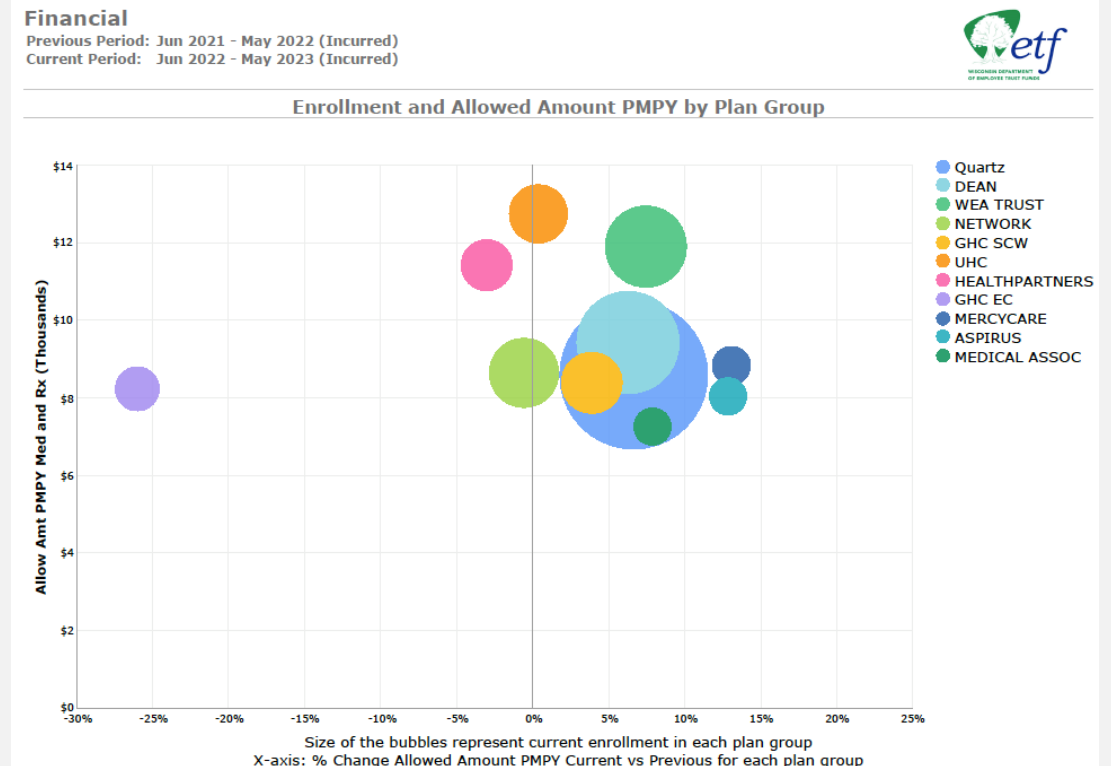
Enrollment and Allowed Amount PMPY by Plan Group



Analytics Notes

- Largest plan groups by size typically drive the overall trend
- Smaller plan groups susceptible to outlier effects
- Does not account for membership transitions
- Not risk adjusted

Insight: how are the GHIP members distributed by plan groups, and what are the cost trends for each of the plan groups



Enrollments and Demographics

- Enrollments and demographics:
 - Slightly positive trends in employees and families (employees + dependents) counts
 - Mostly flat trends for average age, family sizes
- Net Payment per member rates by demographics and employee/subscriber type supports decisions on benefit designs

	Enrollment			Average Age		
	Previous	Current	% Change	Previous	Current	% Change
Employees	121,053	122,599	1.3%	51.5	51.5	-0.1%
Members	261,462	263,939	0.9%	40.0	40.1	0.2%
Family Size Avg	2.2	2.2	-0.3%			

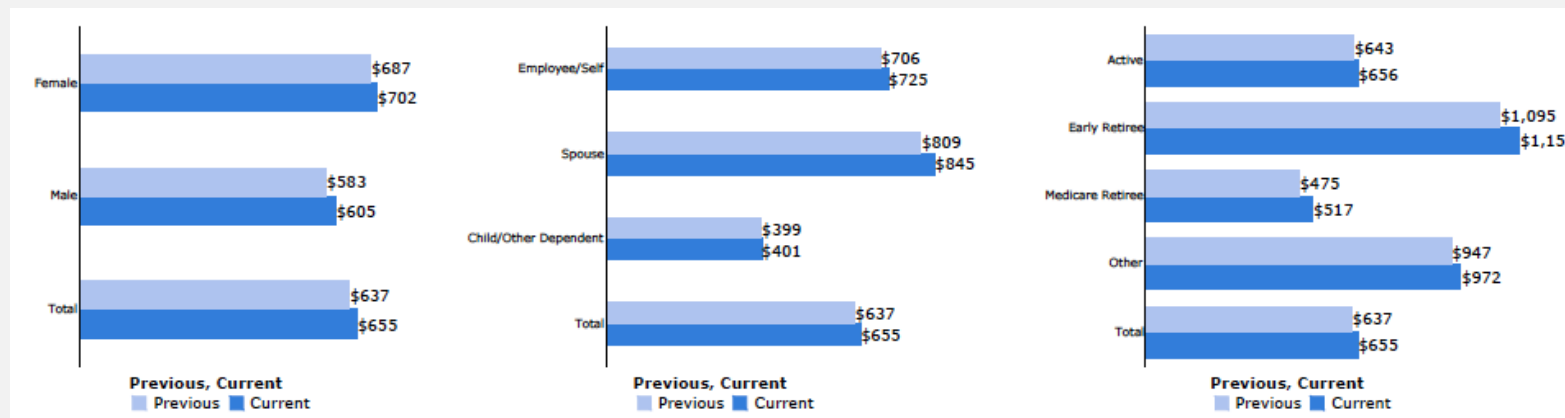
Membership and Net Pay PMPM by Gender				*Membership and Net Pay PMPM by Employee Relationship				* Membership and Net Pay PMPM by Employee Status			
	Previous	Current	% Change		Previous	Current	% Change		Previous	Current	% Change
Female	136,081	137,406	1.0%	Employee/Self	120,886	122,028	0.9%	Active	215,506	217,232	0.8%
Male	125,432	126,607	0.9%	Spouse	60,246	60,854	1.0%	Early Retiree	13,085	12,492	-4.5%
				Child/Other Dependent	80,330	81,057	0.9%	Medicare Retiree	38,278	39,208	2.4%
								Other	1,404	1,147	-18.3%



Net Payments by Employee Status Groups

- Actives: the sub-group with the largest membership is 2% (\$656 vs \$643)
- Early Retirees: 5.4% (\$1,155 vs \$1095)
- Medicare Retirees: 8.8% (\$517 vs \$417)

Insight: What are the costs and trends by sub-groups separated by criteria that are relevant for benefit design considerations?





Questions?

Thank you



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