STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

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

Correspondence Memorandum

Date: January 30, 2024

To: Group Insurance Board

From: Jessica Rossner, Data and Compliance Unit Director
Oladipo Fadiran, Senior Analytic Consultant, Merative
Office of Strategic Health Policy

Subject: Data Warehouse Dashboards

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

Background

This memo provides the Group Insurance Board (Board) with the quarterly data warehouse dashboards and highlights. The previous quarter's dashboards and highlights can be found in the November Board meeting materials (Ref. GIB | 11.15.23 | 5).

Dashboard Data

The dashboards were enhanced since the November 2023 meeting based on Board requests. They include data for healthcare services (excluding wellness administrative and incentive costs) provided from September 2022 through August 2023 (current period), compared to services provided from September 2021 through August 2022 (previous period). The reported data includes payments through November 2023. There is typically a gap between when services are provided and when they are paid. The length of this process varies, depending on the nature of the service. It is typically shorter for prescription drug services and longer for more complex services like inpatient hospital stays. The three-month delay in reporting allows for the billing and payment process to be completed for most of the services rendered. Completion factors have been applied to all reported financial metrics. The completion factor adjustments are based on an estimate of claims that have been incurred, but not yet reported. Please note that due to recent concern of a data issue for the Medicare Plus program, the experience data for this program has been removed from the previous and current reporting periods. This exclusion affects 6,280 (previous period) and 4,555 (current period) unique members. These members represent about 2.4% and 1.7% of the Group Health Insurance Program (GHIP) population in those reporting time periods. The Department of Employee Trust Funds (ETF) has engaged with the involved

Eileen K Mallow

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy
Electronically Signed 02/06/2024

Board	Mtg Date	Item #
GIB	02.21.24	10D

stakeholders to ensure that the data issue is rectified quickly, and the next set of dashboards provided to the Board should include data for all members.

ETF, Merative, and WebMD continue to work on the implementation of wellness and disease management data into the data warehouse. ETF intends to provide the Board with Well Wisconsin dashboard options at the November Board meeting.

Notable Dashboard Highlights

Cost Trends by Benefit Types, Service Categories

- The current Year over Year (YoY) trend of 3.8% in net payments per member per month (PMPM) is a composite of three benefits offered to members. The net payment PMPM trends by benefit type are:
  - Dental: 2.9%
  - Drug (Rx): 13.0%
  - Medical: 1.8%
- The biggest cost trend by benefit type of 13.0% is in the prescription drug category. This is driven primarily by the specialty drug subcategory of this benefit. Please note that pharmacy rebate adjustments are not applied to pharmacy metrics in these dashboards. The most recent pharmacy rebate information can be found in the May 2023 Board materials (Ref. GIB | 5.17.23 | 3B)
- The 1.8% trend in the costs for medical services is higher than the near flat trend of 0.4% last reported (Ref. GIB | 11.15.23 | 5), but it is still lower than typical historical annual trends. This is explained in part by the fact that "previous" reporting (spanning September 2021 – August 2022) includes a period of higher-than-typical utilization of healthcare services, as pent-up demands resulting from service disruption during the COVID pandemic were being met. Comparing this to the more typical utilization and costs in the "current" period, results in the lower-than-typical cost trends. The annual trend is expected to continue increasing towards the historical YoY trends as both reporting periods move further away from the effects of the COVID pandemic [Data Warehouse Dashboards – Financial page 1, top].

Service Categories

- The shift in relative costs by service categories under the medical benefits continues, with the facility outpatient services now representing 39.2% of the medical costs. The relative increase in outpatient costs is accompanied by a relative decrease in the cost of inpatient services. This now represents 16.3% of the medical costs in the current period, compared to 17.9% in the previous period. The cost shift is due to the transition of more services typically rendered at inpatient locations to outpatient settings. ETF is monitoring the relevant outpatient utilization, cost, and quality metrics to ensure that members are obtaining the best value from this rapidly growing service segment.

- In the prescription drug category, the cost of the specialty drug subcategory continues to grow at a faster rate than the non-specialty subcategory. The specialty drug segment represents 60.7% of the prescription drugs cost in the current period, which is over 21% more than the non-specialty subcategory in the same period. The relative cost for specialty drugs for the current period is up 2.1% from the previous period. The development of specialized and typically more expensive products in the specialty drugs segment is expected to continue, leading to an increase in the share of the overall prescription drug cost and is a major driver of increase in healthcare cost for the GHIP. ETF implemented a clear-bagging program to address the expected cost trends (Ref. GIB | 05.18.22 | 5C) [Data Warehouse Dashboards- Financial page 1, bottom].

Monthly Trends by Benefit Types and Cost Share

- At the November 2023 Board meeting, the Board requested the benefit categories to be displayed differently to improve the visual of the trend experience. See new financial dashboard page 2.
- Monthly trends for both the current and previous periods are shown.
- With a few exceptions, the net payment PMPM for the medical and dental benefits are comparable for most months in the current and previous periods. These are in line with the overall, relatively small, single-digit, annual trend for these benefits. However, the net payment PMPM for the prescription drug benefit is consistently higher in each month of the current period when compared to the previous period. These aggregate to the positive double-digit annual trend recorded for this benefit.
- As expected, the out-of-pocket amount paid as cost share by the members is highest at the beginning of the year before meeting deductible and out-of-pocket limits. It continues to decrease over the course of the year as more of the healthcare costs are paid by the health plans [Data Warehouse Dashboards – Financial page 2].

Per Member Utilization and Costs Trends

- Annual per member costs (e.g., allowed amount Per Member Per Year (PMPY) medical and Rx) and per member utilization rates (e.g., Admits Per 1000 Acute) for the previous and current periods are compared to determine YoY trends. Marked YoY trends in utilization or costs for specific service types inform priorities for efficient resource management. The current values are also compared to benchmark “norms” to indicate deviation from expectations. Norms provide context for the general population. Note that the norms in the dashboard are for the typical active employee (active) population while the population represented here includes actives, early retirees, and Medicare eligible retirees. While the norms for the active subpopulation only represent a subset of the membership, they still provide value as a basis for trending of differences from a general population over time.
- The YoY trend of the composite allowed amount PMPY medical and Rx costs is 5.0%, representing an annual increase of $455. The largest cost trend of 9.8% is

recorded for the allowed amount PMPY per prescription of all prescription drugs filled [Data Warehouse Dashboards – Financial page 3].

Cost Drivers

- Cost drivers can vary by population groups (e.g., actives, early retirees, Medicare retirees), therefore ETF further broke down the cost driver data by the different population groups. See new bottom of financial page 3.
- To determine their relative contribution to the change in overall cost, the impact of three benefit types: inpatient, outpatient, and prescription drugs, are further subdivided into price/cost and use/utilization.
- Both the inpatient cost and utilization have mitigating impacts on the overall cost trends, contributing -$64 and -$41 respectively, for a total cost mitigation of -$105 for inpatient services. However, this impact is the aggregate of inpatient services for all members. Splitting the cost driver impacts by the active, early retirees, and Medicare retirees subpopulations indicates that the cost impact of inpatient services varies by these subgroups. The inpatient utilization rates have mitigating effects on cost for both the actives (-$67) and early retirees (-$168) but contribute to the cost increase for the Medicare retirees ($39). The early retiree and Medicare retiree groups show higher cost impacts of inpatient prices of $523 and $130, respectively. However, the outpatient prices for the active population have a mitigating impact of -$110. Even though the inpatient prices contribute to positive trend increases for both retiree populations, these only make up about 17% of the membership, and the overall inpatient price impact is mitigating because it is driven by the experience of the 82% active members.
- The outpatient and prescription drug prices are the largest positive contributors to the overall YoY cost trend, accounting for $305 and $221, respectively. The prescription drug contribution is mostly driven by the cost of specialty drugs. The increase in utilization had a net cost impact of $59, bringing the relative impact of prescription drugs to $280. The outpatient utilization had a relatively small cost mitigation impact of -$27, resulting in a total cost and utilization impact of $278 for outpatient services [Data Warehouse Dashboards – Financial page 3].

Member Risk Categories

- Members are categorized into risk bands based on Merative's risk methodology. The bands range from "Healthy," representing members expected to need the least resources for care, to "In Crisis," representing the members expected to need the most resources for care. The higher risk bands require a disproportionate number of resources for care, e.g., members in the "In Crisis" risk band only make up about 5% of the membership but account for 29% of the financial resources for care. This member risk categorization is useful for efficient resource allocation by identifying the subpopulation for which intervention may potentially result in the largest impact [Data Warehouse Dashboards – Clinical Page 5].

Costs by Plan Groups

- An illustration of the relative sizes of membership of each medical health plan and per member cost trends is useful for providing a quick but valuable summary of the membership distribution and financial status of the GHIP program. The size of the bubbles indicates the relative size of the members covered under the plan groups, the location on the vertical axis indicates the allowed amount for medical and prescription drug services in the current period, and the horizontal distances from the y-axis show the YoY trend of the per member annual costs. This summary chart includes data for all members covered under the various programs. Per the Board's request, the bubbles representing the plan groups have been annotated with representative letters to facilitate identification.
- Though the combined trend is an aggregate of all the health plans, the largest plan groups by membership typically drive the overall trend for the GHIP. The three largest plan groups, accounting for almost two of every three members (63.7%) in the current period, show positive cost trends higher than the overall trend. These, combined with trends from the other plan groups result in the overall cost trend of approximately 5.0% in the allowed amount PMPY medical and Rx.

Health Plan	Average Membership Count (% of Total)	Allowed Amount PMPY Cost Trends
Dean	50,118 (20.6%)	10.5%
Network Health	25,654 (10.6%)	3.3%
Quartz	78,837 (32.5%)	7.8%

- Please note that only partial data are used for the trend calculations for the WEA Trust and Aspirus because these health plans did not have members for all the time spanning the previous and current periods. The relative representation of the top three health plans by membership is dropping because of the exit of the WEA Trust plan at the end of 2022. In general, the stability of membership enrollment by health plan is not guaranteed.
- Health plans with relatively small membership (membership size is indicated by the smaller circles) are more susceptible to large swings in trends due to outliers.
- These trends are not risk-adjusted to account for disparities in the risk pool of each health plan [Attachment: Data Warehouse Dashboards – Financial Page 6].

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

Attachment A: Data Warehouse Dashboards