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Correspondence Memorandum

Date: April 30, 2024

To: Group Insurance Board

From: Jessica Rossner, Data and Compliance Unit Director
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Office of Strategic Health Policy

Subject: Group Health Insurance Program 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 Group Health Insurance Program (GHIP) data warehouse dashboards and highlights. The previous quarter's dashboards and highlights can be found in the February Board meeting materials (Ref. GIB | 02.21.24 | 10D).

Dashboard Data

The dashboards include data for healthcare services (excluding wellness) provided from January 2023 through December 2023 (current period), compared to services provided from January 2022 through December 2022 (previous period). The reported data includes payments made for these services through March 2024. This represents full Year-over-Year (YoY) data and trends for years 2022 and 2023 for GHIP members.

There is typically a gap 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. 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. 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 (IBNR).

Reviewed and approved by Brian Stamm, Deputy Director, Office of Strategic Health Policy
Electronically Signed 05/08/2024

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GIB	05.23.24	10H

Notable Dashboard Highlights

Cost Trends by Benefit Types, Service Categories

- The current YoY trend of 7.4% 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: 3.6%.
  - Drug (Rx): 13.5%.
  - Medical: 6.1%.
- This updated version of the dashboard also shows these costs and trends by employee groups: Active employees, early retirees, and Medicare retirees. This more detailed reporting by employee groups supports targeted monitoring and management of the different risk profiles represented in each group.
- The active employees and their dependents make up 81% of the GHIP membership, and this group is the primary driver of the overall GHIP experience.
- The PMPM dental costs are comparable for the active and early retiree groups ($20.9 vs $21.4), but the early retiree group is trending higher at 4.4% (vs 3.2%). The PMPM dental costs for the Medicare retirees are slightly higher than both of the other groups and also trend higher than both groups at 5.6%.
- The PMPM drug net payment for the active group is about 60% of the cost of the early retiree group in the current period ($142 vs $240) but trending at about twice the rate (13.9% vs 6.9%). The PMPM drug costs of the Medicare retiree group is lower than the other two groups but trending the fastest at 16.7%. The aggregate drug cost trend of 13.5% is the highest of the three benefits.
- Similar to the drug costs, the PMPM medical costs of the active group is about 57% of the early retirees cost of $929.5 in the current period but trending faster at 4.3% (vs 3.1%). Both the previous and current reporting periods experienced minimal to no impact from the COVID pandemic disruption, so the medical cost trends for the active and early Retiree groups are now closer to the typical, historical, single-digit trends resulting from a combination of inflation and medical cost increases [Data Warehouse Dashboards – Financial page 1].

Service Categories

- Trends in the cost of prescription drugs continues to be of interest, with the cost of the specialty drug subcategory continuing to grow at a faster rate than the non-specialty subcategory. The specialty drug segment represents 60% of the prescription drugs cost in the current period, 20% more than the non-specialty subcategory in the same period. ETF implemented a clear-bagging initiative to address these expected cost trends. The clear-bagging program started in January 2023 (Ref. GIB | 05.18.22 | 5C). The team has started to explore the

data related to this program and plans to submit an assessment of the 2023 full year of experience at the November Board meeting [Data Warehouse Dashboards- Financial page 2].

Monthly Trends by Benefit Types and Cost Share

- Monthly trends for both the current and previous periods are shown.
- For all three benefits, the monthly net payment per member in the current months are equal to or greater than those in the previous. The monthly percentage differences reflect the overall annual trends, ranging from smaller differences for the dental benefit aggregating to a low single-digit of 3.6%, to the largest for the prescription drug benefit resulting in a double-digit annual trend of 13.5%.
- As expected, the out-of-pocket amount paid for cost share by the members is highest at the beginning of the year, before members meet deductibles and out-of-pocket limits and continues to decrease in the course of the year, as more of the healthcare costs are paid by the health insurance plans [Data Warehouse Dashboards – Financial page 3].

Per Member Utilization and Costs Trends

- Annual per member costs (e.g., allowed amount PMPY for 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 population while the population represented here includes active employees, 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 for medical and Rx costs is 4.6%, representing an annual increase of $442. The largest cost trend of 10.2% is recorded for the allowed amount per prescription drug filled [Data Warehouse Dashboards – Financial page 4].

Cost Drivers

- To determine their relative contribution to the change in overall cost, the impact of the three benefit types, inpatient, outpatient, and prescription drugs, are further subdivided into price/cost and use/utilization.

- When aggregated for all members, both the inpatient cost and utilization have mitigating impacts on the overall cost trends, contributing -$7 and -$134 respectively. However, 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 (-$51) and early retirees (-$265). Both of those groups also show a higher cost impact of inpatient price of $14 and $555 respectively. The outpatient prices have a higher cost impact for both the active ($278) and early retiree ($323) groups. These impacts are generally in line with the expectations from more complex procedures being performed in the outpatient setting. This also leads to a reduction in the utilization of inpatient services, as the fewer services still requiring inpatient stay are typically more expensive.
- Prescription drug prices are a substantial positive contributor to the overall YoY cost trend for all three employee groups. The combined effect of the price ($264) and use ($35) has the largest impact by category to the overall cost trend [Data Warehouse Dashboards – Financial page 4].

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" and "Struggling" risk band make up about 24% of the membership but account for 72% 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 6].

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 number of 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. 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 (67%) 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 4.6% in the allowed amount PMPY for medical and Rx.

Health Plan	Average Membership Count (% of Total)	Allowed Amount PMPY Cost Trends
Dean	54,502 (22.6%)	16.1%
Network Health	27,746 (11.5%)	4.3%
Quartz	79,318 (32.8%)	9.5%

- There is generally no guarantee of stable membership enrollment by plan group. Also note that Network Health has now replaced WEA Trust in the list of the top three plans by membership. WEA Trust exited the GHIP program at the end of 2022.
- 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 7].

Costs by Eligibility Type

- The financial responsibility of the GHIP program varies by employee/contract type. The GHIP program has primary responsibility for the costs incurred for active employees but only a secondary financial responsibility for some of employees/contract holders covered under Medicare programs. Separating financial reporting by these coverage types and demographics supports informed decisions specific to each of these groups e.g., benefit design considerations.
- The overall enrollment and family sizes have remained relatively stable over the two annual periods under consideration, with only a marginal increase of 1.5% and 1.1% in employees/contracts and members, respectively.
- The current monthly net payment per member cost is highest for spouses ($885), but employees/contract holders have the highest cost trend at about 9.4% ($715 to $782). Both the current monthly net payment per member cost and cost trend is lowest for child dependents at $421 and 4.5%, respectively. [Attachment: Data Warehouse Dashboards – Eligibility Page 8].

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

Attachment A: GHIP Dashboards