

# Benefit Change Evaluation

## Item 15 – Group Insurance Board

Jessica Rossner, Data and Compliance Unit Director

Tricia Sieg, Pharmacy Benefits Program Manager

Oladipo Fadiran, Consulting Lead for Merative

Office of Strategic Health Policy



# Informational Item Only

No Board action is required.

# Background

- Evaluations of changes to the Group Health Insurance Program (GHIP) for non-Medicare Members
- Bariatric surgery approved by the Board in 2019
- Clear bagging approved by the Board in 2022
- Evaluations used information from the Board's claims data warehouse, Data Analytics, and Insights (DAISI)

# Bariatric Surgery

- Coverage change is effective 2020 through present.
- Additional coverage was approved for individuals with a BMI of 35 or higher.
- Surgery requires prior authorization and pre-surgery services, including nutritional counseling and mental health counseling.
- Analysis shows utilization, costs, and health outcomes for GHIP members.

# Clear Bagging Program

- Drugs are provided by in-hospital/clinic/infusion center specialty pharmacy.
- Drug is administered in same location but billed through pharmacy benefit rather than medical benefit.
- Program started in 2023 through UW-Specialty Pharmacy for non-Medicare members with Quartz health insurance who received their specialty drug infusions at UW Hospitals and Clinics.
- Program has been successful with savings to the GHIP and member satisfaction.

# Assessment of Bariatric Surgery Benefit for WI ETF GHIP Members

# Background and Analytic Parameters

Bariatric surgery became a uniform benefit effective 2020

- Informed by evidence of benefit<sup>1</sup>
- Qualification/Requirement: BMI of 35 or higher

## Assessment

- Qualified member trends
- Surgery: utilization and cost trends
- Post-surgery: assessment of obesity and comorbidity trends, preliminary financial analysis

<sup>1</sup> <https://onlinelibrary.wiley.com/doi/full/10.1038/oby.2010.199>

**Time Periods:** 2020 – 2023 (4 years) for overall trends, 2021 as baseline year for post surgery assessment

**Eligibility** for bariatric surgery: BMI  $\geq$  35, using diagnosis codes for morbid obesity

## Inclusion in post surgery analysis

- continuously enrolled in GHIP 2020 – 2023
- qualified for surgery in both 2020 and 2021
  - **study group:** got bariatric surgery in 2021, not before or after
  - **control group:** no record of bariatric surgery

# Summary Findings

## Members Qualified for Bariatric Surgery

Trends in GHIP members potentially qualifying for bariatric surgery:

- 2020: 9,402 (3.7% of GHIP) to 2023: 15,390 (5.9% of GHIP)
- 3X utilization and costs for qualifying members

## GHIP Bariatric Surgery Patients

- Highest utilization in 2021: **297** patients at total cost of **\$10.0M**
- **242** patients in the most recent 2023 at a total cost of **\$7.8M**
- relatively stable average cost for bariatric surgery for GHIP members about \$32,000 in 2023

## Post Bariatric Surgery Assessment

The study group receiving the bariatric surgery show:

- a faster rate of reduction in prevalence and severity of obesity and multiple comorbidities
- an estimated saving per member of:
  - **\$1,354** in 2022, 1 year after the surgery
  - **\$4,131** in 2023, 2 years after the surgery
  - the average cost for the study group in 2023 is 22% lower than the comparable control group



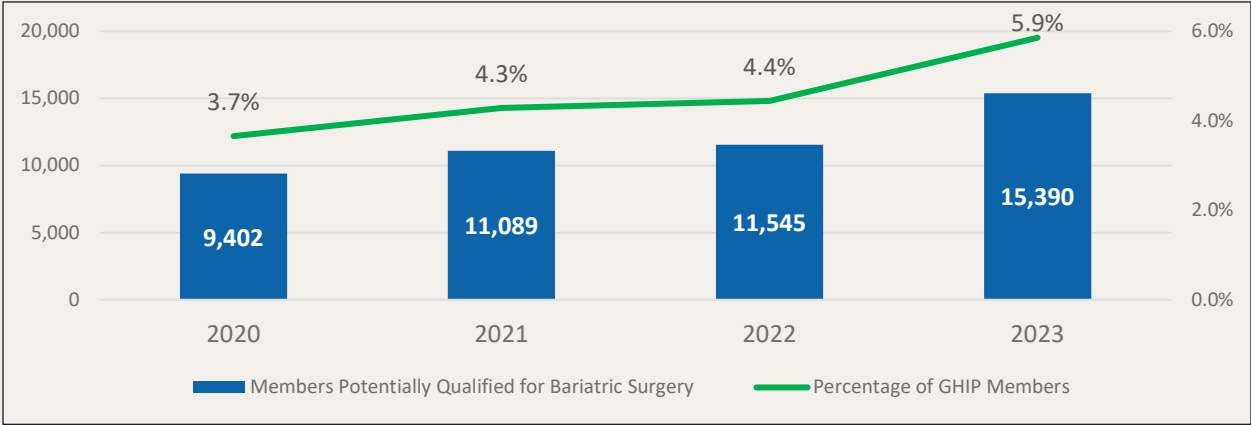
# Review of Members Qualified for Bariatric Surgery

# Qualifying Member Demographic Trends

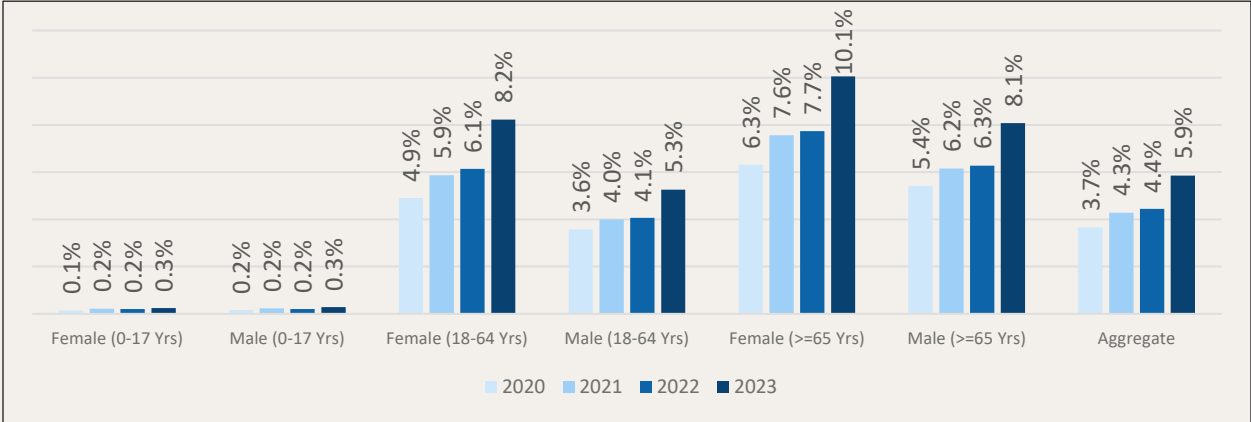
- Increases in total number of GHIP members, and members potentially qualifying for bariatric surgery as a percentage of total membership

- Higher percentage of potential qualifiers among older, female members

**Figure 1** Trend of GHIP Members Qualifying (BMI >=35) for Bariatric Surgery



**Figure 2** GHIP Members Qualifying (BMI>=35) for Bariatric Surgery by Age Groups and Gender



# Qualifying Member – Top Comorbidities

- Members potentially meeting the obesity requirement for bariatric surgery typically have multiple other conditions
- There is evidence that some of these obesity comorbidities completely resolve or go into remission post bariatric surgery<sup>1</sup>, leading to future reduced cost

1. <https://jamanetwork.com/journals/jamasurgery/fullarticle/1790378>

**Table 1** Top Obesity Comorbidities for GHIP Members

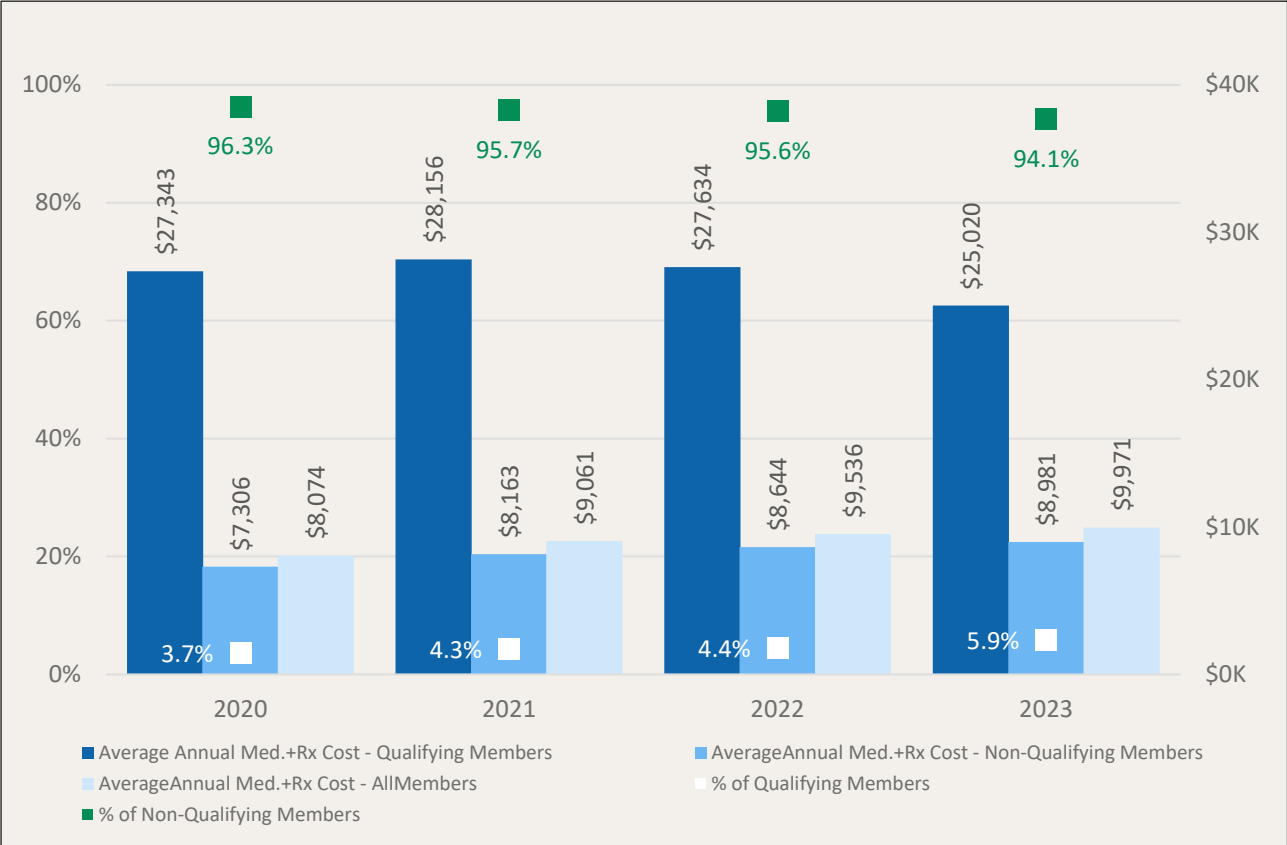
Top Episode Groups by Patient Counts*	Average Annual Cost Per Patient
Essential Hypertension	\$2,783
Other Arthropathies - Bone and Joint Disorders	\$1,735
Diabetes Mellitus (Type 2)	\$10,611
Other Spinal and Back Disorders - Low Back	\$2,178
Osteoarthritis (Except Spine)	\$7,588
Depression	\$3,288
Generalized Anxiety Disorder	\$1,365
Sleep Disorders	\$966
Bursitis	\$3,094
Arrhythmias	\$5,555

\*Using Merative's Episode Grouping methodology, excluding some episode types e.g. preventive care

# Qualifying Member – Cost Trends

- GHIP members potentially meeting the bariatric surgery requirement contribute disproportionately to the overall program costs:
- the qualifying members making up **5.9%** of the population account for approximately **11%** increase in the average annual membership cost in 2023 – \$8,981 to \$9,971

**Figure 5** Relative Cost (Med. + Rx) Impact of GHIP Members Qualifying for Bariatric Surgery

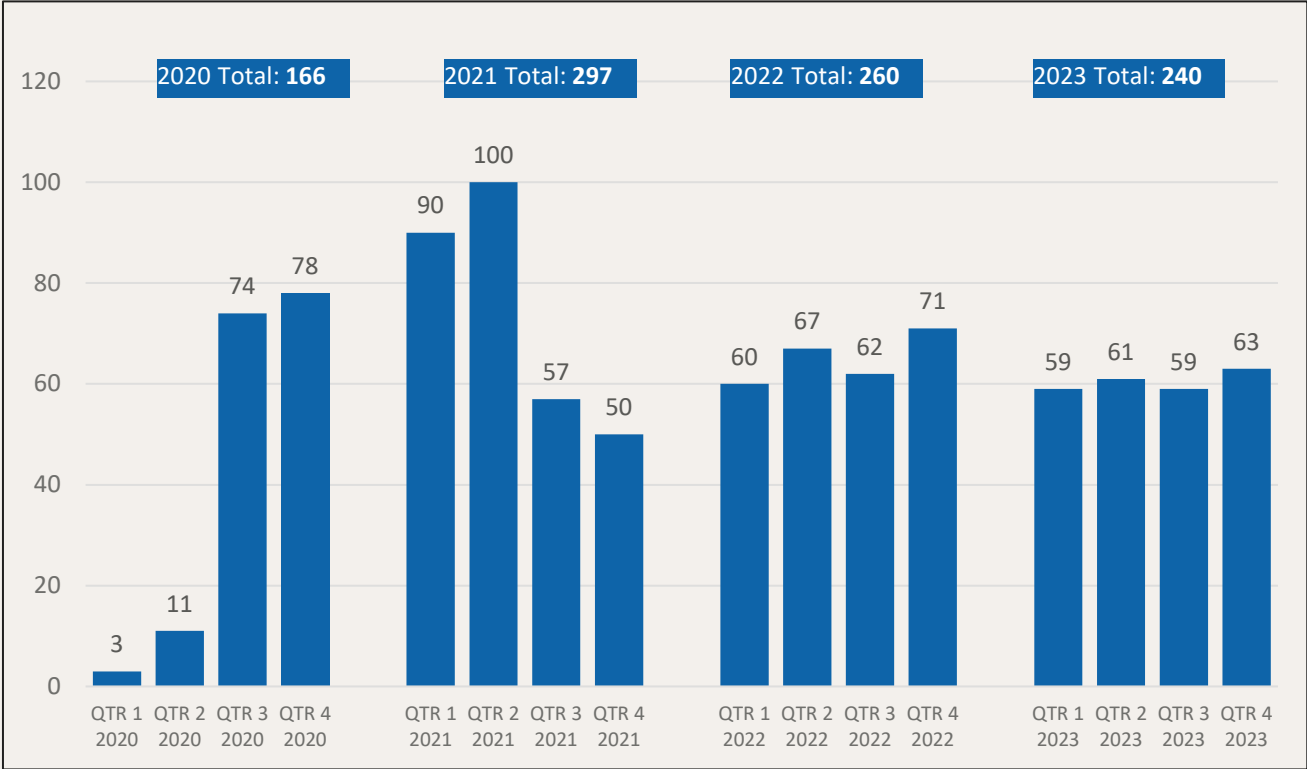


# GHIP Bariatric Surgery Patients

# Surgical Patients - Utilization Trends

- Slower utilization in 2020 may be because it was a new benefit and COVID pandemic disruption to healthcare services
- Highest utilization in Q1 and Q2 2021 may be due to pent up demand from 2020
- Utilization seems to have stabilized in 2022 and 2023 to an average of about 250 GHIP bariatric patients per year

Figure 7 GHIP Bariatric Surgery Utilization Trends – Quarterly Patient Counts



# Surgical Patients - Demographics

- Most GHIP bariatric surgery patients are female – ranging from about 77% - 86%
- females between the ages of 36 and 55 years old consistently account for 50%

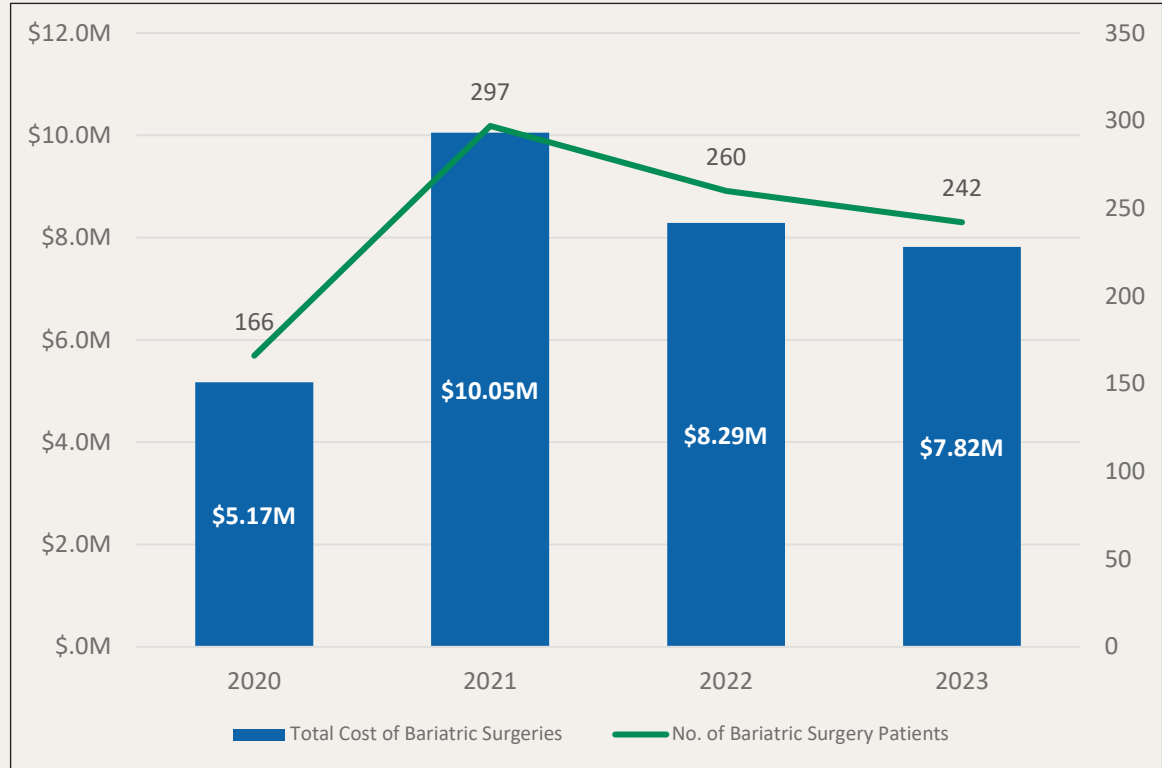
**Table 2** Age and Gender Representation of GHIP Bariatric Patients

Gender	Age Groups	2020		2021		2022		2023	
		Patients	% of Total	Patients	% of Total	Patients	% of Total	Patients	% of Total
Female	18-25 Years	3	1.8%	8	2.7%	2	0.8%	4	1.7%
	26-35 Years	15	9.0%	38	12.8%	31	11.9%	42	17.4%
	36-45 Years	36	21.7%	77	25.9%	65	25.0%	75	31.0%
	46-55 Years	49	29.5%	74	24.9%	68	26.2%	54	22.3%
	56-65 Years	27	16.3%	30	10.1%	33	12.7%	28	11.6%
	>=65 Years	7	4.2%	3	1.0%	2	0.8%	4	1.7%
	<b>Aggregate (Female)</b>	<b>137</b>	<b>82.5%</b>	<b>230</b>	<b>77.4%</b>	<b>201</b>	<b>77.3%</b>	<b>207</b>	<b>85.5%</b>
Male	18-25 Years					1	0.4%		
	26-35 Years	5	3.0%	7	2.4%	5	1.9%	2	0.8%
	36-45 Years	10	6.0%	21	7.1%	22	8.5%	12	5.0%
	46-55 Years	9	5.4%	23	7.7%	18	6.9%	14	5.8%
	56-65 Years	4	2.4%	13	4.4%	12	4.6%	6	2.5%
	>=65 Years	1	0.6%	3	1.0%	1	0.4%	1	0.4%
	<b>Aggregate (Male)</b>	<b>29</b>	<b>17.5%</b>	<b>67</b>	<b>22.6%</b>	<b>59</b>	<b>22.7%</b>	<b>35</b>	<b>14.5%</b>
<b>Aggregate</b>		<b>166</b>		<b>297</b>		<b>260</b>		<b>242</b>	

# Surgical Patients – Utilization and Cost Trends

- The total cost of bariatric surgery for GHIP peaked in 2021 at **\$10.0M** for **297 patients**, and has continued to reduce since then
- trend primarily driven by utilization
- **\$7.8M** for **242 patients** in the most recent 2023

**Figure 11** Average Annual Utilization and Cost Trends for GHIP Bariatric Surgery





# Post Bariatric Surgery Assessment

# Post Surgery Assessment – Disease Progression

- Faster drop in prevalence and severity of obesity and comorbidities in the study group, in 2023:
  - only 23% (39) of the control group obese, vs 45% (76) for the matched control group
  - comorbid hypertension reduced to 9% (15) in study group vs increase to 21% (36) in matched control group

**Figure 14a** Obesity Stage Transitions for Study and Matched Control Group

	Study Group					Matched Control Group			
	Patients					Patients			
	2020	2021	2022	2023		2020	2021	2022	2023
Stage 0-1	1		20	17	Stage 0-1	1	10	10	4
Stage 2	168	169	41	22	Stage 2	168	158	70	72
Stage 3					Stage 3		1		
<b>Aggregate</b>	<b>169</b>	<b>169</b>	<b>61</b>	<b>39</b>	<b>Aggregate</b>	<b>169</b>	<b>169</b>	<b>80</b>	<b>76</b>

**Figure 14b** Hypertension Stage Transitions for Study and Matched Control Group

	Study Group					Matched Control Group			
	Patients					Patients			
	2020	2021	2022	2023		2020	2021	2022	2023
Stage 0-1	22	26	25	15	Stage 0-1	24	29	31	30
Stage 2					Stage 2				
Stage 3					Stage 3	2		3	6
<b>Aggregate</b>	<b>22</b>	<b>26</b>	<b>25</b>	<b>15</b>	<b>Aggregate</b>	<b>26</b>	<b>29</b>	<b>34</b>	<b>36</b>

# Post Surgery Assessment - Disease Progression

- Comorbid diabetes dropped rapidly to 12% (21) in study group vs increase to 30% (51) in matched control group
- Impact of bariatric surgery on obesity related conditions like musculoskeletal disorders may take longer to be realized

**Figure 14c** Diabetes Stage Transitions for Study and Matched Control Group

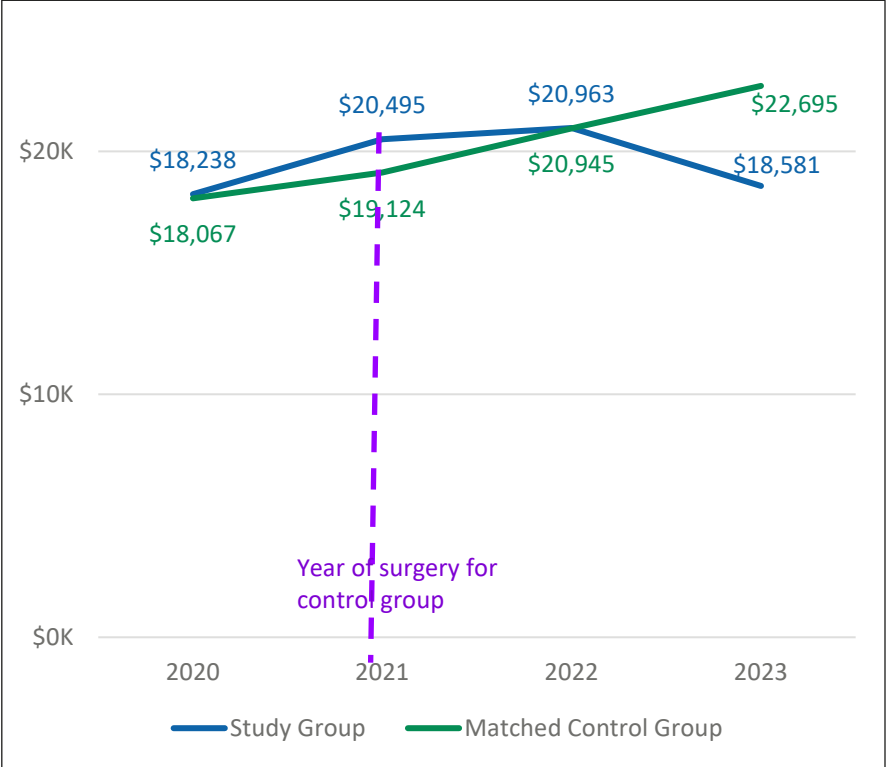
	Study Group					Matched Control Group			
	Patients					Patients			
	2020	2021	2022	2023		2020	2021	2022	2023
Stage 0-1	19	15	14	9	Stage 0-1	17	15	20	27
Stage 2	20	18	13	12	Stage 2	26	23	29	24
Stage 3	1	1	1		Stage 3	1	1	1	
<b>Aggregate</b>	<b>40</b>	<b>34</b>	<b>28</b>	<b>21</b>	<b>Aggregate</b>	<b>44</b>	<b>39</b>	<b>50</b>	<b>51</b>

**Figure 14c** Spinal and Low Back Disorder Stage Transitions for Study and Matched Control Group

	Study Group					Matched Control Group			
	Patients					Patients			
	2020	2021	2022	2023		2020	2021	2022	2023
Stage 0-1	22	33	20	21	Stage 0-1	24	32	29	32
Stage 2					Stage 2				
Stage 3					Stage 3				
<b>Aggregate</b>	<b>22</b>	<b>33</b>	<b>20</b>	<b>21</b>	<b>Aggregate</b>	<b>24</b>	<b>32</b>	<b>29</b>	<b>32</b>

# Post Surgery – Preliminary Financial Assessment

**Figure 16** Average Annual Medical and Prescription Drugs Cost for Study and Matched Control Group



**Table 3** Average Annual Cost Trends for Study and Matched Control Group

		2021	2022	2023
Study Group	Average Cost	\$20,495	\$20,963	\$18,581
	Difference from Prev. Year		\$468	\$2,382
Matched Control Group	Average Cost	\$19,124	\$20,945	\$22,695
	Difference from Prev. Year		\$1,822	\$1,749
Difference of difference			\$1,354	\$4,131

Using a "Difference in differences"<sup>1,2</sup> approach for financial assessment of the bariatric surgery benefit shows an average per member savings for the study group :

- **\$1,354** in 2022, 1 year after the surgery
- **\$4,131** in 2023, 2 years after the surgery, the average cost for the study group in 2023 is 22% lower than the control group

1. <https://theeffectbook.net/ch-DifferenceinDifference.html>  
 2. [https://en.wikipedia.org/wiki/Difference\\_in\\_differences](https://en.wikipedia.org/wiki/Difference_in_differences)

# Evaluation of WI ETF GHIP Clear Bagging Program

# Background and Summary Findings

## GHIP Clear Bagging Program

Transfer of a selection of specialty drugs from medical benefits to prescription drug benefits

- arrangement between PBM (Navitus) and UW Health Pharmacy dispensing the drugs
- expected savings to GHIP from the benefit change

## Analytic Notes

- Evaluating first full year (2023) of data
- Compared costs under Rx and medical benefits

## Results

- Under the GHIP clear bagging program in 2023
  - **292** members received **952** specialty drug prescriptions, at a cost of **\$1.68M** in net payments (\$1.73M in total allowed amount)
  - Assessment of representative subset (**\$1.4M** or 83%) for potential savings shows a cost reduction of **\$0.7M** to GHIP, representing approximately 51% of the net payments and a **saving of about 34%** over the average cost under medical benefits

# Clear Bagging – Utilization and Costs

**Table 1** Utilization and Costs of Specialty Drugs Under the GHIP Clear Bagging Program in 2023

Product Name	Scripts Rx	Patients Rx	Base Units	Plan Paid (Rx)	Allowed Amount (Rx)
P1	2	1	160.00	\$19,683	\$19,783
P2	3	1	18,846.00	\$22,090	\$22,240
P3	7	3	4,200.00	\$26,551	\$26,901
P4	511	180	100,000.00	\$609,332	\$635,354
P5	9	2	4,400.00	\$45,460	\$47,324
P6	2	1	400.00	\$3,405	\$3,505
P7	10	2	2,100.00	\$22,389	\$22,889
P8	2	2	2,040.00	\$3,911	\$4,441
P9	83	12	6,000.00	\$371,085	\$374,936
P10	7	5	26,208.00	\$27,109	\$27,459
P11	4	3	76.00	\$1,049	\$1,249
P12	11	3	15,750.00	\$27,621	\$28,171
P13	1	1	10,038.00	\$10,120	\$10,170
P14	11	1	975.00	\$52,735	\$53,285
P15	2	2	120.00	\$3,156	\$3,256
P16	33	4	2,510.00	\$192,619	\$194,269
P17	1	1	390.00	\$5,642	\$5,692
P18	1	1	1.00	\$48,014	\$48,064
P19	5	1	1,050.00	\$18,913	\$19,163
P20	1	1	40.00	\$114	\$164
P21	40	12	8,600.00	\$2,730	\$4,730
P22	133	99	27,700.00	\$132,853	\$140,980
P23	12	1	1,440.00	\$34,397	\$34,997
P24	61	37	244.00	\$98	\$1,200
<b>Aggregate</b>	<b>952</b>	<b>292</b>		<b>\$1,681,077</b>	<b>\$1,730,223</b>

- Utilization: 952 prescription scripts for 292 GHIP members
- Cost: **\$1.68M** in GHIP net payments (\$1.73M in total allowed amount costs)
- Rows highlighted in orange are excluded from assessment due to unavailability of equivalent medical costs data

Note: the specialty drug product names are anonymized to protect proprietary information

# Clear Bagging – Potential Savings

**Table 2** Rx and Medical Costs Comparisons for Specialty Drugs under the GHIP Clear Bagging Program in 2023

Product Name	Scripts Rx	Base Units	Plan Paid (Rx)	Plan Paid Per Unit (Rx)	Plan Paid Per Unit (Med.)	% Plan Savings/ Extra	Total Savings/Extra in Plan Paid for Clear
P4	511	100,000	\$609,332	\$6.09	\$9.10	49%	\$300,918
P7	10	2,100	\$22,389	\$10.66	\$19.90	87%	\$19,408
P8	2	2,040	\$3,911	\$1.92	\$0.86	-55%	(\$2,153)
P9	83	6,000	\$371,085	\$61.85	\$117.52	90%	\$334,015
P10	7	26,208	\$27,109	\$1.03	\$1.14	10%	\$2,707
P11	4	76	\$1,049	\$13.81	\$42.82	210%	\$2,205
P12	11	15,750	\$27,621	\$1.75	\$1.51	-14%	(\$3,891)
P14	11	975	\$52,735	\$54.09	\$61.51	14%	\$7,238
P15	2	120	\$3,156	\$26.30	\$37.23	42%	\$1,312
P16	33	2,510	\$192,619	\$76.74	\$61.85	-19%	(\$37,366)
P17	1	390	\$5,642	\$14.47	\$20.71	43%	\$2,433
P18	1	1	\$48,014	\$48,013.67	\$107,343.07	124%	\$59,329
P20	1	40	\$114	\$2.86	\$9.53	233%	\$267
P21	40	8,600	\$2,730	\$0.32	\$0.48	51%	\$1,391
P23	12	1,440	\$34,397	\$23.89	\$37.23	56%	\$19,217
P24	61	244	\$98	\$0.40	\$27.78	6791%	\$6,680
<b>Aggregate</b>	<b>790</b>		<b>\$1,402,002</b>				<b>\$713,710</b>

- There is considerable savings to the GHIP for 13 of the 16 specialty drugs under the clear bagging program, paying more for 3
- Aggregate estimated reduction of \$713K in net payments compared to the average costs under medical benefits
  - represents a 51% of the \$1.4M net payments
  - and a saving of about 34% of the average cost under medical benefits of \$2.1M



# Conclusion

- The viability of the bariatric surgery benefit change will be continuously monitored relative to overall member health outcomes and GHIP expenditures, and the Board will be provided updates.
- Expanding the clear bagging program will be part of new Pharmacy Administration contract when it begins January 1, 2026.



**Questions?**

---

# Thank you

---



wi\_et  
f



etf.wi.go  
v



ETF E-mail Updates



608-266-3285  
1-877-533-5020