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Correspondence Memorandum

Date: October 21, 2024

To: Group Insurance Board

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Subject: Group Health Insurance Program (GHIP) 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 GHIP data warehouse dashboards and highlights. The previous quarter's dashboards and highlights can be found in the August Board meeting materials (Ref. GIB | 08.14.24 | 13H).

Dashboard Data

The dashboards include data for healthcare services (excluding wellness) provided from June 2022 through May 2023 (previous period), compared to services provided from June 2023 through May 2024 (current period). The reported data includes payments made for these services through August 2024.

There is typically a gap between when services are provided and when they are paid. The three-month delay in reporting allows for 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 estimate of claims that have been incurred but not yet reported (IBNR).

Notable Dashboard Highlights

Cost Trends by Benefit Types

- The current Year-over-Year (YoY) trend of 7.9% in net payments per member per

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month (PMPM) is a composite of three benefits offered to members. The net payment PMPM trends by benefit type are:

  - Dental: 4.0%
  - Drug (Rx): 10.2%
  - Medical: 7.5%

- The active employees and their dependents make up about 81% of the GHIP membership, and this group is the primary driver of the overall GHIP experience.
- The current dental costs PMPM are similar for both active and early retiree, at $21.4 and $21.8 respectively, and close to the overall average of $21.9. The cost trends for these groups, 3.7% and 3.4%, are also slightly below the overall trend of 4.2% for dental benefits. However, Medicare retirees have higher PMPM costs at $24.8 and a higher trend of 5.5%, exceeding the costs and trends for the other groups and the overall plan average.
- The PMPM cost for prescription drugs is highest for early retirees at $255, which is nearly double that of the active group ($145). The Medicare retiree cost ($80) is three times higher than that of early retirees, but the net pay per member per month (PMPM) does not account for the amount Medicare contributes for Medicare retirees. The drug cost trends are similar across these groups, with active and early retirees both seeing a 10.4% increase, and Medicare retirees seeing a 10.6% increase. These trends are in line with the overall increase of 10.2% in drug costs, which is the highest among the three benefit categories.
- The overall trend in PMPM medical benefits is 7.5%, which is higher than the trends for active and early retirees, but only about half of the 15.9% increase seen for Medicare retirees. The current PMPM cost for early retirees is $956, nearly double the $546 cost for the active group. The impact of healthcare service disruptions from the COVID pandemic is now mostly irrelevant for the previous and current reporting periods. As a result, the cost trends for active and early retiree groups are now closer to the usual single-digit increases seen historically [Data Warehouse Dashboards – Page 1].

Cost Trends by Service Categories

- The cost of specialty drugs segment represents the larger segment of 60% of the total cost of drugs in the current period. The relatively higher representation trend of this segment is expected to continue, and this has informed a clear-bagging initiative by the Department of Employee Trust Funds (ETF) to address this cost. ETF and Merative performed an evaluation of the performance of the first full year (2023) of the clear bagging program, which shows promising potential for achieving the objective of cost reduction for specialty drugs (Ref. GIB | 11.13.24 | 15) [Data Warehouse Dashboards – Page 2].

Monthly Trends by Benefit Types and Cost Share

- Monthly trends for both the current and previous periods are shown.
- The monthly net payment per member in the current months are comparable to, or greater than, those in the previous for all three benefits. The monthly percentage differences reflect the overall annual trends, ranging from smaller monthly percentage differences and aggregating to a single-digit of 4.0% for the dental benefit, to the largest for the prescription drug benefit, resulting in the double-digit annual trend of 10.2%.
- There is some monthly variation in overall net payments and allowed amount costs, with a general upward trend. However, the out-of-pocket costs paid by members follow a different pattern. These costs are highest at the start of the year when members have not yet met their deductibles or out-of-pocket limits. As the year progresses and these limits are reached, out-of-pocket costs decrease, with more of the healthcare expenses being covered by the insurance plans [Data Warehouse Dashboards – Page 3].

Per Member Utilization and Cost Trends

- Annual per member costs (e.g., allowed amount per member per year [PMPY] for medical and prescription drug) 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 can inform priorities for efficient resource management. These 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 population while the population represented here includes active, early retirees, and Medicare 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 change in the composite allowed amount PMPY costs for medical and prescription drug costs is $606, representing a 6.3% trend. The largest cost trend of 8.0% is for the allowed amount per script of prescription drug filled, an indication of the relative increase in the unit cost of prescription drugs. There are only marginal increases of 1.3% and 1.1% in the allowed amount costs for each admission and emergency room (ER) visit [Data Warehouse Dashboards – Page 4].

Cost Drivers

- In order 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.

- When aggregated for all members, only the inpatient utilization has a mitigating impact on the overall cost trends, contributing -$37. The inpatient utilization also has mitigating impacts for active (-$11) and Medicare retirees (-$158) but contributes marginally to the positive cost trend for the early retirees ($21). When aggregated for all the members, both the utilization and unit costs for the outpatient and prescription drugs benefit segments contribute to the overall positive cost trends, with the outpatient price ($258) and prescription drugs price ($217) being the largest positive contributors to the trend. The outpatient price ($201) and utilization ($187) and the biggest contributors to the $641 increase for the largest subpopulation, the active group. The price of outpatient services are substantial drivers of cost increases for all three subpopulations: actives ($201), early retirees ($312), and Medicare retirees ($358). This is generally in line with trends in the industry with more complex procedures being performed in the outpatient setting and responsible, at least in part, for the mitigating impact of inpatient utilization [Data Warehouse Dashboards – Page 4].

High-Cost Claimant (HCC) Trends

- Members with annual allowed amount costs of at least $50,000 are categorized as HCC. These make up 3.5% of the population in the current period, an increase over the 3.3% in the previous period. HCC members account for a disproportionate share of the spending. The 3.5% of members in that category in the current period account for almost 44% of the cost to the GHIP program. Many of the healthcare conditions and services resulting in high-cost members are not preventable; for example, automobile or other accidents requiring prolonged inpatient care. However, some of the conditions and resultant costs will benefit from proactive management to ensure that resources expended on this group are being managed efficiently. HCC membership and trends are monitored for opportunities to improve quality of services and manage costs [Data Warehouse Dashboards – Page 5].

Member Risk Categories

- Members are grouped into risk bands using Merative’s risk methodology. These bands range from "Healthy," for those expected to require the fewest healthcare resources, to "In Crisis," for those expected to need the most. Higher-risk bands demand a disproportionate share of resources. For example, members in the "In Crisis" and "Struggling" categories make up about 24% of the population but use 67% of the healthcare resources. This member risk categorization is useful for efficient resource allocation by identifying the subpopulation where intervention will potentially result in the largest impact [Data Warehouse Dashboards – Page 6].

Cost 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 health 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.

- Typically, the largest plan groups by membership drive the overall trend, but the combined trend effect is an aggregate of cost trends for all the health plans. The largest three plan groups, accounting for about two of every three members (67%) in the current period, showed positive cost trends. These, combined with trends from the other plan groups, result in the overall cost trend of 6.3% in the allowed amount PMPY medical and pharmacy drugs.

Health Plan	Average Membership Count (% of Total)	Allowed Amount PMPY Cost Trends
Dean	54,249 (22.3%)	14.4%
Network Health Plan	27,993 (11.5%)	2.7%
Quartz	81,338 (33.4%)	7.8%

- In general, there is no guarantee of stable membership enrollment by plan group. The relatively small membership of some of the health plans makes them more susceptible to large swings in trends due to cost outliers and changes in membership.
- These trends are not risk adjusted to account for disparities in the risk pool of each health plan [Data Warehouse Dashboards – Page 7].

Cost 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 and early retiree groups but only a secondary financial responsibility for employees/contract holders covered under Medicare programs. Separating financial reporting by these coverage types and demographics supports decisions specific to each of these groups (e.g., benefit design considerations).
- Compared to the previous period, the overall enrollment has increased by 1.6% and 1.1% for employees/contracts and members, respectively, in the current period. The average family size has remained stable at 2.2 members per family.
- The current monthly net payment per member cost is highest for spouses ($901) and lowest for child dependents ($431). Employees/contract holders have the highest cost trend of about 10% ($736 to $810) [Data Warehouse Dashboards – Page 8].

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

Attachment A: GHIP Dashboards