

State Employee Plan

Presentation to the Health Care Cost Drivers Informational Meeting

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State Employee Plan Background

Approximately 215,000 non-Medicare eligible participants

Utilization Dashboard

Current Period: Oct 2021 – Sep 2022

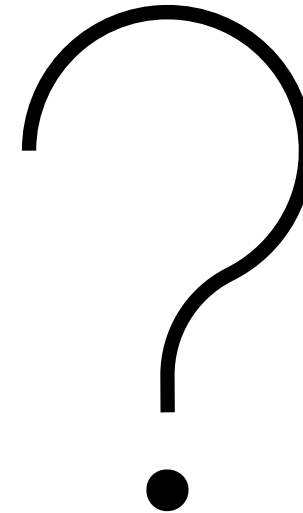
Prior Period: Oct 2020 – Sep 2021

	Total Cost (PMPM)	% of Total Cost	Current Trend
Medical	\$691.85	82%	▲ 5.1%
Inpatient Facility	\$130.54	15%	▼ 9.3%
Outpatient Facility	\$284.05	34%	▲ 11.7%
Professional Services	\$256.69	30%	▲ 7.0%
Ancillary	\$20.58	2%	▲ 1.5%
Pharmacy	\$154.69	18%	▲ 11.0%
Total Cost	\$846.54		▲ 6.1%

How do we change market incentives to better align interests of the plan, providers and members?

- Initiatives:

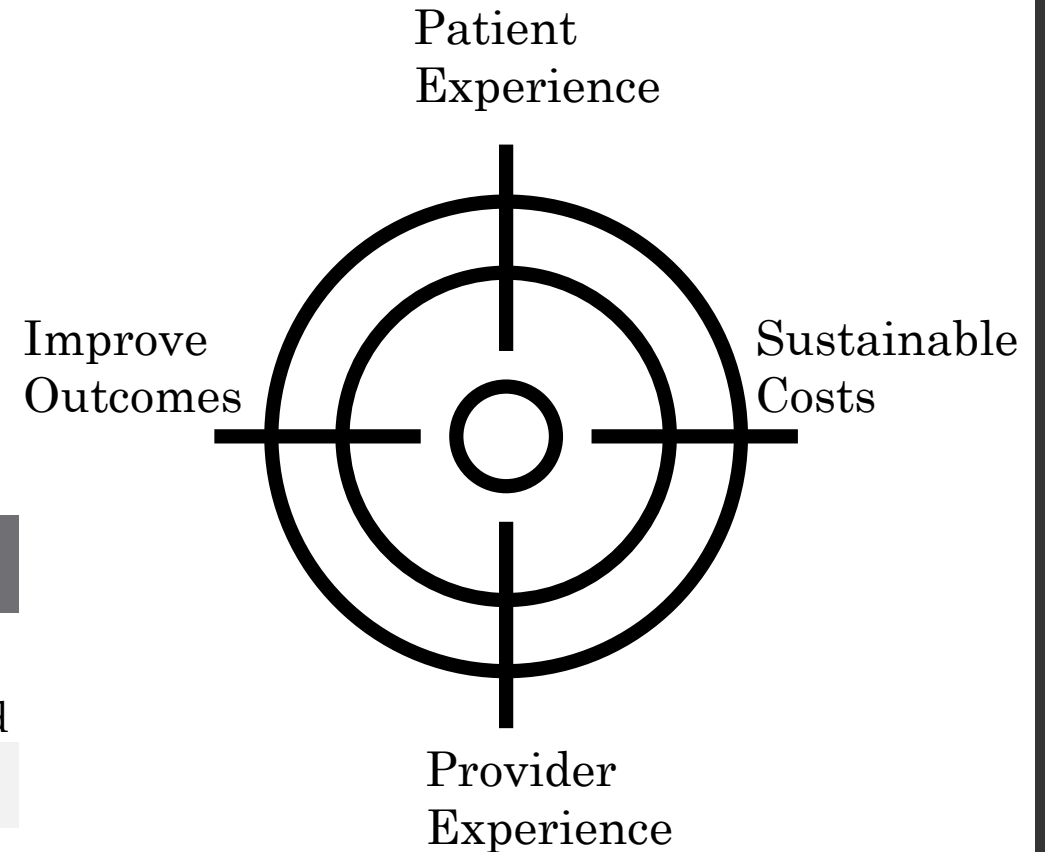
- Primary Care Initiative Pilot
- Provider of Distinction and Centers of Excellence Program
- Pharmacy
 - Transparent Pricing
 - Inclusion of retail pharmacy in provider value-based contracts
 - Manufacturer Assistance



Primary Care Initiative Pilot

Primary Care Initiative Pilot Aligning with Statewide Policy Goals

- Managing healthcare cost growth
- Increasing expenditures on primary care
- Standardizing quality measures



Statewide Goals

Calendar Year	Health Care Cost Growth Benchmark	Primary Care Spend
2023	2.9%	6.9%
2024	2.9%	8.4%
2025	2.9%	10.0%

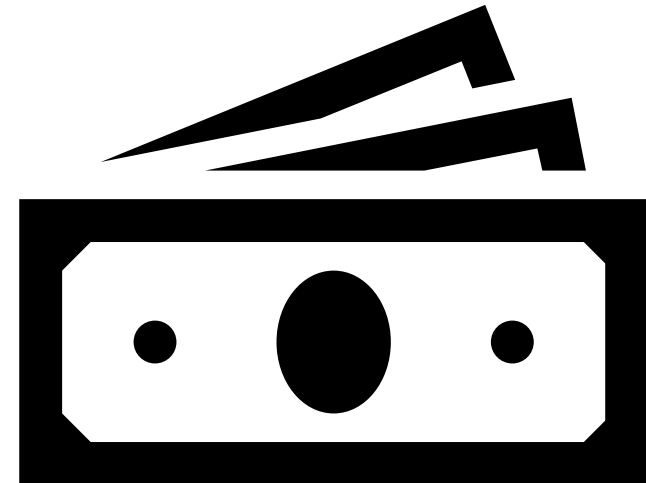
Primary Care Initiative Pilot

Key Features

- Significantly increase Per Member Per Month Care Coordination Fees
- Require additional resources be used to improve competencies in the 11 focus areas established by the Office of Health Strategies Primary Care Roadmap
- Quality bonus for performance on the OHS Quality Council Core Measure Set
- Accountability through:
 - shared risk on total cost of care;
 - annual reporting; and
 - OHS recognition (when available)
- Provide robust staffing and reporting support to assist participating providers in identifying and leveraging opportunities for care improvement and cost savings

Care Coordination Fees

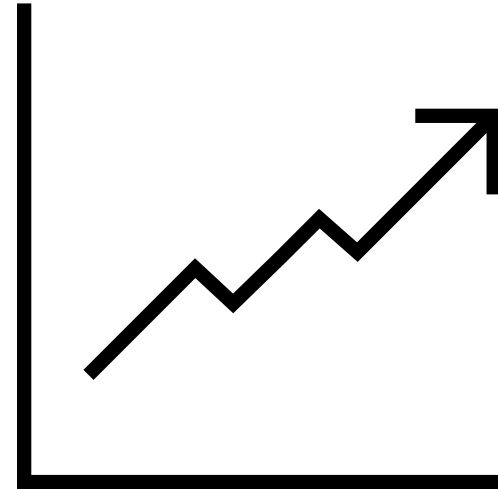
- Enhanced Care Coordination Fees (CCF) \$12 PMPM
- Risk Adjusted
- Enhanced CCF is in addition to any current CCF paid by Anthem on behalf of state membership
- CCF is not at risk and is exempt from total cost of care calculations
- CCF may increase in measurement years 2 and 3 to meet statewide primary care expenditure goals - dependent on available funds



Total Cost of Care Targets Trend

- Annual Prospective Trend Targets
 - Measurement year 1 = 5%
 - Measurement year 2 = 4%
 - Measurement year 3 = 2.9%
- Trend targets adjust in concert with changes to the health care cost growth benchmark (e.g. 1% increase benchmark = 1% increase in trend target)
- Retrospective trend adjustments applied when actual trend is:
 - >6% or <4%.

The trend adjustment is a one-to-one adjustment for trend above or below thresholds



Risk Options						
Groups with 3,000 – 6,000 attributed lives*						
Category	Year 1		Year 2		Year 3	
Options	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Upside Shared Savings Potential	25%	35%	30%	40%	35%	50%
Downside Shared Loss Potential	10%	20%	20%	30%	35%	50%
Upside Cap %	1%	1.5%	1.5%	2%	1.5%	2%
Downside Cap %	1%	1.5%	1.5%	2%	1.5%	2%
Groups with 5,000 or more attributed lives						
Category	Year 1		Year 2		Year 3	
Options	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Upside Shared Savings Potential	35%	45%	40%	50%	50%	50%
Downside Shared Loss Potential	20%	30%	30%	50%	50%	50%
Upside Cap %	1.5%	2%	2%	2% or 4%	2%	4%
Downside Cap %	1.5%	2%	2%	2% or 4%	2%	4%

Multiple Risk Options to Meet Provider Needs

Exemptions

- Expenditures above \$175,000 for an attributed member
- Transplant members

Quality
Bonus



A quality bonus approximately equal to \$3 PMPM will be paid for performance on quality measures from the Office of Health Strategy's standard measure set.

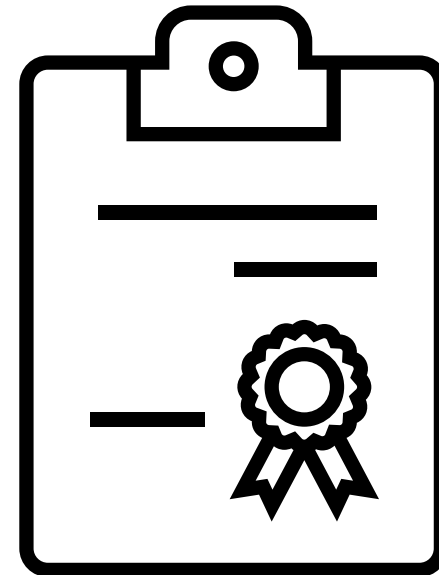
Quality bonus to be proportionally adjusted based upon quality score achieved.

Excess Quality Bonus Pool

Unrealized bonus funds to be equally distributed to groups meeting highest quartile of quality scores as additional bonus payment

OHS Recognition Requirements

- Providers commit that the following percentage of attributed lives be served by OHS recognized practices:
 - End of first measurement year following the availability of the OHS recognition program = 50%
 - End of second measurement year following the availability of the OHS recognition program = 75%
 - End of third measurement year following the availability of the OHS recognition program = 100%
- Providers also required to report to OSC annually on how CCF payments were invested to improve competency on 11 core function areas



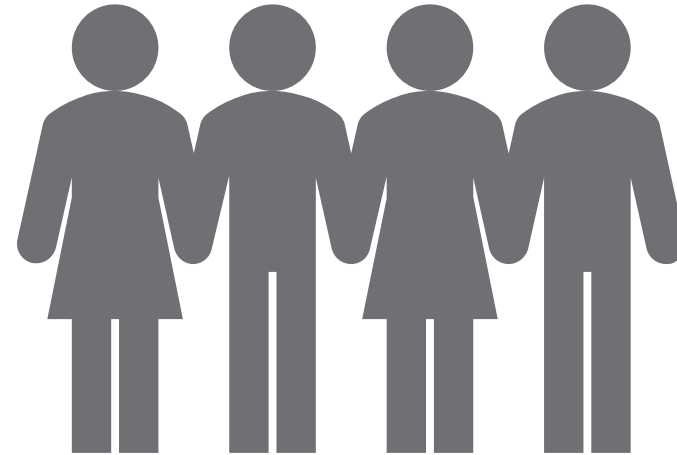
The Payer as a Partner

- Dedicated analytics and clinical staff
- Plan design that aligns with program goals
- Provider feedback in program design
- Central resource for all plan care management, health care navigation and other programming for both members and providers



Pilot Participation

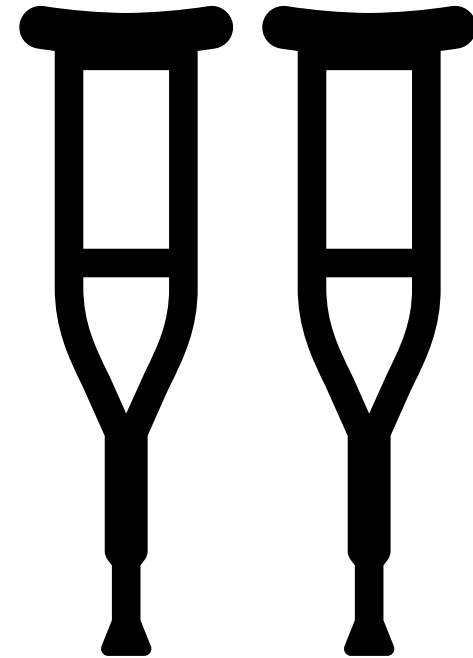
- 9 Provider Groups signed Letter of Intent covering 100,000 attributed members



Provider of Distinction and Center of Excellence Program

Provider of Distinction and Center of Excellence Program

- Encourages member to utilize high-quality low-cost providers and facilities for select services through cash incentives
- Leverages existing variation in the market
- Encourages and rewards provider quality and efficiency with increased volume



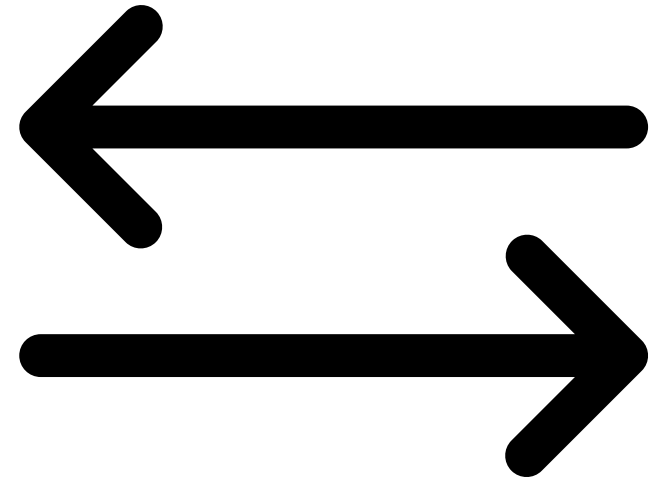
Provider of Distinction/COE Impact

- **Analysis:** CY 2019 base year compared to FY 2022 measurement period
 - **6% increase** in market share for POD/COE providers (29% to 35%)
 - **\$4 million estimated savings** associated with utilization shift in FY 2022

Incentive Eligible Procedures (Incentives range from \$100 to \$1,000)
Breast Biopsy
CABG &/or Valve Procedures
Cataract Surgery
Colonoscopy
Coronary Angioplasty
Gall Bladder Surgery
Hip Replacement & Hip Revision
Hysterectomy
Knee Arthroscopy
Knee Replacement & Knee Revision
Lumbar Laminectomy
Lumbar Spine Fusion
Mastectomy
Tonsillectomy
Upper GI Endoscopy
Pregnancy

POD/COE Updates

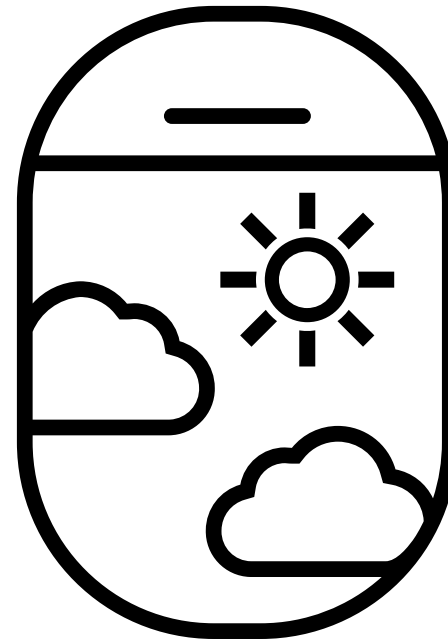
- Program to be updated for July 1, 2023
 - Update list of incentive eligible procedures
 - Update eligible providers new quality/efficiency list
 - Integrated lookup tool
 - New vendor with outbound outreach
 - Coordinate with Primary Care Initiative Pilot



Pharmacy Initiatives

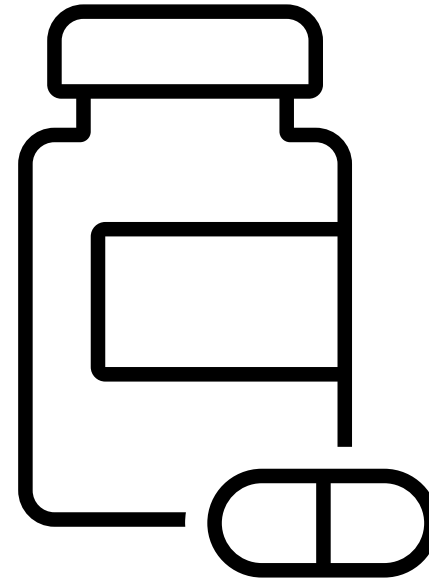
Pharmacy Initiatives

- Pharmacy Benefit Manager
Transparency
 - Full pass-through pricing – State pays what pharmacy is paid
 - Full pass-through of all manufacturer revenue
 - Acquisition cost pricing at specialty and mail order pharmacy
 - Explicit administrative fee



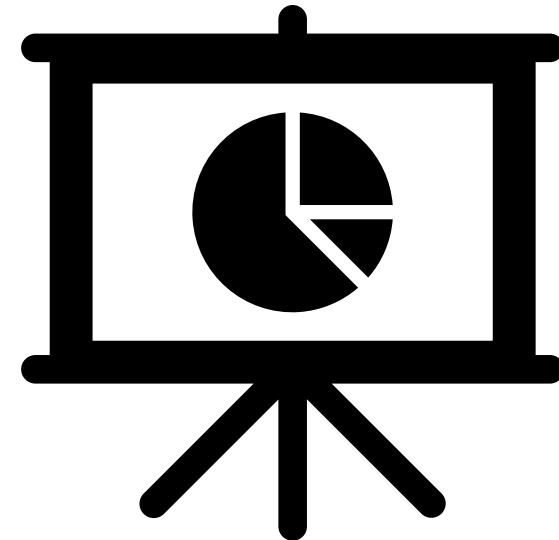
Pharmacy Initiatives

- Include pharmacy in provider total cost of care risk contracts (e.g. primary care initiative)
- Share net pharmacy cost data with providers



Pharmacy Initiatives

- **Manufacturer Assistance Program**
 - Implemented July 1, 2022
 - Optional – Opt-out
- **Program Impact July – December 2022**
 - \$14.3 million plan savings
 - \$700,000 member savings
 - **Negative Trend** Specialty Pharmacy



Conclusion



Partnership



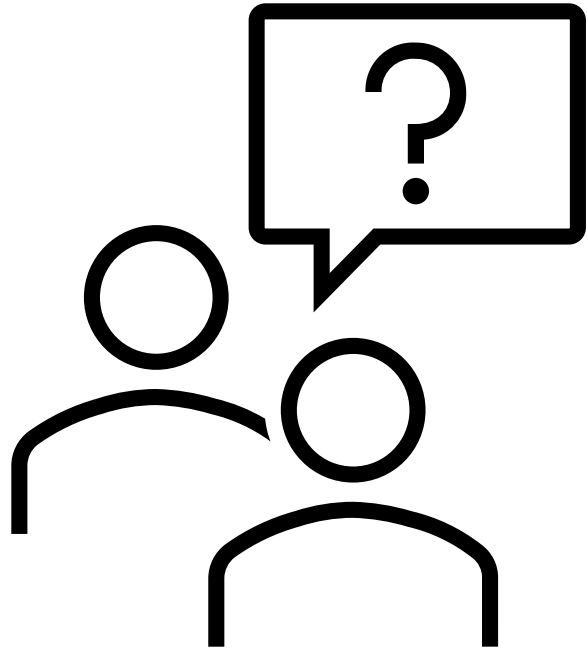
Alignment



Transparency



Long-term
focus



Questions

Thank You