

Health Plans Dashboard

Q2 2015 Dashboard Summary Report
A review of Inpatient, Outpatient and RX trends

January 14, 2016

Prepared by HSS and Aon Hewitt

Introduction

This report completes the first phase in transitioning the evaluation of the health plans' performance from vendor reports to the All Payer Claims Database (APCD)

This report details the inpatient, outpatient and pharmacy utilization and cost trends across Blue Shield, Kaiser Permanente, and City Plan for the active population through Q2 2015

This is the first integrated dashboard that has been presented and as such the comparisons are made at the aggregate totals. The values presented have not been risk adjusted. The APCD will be updated with risk scores in the next maintenance cycle

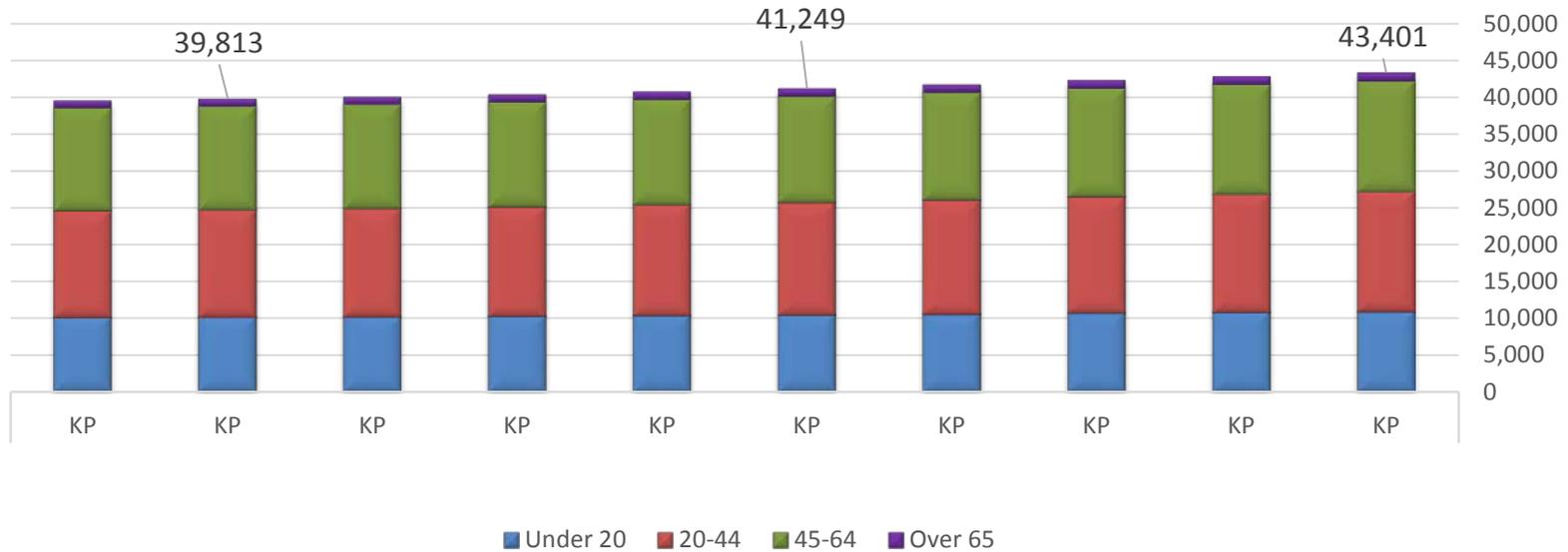
Notes

Some data continues to be sourced from vendor reports. Specifically Blue Shield cost measures are sourced from vendor reports since financials from Sutter claims are not provided at a detail claim level for the APCD.

All APCD data underwent a vigorous data investigation and validation process. Less than a 3% variance was the required threshold for the acceptance criteria.

Health Plan Actives: Enrollment and Membership

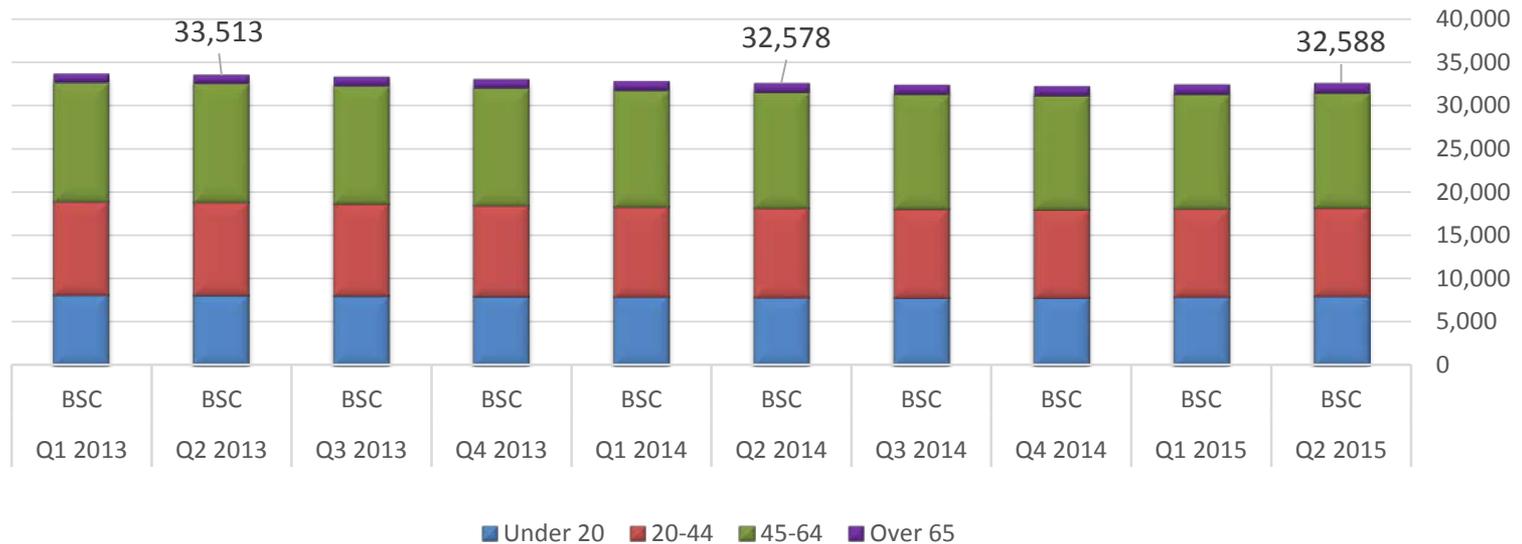
Kaiser Permanente Active Membership



- Kaiser Permanente active membership for Q2 2015 is comprised of 25% under 20, 37% aged 20-44, 35% aged 45-64 and 3% over age 65

Health Plan Actives: Enrollment and Membership

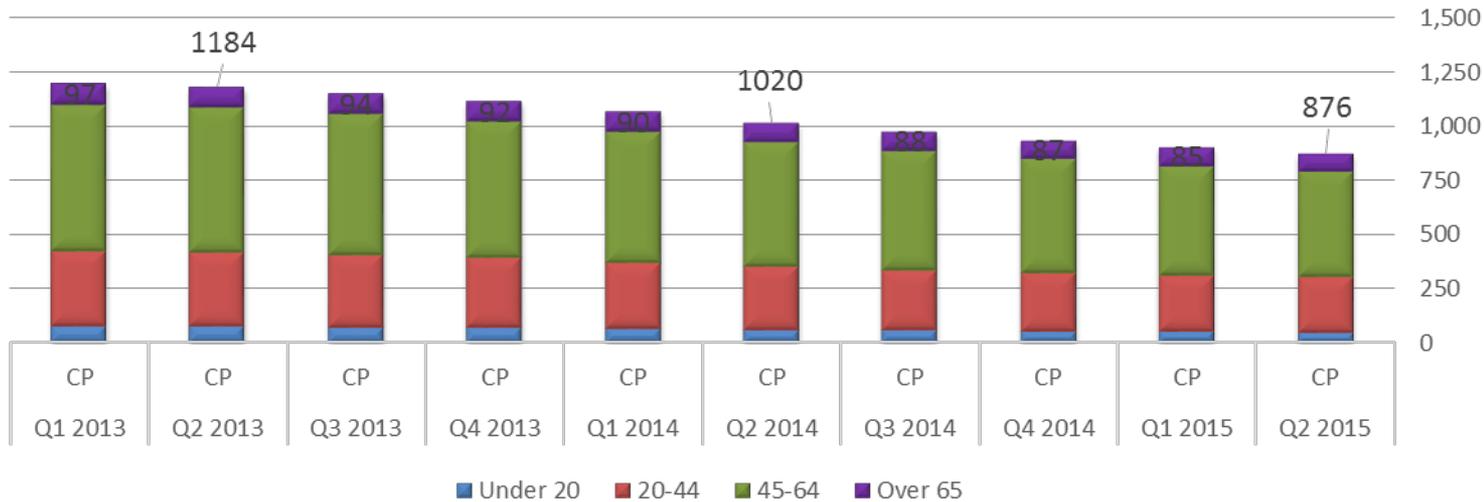
Blue Shield Active Membership



- Blue Shield active membership for Q2 2015 is comprised of 24% under 20, 32% aged 20-44, 41% aged 45-64 and 3% over age 65
- Health Service System has had a desire for more families to move to Blue Shield. Some gains were realized with the addition of 124 families for Q1 2015, but as a percentage, the growth was negligible.

Health Plan Actives: Enrollment and Membership

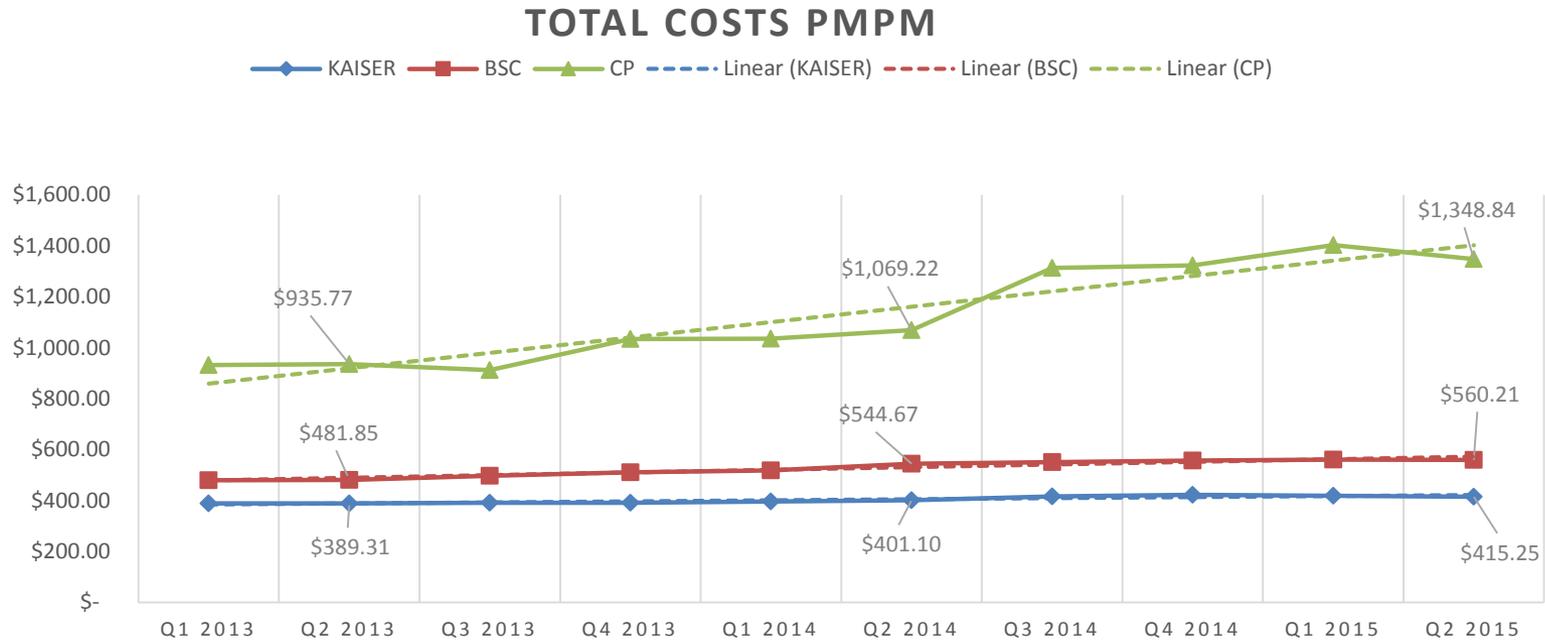
City Plan Active Membership*



- City Plan active membership for Q2 2015 is comprised of 6% under 20, 30% aged 20-44, 55% aged 45-64 and 9% over age 65
- City Plan has the smallest ratio of lives under age 20 at 6% compared to ~25% for Blue Shield and Kaiser Permanente
- City Plan has a very high percentage of 45-64 enrollees, the largest of any of the health plans, which may represent the desire for providers that are out of network for Blue Shield and Kaiser

*Due to the small overall membership, this chart uses a different scale

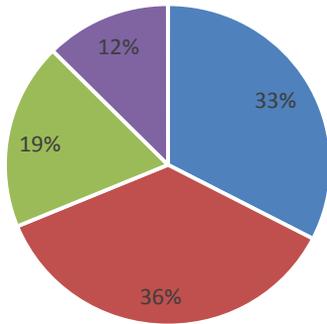
Health Plan Actives: Total Costs PMPM



- Total costs PMPM are trending upwards with City Plan experiencing the higher trend with a 44% change since Q2 2013
- In the last two years, Blue Shield PMPM has increased by 16% and Kaiser Permanente's PMPM has increased by 6.5%

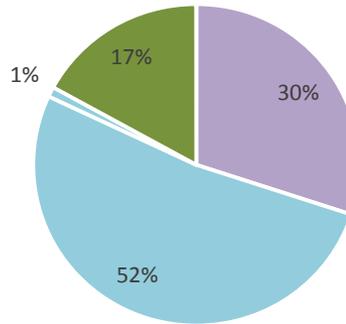
Health Plan Actives: Cost Composition

KP - Q 2 2015 Cost Composition



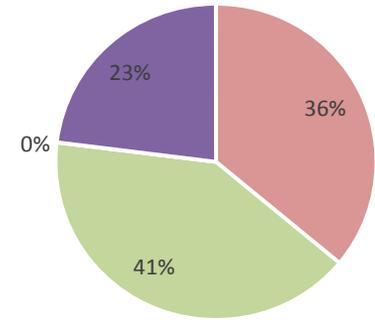
■ Inpatient ■ Outpatient ■ Other ■ Rx

CP - Q2 2015 Cost Composition



■ Inpatient ■ Outpatient ■ Other ■ Rx

BSC - Q2 2015 Cost Composition

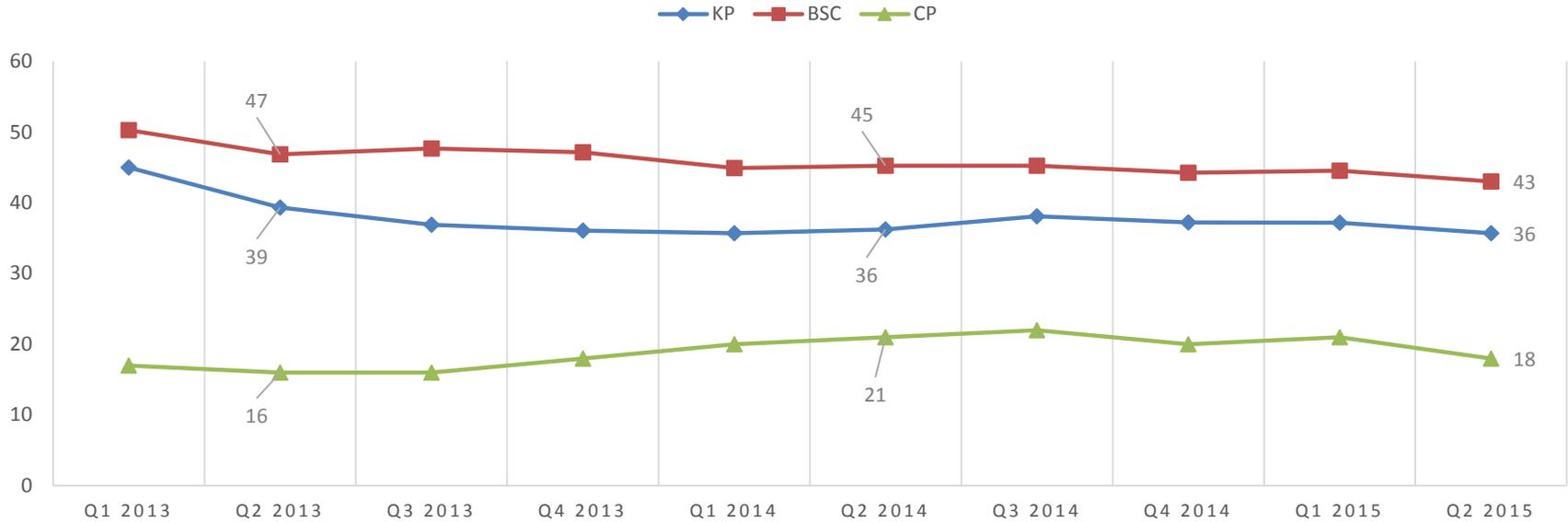


■ Inpatient ■ Outpatient ■ Other ■ Rx

- The percentage of the pharmacy component of the PMPM costs for Blue Shield and Kaiser Permanente reflect a 17 percent and 18 percent increase respectively over Q2 2014

Health Plan Actives: Admits Per 1000 Members

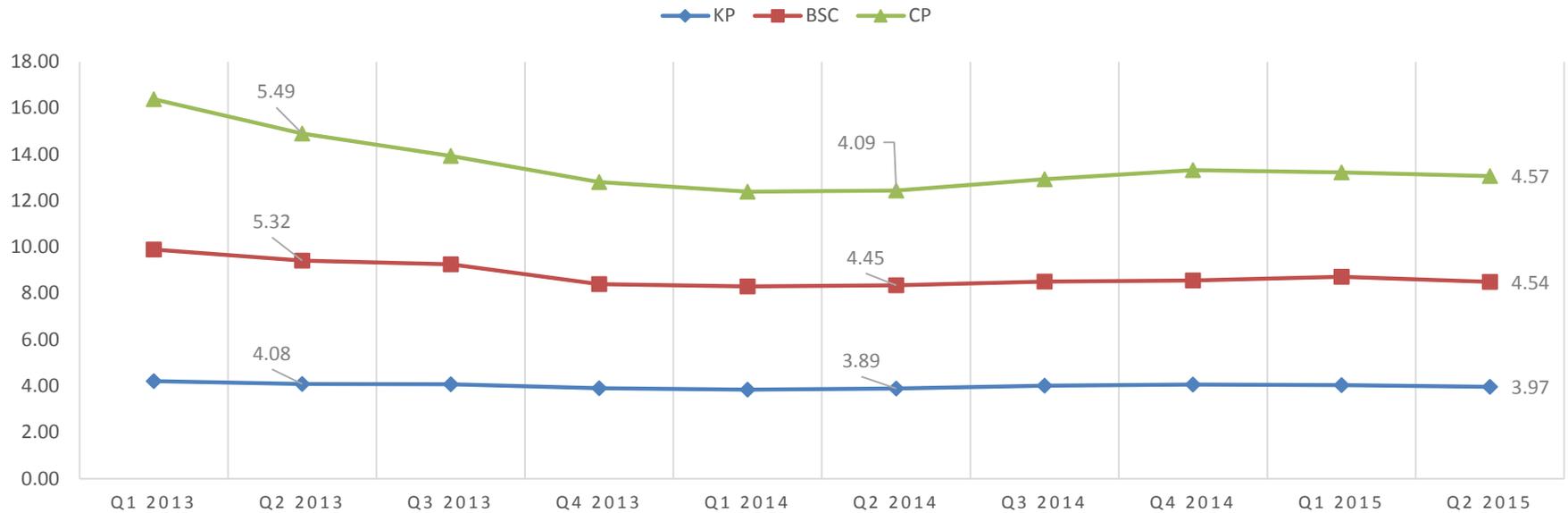
ADMITS PER 1000 MEMBERS



- Blue Shield consistently has more admissions per 1000 members
- In reviewing the other inpatient utilization metrics, it appears that Blue Shield could benefit from making more outpatient services available or finding ways to discharge patients earlier.

Health Plan Actives: Inpatient Average Length of Stay

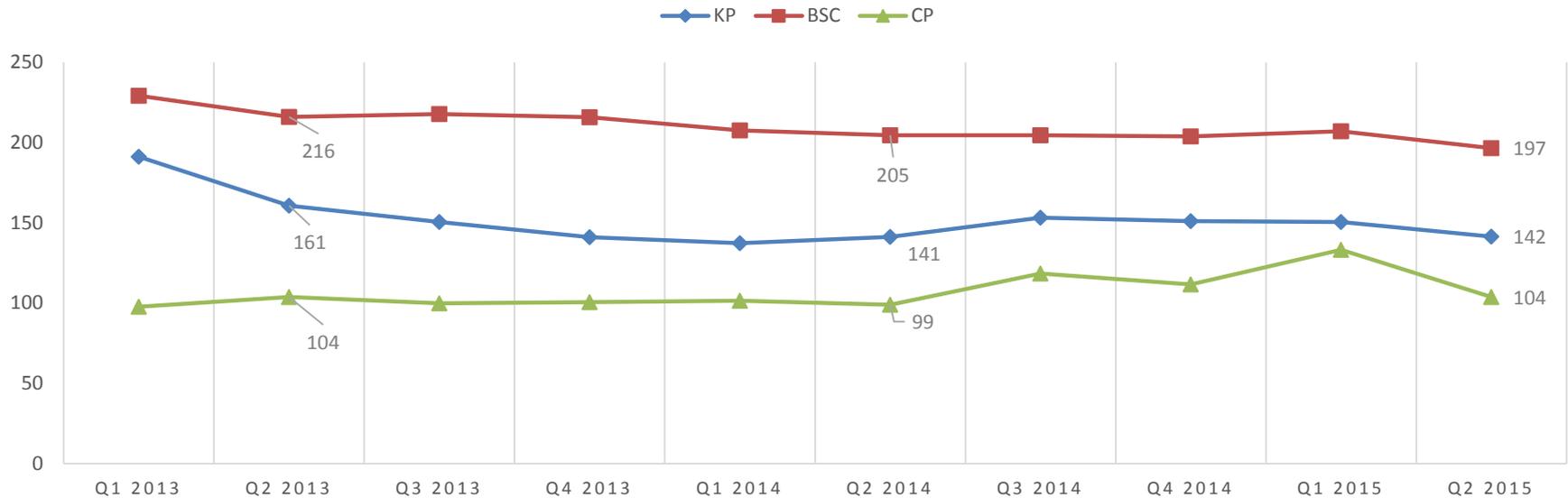
INPATIENT AVERAGE LENGTH OF STAY



- Recent data shows that City Plan and Blue Shield Patients are in the hospital ½ day longer than Kaiser
- This area is amenable to increased case review to decrease the average length of stay. Each ½ day of stay represents about \$3,911
- This greater length of stay coupled with the higher admits per thousand as compared to KP results in greater inpatient cost for Blue Shield and City Plan

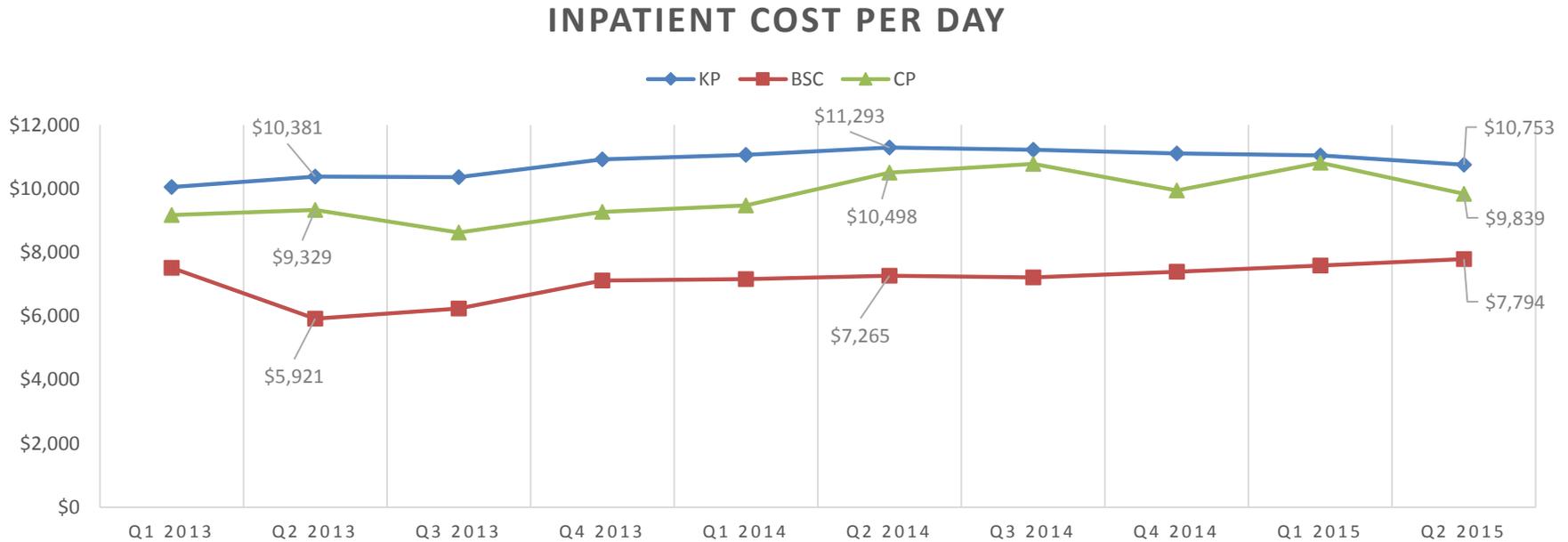
Health Plan Actives: Inpatient Days per 1000 Members

INPATIENT DAYS PER 1000 MEMBERS



- Overall in the last two years, inpatient days per 1000 members has decreased for both Blue Shield and Kaiser Permanente
- Blue Shield should be complimented on their ability to decrease the average length by a day per admit which has resulted in the decrease in days per thousand

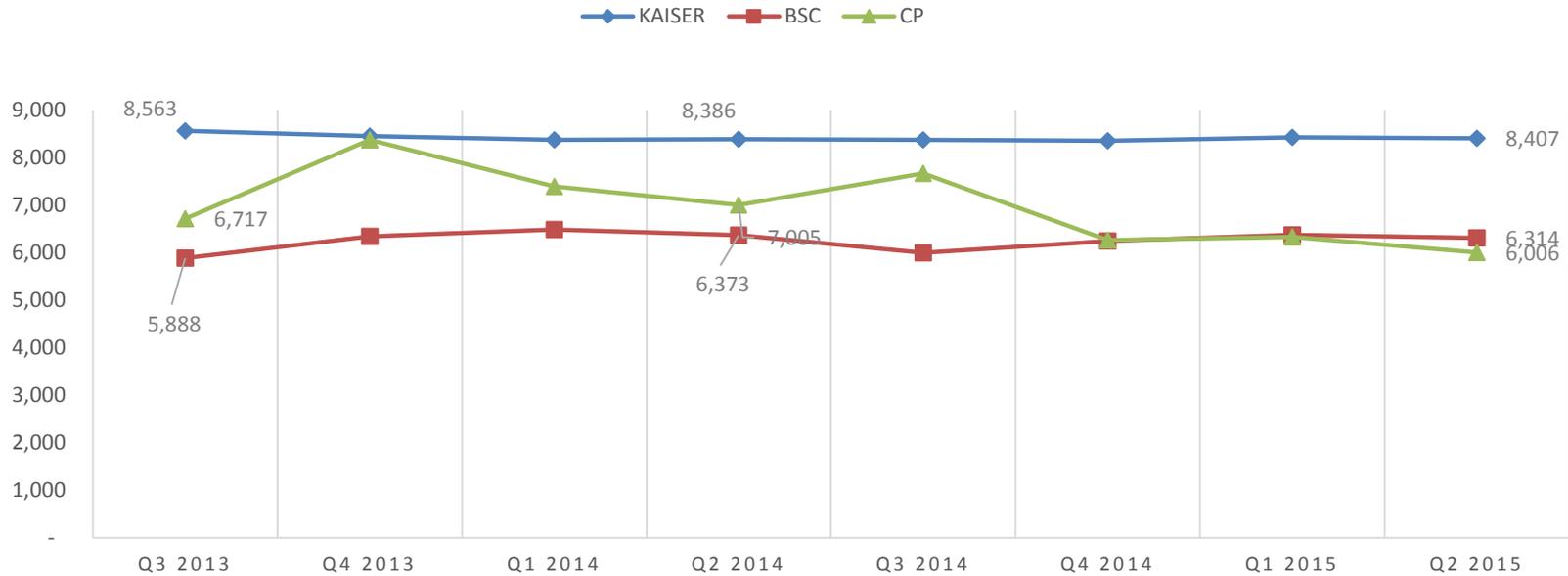
Health Plan Actives: Inpatient Cost per Day



- Kaiser Permanente’s inpatient cost per day is higher than other health plans.
- Kaiser has a length of stay that is at least .5 day less than the other plans – their ability to discharge members earlier results in the potential for greater savings, less exposure to hospital acquired illnesses and increased speed of recovery.
- Because admits are so low, Kaiser can treat more patients on an outpatient basis.

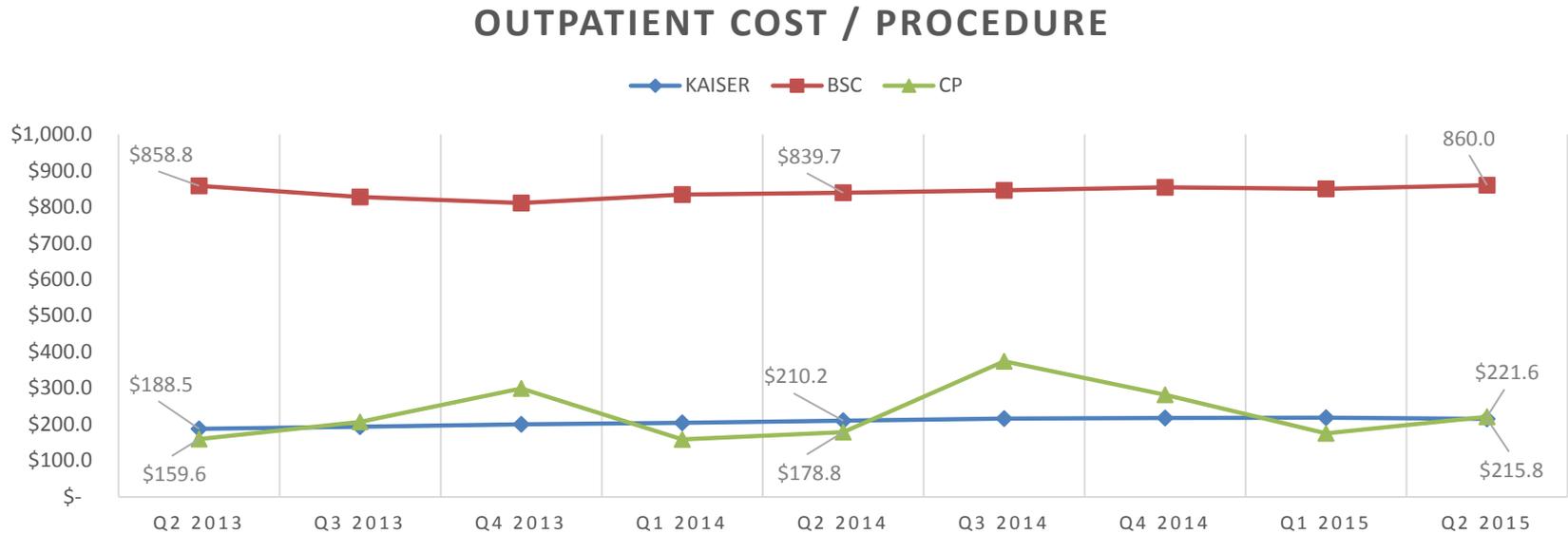
Health Plan Actives: Outpatient Procedures Per 1000

PROCEDURES PER 1000



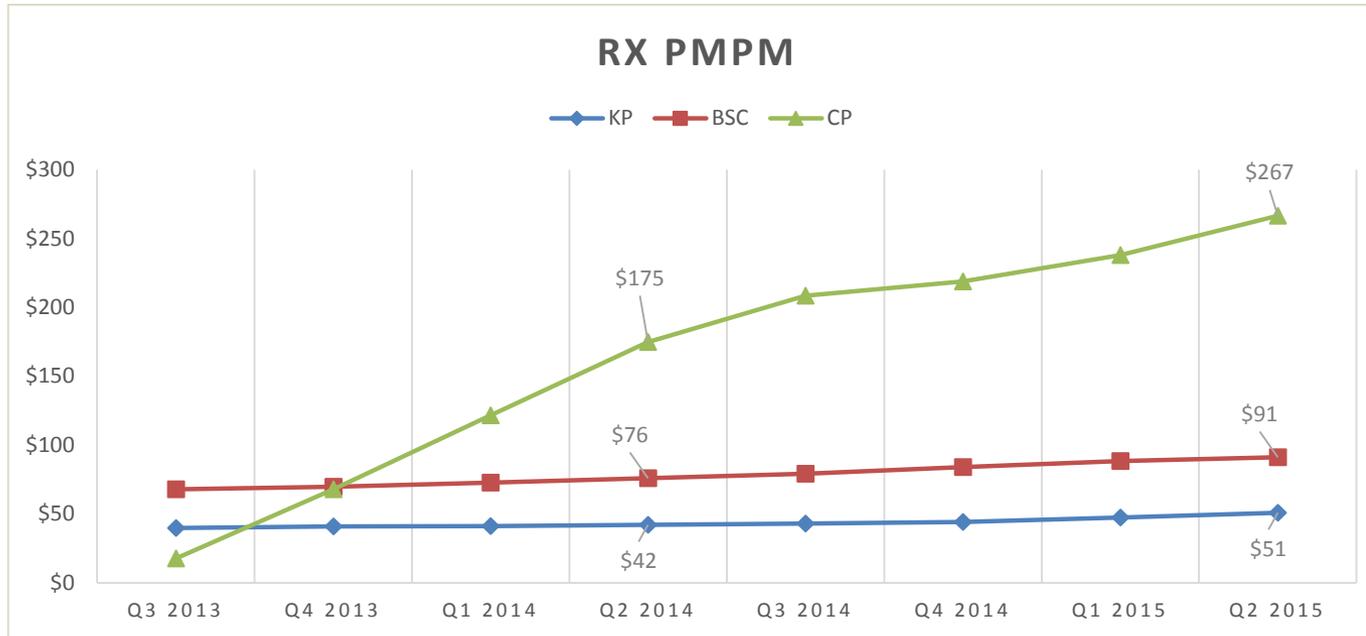
- The procedures per 1000 aggregates emergency room, surgical, medical, laboratory, radiology, office visit and other procedures such as physical and occupational therapies

Health Plan Actives: Outpatient Cost Per Procedure



- Overall outpatient cost per procedure is trending upwards
- Blue Shield’s outpatient cost per procedure is four times higher than the other health plans.

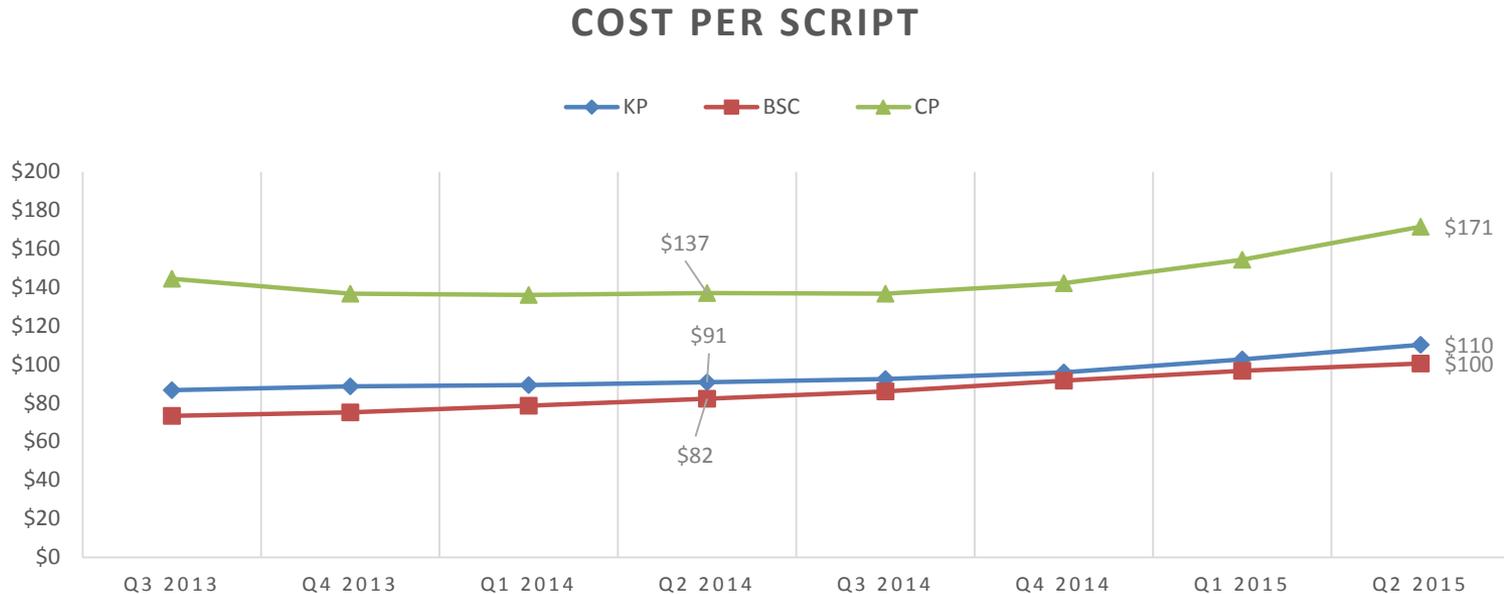
Health Plan Actives: Rx PMPM



Q1 2015 Total Scripts:
 Blue Shield: 355,018
 City Plan: 16,341
 Kaiser: 236,675

- Overall PMPM pharmaceutical costs have been trending upwards which is consistent with industry trends
- It should be noted that Blue Shield members receive 50% more prescriptions a year than Kaiser members

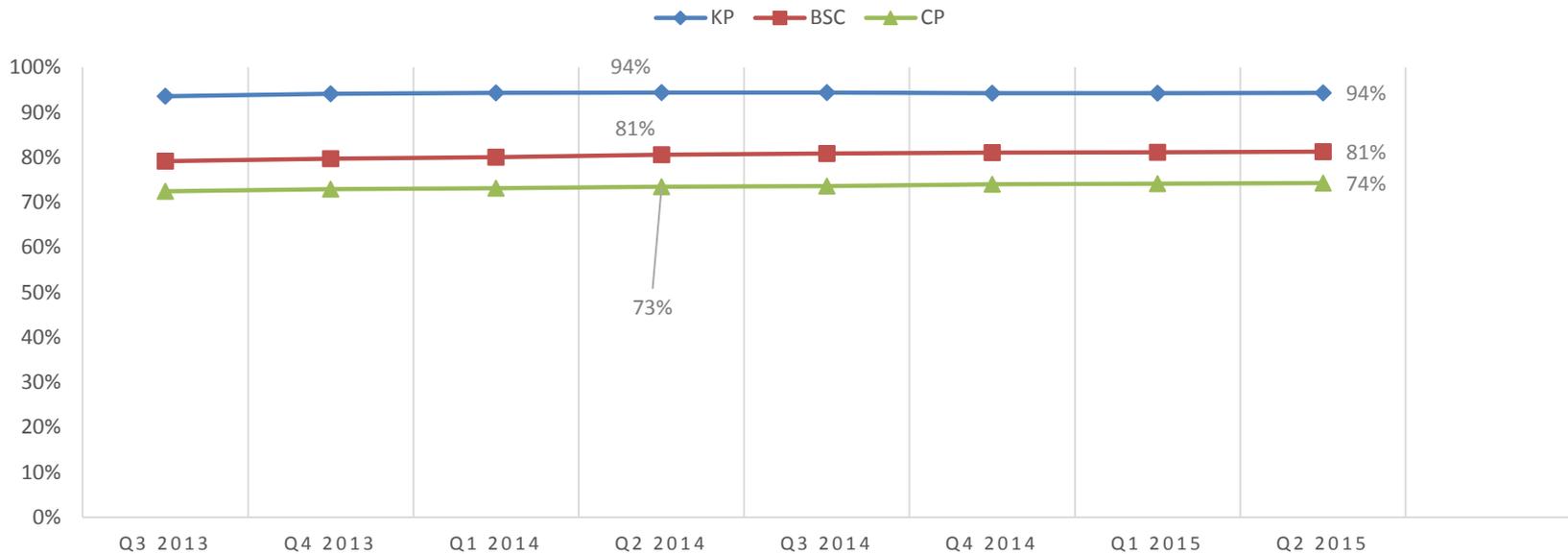
Health Plan Actives: Cost Per Script



- Previous dashboards showed a decrease in cost per script in 2012 but a spike upwards in Q1 of 2013. That upward trend has continued over the last two years
- Specialty medications and consolidation of generic producers is driving this trend

Health Plan Actives: Dispensing Rate for Generic Drugs

GENERIC DISPENSING RATE



- In the September 2013 presentation of the Blue Shield dashboard, HSS reported an expectation for the Blue Shield generic substitution rate would continue to increase due to the efforts of the ACO's.
- The generic dispensing rate for all three health plans has remained flat – although some of this finding may be related to the increase in specialty medications, it is concerning that the generic dispensing rate remains flat

Summary and Considerations:

Costs have continued to trend upwards with pharmacy as the main driver. This is consistent with industry trends

Both City Plan and Blue Shield have been able to reduce the average length of stay by one day in the last 24 months

Aon Hewitt recommends the HS Board encourage Blue Shield to reduce the ongoing gap with Kaiser Permanente by 10%, specifically to reduce the 7 day gap in the admits/1000

Blue shield could benefit from identifying post discharge services that can be provided to reduce admits and length of stay

Next Steps:

Risk scores will be generated in the next APCD maintenance cycle allowing for risk adjusted reporting

Truven MarketScan benchmarks will be incorporated into HSS reporting

The next dashboard to be generated will focus on the early retiree population. With the ground work completed for building accurate reports, HSS will be able to provide quarterly integrated dashboards.

Blue Shield retiree historical data will be loaded in the next maintenance cycle.

The process has been initiated to capture Kaiser integrated care management (ICM) and other medical services (OMS) data

APPENDIX

Glossary

- APCD – All payer claims database
- Fee for Service – Payment is made each time service is rendered
- Formulary Compliance – Adhering to prescription formulary drugs that have been selected and approved for their safety, quality and cost effectiveness
- Generic Dispensing Rate – Measures the number of drugs dispensed as generic divided by the total number of drugs dispensed
- Inpatient – Admittance to a hospital or clinic for treatment that requires at least one overnight stay
- Loss Ratio – The total amount of dollars paid out in claims divided by the amount collected in premiums
- Members – A person enrolled in and eligible for benefits under a health care plan
- Member Share – The portion of health care costs (copayments, deductibles, and coinsurance) for which the member enrolled in a health plan is responsible

Glossary

- Outpatient – Admittance to a hospital or clinic for treatment that does not require an overnight stay. This includes emergency room visits, dialysis, group therapy at the facility setting, lab work, observation room, surgeries, radiology and medical supplies and services
- PMPM – Per member per month
- Professional Procedures – All services not provided in an inpatient setting
- Specialty Drug – High-cost injectable, infused, oral, or inhaled drugs that generally require special storage or handling and close monitoring of the patient's drug therapy
- Total Paid Claims – Total dollar amount paid for services and costs from health care providers and facilities submitted to the insured for payment
- Utilization – The extent to which an insured group uses a particular health care service in a specified period, typically expressed as the number of services user per year per 100 or per 1000 persons