HEALTH WEALTH CAREER

Bdatt.3

OREGON'S PUBLIC EMPLOYEES' BENEFITS BOARD

UTILIZATION REPORT

July 17, 2018

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2 BY TYPE OF SERVICE

3 RISK SCORES

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DATA AND ASSUMPTIONS

July Utilization Report

Time Periods

- Current Period – January 2017 to December 2017
- One Year Prior – January 2016 to December 2016
- Two Years Prior – January 2015 to December 2015

Plans

- Self-Insured:
  - Statewide
  - Providence Choice
- Fully-Insured:
  - Kaiser HMO
  - Kaiser Deductible
  - Moda
  - AllCare

Claims Data

- Moda and Providence based on Truven incurred claims and Kaiser is paid
- Utilization and cost of service are incurred

Caveats

- Kaiser utilization reporting excludes approximately $16.7 million in Integrated Care fees for Current period and $16.0 million for One Year Prior
- Integrated Care fees are per member costs for non-claim services

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EXECUTIVE SUMMARY

AGGREGATE COSTS	Self-insured and fully-insured per employee costs increasing at similar rates
BY TYPE OF SERVICE	Statewide and AllCare are the outliers with higher per employee costs in multiple service categories
RISK SCORES	Statewide and Moda continue to have the highest risk scores and the lower risk from AllCare members mostly moving to Moda and Providence Choice
COMPONENTS OF TREND	*Unit Cost* (cost per service) continues to be the biggest driver of trend with *Member Health Risk* and *Leveraging* also increasing PEBB costs
UTILIZATION	*Unit Cost* increases are highest in specialty drug, radiology, and emergency room, while changes in *Utilization* is moderate for most services, including decreases in inpatient admits

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AGGREGATE COSTS

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ANNUAL COSTS
SELF-INSURED

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	$455,534,416	$480,228,379	5.4%	$497,727,076	3.6%
Prescription Drug	$74,779,853	$75,140,853	0.5%	$75,972,522	1.1%
Total	**$530,314,269**	**$555,369,233**	**4.7%**	**$573,699,598**	**3.3%**
PER EMPLOYEE PER MONTH					
Medical	$11,439	$12,247	7.1%	$12,870	5.1%
Prescription Drug	$1,878	$1,916	2.1%	$1,964	2.5%
Total	**$13,317**	**$14,164**	**6.4%**	**$14,835**	**4.7%**
AVERAGE ANNUAL MEMBERSHIP					
Employees	39,823	39,211	-1.5%	38,673	-1.4%
Members	105,817	104,360	-1.4%	102,703	-1.6%

- SELF-INSURED COSTS HAVE INCREASED AT A CONSISTENT RATE OVER THE PAST TWO YEARS
- PRESCRIPTION DRUG COSTS ALSO INCLUDE REBATES

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ANNUAL COSTS
FULLY-INSURED

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	$116,352,708	$132,704,778	14.1%	$151,954,137	14.5%
Prescription Drug	$20,958,064	$23,172,538	10.6%	$25,360,847	9.4%
Total	**$137,310,773**	**$155,877,317**	**13.5%**	**$177,314,984**	**13.8%**
PER EMPLOYEE PER MONTH					
Medical	$11,105	$11,503	3.6%	$12,132	5.5%
Prescription Drug	$2,000	$2,009	0.4%	$2,025	0.8%
Total	**$13,105**	**$13,512**	**3.1%**	**$14,156**	**4.8%**
AVERAGE ANNUAL MEMBERSHIP					
Employees	10,478	11,536	10.1%	12,526	8.6%
Members	27,171	29,947	10.2%	32,724	9.3%

- FULLY-INSURED COSTS HAVE INCREASED SIGNIFICANTLY DUE TO ENROLLMENT GROWTH
- KAISER INTEGRATED CARE FEES ARE INCLUDED

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ANNUAL COSTS
TOTAL PEBB

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	$571,887,124	$612,933,158	7.2%	$649,681,213	6.0%
Prescription Drug	$95,737,918	$98,313,392	2.7%	$101,333,369	3.1%
Total	**$667,625,041**	**$711,246,549**	**6.5%**	**$751,014,582**	**5.6%**
PER EMPLOYEE PER MONTH					
Medical	$11,369	$12,078	6.2%	$12,689	5.1%
Prescription Drug	$1,903	$1,937	1.8%	$1,979	2.2%
Total	**$13,273**	**$14,015**	**5.6%**	**$14,669**	**4.7%**
AVERAGE ANNUAL MEMBERSHIP					
Employees	50,301	50,747	0.9%	51,198	0.9%
Members	132,988	134,307	1.0%	135,427	0.8%

- **OVERALL PEBB CLAIMS GROWTH ON A PER EMPLOYEE BASIS HAS BEEN CONSISTENT OVER THE PAST THREE YEARS BUT ABOVE 3.4%**

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BY TYPE OF SERVICE

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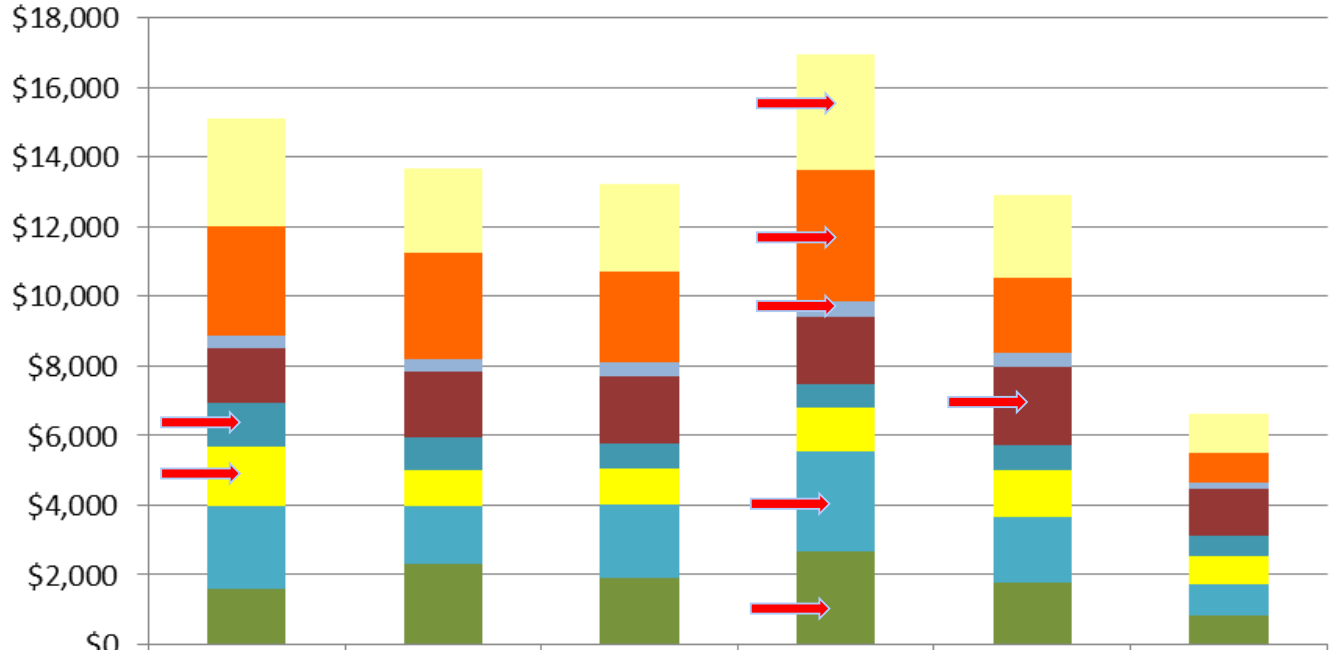
COSTS BY TYPE OF SERVICE PEPY BY PLAN



	AllCare $15,123	Moda $13,689	Providence $13,212	Statewide $16,939	Kaiser HMO $12,888	Kaiser Ded $6,629
Facility Inpatient	$3,098	$2,459	$2,499	$3,290	$2,363	$1,148
Facility Outpatient	$3,150	$3,038	$2,612	$3,811	$2,164	$834
Physician Inpatient	$348	$366	$398	$419	$399	$171
Physician Outpatient	$1,599	$1,885	$1,913	$1,946	$2,226	$1,367
MHSA	$1,238	$953	$751	$673	$748	$554
Laboratory and Radiology	$1,707	$1,038	$1,034	$1,264	$1,346	$844
Other Professional Services	$2,376	$1,627	$2,088	$2,854	$1,893	$879
Prescription Drugs	$1,607	$2,323	$1,916	$2,681	$1,748	$830

- Statewide plan has highest PEPY costs of all plans
- Highest cost in five categories; Facility IP, Facility OP, Phys IP, Other Prof, Rx (red arrows)

- AllCare has second highest PEPY costs
- Highest cost in two categories including MHSA and lab and radiology

- Kaiser HMO has highest physician OP costs
- Kaiser costs do not include $763 PEPY in integrated care fees

Costs shown above are not risk adjusted

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RISK SCORES

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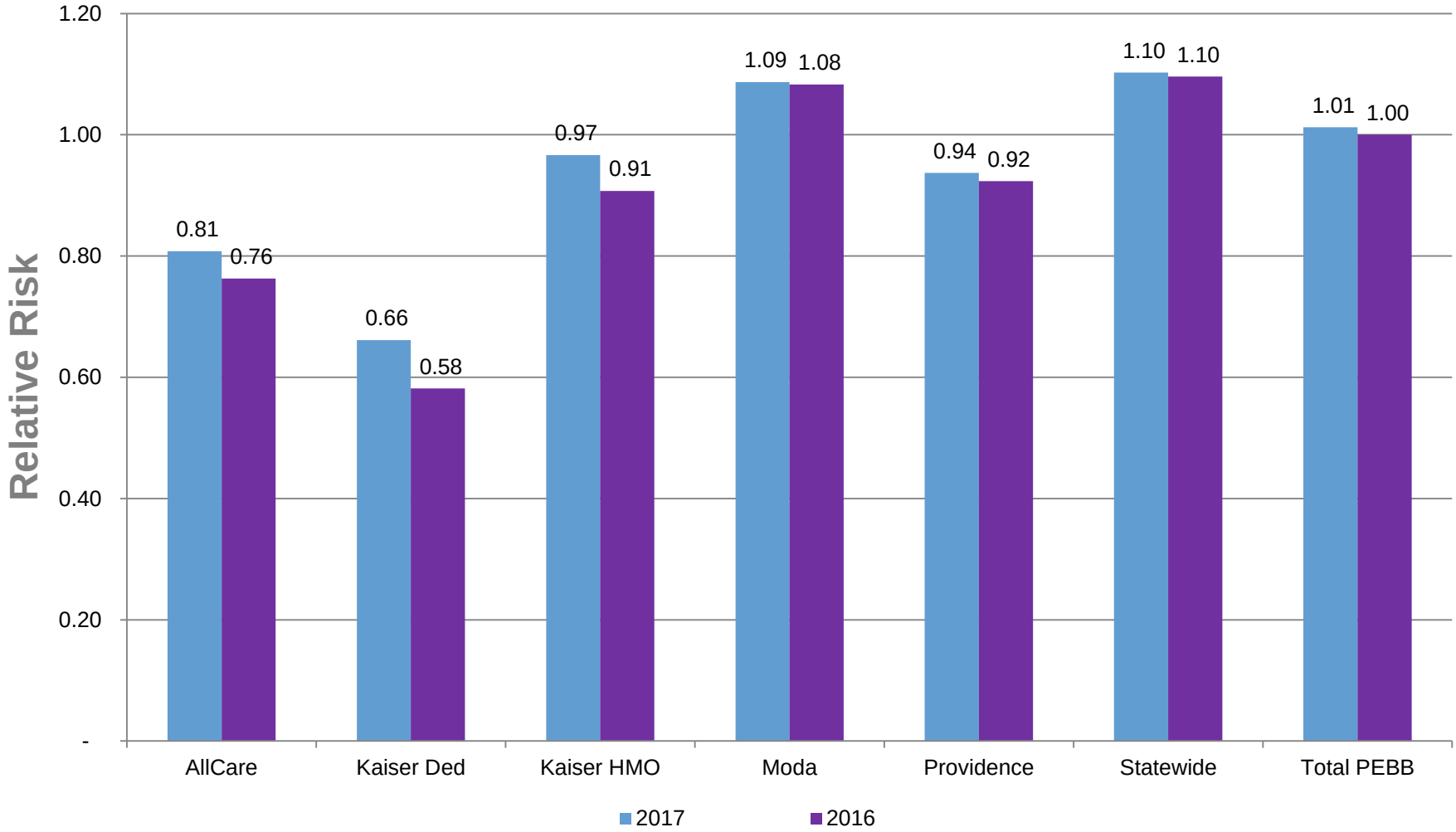
RISK SCORES
BY PLAN



Risk scores are the relative cost of a member determined by the underlying illness burden based on age, sex, and diagnosis data. Scores are normalized to an average 2016 PEBB member.

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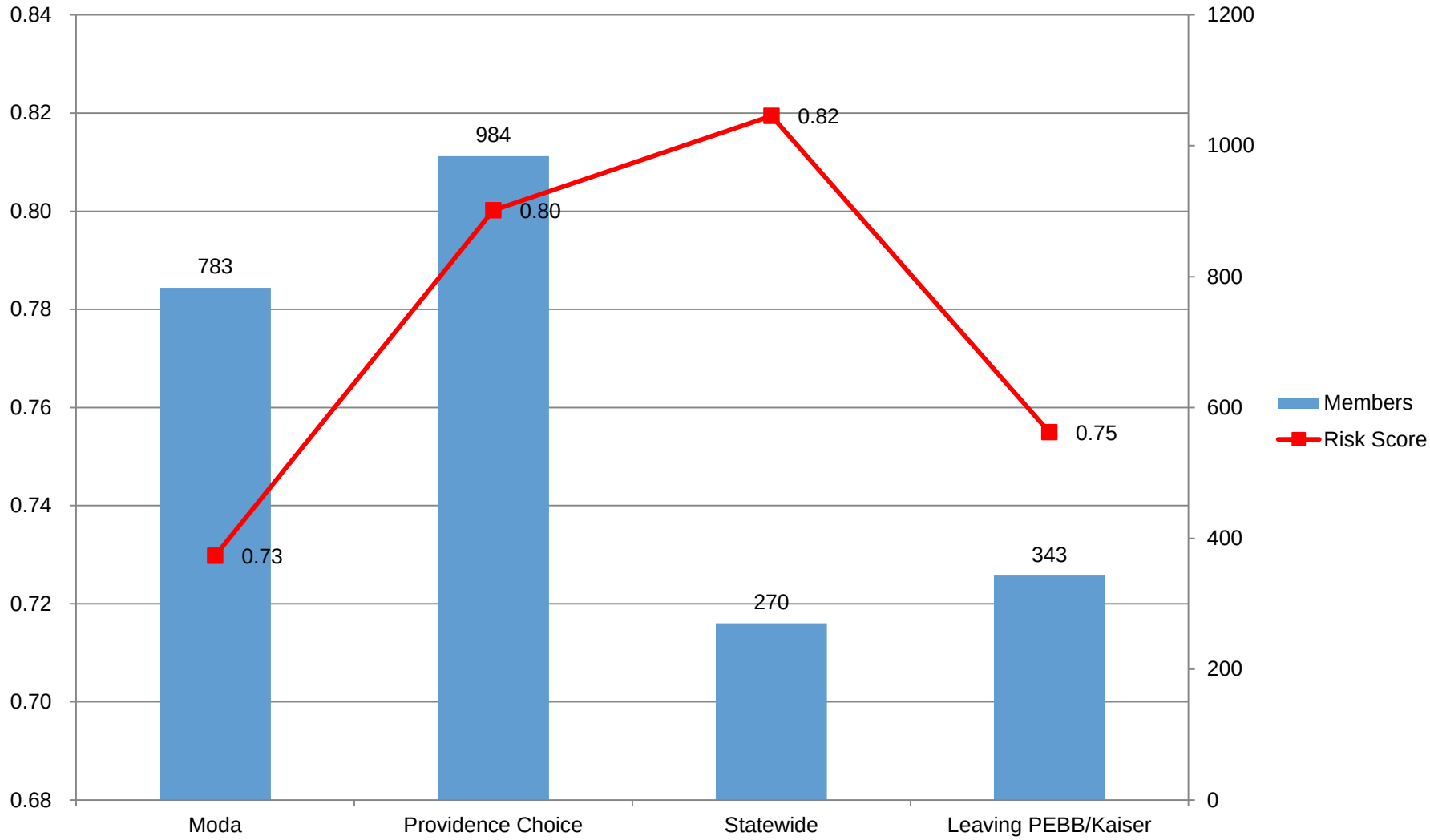
2018 ENROLLMENT FOR FORMER ALLCARE MEMBERS



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COMPONENTS OF TREND

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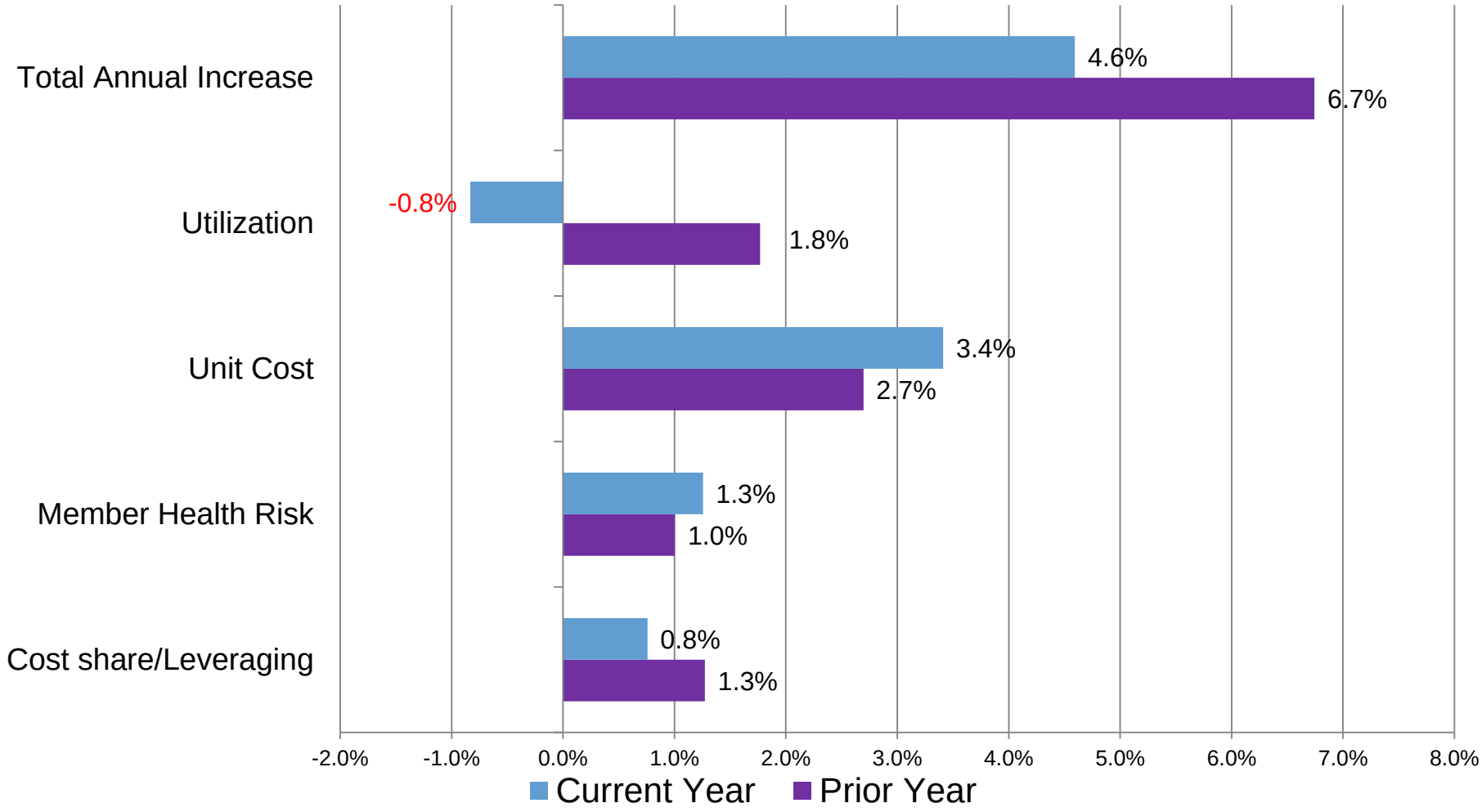
COMPONENTS OF TREND



- LARGEST CONTRIBUTORS TO UNIT COST INCREASES FOR CURRENT YEAR ARE IP FACILITY, OP SURGERY, AND SPECIALTY DRUGS
- UNIT COST INCLUDES REIMBURSEMENT RATES, MIX OF SERVICES, AND INTENSITY

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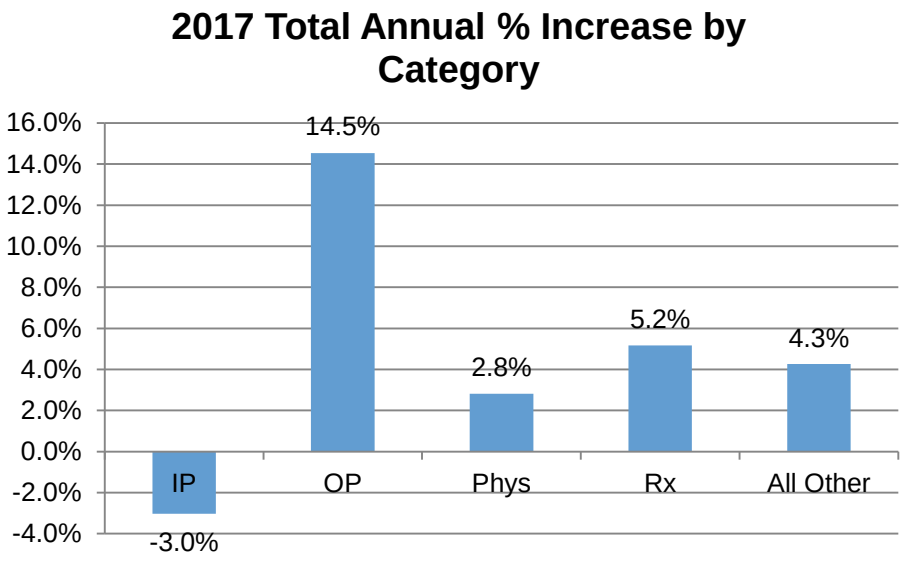
FACTORS IMPACTING TREND



CATEGORY	IMPACT ON TREND	MAIN DRIVER
Facility OP Surgery	1.9%	Unit cost increases (20%)
Prescription Specialty Drug	1.1%	Unit cost (8%) and utilization increases (8%)
Other Mental Health OP	0.7%	Utilization increase (21%)

KEY INSIGHTS

1

FACILITY OP SURGERY INCREASES

- Spent $3.2M at OHSU for three patients receiving Spinraza (~$350K per dose)
- $600,000 for pain following failed back surgery
- $500,000 for colonoscopies

2

SPECIALTY DRUG

- Paid per script increased 12.7%

3

OTHER MENTAL HEALTH OP

- Large increases across all plans for utilization of mental health services
- Members who utilize MH services cost almost twice as much as non MH utilizers

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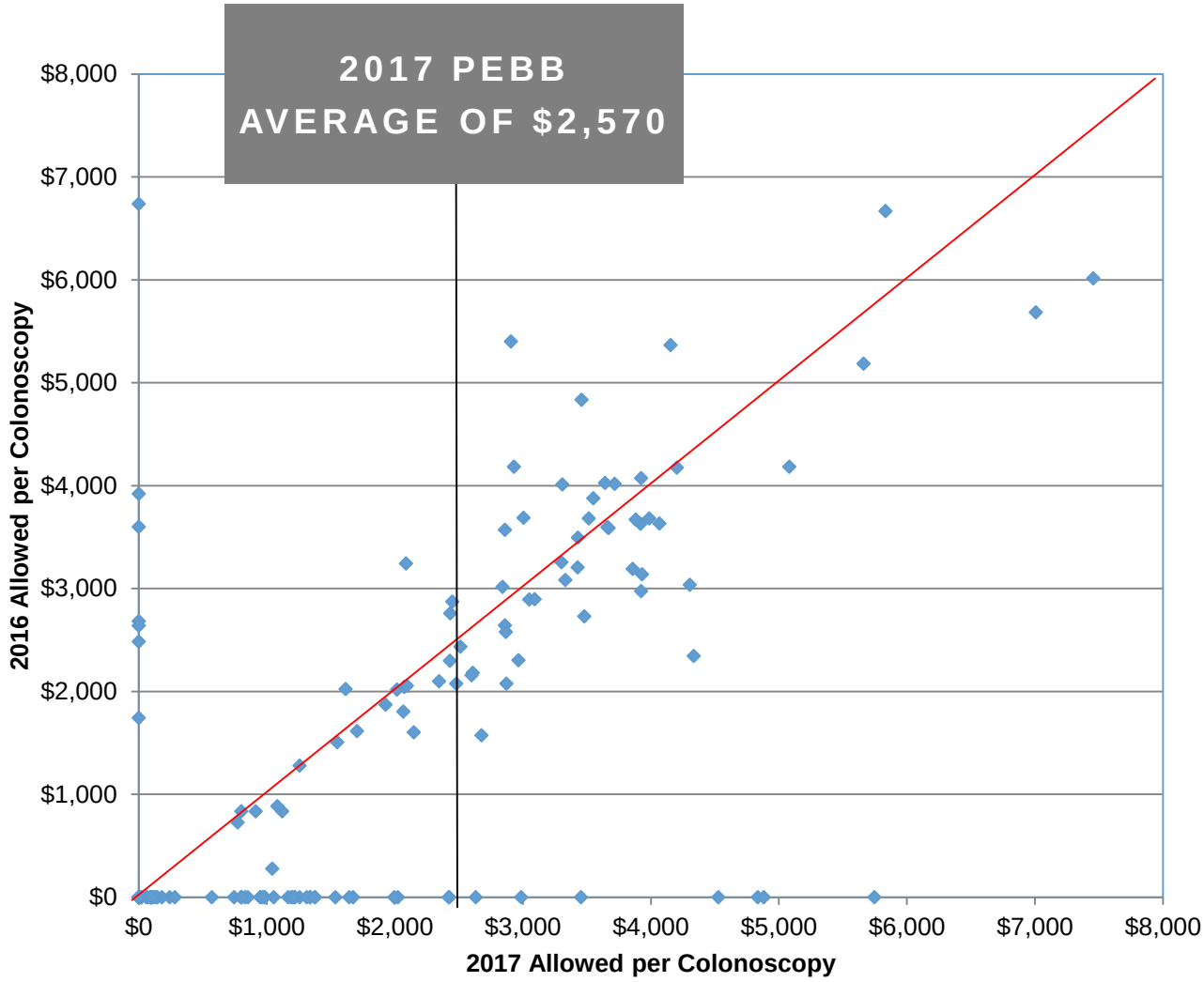
VARIANCE IN COLONOSCOPY CHARGES



FACILITY	2017 AVERAGE ALLOWED
Providence Seaside Hospital	$7,454
Tillamook Regional Medical Center	$7,006
Blue Mountain Hospital District – John Day	$5,834
Providence St Mary Medical Center – Walla Walla	$4,334
Good Shepherd Medical Center – Hermiston	$4,303
Samaritan Pacific Communities Hospital – Newport	$4,203
Columbia Memorial Hospital – Astoria	$4,154
St Charles Medical Center – Bend	$4,066
Legacy Silverton Hospital	$3,986
Samaritan North Lincoln Hospital	$3,931
Providence Newberg Medical Center	$3,924
St Alphonsus Medical Center - Baker City	$3,923
Samaritan Albany General Hospital	$3,919

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UTILIZATION

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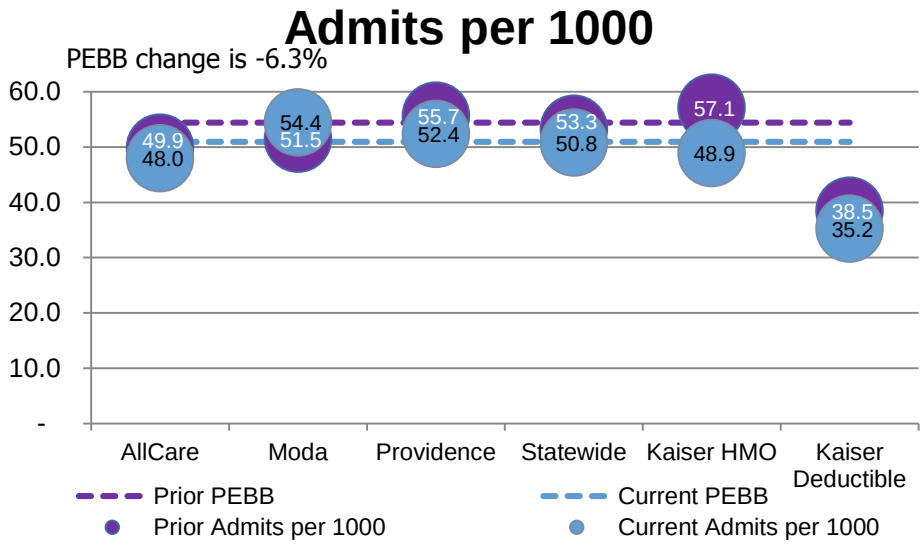
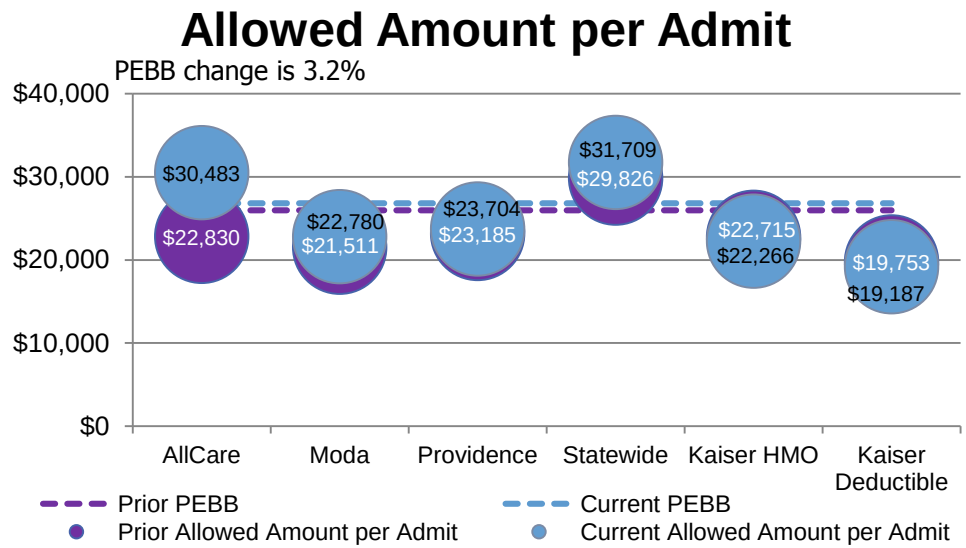
INPATIENT FACILITY





KEY INSIGHTS

1

- Admits per 1000 decreased for all plans with the exception of Moda

2

- Allowed per admit increased approximately 6% for Statewide and Moda and approximately 33.5% for AllCare

3

- Net change due to decreased admits is a 3% reduction in the IP facility costs

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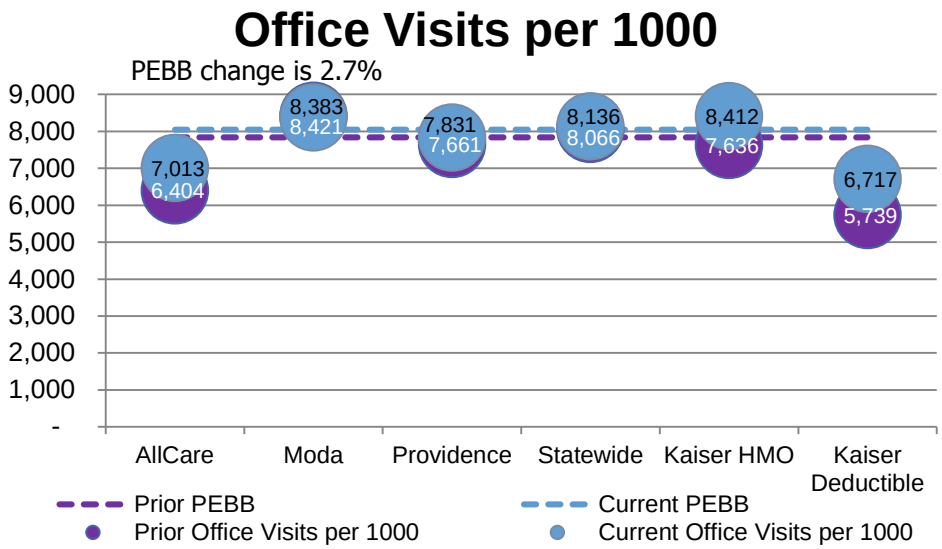
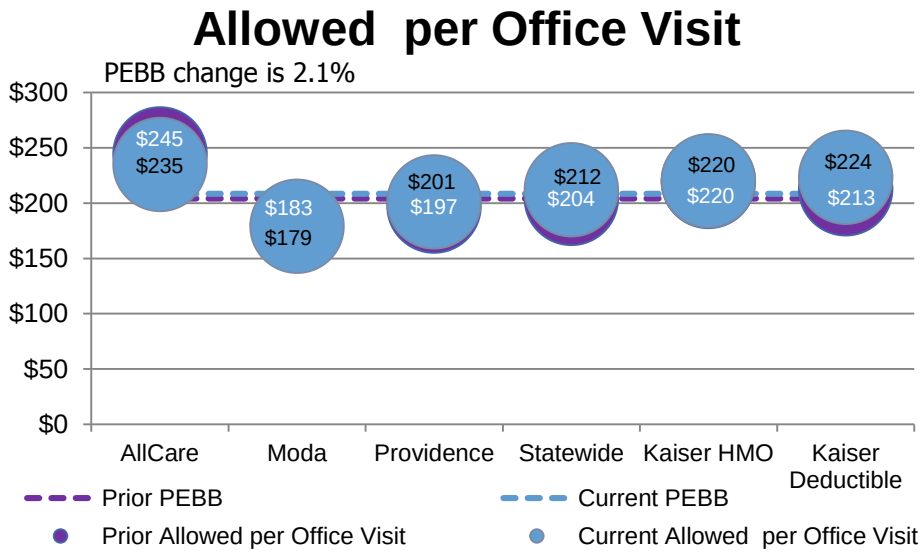
OUTPATIENT OFFICE VISITS





KEY INSIGHTS

1

- Both utilization per 1000 and cost per visit increased during the current period

2

- The increase in Kaiser office visits is driven by a substantial increase in mental health visits

3

- Despite a reduction in allowed per visit, AllCare had the highest cost per visit of all plans

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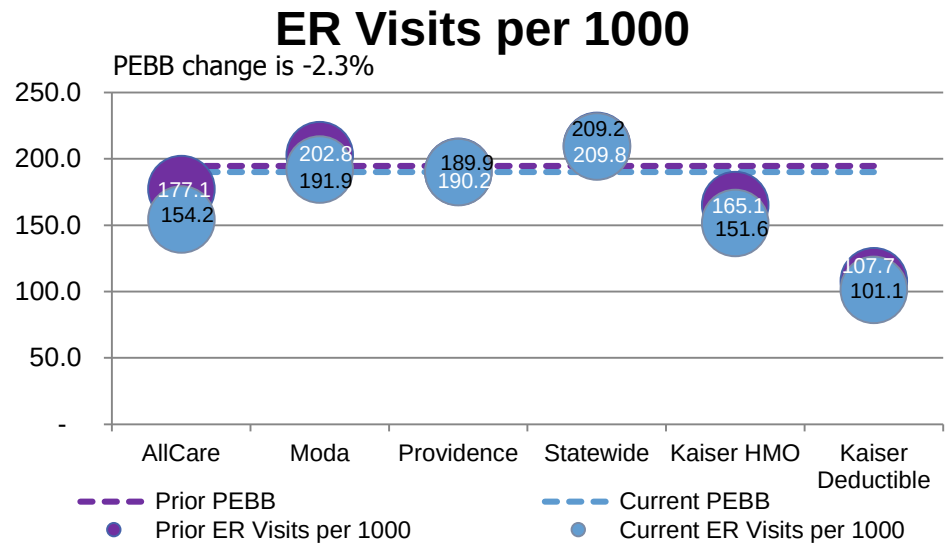
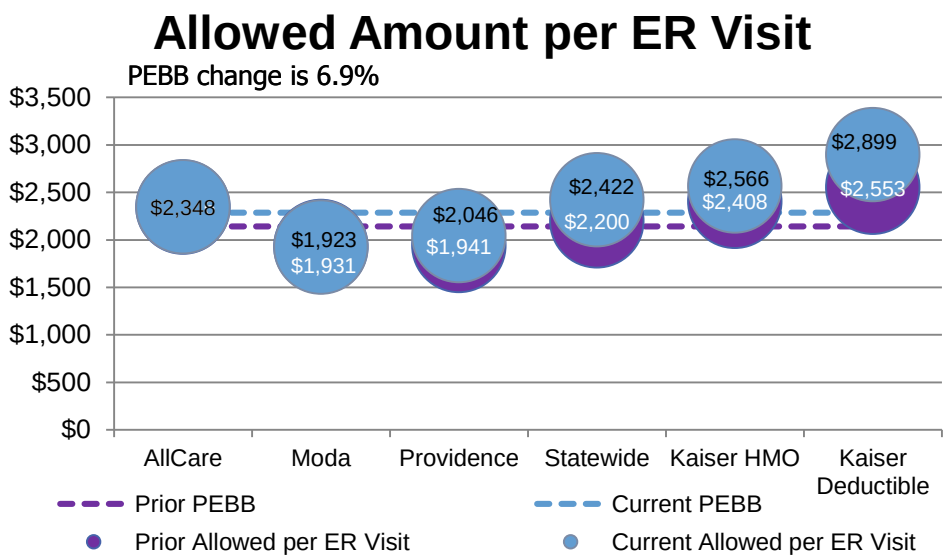
EMERGENCY ROOM





KEY INSIGHTS

1

- Cost per service continues to increase for emergency room visits with Statewide (10.1%) and Kaiser Deductible (13.6%) having the largest increases

2

- Kaiser HMO and Kaiser Deductible had the fewest visits per 1000

3

- Kaiser saw in increase in heart attack and appendicitis emergency room visits, which increased the cost per visit

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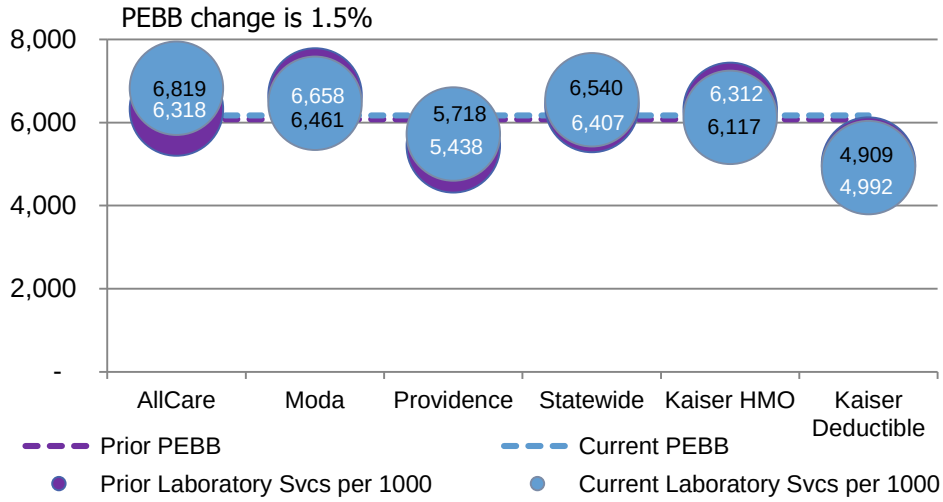
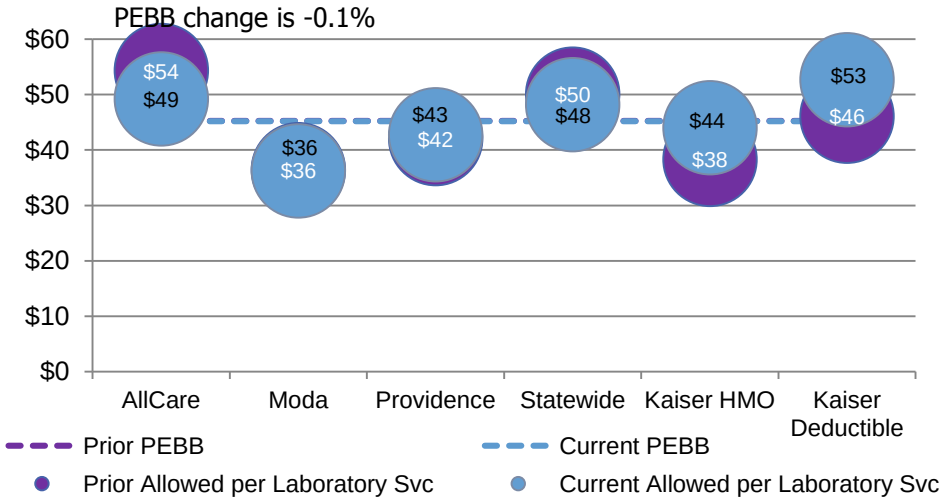
LABORATORY SERVICES

Laboratory Svcs per 1000



Allowed Amount per Laboratory Svc



KEY INSIGHTS

1

- AllCare had the highest utilization of laboratory services
- AllCare services increased 7.9% over the prior period

2

- Kaiser HMO and Kaiser Deductible cost per service increased 14.9% and 14.3% over the prior period

3

- On a per member basis, AllCare laboratory costs were 20% above PEBB average

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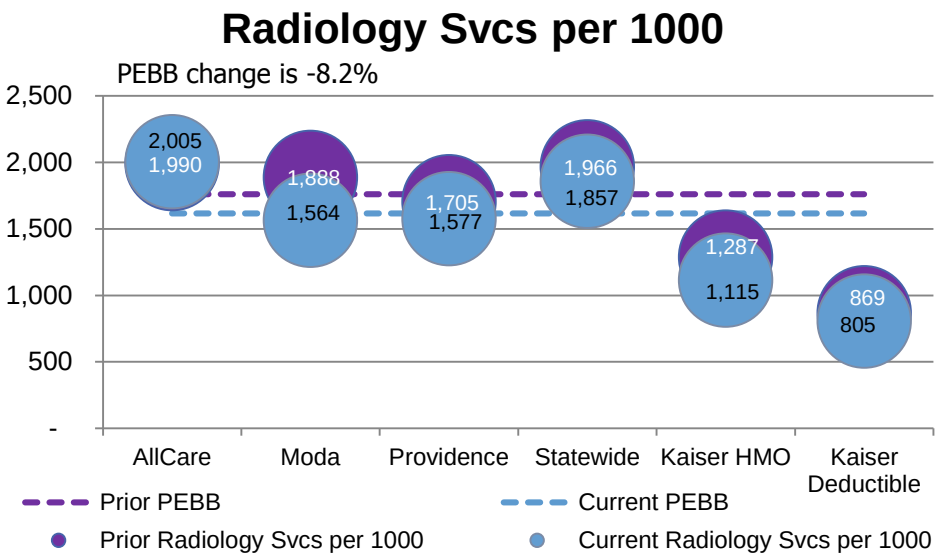
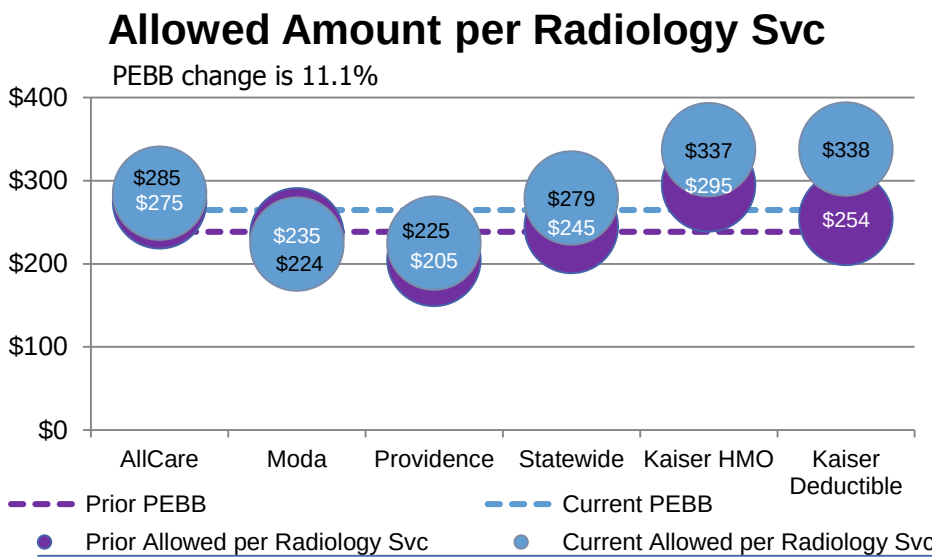
RADIOLOGY SERVICES





KEY INSIGHTS

1

- AllCare had the highest utilization of radiology services and was the only plan not to have a decrease in the current period

2

- Kaiser HMO and Kaiser Deductible cost per service increased 14.3% and 32.9% respectively over the prior period

3

- Despite the increase in per service cost, Kaiser per member radiology costs remained below PEBB average due to lower utilization

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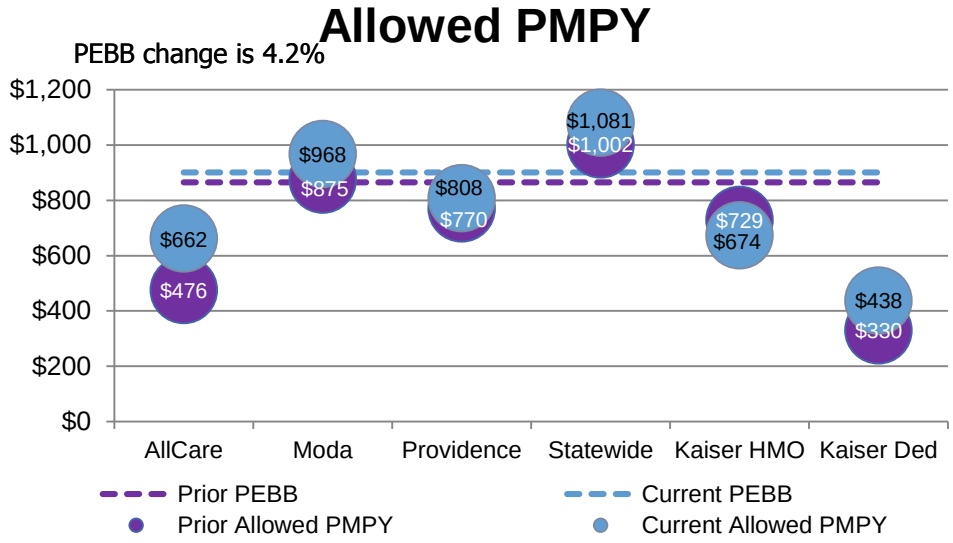
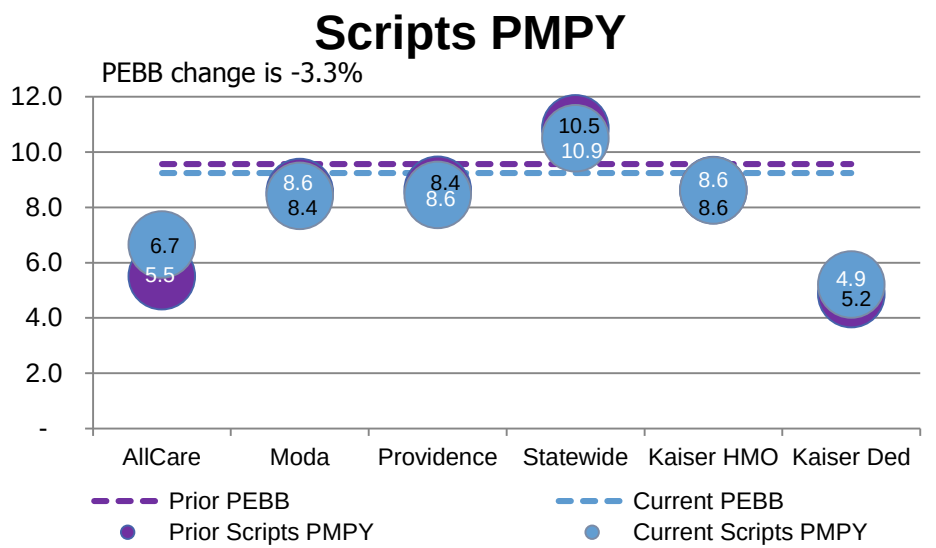
PRESCRIPTION DRUGS





KEY INSIGHTS

1

- Allowed costs per member for prescription drugs increased by 4.2% for PEBB despite a decrease in scripts per member of 3.3%

2

- While the allowed per member per year cost increased 4.2% for PEBB in total, the paid per member increased 5.3%

3

- The paid per script increased 8.9% for PEBB overall

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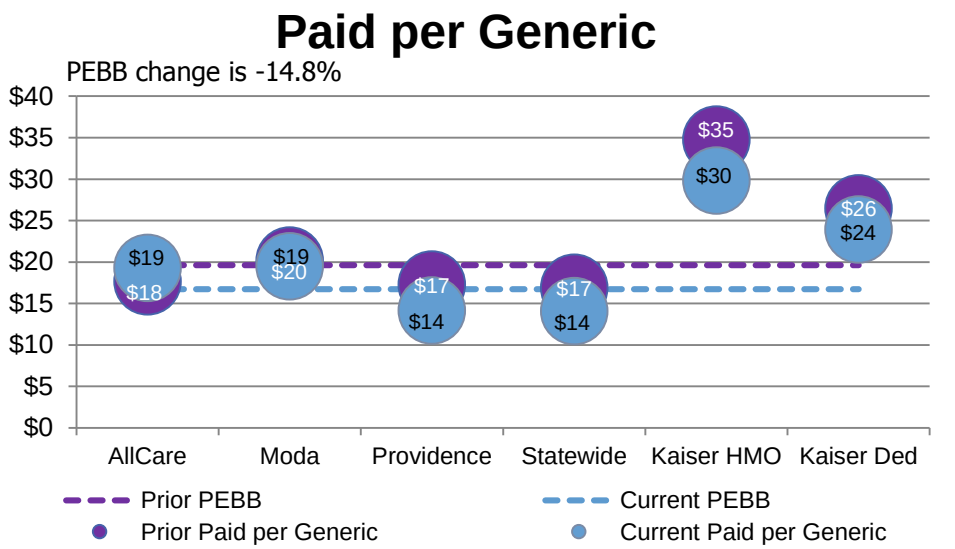
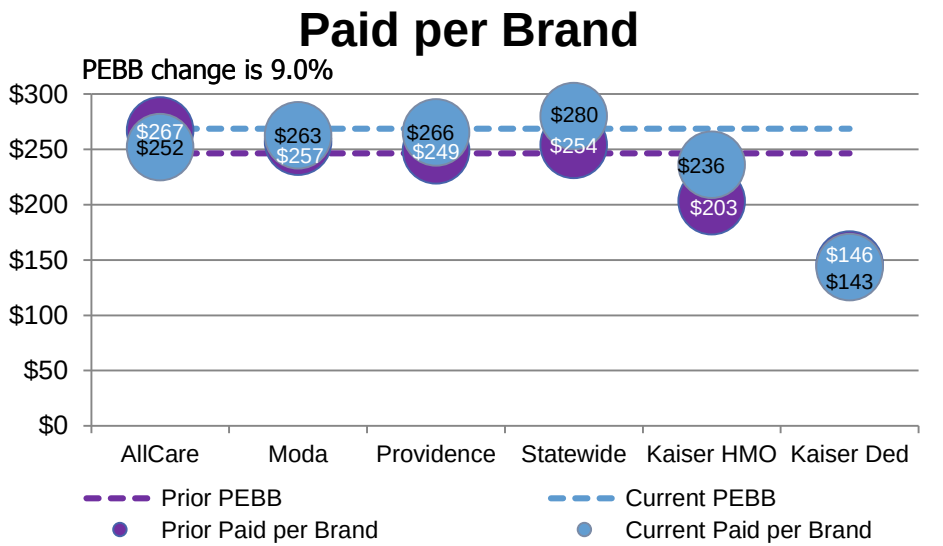
PRESCRIPTION DRUGS





KEY INSIGHTS

1

- Paid per generic script saw a decrease for all plans with the exception of AllCare

2

- Paid per brand saw an increase for all plans with the exception of AllCare and Kaiser Deductible
- Costs exclude specialty drugs and Rx rebates

3

- Generic utilization for PEBB decreased by 0.3% to 84.7%

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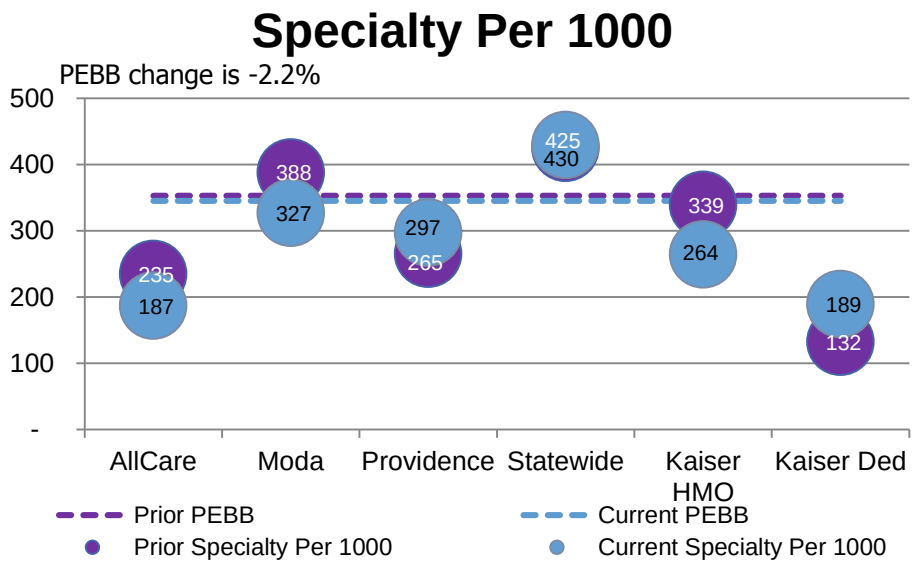
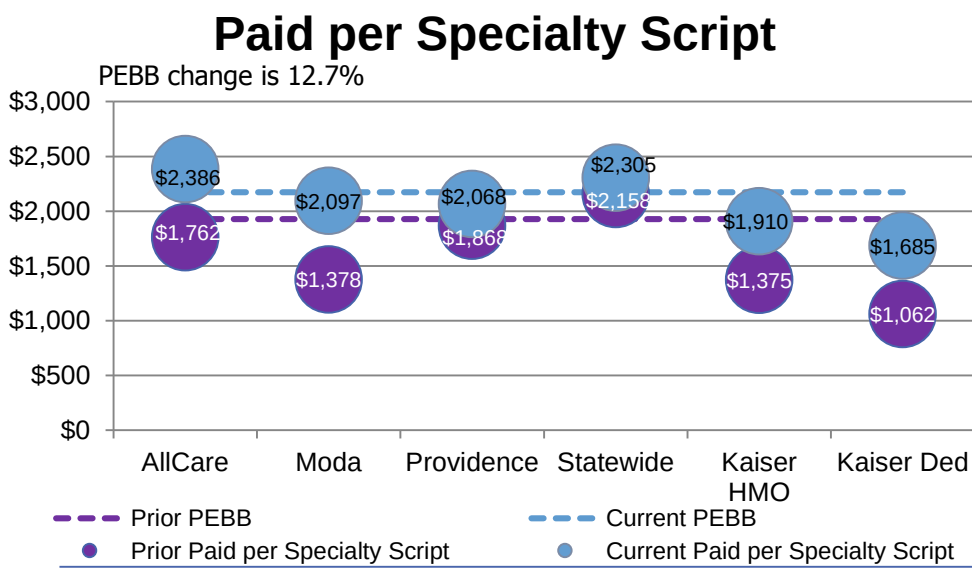
SPECIALTY DRUGS





KEY INSIGHTS

1

- Utilization of specialty drugs was flat or decreased for all plans except Providence Choice
- Costs per script increased for all plans

2

- Specialty drug costs now represent 13.6% of total PEBB claims and 15.8% of Statewide
- This is an increase from 13.0% and 15.5% respectively

3

- Excluding specialty drugs, the PEBB cost increase of 4.7% would have been 3.9%

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