

**INNOVATIONS WORK
GROUP**

**INITIAL COST DRIVERS
REPORT**



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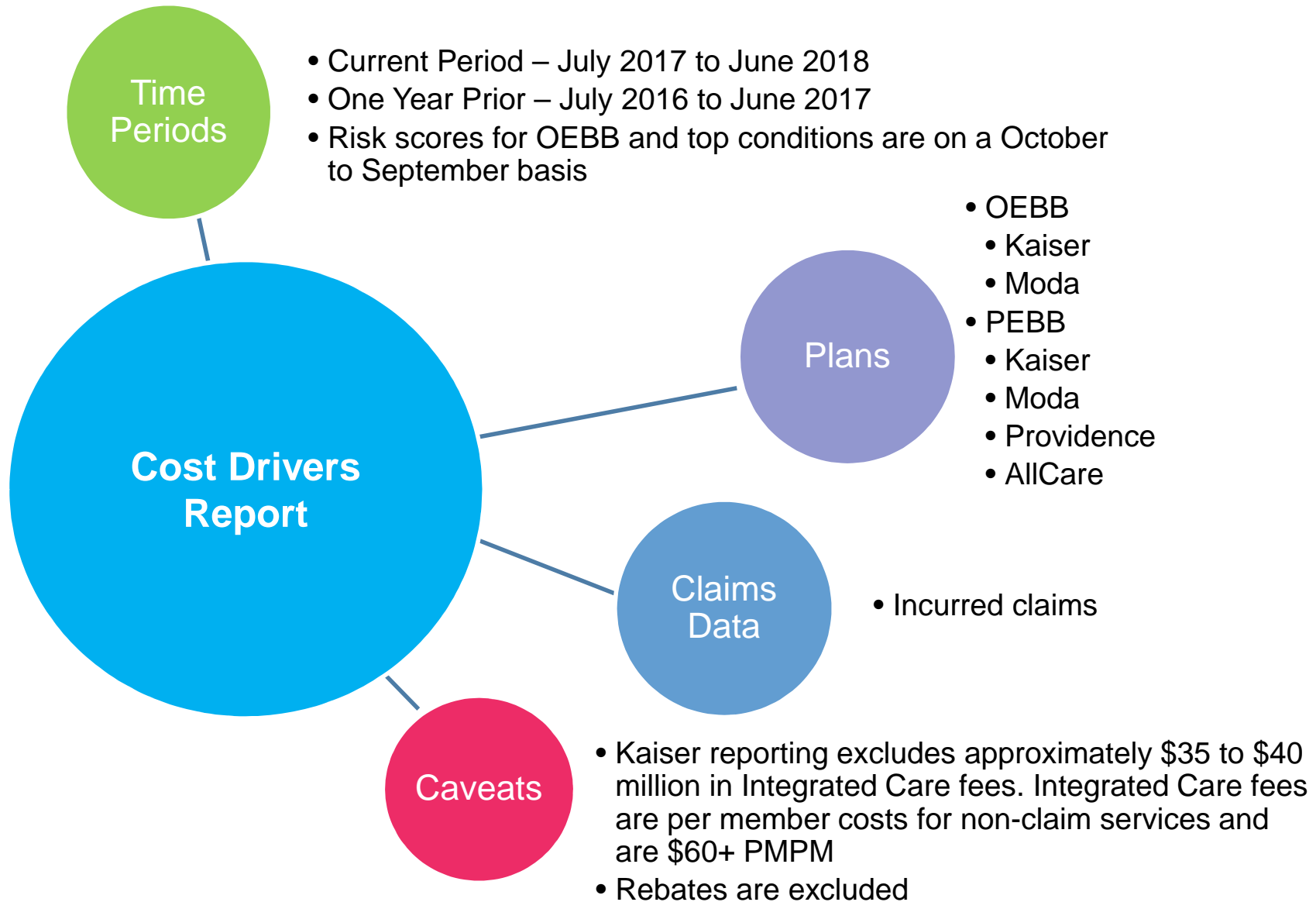
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PHOTO OF HACETA HEAD LIGHTHOUSE COURTESY OF OREGON PARKS AND RECREATION DEPARTMENT

DATA AND ASSUMPTIONS



EXECUTIVE SUMMARY

OVERVIEW OF OEGB AND PEBB

OEGB and PEBB have costs increasing at similar rates with PEBB increasing at a slightly higher rate

COMPONENTS OF TREND

Cost increases is the biggest component of trend for both OEGB and PEBB. OEGB costs are impacted more by member cost share/leveraging and PEBB is impact more by change in member risk

BY CATEGORY OF SERVICE

Outpatient surgery costs are increasing significantly for both OEGB and PEBB. Mental health utilization is increasing for both groups

RISK SCORES

PEBB risk scores are higher than OEGB and also increasing at a higher rate

TOP CONDITIONS

Top conditions for OEGB include cancer and arthritis and top conditions for PEBB include cancer and spinal and back disorders. Prevalence of chronic conditions are higher than benchmarks for OEGB and PEBB

OVERVIEW OF OEGBB AND PEBB

ANNUAL COSTS COMBINED OEGB AND PEBB

	CURRENT	ONE YEAR PRIOR	% CHANGE
AGGREGATE			
Allowed	\$1,637,620,366	\$1,557,932,337	5.1%
Paid	\$1,370,184,216	\$1,288,370,052	6.4%
PER EMPLOYEE PER MONTH			
Allowed	\$1,298.92	\$1,242.68	4.5%
Paid	\$1,086.80	\$1,027.67	5.8%
AVERAGE ANNUAL MEMBERSHIP			
Employees	105,063	104,474	0.6%
Members	267,131	265,942	0.4%
Average Age	34.6	34.7	-0.4%
% Female	53.1%	53.1%	0.0%
Risk Score	1.01	0.99	2.0%

• COSTS ARE INCREASING AT A RATE OF GROWTH SIMILAR TO THE COMMERCIAL TREND IN OREGON AND ABOVE 3.4%

ANNUAL COSTS

SEPARATE OEGB AND PEBB

	OEGB			PEBB		
	CURRENT	ONE YEAR PRIOR	% CHANGE	CURRENT	ONE YEAR PRIOR	% CHANGE
AGGREGATE						
Allowed	\$744,583,703	\$715,608,939	4.0%	\$893,036,662	\$842,323,398	6.0%
Paid	\$587,091,025	\$555,049,970	5.8%	\$783,093,191	\$733,320,082	6.8%
PER EMPLOYEE PER MONTH						
Allowed	\$1,150.91	\$1,118.23	2.9%	\$1,454.93	\$1,372.45	6.0%
Paid	\$907.47	\$867.34	4.6%	\$1,275.81	\$1,194.84	6.8%
AVERAGE ANNUAL MEMBERSHIP						
Employees	53,913	53,329	1.1%	51,150	51,145	0.0%
Members	132,097	130,680	1.1%	135,034	135,262	-0.2%
Average Age	35.3	35.6	-0.7%	33.9	34.0	-0.1%
% Female	54.3%	54.4%	-0.1%	51.9%	51.8%	0.1%
Risk Score	0.93	0.92	0.6%	1.09	1.06	3.3%

• PEBB COSTS ARE INCREASING AT A HIGHER RATE THAN OEGB, WITH RISK SCORES IMPACTING PEBB AT A HIGHER LEVEL THAN OEGB

UTILIZATION STATISTICS COMBINED OEGB AND PEBB

PER 1000 MEMBERS	CURRENT	ONE YEAR PRIOR	% CHANGE
MEDICAL			
ER Visits	177	179	-1.4%
IP Admits	46	49	-7.2%
IP Days	183	198	-7.7%
PCP Office Visits	2,525	2,445	3.3%
Specialist Office Visits	2,385	2,595	-8.1%
PRESCRIPTION DRUG			
Retail Scripts	7,378	7,921	-6.9%
Mail Scripts	1,107	859	29.0%
Specialty Scripts	169	158	7.0%

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KEY INSIGHTS

IP FACILITY

- Admits and days per member are decreasing for the current time period
- Both OEGB and PEBB are decreasing at similar rates
- PEBB current admits are 49 and OEGB current admits are 42

ER Visits

- Visits are flat but costs per visit are increasing (shown on page 14)
- PEBB current admits are 195 versus 158 for OEGB

PRESCRIPTION DRUGS

- A shift to mail order drugs, as PEBB scripts increased 48%

SPECIALTY DRUG COMBINED OEGB AND PEBB

	CURRENT	ONE YEAR PRIOR	% CHANGE
Scripts & Injections	68,350	64,244	6.4%
Scripts/1000 Members	256	242	5.9%
Total Allowed	\$224,142,088	\$198,525,571	12.9%
Total Paid	\$211,970,124	\$187,870,229	12.8%
Allowed/Script	\$3,279	\$3,090	6.1%
Paid/Script	\$3,101	\$2,924	6.1%
% Cost Share	94.6%	94.6%	

1

KEY INSIGHTS

SPECIALTY DRUG

- Specialty drugs make up 15.5% of current paid costs

2

OEGB and PEBB

- OEGB scripts and injections per 1000 members is 244 compared to 267 for PEBB

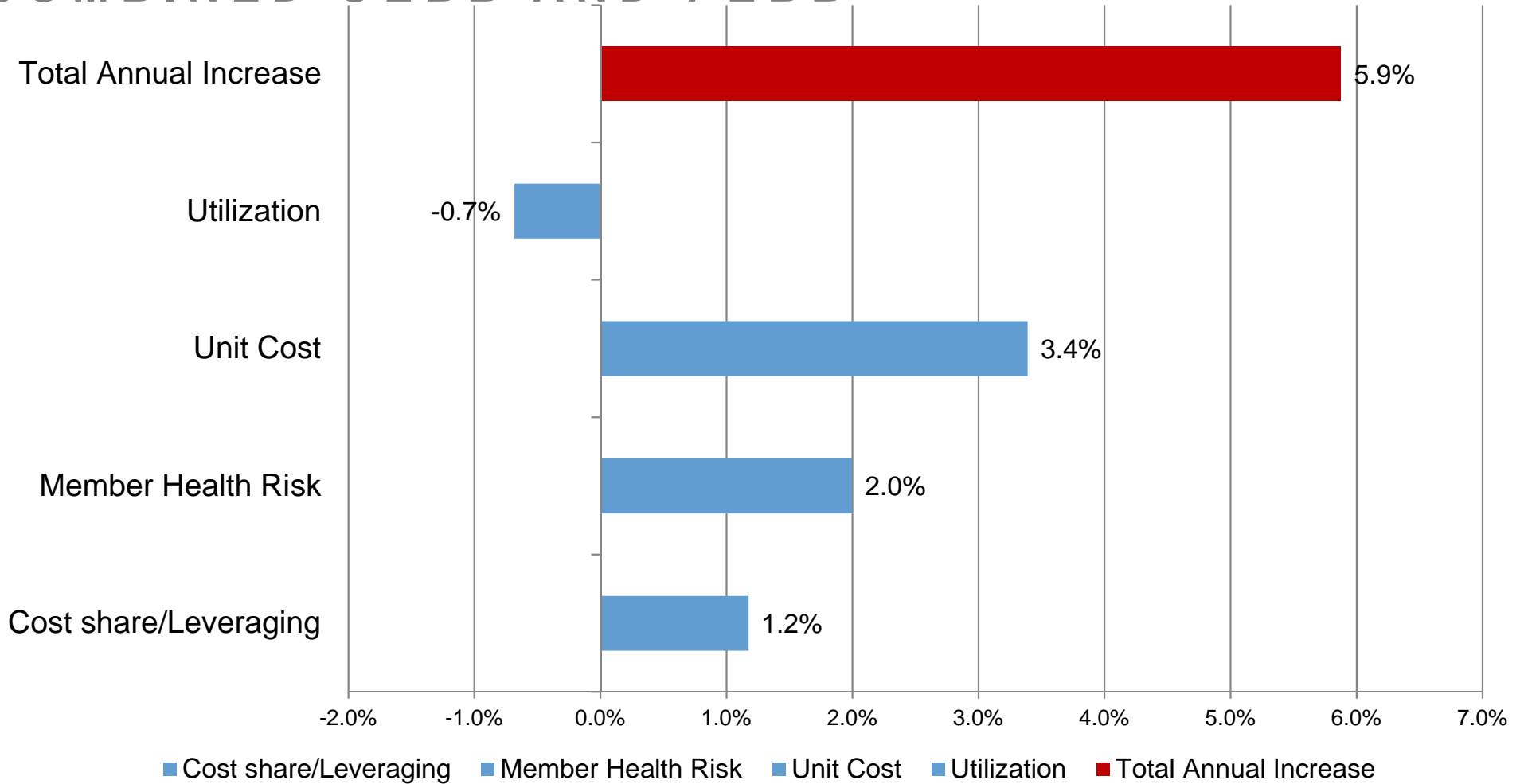
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IMPACT ON TREND

- Specialty drugs in total represented 1.8% of the 5.8% increase in paid cost

COMPONENTS OF TREND

COMPONENTS OF TREND COMBINED OEGB AND PEGB



- PEGB MEMBER RISK INCREASED 3.3% AND OEGB INCREASED 0.6%
- UNIT COST REPRESENTED 2.2% OF PEGB INCREASE AND 4.7% OF OEGB
- COST SHARE/LEVERAGING IMPACTED OEGB COSTS BY 1.7%

TREND COMPONENTS BY CATEGORY

Combined OEBB and PEBB	IP	OP	Phys	Rx	All Other
Total Annual Increase	2.1%	10.8%	4.8%	6.4%	4.7%
Cost share/ Leveraging	1.4%	1.0%	1.2%	1.0%	1.7%
Member Health Risk	2.0%	2.0%	2.0%	2.0%	2.0%
Unit Cost	5.9%	2.1%	2.4%	6.5%	-0.2%
Utilization	-7.2%	5.8%	-0.8%	-3.2%	1.2%

KEY INSIGHTS

OEBB

- Rates of total increase range from 2.2% (IP) to 6.3% (OP)
- Unit cost increases range from 0.8% to 6.5% with Physician and Rx at 6.2% and 5.4% respectively
- IP unit cost increased 6.5% with utilization decreasing by 6.3%

PEBB

- Total cost increases ranged from 2.1% (IP) to 14.7% (OP)
- Unit cost increased 7.5% for Rx and 5.3% for IP with Phys and All Other decreasing
- Utilization increased 8.3% for OP and decreased 7.8% for IP

TREND COMPONENTS

KEY COST DRIVERS

COMBINED OEGB AND PEBB

Rank	Category	Impact on Trend	OEGB Rank	PEBB Rank
1	Facility Outpatient Surgery	1.4%	3	1
2	Prescription Specialty Drugs	1.2%	1	2
3	Facility Inpatient Medical	0.9%	2	3
4	Mental Health Other Outpatient	0.5%	6	4
5	Professional Specialty Drugs	0.4%	4	8
6	Facility Outpatient ER	0.3%	7	6

OUTLIERS FOR OEGB

OEGB Rank	Category	Impact On OEGB Trend	PEBB Rank
8	Professional Transportation	0.3%	20
9	Radiology Outpatient Mammograms	0.2%	29
10	Physician Specialty Outpatient Surgery	0.1%	25

OUTLIERS FOR PEBB

PEBB Rank	Category	Impact On PEBB Trend	OEGB Rank
5	Prescription Drugs Mail Order	0.4%	62
11	Professional Services Other	0.1%	26
13	Professional PT, OT, Speech Therapy	0.1%	65

KEY INSIGHTS

1

- Top three cost drivers are the same for both OEGB and PEBB
- Unit cost trends are biggest drivers of increase for Facility OP Surgery, Facility IP Medical, Professional Specialty Drug, and Facility Outpatient ER

2

Mental Health

- Mental health services represented a 0.6% increase to costs
- Increases in utilization is responsible for over half of the increase

3

Outliers

- For OEGB, unit cost increases drove Professional Transportation and Radiology Outpatient Mammograms increases
- For PEBB, utilization increases were biggest drivers of Prescription Drugs Mail Order and Professional Services Other

TREND COMPONENTS DETAIL

COMBINED OEGB AND PEBB

Rank	Category	Impact on Trend	Portion of Increase Due to				OEGB		PEBB	
			Member Cost Share	Risk	Cost	Utilization	Rank	Trend Impact	Rank	Trend Impact
1	Facility Outpatient Surgery	1.4%	7.3%	14.3%	72.8%	5.6%	3	1.0%	1	1.8%
2	Prescription Specialty Drugs	1.2%	1.1%	13.4%	38.7%	46.8%	1	1.1%	2	1.2%
3	Facility Inpatient Medical	0.9%	26.6%	20.1%	102.7%	-49.4%	2	1.0%	3	0.7%
4	Mental Health Other Outpatient	0.5%	17.7%	9.0%	21.1%	52.2%	6	0.3%	4	0.6%
5	Professional Specialty Drugs	0.4%	-8.9%	17.3%	69.0%	22.6%	4	0.6%	8	0.3%
6	Facility Outpatient ER	0.3%	13.9%	26.4%	90.4%	-30.7%	7	0.3%	6	0.4%
7	Physician Non-Specialty Office Visits	0.3%	-0.2%	33.5%	7.2%	59.6%	5	0.4%	9	0.3%
8	Facility Outpatient Specialty Drugs	0.2%	3.8%	28.5%	-55.8%	123.5%	12	0.1%	7	0.3%
9	Prescription Drugs Mail Order	0.2%	-2.1%	12.3%	-88.1%	177.9%	62	-0.1%	5	0.4%
10	Professional Office Visits	0.2%	13.5%	25.3%	25.6%	35.6%	16	0.1%	10	0.3%
11	Professional Transportation	0.2%	21.0%	11.1%	64.4%	3.4%	8	0.3%	20	0.1%
12	Radiology Outpatient Mammograms	0.1%	0.8%	20.1%	212.4%	-133.2%	9	0.2%	29	0.0%
13	Laboratory Outpatient Other	0.1%	9.6%	22.9%	27.8%	39.8%	13	0.1%	14	0.1%
14	Radiology Outpatient Therapeutic Radiology	0.1%	32.3%	20.3%	-31.5%	78.8%	11	0.1%	17	0.1%
15	Professional Services Other	0.1%	46.0%	71.3%	-91.5%	74.2%	26	0.0%	11	0.1%
16	Mental Health Inpatient	0.1%	23.9%	14.6%	254.1%	-192.6%	14	0.1%	15	0.1%
17	Physician Specialty Outpatient Surgery	0.1%	37.2%	67.0%	18.4%	-22.6%	10	0.1%	25	0.1%
18	Professional Supplies and Devices	0.1%	10.7%	20.0%	43.7%	25.6%	29	0.0%	12	0.1%
19	Laboratory Outpatient Pathology	0.1%	35.0%	25.4%	-12.5%	52.1%	17	0.1%	22	0.1%
20	Mental Health Office Visits	0.1%	12.9%	22.5%	-14.7%	79.3%	19	0.0%	18	0.1%
	Total	5.9%	20.0%	34.0%	57.7%	-11.6%				

TREND COMPONENTS DETAIL

COMBINED OEGB AND PEBB

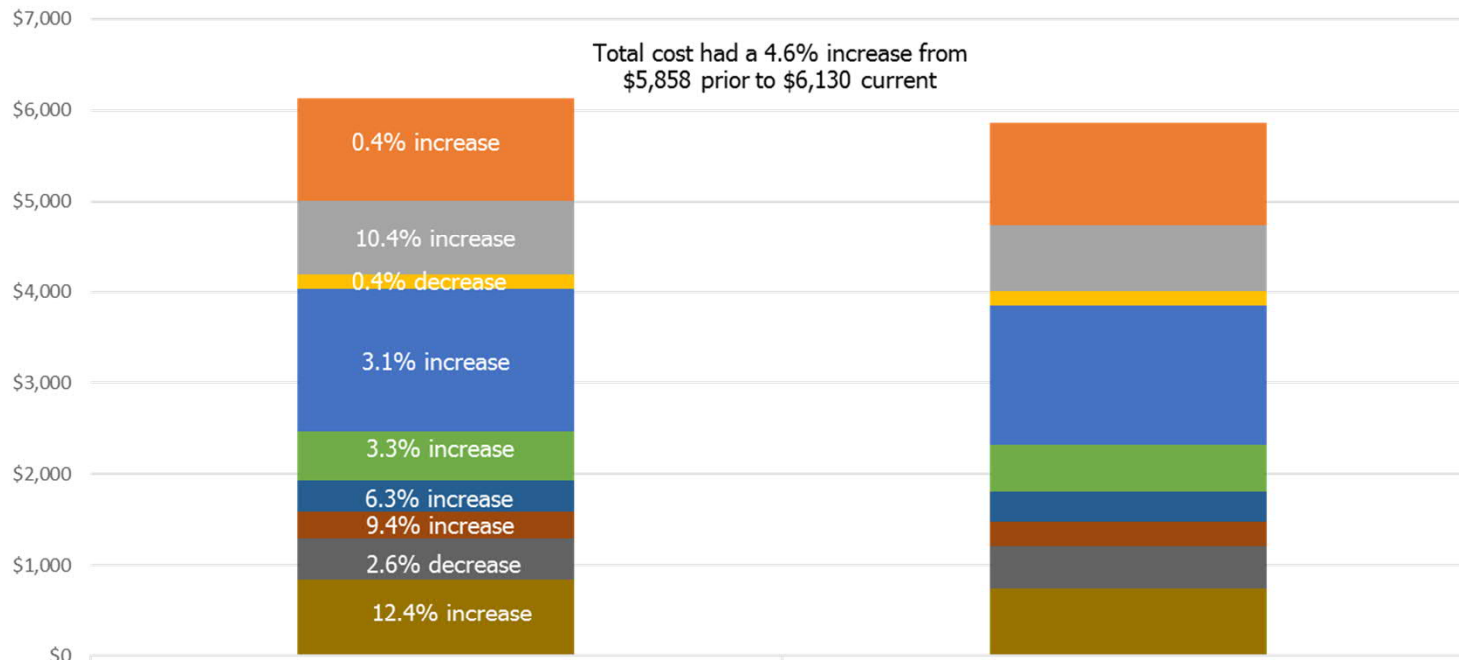
Rank	Category	Impact on Trend	Portion of Decrease Due to				OEGB		PEBB	
			Member Cost Share	Risk	Cost	Utilization	Rank	Trend Impact	Rank	Trend Impact
66	Prescription Drugs Retail	-0.4%	-7.5%	-36.5%	18.5%	125.6%	64	-0.1%	66	-0.5%
65	Facility Inpatient Maternity	-0.3%	-1.5%	-23.2%	59.0%	65.6%	66	-0.5%	65	-0.2%
64	Facility Inpatient Surgical	-0.2%	-8.3%	-88.6%	-213.9%	410.8%	60	-0.1%	64	-0.2%
63	Substance Abuse Other Outpatient	-0.1%	-27.8%	-13.1%	152.8%	-11.9%	55	0.0%	63	-0.1%
62	Facility Outpatient Other	-0.1%	13.3%	-22.1%	17.1%	91.8%	61	-0.1%	61	0.0%
61	Professional Chiropractic Services	0.0%	-70.7%	-16.0%	34.5%	152.3%	63	-0.1%	40	0.0%
60	Professional PT, OT, Speech Therapy	0.0%	-98.3%	-100.1%	-78.1%	376.5%	65	-0.2%	13	0.1%
59	Facility Inpatient Long Term Care	0.0%	-15.1%	-14.8%	144.0%	-14.2%	54	0.0%	59	0.0%
58	Facility Inpatient Non Acute	0.0%	10.6%	-7.4%	N/A	N/A	57	0.0%	56	0.0%
57	Substance Abuse Inpatient	0.0%	-23.2%	-44.8%	-199.9%	367.9%	52	0.0%	60	0.0%

- SIMILAR CATEGORIES WITH THE LARGEST DECREASES IN COSTS FOR OEGB AND PEBB
- LARGEST REASONS FOR DECREASE IS TYPICALLY CHANGE IN UTILIZATION
- SIMILAR DECREASES IN ADMITS FOR MATERNITY FOR OEGB AND PEBB

CATEGORY OF SERVICE

COSTS BY TYPE OF SERVICE PEPY BY PLAN

Combined OEGB and PEBB
Allowed by Category of Service
Per Member Per Year



- Largest categories of increase include Outpatient facility (OP), specialty (med and Rx), and Mental Health and Substance Abuse (MHSa)
- These categories were the three leading drivers of cost increases for both OEGB and PEBB

	OEGB	PEBB
IP	\$1,030	\$1,209
OP	\$743	\$888
Prof IP	\$148	\$172
Prof OP	\$1,402	\$1,727
Lab/X-Ray	\$538	\$532
ER	\$303	\$388
MHSa	\$242	\$346
Rx	\$414	\$491
Specialty Rx	\$816	\$862

	Current	Prior
IP	\$1,121	\$1,116
OP	\$817	\$739
Prof IP	\$160	\$161
Prof OP	\$1,566	\$1,519
Lab/X-Ray	\$535	\$518
ER	\$346	\$325
MHSa	\$294	\$269
Rx	\$453	\$465
Specialty Rx	\$839	\$746

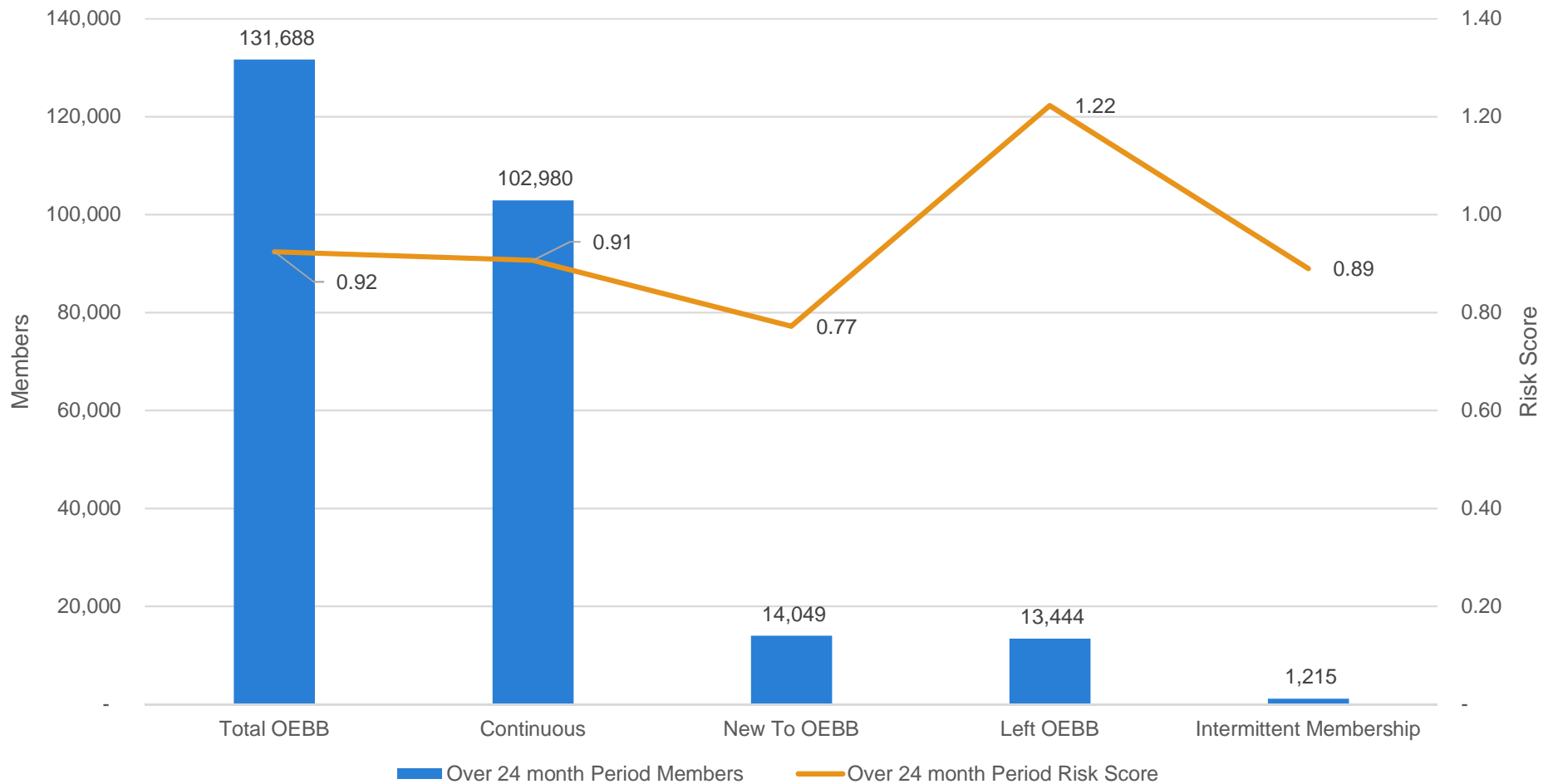
Costs are prior to member cost sharing

RISK SCORES

RISK SCORES

OEBB

OEBB Members from Oct 2016 to Sept 2018

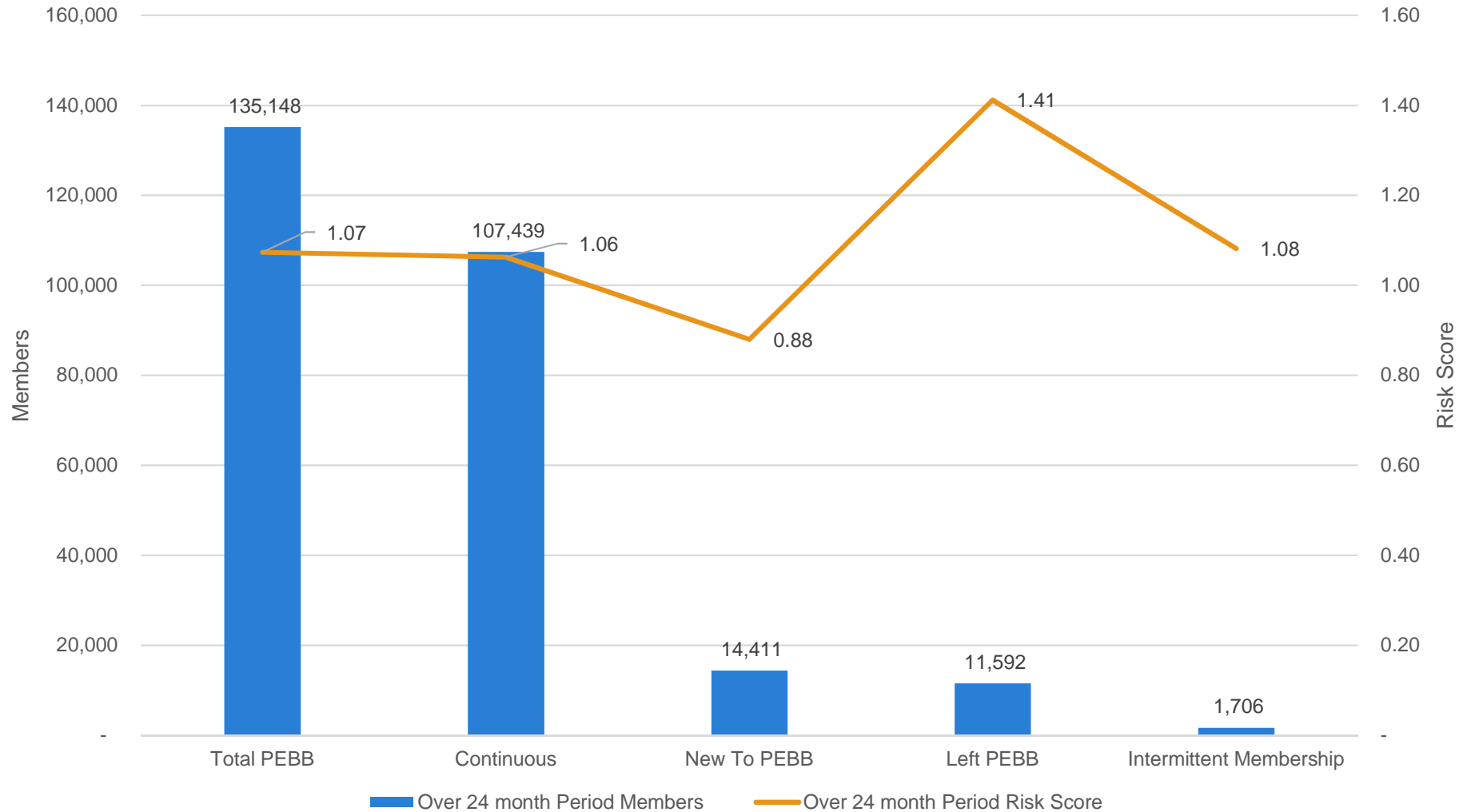


Risk scores are the relative cost of a member determined by the underlying illness burden based on age, sex, and diagnosis data. Scores are normalized to an average member based on a combined OEBB and PEBB population.

RISK SCORES

PEBB

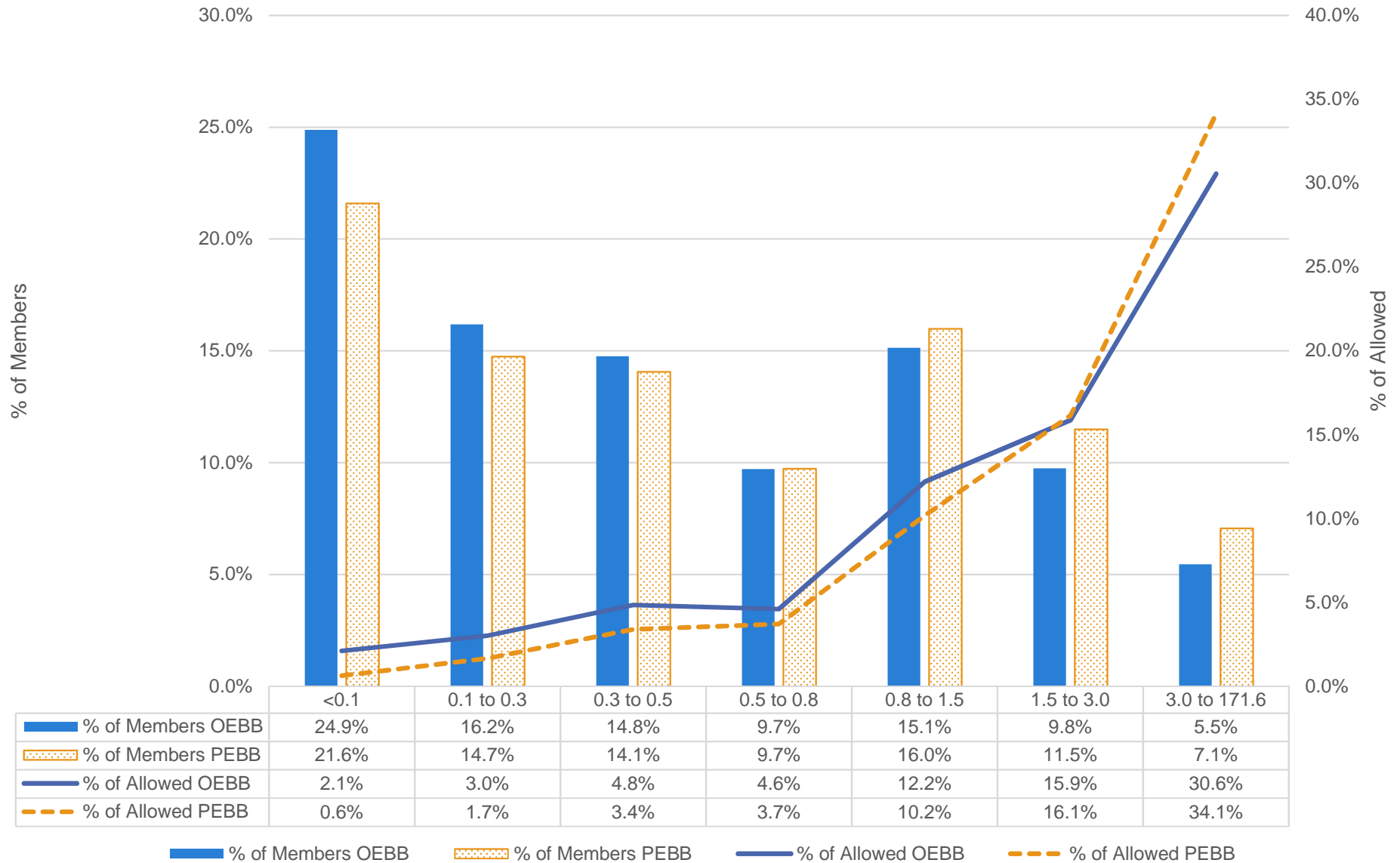
Members from July 2016 to June 2018



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 member based on a combined OEGB and PEBB population.

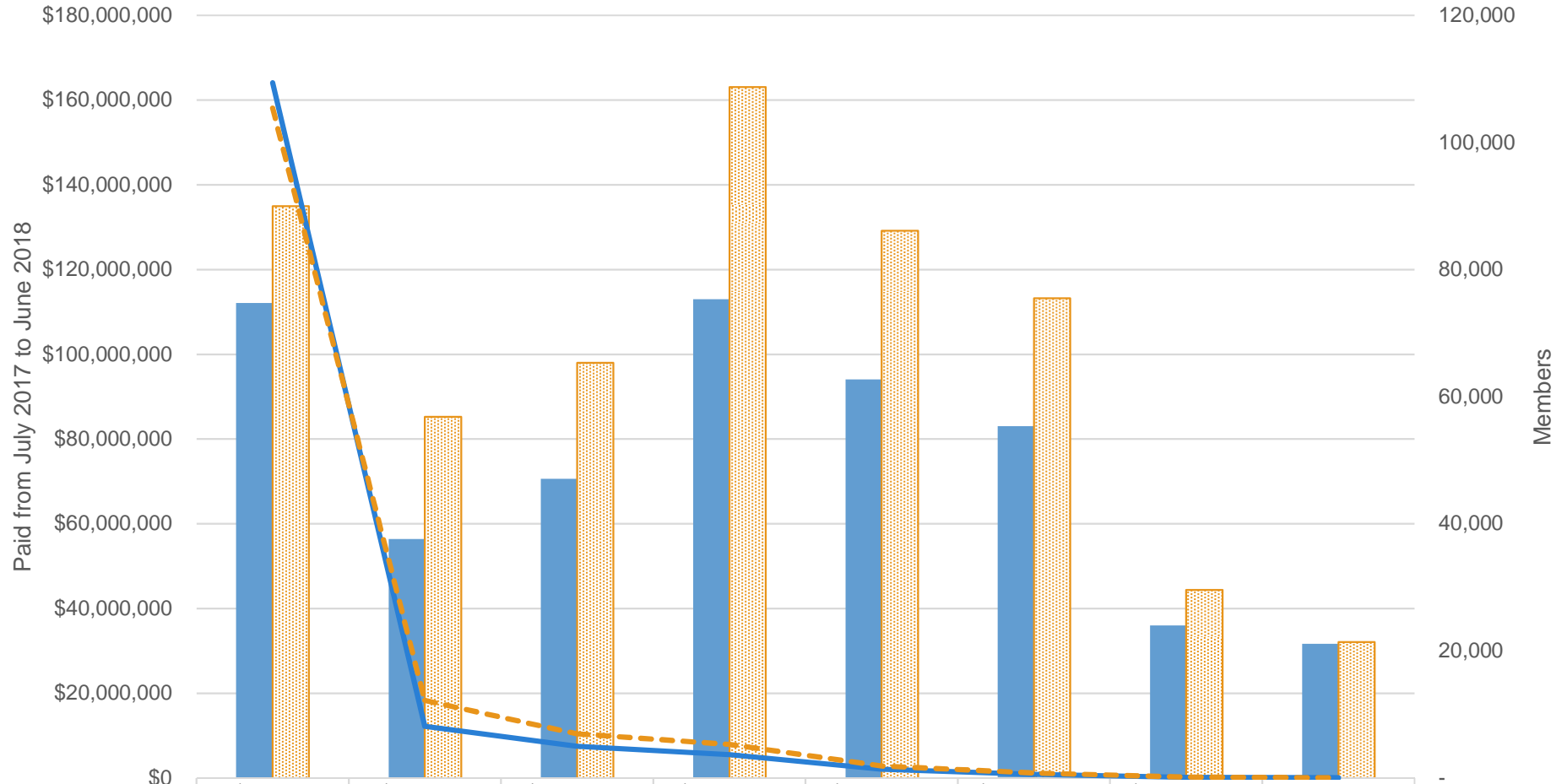
RISK SCORE STRATIFICATION

% of Members versus % of Allowed



PAID CLAIMS BY MEMBER

Large Claimants

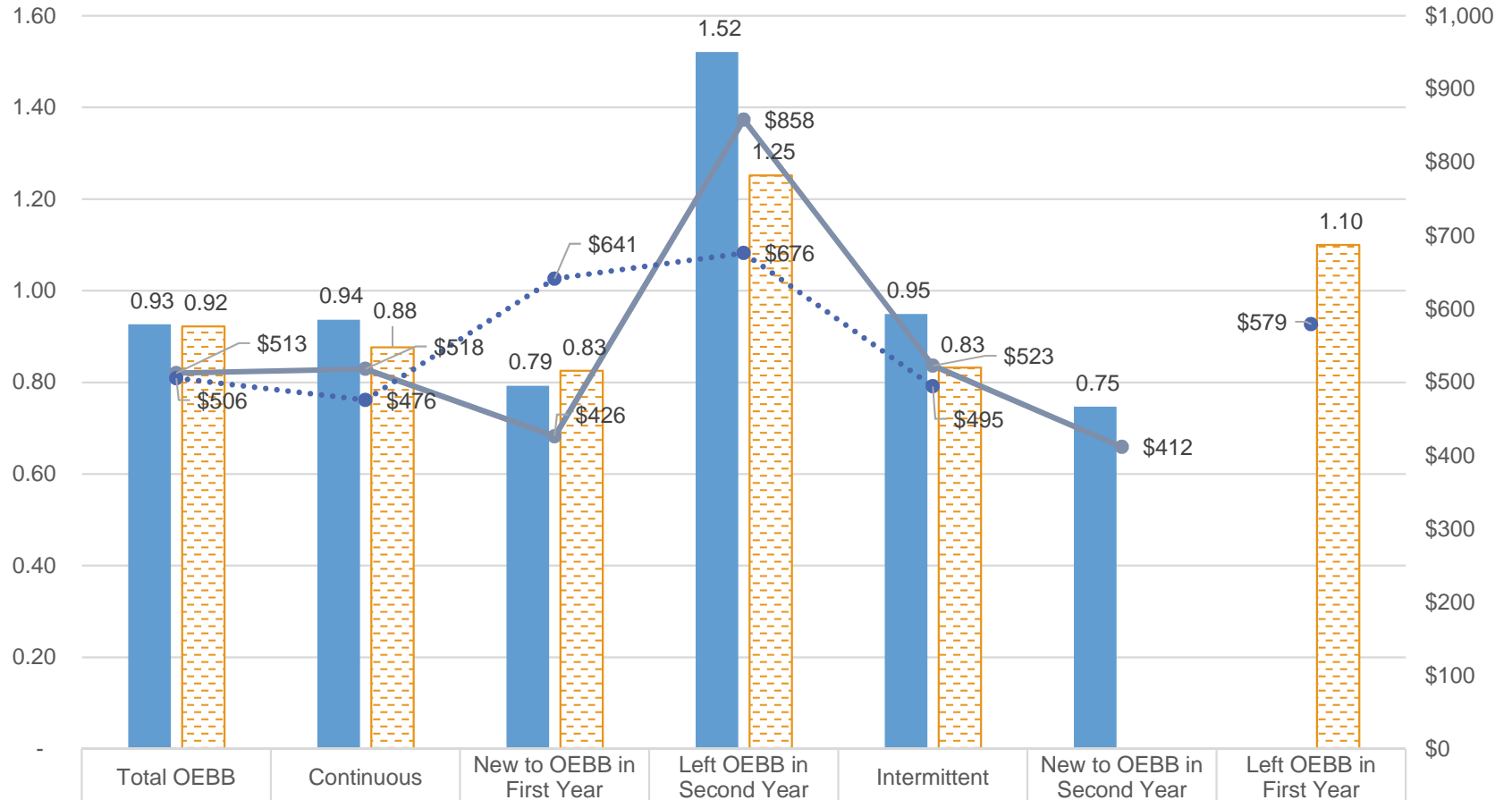


	\$0.00 to \$5,000	\$5,000 to \$10,000	\$10,000 to \$20,000	\$20,000 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$250,000	\$250,000 to \$500,000	Over \$500,000
OEBB Paid	\$112,118,566	\$56,412,259	\$70,671,494	\$113,037,952	\$94,139,700	\$83,084,808	\$36,075,309	\$31,689,602
PEBB Paid	\$134,980,440	\$85,283,099	\$97,984,893	\$163,080,573	\$129,170,484	\$113,247,455	\$44,394,527	\$32,095,940
OEBB Members	109,377	8,125	5,006	3,676	1,367	567	108	33
PEBB Members	105,396	12,204	6,941	5,270	1,882	778	131	36

■ OEBB Paid
 ▨ PEBB Paid
 — OEBB Members
 - - - PEBB Members

RISK SCORES OEBB

Members by Status

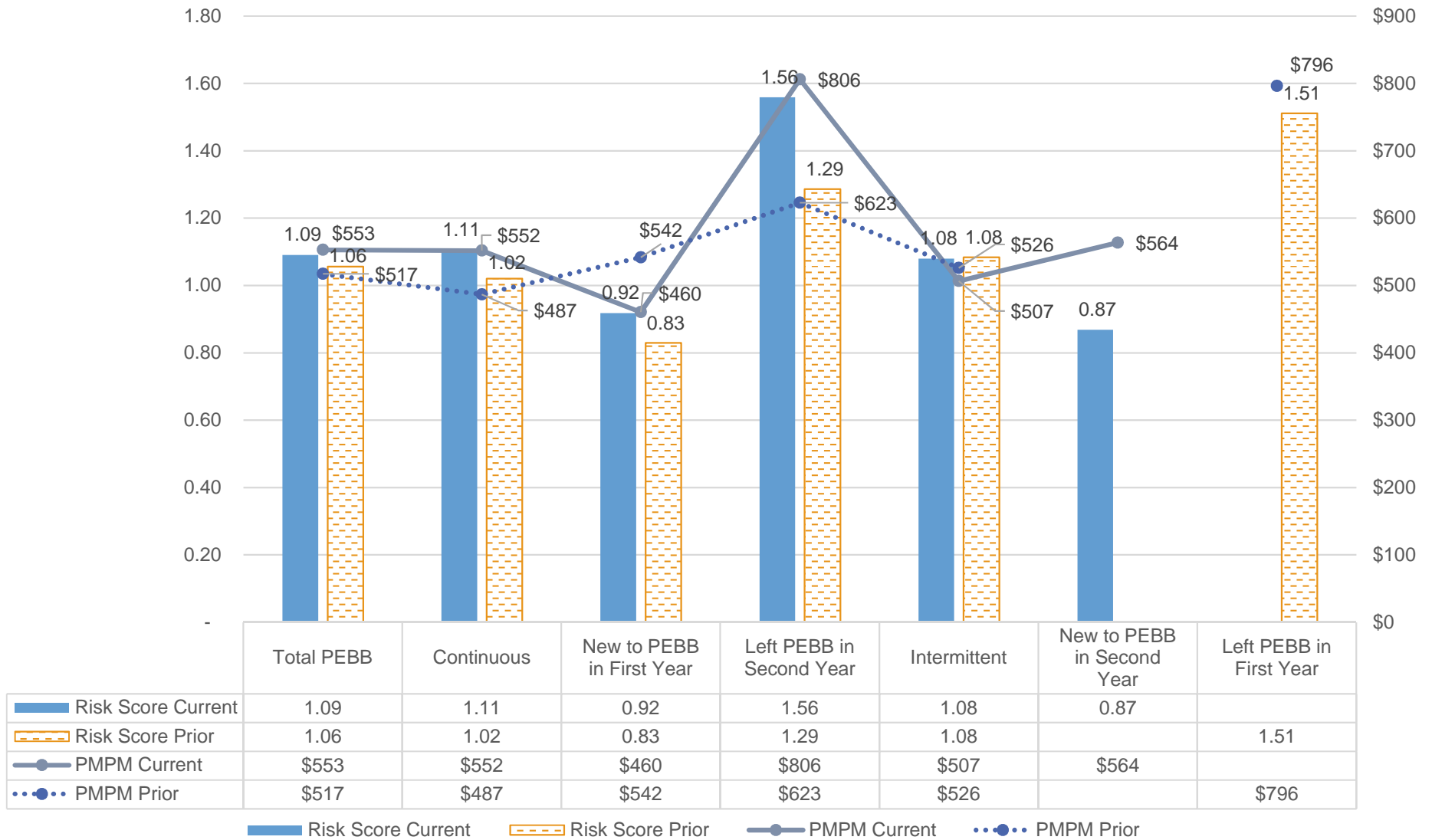


Risk Score Current	0.93	0.94	0.79	1.52	0.95	0.75	
Risk Score Prior	0.92	0.88	0.83	1.25	0.83		1.10
PMPM Current	\$513	\$518	\$426	\$858	\$523	\$412	
PMPM Prior	\$506	\$476	\$641	\$676	\$495		\$579

Risk Score Current Risk Score Prior PMPM Current PMPM Prior

RISK SCORES PEBB

Members by Status



TOP CONDITIONS

TOP CONDITIONS BY ALLOWED

EPISODE GROUP	RANK*	ALLOWED	PATIENTS	OEBB RANK	PEBB RANK
Cancer	1	\$93,196,470	4,564	1	1
Arthritis	2	\$52,475,490	7,709	2	3
Infections	3	\$49,849,797	79,434	3	4
Diabetes	4	\$47,384,673	9,249	4	5
Spinal/Back Disorder	5	\$45,968,411	35,206	7	2

- CLAIMS PERIOD 10/2017 – 9/2018
- ARTHRITIS INCLUDES OSTEOARTHRITIS, BUT NOT RHEUMATOID ARTHRITIS
- INFECTIONS INCLUDE: BODY SITES, EYE, GASTROINTESTINAL, GYNECOLOGICAL, MULTISYSTEM, MUSCULOSKELETAL, NERVOUS SYSTEM, RESPIRATORY, URINARY AND NEC
- SPINAL/BACK DISORDER INCLUDES: LOW BACK AND BACK DISORDERS

* NOTE THAT PREVENT / ADMIN HEALTH ENCOUNTERS WAS REMOVED FROM THIS TOP COMBINED EPISODE GROUP LISTING. IT WAS NUMBER 1 FOR COMBINED OEBB/PEBB, NUMBER 1 FOR PEBB AND NUMBER 1 FOR OEBB

TOP CONDITIONS BY PATIENTS

EPISODE GROUP	RANK*	ALLOWED	PATIENTS	OEBB RANK	PEBB RANK
Infections	1	\$49,849,797	79,434	1	1
Spinal/Back Disorder	2	\$45,968,411	35,026	3	2
Infec/Inflam — Skin/Subcu Tiss	3	\$18,851,067	31,116	2	3
Arthropathies/Joint Disorders NEC	4	\$28,729,056	28,242	4	4
Mental Health — Depression	5	\$23,327,785	17,531	7	6

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- INFECTIONS INCLUDE: BODY SITES, EYE, GASTROINTESTINAL, GYNECOLOGICAL, MULTISYSTEM, MUSCULOSKELETAL, NERVOUS SYSTEM, RESPIRATORY, URINARY AND NEC
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* NOTE THAT PREVENT / ADMIN HEALTH ENCOUNTERS WAS REMOVED FROM THIS TOP COMBINED EPISODE GROUP LISTING. IT WAS NUMBER 1 FOR COMBINED OEBB/PEBB, NUMBER 1 FOR PEBB AND NUMBER 1 FOR OEBB

CHRONIC CONDITIONS

OEBB AND PEBB

			BENCHMARK							BENCHMARK	
	OEBB	PEBB	US	OR	STATE GOV	LOCAL ED	UNIV	OEBB	PEBB	US	WEST
PER 1000 MEMBERS								ALLOWED PER PATIENT			
Asthma	49.9	50.6	21.1	21.6	24.2	28.0	24.0	\$2,403	\$1,888	\$1,503	\$1,483
CHF	3.3	3.7	1.9	1.4	3.0	2.1	1.5	\$12,211	\$5,656	\$4,316	\$5,458
Coronary Art Dis	12.9	12.5	10.0	5.5	13.0	11.6	7.8	\$22,719	\$13,504	\$8,562	\$10,658
Depression	119.3	145.1	38.4	62.1	42.7	52.1	67.8	\$2,356	\$1,831	\$1,532	\$1,659
Diabetes	79.9	83.5	51.4	43.1	72.4	58.9	45.2	\$8,798	\$5,383	\$3,958	\$3,843
Hypertension	102.2	100.5	77.2	52.2	120.9	95.7	61.4	\$2,041	\$1,724	\$1,011	\$1,029
Low Back Disorder	142.9	165.1	64.7	77.2	80.8	89.3	70.2	\$2,835	\$2,561	\$2,214	\$2,102
Obesity	36.7	42.0									

- TIME PERIOD IS ALL THREE YEARS OF CLAIMS DATA
- MEMBERS ARE CONSIDERED TO HAVE THE LISTED CHRONIC CONDITION IF THEY HAVE A CLAIM WITH THE CONDITION AS THE PRIMARY DIAGNOSIS
- OEBB AND PEBB CONDITIONS PER MEMBER ARE SIGNIFICANTLY HIGHER THAN BENCHMARKS; OEBB COSTS PER PATIENT ARE HIGHER THAN PEBB
- BENCHMARKS ARE UNADJUSTED

NEXT STEPS

NEXT STEPS

- 1 Deeper dive into reasons for the outpatient cost increases
- 2 Additional analysis into whether site of care shifts are causing differences in IP and OP cost trends
- 3 Analysis of specialty drugs and other pharmacy practicing patterns impacting trend
- 4 Study of conditions impacting member risk score and increases in costs
- 5 Other IWG priorities?

