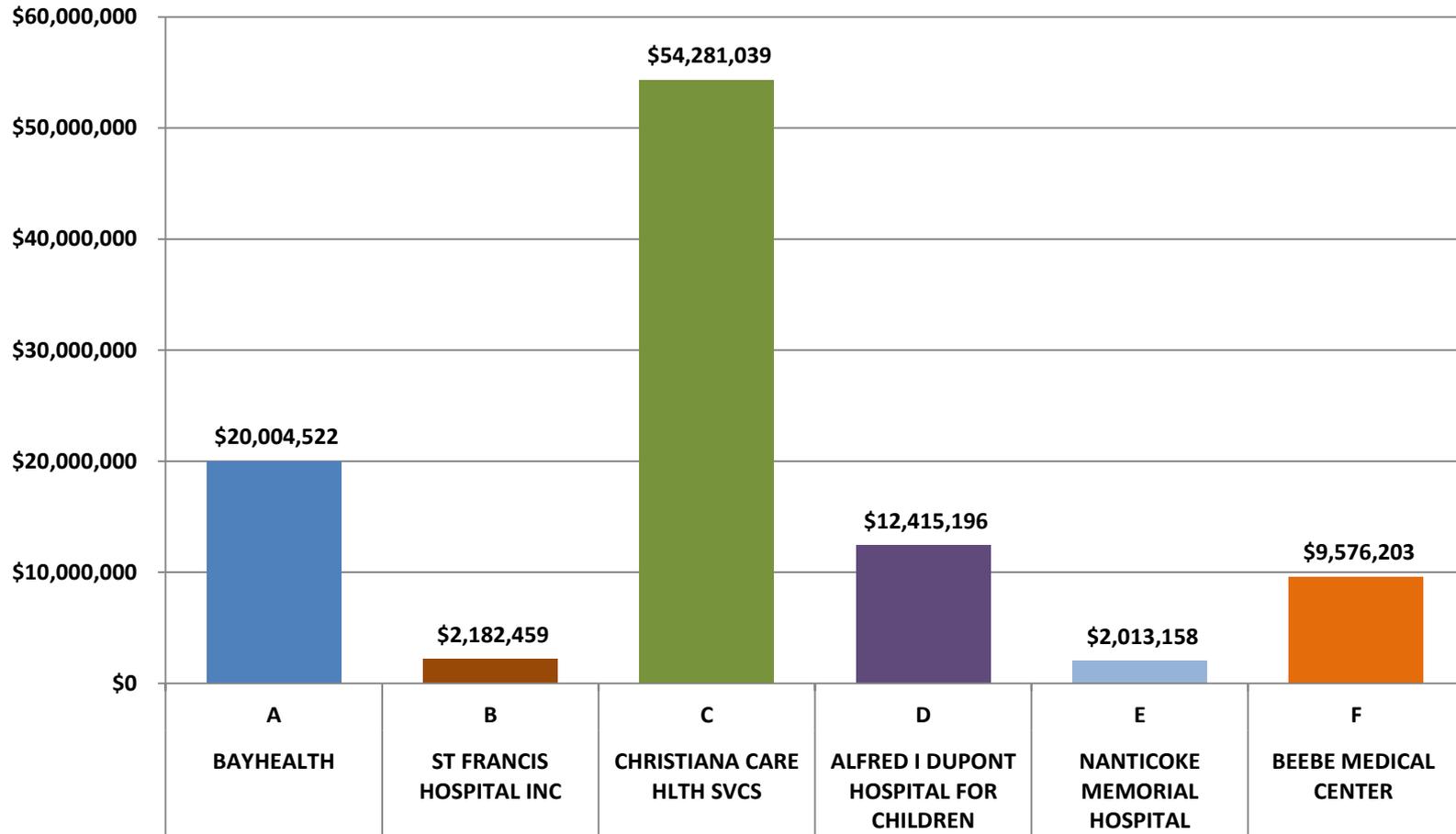


Highmark Delaware Presentation to State Employees Health Plan Task Force

November 17, 2015



State of Delaware Hospital Inpatient Spend FY15



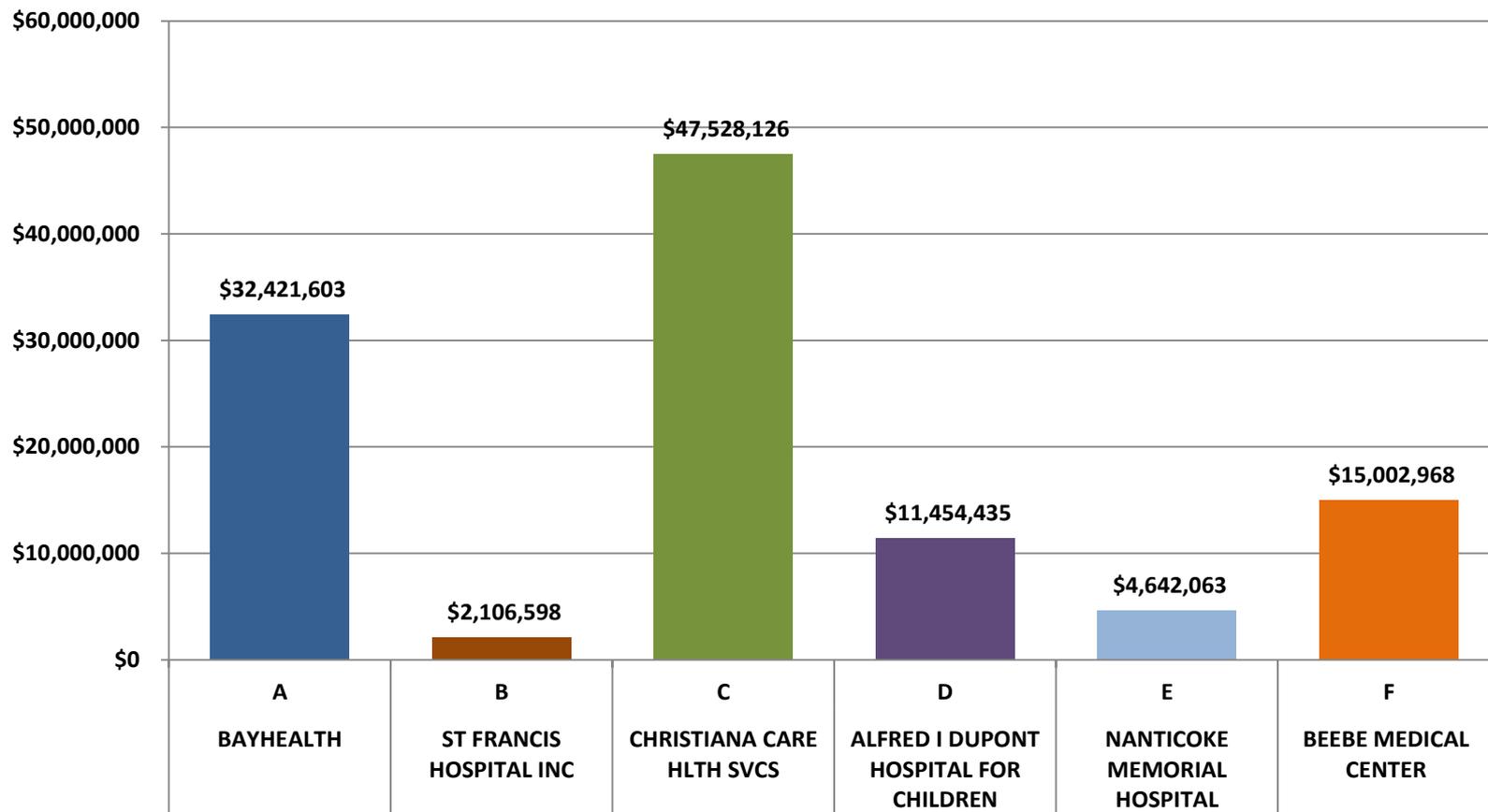
Paid FY15 (July 2014 through June 2015)

State of Delaware Facility Inpatient Spend FY15

Total Delaware Hospitals	—	\$100,472,577
Total All Delaware Facilities*	—	\$103,597,690
Total Out-of-State Facilities	—	\$21,909,375
Total Inpatient Facility Spend FY15	—	\$125,507,065

* Includes SNF, Psych, Sub Abuse

State of Delaware Hospital Outpatient Spend FY15



Paid FY15 (July 2014 through June 2015)

State of Delaware Facility Outpatient Spend FY15

Total Delaware Hospitals	—	\$113,155,793
Total All Delaware Facilities*	—	\$119,582,200
Total Out-of-State Facilities	—	\$22,565,800
Total Outpatient Facility Spend FY15	—	\$142,148,000

* Includes SNF, Psych, Sub Abuse

Inpatient DRG Reimbursement Analysis

CMAD METHODOLOGY: Represents change in Case Mix Adjusted Diagnosis across all DRGs. Does not exclude outliers.

PERIOD PRE TO POST: Represents the immediate 12 months prior to the DRG implementation date.

PERIOD POST 2ND YEAR: Represents the second period after the initial DRG implementation year.

2015 Data is year-to-date thru September, 2015.

HOSPITAL	PERIOD	CHANGE IN # ADMITS	% CHANGE IN ALOS	% CHANGE IN AVG \$ / ADMIT
1	PRE TO POST	449 TO 315	2.4%	-14.1%
2	PRE TO POST	154 TO 144	14.2%	-5.5%
	POST 2ND YEAR	144 TO 124	-14.5%	0.6%
3	PRE TO POST	141 TO 128	25.6%	21.7%*
	POST 2ND YEAR	128 TO 108	-3.0%	3.9%*

* Includes Quality Blue Incentive Payments

State of Delaware Inpatient DRG Reimbursement Analysis

We took current year claims for all three hospitals and compared what was paid under the DRG to what would have been paid under the prior fee-for-service arrangement.

HOSPITAL	CLAIM COUNT	DRG ALLOWED	ANNUALIZED PRE DRG AMOUNT	CHANGE	% CHANGE
TOTAL	<u>514</u>	<u>\$ 12,455,837</u>	<u>\$ 13,955,821</u>	<u>\$ (1,499,983)</u>	<u>-10.7%</u>

Does not reflect the change in behavior ie; change in ALOS or services rendered.
DRG methodology drives different behaviors.