

RFS 21-66211

ANTHEM COST ASSUMPTIONS, CONDITIONS AND CONSTRAINTS

D1.2 – TPA As shown in Attachment D1

D1.3 – TPA **Medical Administrative Fees**

- This proposal assumes that Anthem is the sole medical benefits administrator for the State of Indiana.
- This proposal is based on the State of Indiana implementing the Total Health Total You programs.

D1.4A – TPA As shown in Attachment D1

D1.4B – TPA As shown in Attachment D1

D1.5A – TPA As shown in Attachment D1

D1.5B – TPA As shown in Attachment D1

D1.6A – TPA **Statewide In-Network Discount Guarantee**

- This proposal assumes that Anthem is the sole medical benefits administrator for the State of Indiana.
- This proposal is based on the State of Indiana implementing the Total Health Total You programs.
- The total calendar year in-network discount, as measured annually for each calendar year of the Agreement for the State's medical and HOTT claims paid during that calendar year, shall be 50.0% or greater for that year. Based on that annual in-network discount, the administrative fee penalty schedule applicable to that year is the following: 49.0% or greater - no penalty; 48.0% to 48.9% 25% penalty; 47.0% - 47.9% 50% penalty; 46.0% - 46.9% 75% penalty; <46.0% 100% penalty.
- This Guarantee will be calculated by dividing the Network Provider Allowed Amount by the Network Provider Eligible Claim Charges. The resulting percentage shall be subtracted from 100% to determine the Network Provider Discount.
- This Guarantee excludes all charges for any Member whose Paid Claims exceed \$250,000 during the Measurement Period.
- Eligible Claim Charges are defined as charges for Covered Services provided to Members enrolled in PPO Plans. Eligible Claim Charges will be based on Anthem primary Claims only and will not include charges related to Prescription Drug Claims, Inter-Plan Program fees, state surcharges, Anthem Provider payment innovation programs or services rendered outside the United States. Allowed Amount is defined as the amount paid by Anthem to PPO Network Providers on Eligible Claim Charges plus any Member cost shares.
- Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of the following conditions occur:
 - Anthem is no longer the sole administrator for Employer's Plan.
 - Employer fails to maintain at least an average enrollment of 25,000 Subscribers.
 - The geographic distribution of Subscribers changes by more than 10% in total from the Employer census provided for purposes of establishing this Guarantee.

- Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Discount Guarantee.
- This will be measured with Employer-specific Data.

1.6A – TPA **Statewide Trend Guarantee**

- This proposal assumes that Anthem is the sole medical benefits administrator for the State of Indiana.
- This proposal is based on the State of Indiana implementing the Total Health Total You programs.
- Due to COVID-19, utilization decreased significantly, especially for elective services. We expect some rebound of utilization over the pre-COVID baseline utilization in 2022. If that were to occur, an increase in the above would be needed and if so, that increase would not exceed 2% per category.
- Anthem offers the Claims Trend Guarantee to reflect confidence in our ability to manage the level of State of Indiana's Claim costs. This guarantee is conditioned upon the following requirements:
 - Anthem is the sole medical benefits administrator for State of Indiana in 2022.
 - State of Indiana implements Total Health Total You programs in 2022.

Administration of Guarantee

1. For the Baseline Period, per Member per month (pmpm) Claims cost will be established using incurred medical Claims. The Claims cost will be based on Claims incurred in 2021 and paid January 1, 2021 through March 31, 2022 (the "Baseline Period") and then trended at 6.0%. Claims will include amounts that are the responsibility of both the Member and the State of Indiana ("Allowed Claims") so that results are not affected by plan design changes or other cost sharing differences from year to year. Claims cost calculations will also include and be based on the factors and adjustments listed below in 3, 4, 5, 6 7 and 8 of this Administration of Guarantee section. The result of these claims cost calculations shall be referred to as "Baseline Period Allowed Claims Cost." The Baseline Allowed Claims Cost will be divided by total enrolled Members during 2021 to determine the pmpm amount for the Baseline Period for use in calculation below in Step 9.
2. Claims in the Measurement Period are Medical Claims incurred in the guarantee year and paid through three months following the guarantee year - Claims will be incurred in 2022 and paid January 1, 2022 through March 31, 2023. Allowed Claims will include amounts that are the responsibility of both the Member and the State of Indiana so that results are not affected by plan design changes or other cost sharing differences from year to year. Claims cost calculations will also include and be based on the factors and adjustments listed below in 3, 4, 5 6 and 7 of this Administration of Guarantee section. The result of these Claims cost calculations shall be referred to as "Measurement Period Allowed Claims Cost." The Measurement Period Allowed Claims Cost will be divided by total enrolled Members during the guarantee year to determine the total pmpm amount for the Measurement Period for use in the calculation below in Step 9.
3. To minimize random fluctuations caused by catastrophic Claims if, total Claims for any Member exceed \$250,000 in total for a year, then the Claims cost in excess of \$250,000 for such Member shall be excluded (including Member cost share amounts) from both the Baseline Period and the Measurement Period calculations.

4. Claims for Medicare-primary enrollees, and post 65 retirees will be excluded from the Baseline and Measurement Period calculations.
5. Claims for COBRA enrollees will be excluded if the number of COBRA enrollees increases by 25% or more from the current level in either the Baseline or Measurement Periods.
6. Claims incurred outside of the United States, all fees paid to Anthem, whether included in Claims cost or otherwise, and state and federal surcharges will be excluded from the Baseline and Measurement Period calculations."
7. All COVID-19 claims, including immunity tests and visits, vaccine tests and visits, and COVID-19 related treatment will be excluded from the Baseline and Measurement Period calculations.
8. Adjustments to the Baseline Period Allowed Claims costs will be made to ensure consistency in the comparison to the Measurement Period by adjusting for:
 - a. Changes in demographic and geographic member risk profile, using Milliman Health Cost Guidelines.
9. Actual Claims Experience Trend is determined by dividing the Measurement Period Allowed Claims cost pmpm (as determined in Step 2 above) by the adjusted Baseline Allowed Claims cost pmpm (as determined in Step 1 above) minus one."
10. If the Actual Claims Experience Trend calculated in step 9 of this section is greater than the Targeted Claims Trend, Anthem will issue a fee credit to The State of Indiana according to the following:

2022 Actual Claims Experience Trend	Fee Credit to Administrative Services Fees
0.00% to 1.50% greater than the Targeted Claims Trend	\$250,000
1.51% to 2.50% greater than the Targeted Claims Trend	\$500,000
2.51% to 3.50% greater than the Targeted Claims Trend	\$1,000,000
3.51% or greater than the Targeted Claims Trend	\$1,500,000

Additional Terms and Conditions

- This Claims Trend Guarantee replaces any previously offered ROI Clinical Program Guarantees, Discount Guarantees and In-network Utilization Guarantees.
- Changes to the Claims Trend Guarantee may result in a modification of the Administrative Services Fees.
- With prescription drug coverage carved out to a different PBM, State of Indiana shall provide on an ongoing daily basis, a data extract with information required by Anthem to support the effectiveness of clinical programs (including prescription name, dosage, and frequency). Pharmacy Claims administered by a party other than Anthem will be excluded from this guarantee.

- All of the following required data must be materially complete, in the format specified by Anthem and provided within 135 days following the effective date of a Measurement Period:
- State of Indiana must provide Anthem with plan designs for the Measurement Year.
- State of Indiana must provide Anthem with proposed plan designs for the year following the Measurement Year.
- State of Indiana must provide Anthem with previous and current Employer contribution strategy.
- State of Indiana must provide Anthem with previous and current average employee turnover percentage.
- Only Claims for Members who are enrolled immediately prior to the effective date of this Claims Trend Guarantee in an ACA compliant non-grandfathered health benefit plan that provides comprehensive medical coverage shall be considered in calculating performance under this Claims Trend Guarantee. This Guarantee expressly excludes Claims and Members who were enrolled during the Baseline and/or Measurement Period of this Claims Trend Guarantee in limited benefit plans including but not limited to Minimum Essential Coverage, fixed indemnity plans, accident only, specified disease, or any similar plan as determined at Anthem's discretion.
- State of Indiana's participation in a private or public exchange during the Measurement Period or for 12 months following the Measurement Period will void this Claims Trend Guarantee.
- Anthem shall have the right to terminate this Guarantee if State of Indiana terminates coverage prior to the end of 2022.
- The Guarantee is invalid if there is a pandemic (an outbreak of a disease over a wide geographic area that affects an exceptionally high proportion of Members) declared by the Centers for Disease Control to have occurred during the Measurement Period.
- If a Force Majeure event occurs during the Measurement or Baseline Period, this guarantee may be revoked. "Force Majeure" means any cause beyond the reasonable control of a Party, including but not limited to acts of God, civil or military disruption, terrorism, fire, strike, flood, riot or war.
- Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Claims Trend Guarantee.
- The Claims Trend Guarantee may terminate if any of the following conditions occur:
 - State of Indiana fails to maintain at least an average enrollment of 90% of the Baseline.
 - The geographic distribution of Subscribers changes 10% in total from the State of Indiana census provided for purposes of establishing this Guarantee.
 - Change in Employer contribution strategy during the contract period (1/1/2022 to 12/31/2022).
 - Decrease in participation rate of 5% or more for medical coverage during the contract period (1/1/2022 to 12/31/2022).
 - During the Baseline Period, State of Indiana utilized networks that include Accountable Care Organizations or other similar managed care networks as determined at Anthem's discretion.
 - Failure by State of Indiana to provide any data required by Anthem in the time frame and format required.
 - Changes in hiring practices including; increases/decreases of Intermittent Workforce and part time employees.

- Changes to the proposed Network Solution could impact the Claims Trend Guarantee.
- Planned/announced layoffs or location closings.
- Changes to the plan design during the contract period (1/1/2022 to 12/31/2022).
- Changes to the site of service for drug coverage, such as implementing a pharmacy benefit change that moves coverage from the pharmacy plan to the medical plan, during the contract period (1/1/2022 to 12/31/2022).
- Employer modifies the terms of the plan whereby the coverage of Specialty Drugs is shifted from the medical benefit to the pharmacy benefit administered by Anthem or another third-party administrator during the Baseline Period or Measurement Period.
- Employer modifies the terms of the plan whereby the coverage of Specialty Drugs is shifted from the pharmacy benefit to the medical benefit during the Baseline Period or Measurement Period.

D1.6B – TPA Tiered Network Discount Guarantee

- This proposal assumes that Anthem is the sole medical benefits administrator for the State of Indiana.
- This proposal is based on the State of Indiana implementing the Total Health Total You programs.
- Targeted Network Provider Discount ("TND") will be based on percentage of HealthSync and PPO incurred Allowed Claims dollars with 3 months of runout as reflected in the table below, as determined by Actuarial for the Claims Trend Guarantee component.

HealthSync Claims Percentage	PPO Claims Percentage	Targeted Network Discount "TND"
100%	0%	58%
75%	25%	56%
50%	50%	54%
25%	75%	52%
0%	100%	50%

- If the percentage of HealthSync and PPO incurred Allowed Claim dollars falls between the rows in the table above, the Targeted Claims Trend shall be determined by interpolating between the values in the table above.
- As an example, if 50%/50% attribution: The total calendar year in-network discount, as measured annually for each calendar year of the Agreement for the State's medical and HOTT claims paid during that calendar year, shall be 54.0% or greater for that year. Based on that annual in-network discount, the administrative fee penalty schedule applicable to that year is the following: 53.0% or greater - no penalty; 52.0% to 52.9% 25% penalty; 51.0% - 51.9% 50% penalty; 50.0% - 50.9% 75% penalty; <50.0% 100% penalty.
- This Guarantee will be calculated by dividing the Network Provider Allowed Amount by the Network Provider Eligible Claim Charges. The resulting percentage shall be subtracted from 100% to determine the Network Provider Discount.
- This Guarantee excludes all charges for any Member whose Paid Claims exceed \$250,000 during the Measurement Period.

- Eligible Claim Charges are defined as charges for Covered Services provided to Members enrolled in PPO Plans. Eligible Claim Charges will be based on Anthem primary Claims only and will not include charges related to Prescription Drug Claims, Inter-Plan Program fees, state surcharges, Anthem Provider payment innovation programs or services rendered outside the United States. Allowed Amount is defined as the amount paid by Anthem to PPO Network Providers on Eligible Claim Charges plus any Member cost shares.
- Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of the following conditions occur:
 - Anthem is no longer the sole administrator for Employer's Plan.
 - Employer fails to maintain at least an average enrollment of 25,000 Subscribers.
 - The geographic distribution of Subscribers changes by more than 10% in total from the Employer census provided for purposes of establishing this Guarantee."
- Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Discount Guarantee.
- This will be measured with Employer-specific Data.

1.6B – TPA Tiered Network Trend Guarantee

- This proposal assumes that Anthem is the sole medical benefits administrator for the State of Indiana.
- This proposal is based on the State of Indiana implementing the Total Health Total You programs.
- In order to achieve the program cost targets for State of Indiana specified in our response below, Anthem will proactively utilize and offer various programs to mitigate Claims cost trend including strong discounts, high quality networks, high levels of in-network utilization and effective clinical management programs. Pursuant to the terms of this Claims Trend Guarantee (the "Claims Trend Guarantee") as outlined below, Anthem guarantees the following:
- The 2022 medical trend on Allowed Claims will be based on the percentage of HealthSync and PPO incurred Allowed Claim dollars with 3 months of runout as reflected in the table below ("Targeted Claims Trend"):

HealthSync Claims Percentage	PPO Claims Percentage	Targeted Claims Trend w/THTY
100%	0%	-1.5%
75%	25%	0.0%
50%	50%	1.5%
25%	75%	3.0%
0%	100%	4.5%

- If the percentage of HealthSync and PPO incurred Allowed Claim dollars falls between the rows in the table above, the Targeted Claims Trend shall be determined by interpolating between the values in the table above.
- Due to COVID-19, utilization decreased significantly, especially for elective services. We expect some rebound of utilization over the pre-COVID baseline utilization in 2022. If that were to occur, an increase to each Targeted Claim Trend category above would be needed and if so, that increase would not exceed 2% per category.

- Anthem offers the Claims Trend Guarantee to reflect confidence in our ability to manage the level of State of Indiana's Claim costs. This guarantee is conditioned upon the following requirements:
 - Anthem is the sole medical benefits administrator for State of Indiana in 2022.
 - State of Indiana implements Total Health Total You programs in 2022."

Administration of Guarantee

1. For the Baseline Period, per Member per month (pmpm) Claims cost will be established using incurred medical Claims. The Claims cost will be based on Claims incurred in 2021 and paid January 1, 2021 through March 31, 2022 (the "Baseline Period") and then trended at 6.0%. Claims will include amounts that are the responsibility of both the Member and the State of Indiana ("Allowed Claims") so that results are not affected by plan design changes or other cost sharing differences from year to year. Claims cost calculations will also include and be based on the factors and adjustments listed below in 3, 4, 5, 6 7 and 8 of this Administration of Guarantee section. The result of these claims cost calculations shall be referred to as "Baseline Period Allowed Claims Cost." The Baseline Allowed Claims Cost will be divided by total enrolled Members during 2021 to determine the pmpm amount for the Baseline Period for use in calculation below in Step 9.
2. Claims in the Measurement Period are Medical Claims incurred in the guarantee year and paid through three months following the guarantee year - Claims will be incurred in 2022 and paid January 1, 2022 through March 31, 2023. Allowed Claims will include amounts that are the responsibility of both the Member and the State of Indiana so that results are not affected by plan design changes or other cost sharing differences from year to year. Claims cost calculations will also include and be based on the factors and adjustments listed below in 3, 4, 5 6 and 7 of this Administration of Guarantee section. The result of these Claims cost calculations shall be referred to as "Measurement Period Allowed Claims Cost." The Measurement Period Allowed Claims Cost will be divided by total enrolled Members during the guarantee year to determine the total pmpm amount for the Measurement Period for use in the calculation below in Step 9.
3. To minimize random fluctuations caused by catastrophic Claims if, total Claims for any Member exceed \$250,000 in total for a year, then the Claims cost in excess of \$250,000 for such Member shall be excluded (including Member cost share amounts) from both the Baseline Period and the Measurement Period calculations.
4. Claims for Medicare-primary enrollees, and post 65 retirees will be excluded from the Baseline and Measurement Period calculations.
5. Claims for COBRA enrollees will be excluded if the number of COBRA enrollees increases by 25% or more from the current level in either the Baseline or Measurement Periods.
6. Claims incurred outside of the United States, all fees paid to Anthem, whether included in Claims cost or otherwise, and state and federal surcharges will be excluded from the Baseline and Measurement Period calculations.
7. All COVID-19 claims, including immunity tests and visits, vaccine tests and visits, and COVID-19 related treatment will be excluded from the Baseline and Measurement Period calculations.
8. Adjustments to the Baseline Period Allowed Claims costs will be made to ensure consistency in the comparison to the Measurement Period by adjusting for:

- a. Changes in demographic and geographic member risk profile, using Milliman Health Cost Guidelines.
9. Actual Claims Experience Trend is determined by dividing the Measurement Period Allowed Claims cost pmpm (as determined in Step 2 above) by the adjusted Baseline Allowed Claims cost pmpm (as determined in Step 1 above) minus one."
10. If the Actual Claims Experience Trend calculated in step 9 of this section is greater than the Targeted Claims Trend, Anthem will issue a fee credit to The State of Indiana according to the following:

2022 Actual Claims Experience Trend	Fee Credit to Administrative Services Fees
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Additional Terms and Conditions

- This Claims Trend Guarantee replaces any previously offered ROI Clinical Program Guarantees, Discount Guarantees and In-network Utilization Guarantees.
- Changes to the Claims Trend Guarantee may result in a modification of the Administrative Services Fees.
- With prescription drug coverage carved out to a different PBM, State of Indiana shall provide on an ongoing daily basis, a data extract with information required by Anthem to support the effectiveness of clinical programs (including prescription name, dosage, and frequency). Pharmacy Claims administered by a party other than Anthem will be excluded from this guarantee.
- Claims for the Specialty Drugs listed in the attached Exhibit #1 will be excluded from this Claims Trend Guarantee. If there are additional Specialty Drugs requested to be excluded during the guarantee period, mutual agreement by Anthem and Purdue University must be provided regarding any impact to this guarantee.
- All of the following required data must be materially complete, in the format specified by Anthem and provided within 135 days following the effective date of a Measurement Period:
 - State of Indiana must provide Anthem with plan designs for the Measurement Year.
 - State of Indiana must provide Anthem with proposed plan designs for the year following the Measurement Year.

- State of Indiana must provide Anthem with previous and current Employer contribution strategy.
- State of Indiana must provide Anthem with previous and current average employee turnover percentage.
- Only Claims for Members who are enrolled immediately prior to the effective date of this Claims Trend Guarantee in an ACA compliant non-grandfathered health benefit plan that provides comprehensive medical coverage shall be considered in calculating performance under this Claims Trend Guarantee. This Guarantee expressly excludes Claims and Members who were enrolled during the Baseline and/or Measurement Period of this Claims Trend Guarantee in limited benefit plans including but not limited to Minimum Essential Coverage, fixed indemnity plans, accident only, specified disease, or any similar plan as determined at Anthem's discretion.
- State of Indiana's participation in a private or public exchange during the Measurement Period or for 12 months following the Measurement Period will void this Claims Trend Guarantee.
- Anthem shall have the right to terminate this Guarantee if State of Indiana terminates coverage prior to the end of 2022
- The Guarantee is invalid if there is a pandemic (an outbreak of a disease over a wide geographic area that affects an exceptionally high proportion of Members) declared by the Centers for Disease Control to have occurred during the Measurement Period.
- If a Force Majeure event occurs during the Measurement or Baseline Period, this guarantee may be revoked. "Force Majeure" means any cause beyond the reasonable control of a Party, including but not limited to acts of God, civil or military disruption, terrorism, fire, strike, flood, riot or war.
- Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Claims Trend Guarantee.
- The Claims Trend Guarantee may terminate if any of the following conditions occur:
 - State of Indiana fails to maintain at least an average enrollment of 90% of the Baseline.
 - The geographic distribution of Subscribers changes 10% in total from the State of Indiana census provided for purposes of establishing this Guarantee.
 - Change in Employer contribution strategy during the contract period (1/1/2022 to 12/31/2022).
 - Decrease in participation rate of 5% or more for medical coverage during the contract period (1/1/2022 to 12/31/2022).
 - During the Baseline Period, State of Indiana utilized networks that include Accountable Care Organizations or other similar managed care networks as determined at Anthem's discretion.
 - Failure by State of Indiana to provide any data required by Anthem in the time frame and format required.
 - Changes in hiring practices including; increases/decreases of Intermittent Workforce and part time employees.
 - Changes to the proposed Network Solution could impact the Claims Trend Guarantee.

- Planned/announced layoffs or location closings.
- Changes to the plan design during the contract period (1/1/2022 to 12/31/2022).
- Changes to the site of service for drug coverage, such as implementing a pharmacy benefit change that moves coverage from the pharmacy plan to the medical plan, during the contract period (1/1/2022 to 12/31/2022).
- Employer modifies the terms of the plan whereby the coverage of Specialty Drugs is shifted from the medical benefit to the pharmacy benefit administered by Anthem or another third-party administrator during the Baseline Period or Measurement Period.
- Employer modifies the terms of the plan whereby the coverage of Specialty is shifted from the pharmacy benefit to the medical benefit during the Baseline Period or Measurement Period.

D1.7 – TPA As shown in Attachment D1

D1.8 – EAP As shown in Attachment D1

D1.9 – EAP As shown in Attachment D1 and corresponding referenced attachment as listed.

D1.10 – DW As shown in Attachment D1

D1.11 – DW As shown in Attachment D1