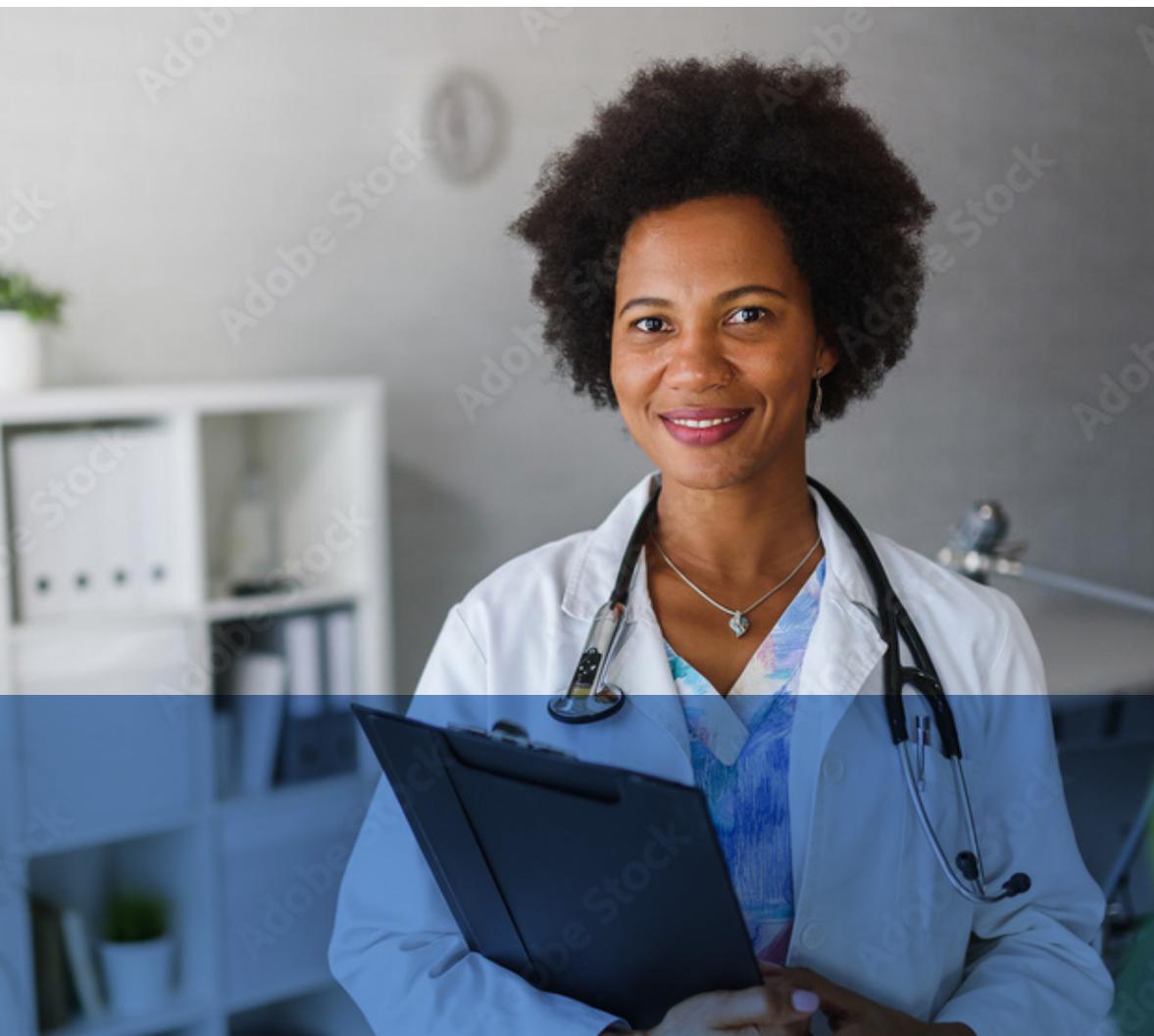




2024 Delaware Affordability Standards Annual Report



OCT 2025

**OFFICE OF VALUE-BASED
HEALTH CARE DELIVERY
DELAWARE DEPARTMENT
OF INSURANCE**



TABLE OF CONTENTS

1. Executive Summary
2. Introduction
3. Primary Care Investment by Health Insurer
4. Providers Participating in Care Transformation
5. Non-Claims Payment
6. Distribution of Provider Payments
7. Affordability Standards Compliance
8. Challenges and Next Steps

LETTER FROM THE COMMISSIONER

Fellow Delawareans -

Rising health care costs continue to place a significant burden on families, employers, and providers. Meanwhile, residents in many communities across our state — particularly rural and underserved areas — struggle to find a primary care provider with availability and establish a relationship. This troubling trend not only negatively impacts health but also increases long-term costs as patients forgo preventive care and seek treatment in higher-cost settings.

We recognize some carriers have found it difficult to achieve the state's primary care spending requirements. Increasing investment in high-value primary care services is an essential part of our broader strategy toward advancing sustainable, high-quality, and equitable care for all Delawareans. However, it is clear that meaningful progress cannot be achieved through increased spending alone.

The Department of Insurance is committed to continued collaboration with carriers, providers and other stakeholders to advance these goals. Our efforts to date demonstrate shared progress to invest in primary care, improve care coordination, and address the drivers of high costs while expanding access. We are proud to report this work has resulted in nearly \$60 million invested in primary care across the commercial, fully insured market in 2024, with over half of those dollars supporting Delaware primary care providers participating in value-based payments and engaging in care transformation activities.

We will continue to work closely with stakeholders to ensure that regulatory requirements are effective, practical and responsive to on-the-ground realities. This includes providing guidance, technical assistance, flexibility where appropriate, and opportunities for open dialogue.

Delaware depends on our collective commitment to innovate, adapt, and invest in high quality, affordable health care. The Department remains steadfast in its mission to protect consumers and foster a health care system that is more affordable, more accessible, and more accountable for results.

Thank you for your ongoing partnership and dedication to the health and well-being of our state.

Sincerely yours,

TRINIDAD NAVARRO
Delaware Insurance Commissioner



Executive Summary

Delaware is on the forefront of states requiring that a certain percentage of total medical spending be spent on primary care.¹ In 2024, over \$59 million was invested in primary care in the commercial market. In 2024², health insurers were required to spend 10 percent of total medical expenses (excluding pharmacy) on primary care. However, the majority failed to meet the requirement. In aggregate, the percentage of primary care investment totaled 8.6% in 2024.

Recent data shows that Delaware ranks last in meeting primary care access needs, including low reimbursement rates noted in Figure 1.³ Limited access to primary care leads to poorer patient health outcomes, harms provider recruitment and retention efforts, and begins to erode a competitive market through consolidation of providers into health system. On the flip side, as described in Figure 1, Delaware ranks among the Top 5 highest healthcare costs states. How can a state with the highest healthcare costs rank so low in primary care access?

Although good progress has been made toward investment within the commercial, fully insured market, this segment is too small for providers and patients to experience a tangible impact. There are approximately 93,000 members within the state's commercial, fully insured market; 70,000 are Delaware residents, and of those residents, only 39,900 members receive care from providers participating in care transformation. The only way that primary care providers will feel a positive impact from this program is for the program to expand beyond the fully insured commercial market to additional payers and in turn, increase the proportion of providers' patients bringing additional primary care payments.

Highlights

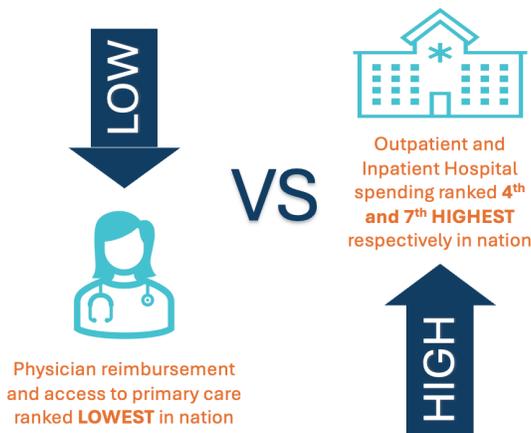
- Six health insurers invested over \$59 million in the commercial, fully insured market for primary care services.
- Of that \$59 million, \$35 million was invested in providers engaged in care transformation, resulting in 8.6% primary care investment.
- Only one insurer reached the 10% primary care investment for 2024 while the other five missed the requirement.
- Only 41% of providers are participating in care transformation.

Challenges

- Access to primary care in Delaware continues to be problematic.
- Carriers and providers are reporting members not seeking initial PCP visit.
- High-cost claimants driving up Total Medical Expenses.

This report reviews the compliance and challenges with meeting the Affordability Standards requirements for carriers in the commercial, fully insured market segment.

Figure 1. Delaware's Health Care Balancing Act



Source: RAND, 2022

1. In October 2021, Delaware's legislature passed Senate Substitute 1 for Senate Bill 120. This law requires the Office of Value-Based Health Care Delivery to establish mandatory minimums for payment innovations, including alternative payment models, and evaluate annually whether primary care spending is increasing in compliance with the established mandatory minimums for payment innovations.
2. Final 2024 data is submitted to the Office of Value Based Health Care delivery in its Calendar Year 2025 data collection efforts.
3. Bean, M. (2025). Primary Care Provider Gaps Ranked by State. Becker's Hospital Review.

Introduction

In late 2020, the Office of Value-Based Health Care Delivery (the “Office”) developed recommendations for three Affordability Standards which are designed to work together to create a higher value, more affordable healthcare system in Delaware’s commercial, fully insured health insurance market.

Affordability Standards

1. Increase primary care investment
2. Decrease unit price growth for certain hospital services
3. Expand alternative payment model adoption

When implemented together, the Affordability Standards aim to build a system that invests in primary care, reins in price growth, and moves a greater portion of the healthcare dollar to meaningful, value-based payment arrangements.

Insurers were required to begin increasing primary care spending for plan year 2023. This investment in primary care rose from nearly \$30 million in 2022 to \$44 million in 2023, and now sits at over \$59 million in 2024. The mandate included a required primary care investment percentage for each year in a stair-step implementation approach and will remain at 11.5% until 2027, when a legislative sunset may occur.

Compliance has been a challenge for the health insurers as the spending requirement grew. They reported an aggregate total of 8.2% for 2023 when the requirement was 8.5%; and for 2024, the aggregate total of 8.6% when the requirement was 10% (see Figure 2). The Office will continue collaborating with the insurers to facilitate program designs that will bring primary care spending to a more predictable level and improve providers’ ability to reach incentive bonuses.

The Office uses a subset of the total commercial, fully insured market to calculate the health insurers’ compliance with the primary care spending requirements. Specifically, it focuses on providers “participating in care transformation,” or providing services such as care coordination, care management and transition of care services. This is to incent providers to offer these services and provide a mechanism to pay for them since they are typically not reimbursed via fee-for-service payments i.e. claims. Health insurers report that providers engaged in care transformation received \$35.7 million in total primary care spend in 2024, up from \$22.5 million in 2023.



Figure 2. Aggregate Primary Care Spend as a Percent of Total Medical Expenditures

Year	Requirement	Aggregate Primary Care Spend Percent (projected)	Aggregate Primary Care Spend Percent (actual)
2023	8.5%	12.3%	8.2%
2024	10%	13.1%	8.6%
2025 (Projection)	11.5%	N/A	11.7%

Primary Care Investment by Health Insurer

Commercial carriers were required to spend at least 10% of their total medical expenses, excluding pharmacy expenses, on primary care in 2024. Only one insurer, Cigna, met the requirement in 2024.

As shown in Figure 4, Delaware’s total primary care spending on a PMPM basis for the population attributed to care transformation providers is strong with a range from \$51 to \$76 PMPM. The Office separated the performance of the two “new to market” plans (AmeriHealth and Delaware First) as the original four carriers that started with the program were given the implementation (2023) year one to ramp up toward the primary care spending requirement.

Figure 3 (below) shows the breakdown by insurer for prospectively paid care management, and the large variation that exists. For example, Highmark reports a \$34 PMPM while Cigna only \$2 PMPM.

Health care in Delaware costs more. Therefore, although Delaware commercial carriers spend nearly twice as much per member on primary care as in Virginia, as shown in Figure 4, the percentage of total spending is the same. And in Maine, carriers spend the same as Delaware on a per member per month basis but it’s equal to a full percentage point more of medical expense.

Figure 4. Cross-State Comparison of the Commercial, Fully Insured Market, 2023

	Primary Care % of Total Medical Spend	Primary Care Spend PMPM
Delaware	6.6%	\$38
Maine	7.6%	\$37
Virginia	5.4%	\$16

Figure 3. 2024 Primary Care Investment by Carrier by Percentage and PMPM

Carrier	Primary Care Spend %	Primary Care Payments	Total Primary Care Spend PMPM	Care Management PMPM	Total Primary Care Investment	Delaware Members
Aetna	6.60%	\$4,277,800	\$70	\$9	\$6,800,000	5,080
Cigna	10.90%	\$1,381,700	\$69	\$2	\$3,500,000	1,670
Highmark	9.50%	\$28,885,200	\$76	\$34	\$45,700,000	31,600
United Healthcare	3.60%	\$136,800	\$51	\$8	\$1,400,000	220
New to Market, Year 1 Implementation						
AmeriHealth	3.80%	\$1,094,100	\$5	\$0	\$1,900,000	5,800
Delaware First	2.00%	\$5,000	\$16	\$0	\$300,000	86
Total	8.60%	\$35.8 Million	\$67	\$26	\$59.6 Million	44,456

Providers Participating in Care Transformation

The Office understands that transforming care delivery and payment is complex, requires collaboration and takes time.

Transformation also requires significant resources, which would come through the increased primary care investment, preferably a prospectively paid amount to provide the predictability necessary for practices to make substantial investments in care teams, technology and training. Over the long-term, these efforts are shown to improve the value of care, health outcomes, and produce better care experiences for patients.



Non-Claims Payment

An important factor with regulating Delaware’s primary care spending is the focus on the portion of the investment dedicated to non-claims payments.

In 2022, the starting point for non-claims spending was \$1.4 million, in 2023 it totaled \$10.4 million, and in 2024 non-claims payments reached \$18.4 million. Highmark (BCBS) paid out \$14.5 million of the total \$18.4 million in non-claims payments. Aetna came in second at \$3.8 million.

Of the total \$18.4 million of non-claims payments, \$13.6 million came from prospectively paid care management payments. On a per member, per month (PMPM) basis, care management payments increased from \$19 PMPM in 2023 to \$26 PMPM in 2024 (see Figure 5). Payments that are made in advance, and are reliably calculated from an agreed upon attribution list, support providers in investing in the resources needed to implement care transformation activities. The Office collaborates with health insurers to improve program designs to include meaningful prospective payment amounts. Most insurers have not made progress with the prospective payment amounts (see Figure 5).

Figure 5. Primary Care Spend for Providers Participating in Care Transformation from 2023 to 2025

Year	Total Primary Care Spend	Total Primary Care Spend (PMPM)	Prospective Care Management Payment	Prospective Care Management Payment (PMPM)
2023	\$22,400,000	\$66	\$7,200,000	\$19
2024	\$35,800,000	\$67	\$13,600,000	\$26
2025 (Projection)	\$44,700,000	\$97	\$18,000,000	\$39

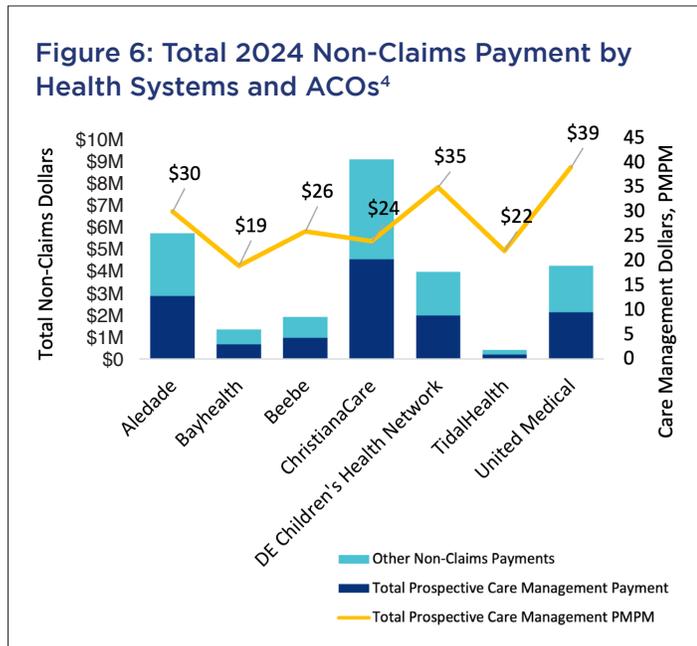
Distribution of Provider Payments

It is evident that provider practices participating in care transformation activities (value-based care) are generally affiliated with health systems or have partnered with Accountable Care Organizations (ACOs).

This is not surprising because the resources necessary to perform care transformation activities are expensive, and likely the smaller practices would be challenged to invest in the infrastructure required to participate in the value-based care arrangement.

The total amount of primary care spending for the providers pursuing care transformation was \$35.7 million in 2024. The largest portion went to providers affiliated with hospitals and hospital-led ACOs (\$12.4 million), the second largest portion to Physician-Led ACOs (\$5.5 million), with the remaining \$450,000 to all other physician practices (Figure 2).

The breakdown of non-claims payment by health systems and ACOs (Figure 2) shows what appears to be a disproportionate share going to ChristianaCare. However, when evaluated as a PMPM they are within the range of the group from \$19 to \$39.



Affordability Standards Compliance

Primary Care Investment

The Office meets regularly with carriers and collects mid-to-late year data to track progress toward the statutory requirement. In 2024, the requirement was 10%, and the final assessment of compliance was disappointing. Overall, the commercial, fully insured market hit 8.6% primary care spending with only one insurer reaching the requirement (Cigna at 10.9%), and Highmark close at 9.5%.

The health insurers provided feedback related to not achieving the 10%

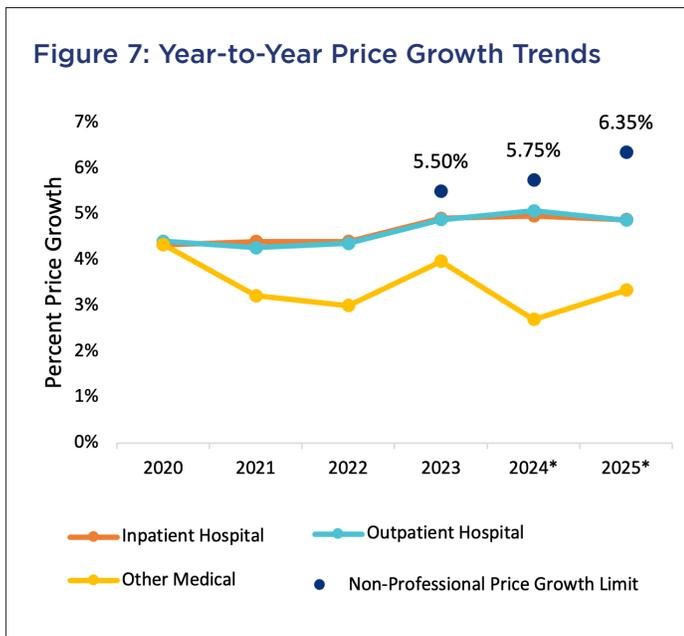
- Distortion of the total medical expense related to high-cost claims
- Provider performance not earning adequate incentive and shared saving payments
- Total cost of care continues to increase
- Two insurers (AmeriHealth and Ambetter Delaware First) were newer to the market and need to continue developing value-based programs⁵

Price Growth Limit

Delaware's health insurance carriers are required to limit price growth for inpatient hospital, outpatient hospital, and other non-professional services to better align with the growth in the overall economy. Four of Delaware's six health insurance carriers report being in compliance with the limits across all market segments.⁶ One carrier reported price growth would exceed the limit for Inpatient Hospital in 2024 and 2025 and for Outpatient Hospital for 2024.

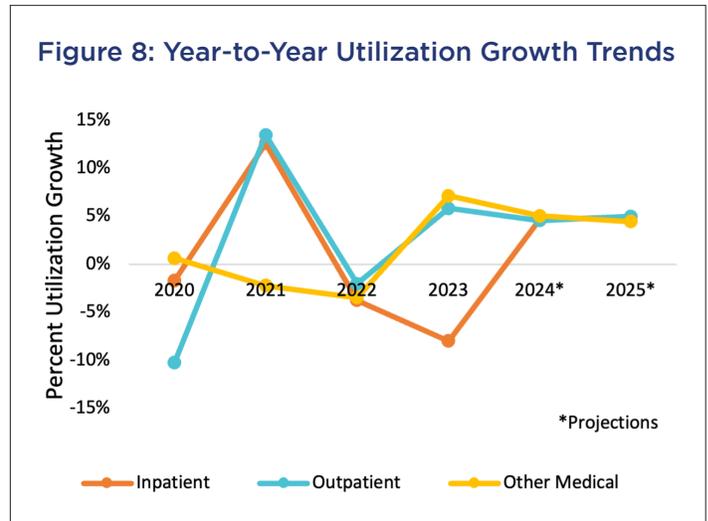
4. DE CHN refers to Delaware Children's Health Network
 5. The Office notes that there may be hesitancy to build systems and make significant investments due to the mandate's current sunset in 2027.
 6. Please note price growth limits are tied to an average across providers. Some payer contracts may allow for steeper price growth.

Figure 3 shows the three categories of non-professional services tracked by the Office: Inpatient Hospital, Outpatient Hospital, and Other Medical. In aggregate, carriers have reported price growth below the limit since 2023, the first year of required compliance. Price growth for Inpatient Hospital and Outpatient Hospital typically ranged from 4% and 5% over the three-year period, with prices for Outpatient Hospital services skewing slightly higher in 2024 at 5.07%. Carriers reported slightly more volatility in the “Other Medical” service category, which includes services such as ambulance, home health care, durable medical equipment, and prosthetics.



*Projections

After a sharp spike in utilization in 2021 due to delayed care during the COVID-19 pandemic followed by a significant decrease in 2022, growth in utilization across all service categories is projected to stay relatively consistent between 3% and 6% from 2024 to 2025 across all service categories.



*Projections

Challenges and Next Steps

The Office has identified several areas to improve and build on program achievements and weaknesses. Strengthening the primary care system is a process and will take time.

Importantly, Delaware cannot only look to increasing the primary care spending, it must also be putting programs in place to control overall healthcare costs. Although insurers project that hospital spending will remain beneath the price growth limit, the data lag makes it difficult to measure in a timely fashion.

On the next page, the Office has identified many challenges and identifies next steps.

CHALLENGE

IMPACT

NEXT STEP

1.	Senate Bill 120 has a sunset provision of January 1, 2027.	2025 legislative session did not address the sunset or any improvements to SB 120 which could result in uncertainty for the market.	Legislation in 2026 will be necessary to avoid reduction in primary care spending and increase in hospital costs.	
2.	Inability to gain participation from or align with other payers.	Not legislatively required to participate.	Collaborate closely across state agencies to identify opportunities for alignment.	
3.	Primary care investment is tied to a smaller group of the commercial, fully insured market (participating in care transformation).	Insurers contract with the least amount of providers to reach their primary care investment requirement.	Consider ways to revise regulations to increase alignment across commercial payers and expand participation by smaller provider groups.	
4.	Lack of program design alignment across carriers	Administrative burden for providers		
5.	Large portion of primary care spending is going to health systems, leaving independent practices outside of value-based care payments	Benefit of SB 120 not seen by all providers		
7.	High-cost claimants	Skewing total medical expense		Seek regulatory authority to develop parameters for exclusion
8.	Need to demonstrate increased primary care investment generates improvements in care delivery, access and value			Develop and launch primary care dashboard to provide transparent monitoring