Executive Summary Prepared for

The Local 1500 Welfare Fund

Current period reflects claims paid from Jan 1, 2012 through Dec 31, 2012(CP). Prior period reflects claims paid from Jan 1, 2011 through Dec 31, 2011(PP).

PMPM = Per Member Per Month
HCC = High cost claimant; total cost per claimant of greater than $75,000

Summary:

Total plan PMPM cost increased significantly in each setting yet utilization rates increased only slightly and in some cases even decreased. This indicates that unit cost is the main driver of total plan cost in the current period. The main driver behind the unit cost increase can be linked to co-morbid Lifestyle conditions such as Hypertension, Coronary Artery Disease, and Obesity (Cancer also contributed heavily to plan cost). Each condition PMPM cost varied significantly above the Benchmark and also spurred some of the Chronic Condition cost identified within the membership population. High Cost Claims impacted total plan cost the most however, and accounted for 54.6% of total paid amount increase from the prior period

Demographics:

- There are 10,154 members in the CP a 2.3% decrease from the prior period. The change in membership is not significant and does not appear to have any major impact on total plan paid amount
- 25% of members did not file a claim in the CP (i.e. they did not utilize any health services)
- The average subscriber age in the CP is 47; the average member age is 35
- Males account for 53.2% of the membership population while females account for 46.8%

Medical Paid Amount:

- Total medical paid amount in the CP is $38,667,432 a 14.2% increase from the PP ($33,850,294)
- 0.6% of claimants drove 24.8% of total paid amount cost
  - Total paid PMPM cost in the CP is $317.34, a 17.0% increase from the PP ($271.31)
  - *The increase in PMPM cost is mainly driven by High Cost Claimants. However, both Lifestyle and chronic conditions also contributed notably to the increase since costs associated with both categories varied significantly above the Benchmark, and increased on a year on year basis*
  - *The top five Chronic Conditions are: Cancer, CAD, Diabetes, Low Back Pain, and Hypertension*
  - *The top five Lifestyle related conditions are: Coronary Artery Disease, Osteoarthritis, Diabetes, Breast Cancer and Oral Cancer (Hypertension and Obesity were in the top 10)*

High Cost Claimants:

- Total High Cost Claims (HCC) paid amount in the CP is $11,248,198 a 30.5% increase from the PP ($8,614,667)
- Total HCC PMPM cost in the CP is $92.31 a 30.6% increase from the PP ($69.05)
- The number of HCCs in the CP is 69 compared to 60 in the PP
- The top five HCC condition categories by paid amount are Neoplasms, Circulatory System, Injury & Poisoning, Musculoskeletal, and Supplemental

Utilization by Setting:

- Professional Services accounts for 40.8% of total paid amount ($15,770,894) followed by Inpatient at 35.2% ($13,601,448) and Outpatient at 24.0% ($9,012,079)
- Professional Services PMPM cost in the CP is $129.43 a 10.2% increase from the PP. Professional visits/1,000 increased by 0.3% to 4671.0 in the CP
- Inpatient PMPM cost in the CP is $111.63 a 28.3% increase from the PP. Acute admissions/1,000 increased by 5.3% to 71.0 in the CP. Days/1,000 increased by 4.1% to 349.9 and average length of stay decreased by 1.1%
- Outpatient PMPM cost in the CP is $73.96 a 15.5% increase from the PP. Visits/1,000 increased by 0.8% to 759.5