Executive Summary Prepared for

The Local 1500 Welfare Fund

Current period reflects claims paid from July 1, 2011 through June 30, 2012(CP). Prior period reflects claims paid from July 1, 2010 through June 30, 2011(PP).

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

Summary:

The membership and utilization by setting for Local 1500 has remained relatively neutral, while the PMPM and the medical paid amount increased in the CP. These increases were primarily driven by the increase in the average cost per Inpatient Admission, average cost per Outpatient visit, and High Cost Claimants. The plan cost share has remained consistent year over year with the Local 1500 plan paying 94.7% of the allowed medical paid amount in the CP and the member paying 2.9%. The majority of the claimants for Local 1500's top ten health conditions were subscribers/employees.

Demographics:

- Membership in the CP decreased by 1.2%, making the current membership 10,290, with a current contract ration of 2.32, which is higher than our Benchmark of 2.00 indicating that there more dependents in the Local 1500 plan population
- Of the total membership, 77.9% utilized the health plan during the CP compared (Benchmark = 88.0%)
- 72.6% of eligible members went for an annual well care visit (Benchmark = 82%-88%)
- The CP average age of a subscriber is 47; average age of member is 35
- Males constitute the majority of the CP member population at 53.2% with 46.8% being female

Medical Paid Amount:

- Total medical paid in CP was $36,258,846, which is 9.5% more than in the PP (PP paid was $33,108,121)
- The top 0.5% of claimants drove 26.6% of the total cost
- Total paid PMPM in the CP had an 10.9% trend from the PP (CP PMPM of $293.65 compared to the PP of $264.84)
  - *This was driven by a 14% increase in the HCC PMPM and the medical amount paid for the care of members with chronic conditions derived from lifestyle/behavioral choices that are consistent with an aging population*
  - *Top five chronic conditions: Cancer, CAD, Diabetes, Low Back Pain, and High Blood Pressure. These are similar to the top five lifestyle related conditions; they are: CAD, Cerebrovascular Disease, Osteoarthritis, Diabetes, and High Blood Pressure*

High Cost Claimants:

- The amount paid for HCCs was $9,627,615; this is a 12.6% increase from the PP
- HCC PMPM trend of 14.0% compared to Non-HCC PMPM trend of 9.8%
- The average cost of a HCC in the CP was $163,180; and 55.9% of HCC's were employees
- The top three health condition categories for HCCs were Diseases of the Circulatory System($2.8m), Cancers ($1.7m), and Injury & Poisoning ($1.0m)

Utilization by Setting:

- Utilization by setting relatively remained neutral with Professional costs accounting for 41.3% of total paid claims, followed by Inpatient at 34.5% and Outpatient at 24.2%
- Specialty Inpatient Surgery, Specialty Outpatient Surgery, PCP Office Visits, and Diagnostic Services were the top cost drivers of Professional services