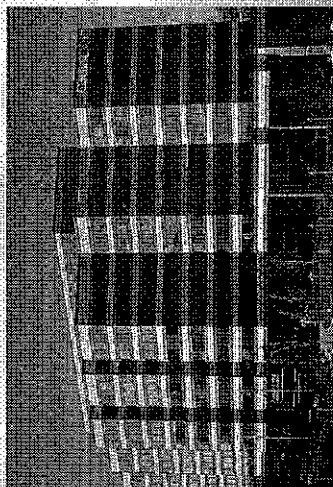




Savings Report Summary 1/1/2012 – 12/31/2012 for

FELRA

Presented by: Joe Pedone
Steve Krasnoff

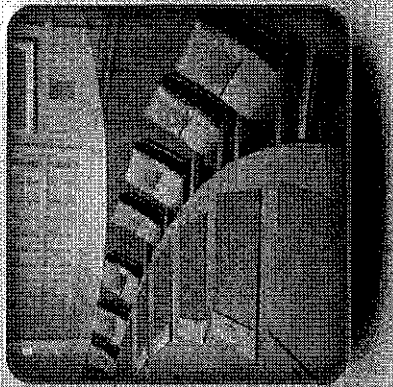


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Executive Summary

FELRA- Calendar Year 2012

I. Provider and Facility Summary (See pages 6 - 7)

- ♦ In 2012, there were 236,059 total claims. In 2011, there were 243,064 total claims (a 2.88% decrease from 2011 to 2012).
 - 213,170 provider claims in '12. 218,918 provider claims in '11 (a 2.62% decrease)
 - 22,889 facility claims in '12. 24,146 facility claims in '11 (a 5.21% decrease)
- ♦ In 2012, there was an average of 14,323 eligible employees. In 2011, there was an average of 15,376 eligible employees (a 6.85% decrease).
- ♦ In 2012, there were 16.48 claims per eligible employee. In 2011, there were 15.81 claims per eligible employee (a 4.24% increase).
 - 14.88 provider claims per eligible employee in '12. 14.24 provider claims per eligible employee in '11 (a 4.49% increase)
 - 1.60 facility claims per eligible employee in '12. 1.57 facility claims per eligible employee in '11 (a 1.91% increase)
- ♦ In 2012, total billed amount was \$176,377,012. In 2011, total billed amount was \$177,060,319 (a <1% decrease).
 - Provider billed amount in '12 was \$84,947,165. Provider billed amount in '11 was \$84,278,583 (a <1% increase).
 - Facility billed amount in '12 was \$91,429,846. Facility billed amount in '11 was \$92,781,736 (a 1.46% decrease).



Executive Summary

FELRA- Calendar Year 2012

I. Provider and Facility Summary (Continued)

- ♦ In 2012, Total Savings was \$80,968,440. In 2011, it was \$80,306,303 (a <1% increase).
- ♦ Provider Savings in '12 was \$49,932,405. In 2011, it was \$49,044,515 (a 1.81% increase).
- ♦ Facility Savings in '12 was \$31,036,035. In 2011, it was \$31,261,788 (a <1% decrease).
- ♦ In 2012, Savings as a % of Billed Charges was 45.91%. In 2011, it was 45.36%.
- ♦ Provider Savings as a % of Billed Charges in '12 was 58.78%. In 2011, it was 58.19%.
- ♦ Facility Savings as a % of Billed Charges in '12 was 33.95%. In 2011, it was 33.69%.

II. Top 10 Provider Specialties and Top 10 Facilities (See pages 8 – 12)

- ♦ Top 10 Provider Billing Specialties for Local NetLease and FlexLink represent \$49,860,771 in Billed Charges (58.70% of all Provider Billed Charges).
 - ♦ In both 2011 and 2012, Internal Medicine was the highest Local NetLease provider specialty (in terms of billed charges), and Radiology was the highest FlexLink provider specialty (in terms of billed charges)
- ♦ Top 10 Facilities with the highest Billed Charges for Local NetLease and FlexLink represent a billed amount of \$37,538,298 (41.06% of all Facility Charges).
 - ♦ In both 2011 and 2012, Washington Hospital Center was the highest Local NetLease facility (in terms of billed charges). In 2012, Mary Washington Hospital was the highest Local FlexLink facility in terms of billed charges. In 2011, it was Inova Health System Hospitals.



Executive Summary

FELRA- Calendar Year 2012

III. CareFirst Administrative Fees (See pages 14 – 16)

- In 2012, Total CareFirst Admin charges were \$1,237,285.31. In 2011, they were \$1,263,668.21 (a 2.09% decrease).
- In 2012, FlexLink Admin charges represented 58.5% of total CareFirst Admin costs, while Local NetLease fees represented 41.5%. In 2011, FlexLink fees represented 56.56% of total CareFirst Admin costs, while Local NetLease fees represented 43.44%.
- In 2012, aggregate cost on a per eligible employee per month (pepm) basis was \$7.20.
- In 2011, aggregate cost on a pepm basis was \$6.85.
- In 2012, CareFirst Administrative Fees represented 1.53% of Gross Annual Savings.
- In 2011, CareFirst Administrative Fees represented 1.57% of Gross Annual Savings.

IV. Savings Analysis (See pages 17 – 19)

- In 2012, Savings net of Administrative Fees was \$79,731,154.69.
- In 2011, it was \$79,042,634.79 (a <1% increase).
- In 2012, Total Net Savings per Dollar of Administrative Fee was \$64.44.
- In 2011, Total Net Savings per Dollar of Administrative Fee was \$62.55 (a 3.02% increase).
- In 2012, Net Savings per Eligible Employee was \$5,566.65.
- In 2011, Net Savings per Eligible Employee was \$5,140.65 (an 8.29% increase).



Provider Savings Summary

2012

	# of Claims	Billed Amount*	Amount Saved*	Savings %
Local NetLease-Provider	171,121	\$68,626,842	\$40,776,265	59.42%
FlexLink-Provider	42,049	\$16,320,323	\$9,156,140	56.10%
Summary-Provider	213,170	\$84,947,165	\$49,932,405	58.78%

2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %
Local NetLease-Provider	176,117	\$67,921,408	\$39,864,726	58.69%
FlexLink-Provider	42,801	\$16,357,175	\$9,179,789	56.12%
Summary-Provider	218,918	\$84,278,583	\$49,044,515	58.19%

*Rounded to the Nearest Dollar



Facility Savings Summary

2012

	# of Claims	Billed Amount*	Amount Saved*	Savings %
Local NetLease-Facility	18,133	\$68,499,737	\$20,993,393	30.65%
FlexLink-Facility	4,756	\$22,930,109	\$10,042,642	43.80%
Summary-Facility	22,889	\$91,429,846	\$31,036,035	33.95%

2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %
Local NetLease-Facility	19,265	\$71,089,204	\$22,336,905	31.42%
FlexLink-Facility	4,881	\$21,692,532	\$8,924,883	41.14%
Summary-Facility	24,146	\$92,781,736	\$31,261,788	33.69%

*Rounded to the Nearest Dollar



Top 10 Local NetLease Provider Specialties

(by Billed Amount)

2012

2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %		# of Claims	Billed Amount*	Amount Saved*	Savings %
INTERNAL MEDICINE	33,359	\$10,928,036	\$5,986,981	54.79%	INTERNAL MEDICINE	36,413	\$10,944,885	\$5,798,847	52.98%
LABORATORY SERVICES	21,949	\$7,936,796	\$6,523,875	82.20%	LABORATORY SERVICES	21,532	\$7,418,607	\$6,089,871	82.09%
RADIOLOGY	12,104	\$5,350,829	\$3,495,914	65.33%	RADIOLOGY	13,532	\$5,636,575	\$3,715,247	65.91%
ANESTHESIOLOGY	3,204	\$3,108,581	\$1,825,751	58.73%	ANESTHESIOLOGY	3,576	\$3,258,516	\$1,911,914	58.67%
OBSTETRICS & GYNECOLOGY	6,043	\$2,689,040	\$1,476,541	54.91%	OBSTETRICS & GYNECOLOGY	6,448	\$2,912,404	\$1,616,186	55.49%
FAMILY PRACTICE	12,387	\$2,524,829	\$1,268,269	50.23%	ORTHOPEDIC SURGERY	4,246	\$2,646,301	\$1,621,826	61.29%
ORTHOPEDIC SURGERY	3,677	\$2,149,889	\$1,327,405	61.74%	FAMILY PRACTICE	13,403	\$2,479,392	\$1,201,518	48.46%
PEDIATRICS	7,424	\$2,049,471	\$1,017,838	49.66%	PEDIATRICS	8,972	\$2,447,777	\$1,174,142	47.97%
EMERGENCY MEDICINE	4,055	\$2,013,017	\$1,272,378	63.21%	EMERGENCY MEDICINE	4,246	\$1,989,313	\$1,225,185	61.59%
PHYSICAL THERAPIST	7,143	\$1,893,596	\$1,175,476	62.08%	PHYSICAL THERAPIST	7,083	\$1,717,712	\$1,039,957	60.54%

*Rounded to the Nearest Dollar

Top 10 FlexLink Provider Specialties

(by Billed Amount)

2012

	# of Claims	Billed Amount*	Amount Saved*	Savings %
RADIOLOGY	3,996	\$1,487,550	\$946,818	63.65%
ORTHOPEDIC SURGERY	1,808	\$1,326,331	\$894,392	67.43%
LABORATORY SERVICES	3,790	\$1,130,689	\$935,123	82.70%
ANESTHESIOLOGY	1,017	\$1,021,597	\$496,706	48.62%
INTERNAL MEDICINE	4,105	\$921,373	\$315,226	34.21%
FAMILY PRACTICE	5,127	\$812,958	\$280,482	34.50%
ONCOLOGY	559	\$768,132	\$444,747	57.90%
EMERGENCY MEDICINE	1,341	\$626,740	\$403,247	64.34%
PATHOLOGY	1,865	\$574,086	\$441,020	76.82%
CARDIOVASCULAR MEDICINE	1,485	\$547,231	\$273,324	49.95%

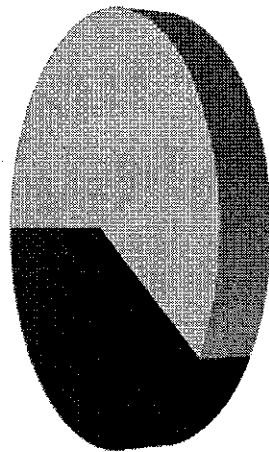
2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %
RADIOLOGY	4,271	\$1,551,287	\$979,145	63.12%
ORTHOPEDIC SURGERY	1,936	\$1,405,022	\$921,195	65.56%
LABORATORY SERVICES	4,286	\$1,233,661	\$1,008,493	81.75%
HEMATOLOGY	664	\$1,167,359	\$669,255	57.33%
ANESTHESIOLOGY	932	\$982,677	\$475,494	48.39%
FAMILY PRACTICE	5,477	\$873,709	\$290,362	33.23%
INTERNAL MEDICINE	3,945	\$792,904	\$331,711	41.83%
EMERGENCY MEDICINE	1,270	\$573,074	\$360,976	62.99%
GENERAL SURGERY	704	\$550,801	\$311,959	56.64%
OBSTETRICS & GYNECOLOGY	1,376	\$540,212	\$250,059	46.29%

*Rounded to the Nearest Dollar

Top 10 Provider Specialties (as a % of Total Billed)

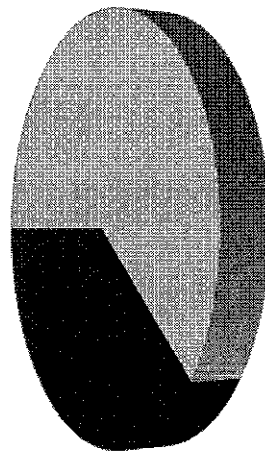
2012



■ Top 10
Provider
Specialties
■ All Other
Provider
Specialties

* Top 10 Provider Specialties represent 58.7% of all Provider Billed Charges
* All Other Provider Specialties represent 41.3% of all Provider Billed Charges

2011



■ Top 10
Provider
Specialties
■ All Other
Provider
Specialties

* Top 10 Provider Specialties represent 60.66% of all Provider Billed Charges
* All Other Provider Specialties represent 39.34% of all Provider Billed Charges



Top 10 Local NetLease Facilities

(by Billed Amount)

2012

2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %
WASHINGTON HOSPITAL CENTER	625	\$4,126,805	\$1,748,257	42.36%
GEORGETOWN UNIVERSITY HOSPITAL	375	\$3,752,258	\$1,839,242	49.02%
INOVA FAIRFAX HOSPITAL	697	\$3,511,714	\$1,210,059	34.46%
FALLS ROAD DIALYSIS	267	\$2,577,478	\$2,146,346	83.27%
QCDC SOUTHERN MARYLAND	392	\$2,488,386	\$2,270,266	91.23%
SHADY GROVE ADVENTIST	718	\$2,303,359	\$23,034	1.00%
GEORGE WASHINGTON UNIVERSITY HOSPITAL	164	\$2,192,715	\$1,138,164	51.91%
UNIVERSITY OF MD MEDICAL SYSTEM	357	\$2,147,147	\$21,472	1.00%
JOHNS HOPKINS HOSPITAL	658	\$1,563,142	\$15,633	1.00%
CHILDRENS NATIONAL MEDICAL CENTER	285	\$1,520,733	\$451,378	29.68%

	# of Claims	Billed Amount*	Amount Saved*	Savings %
WASHINGTON HOSPITAL CENTER	610	\$5,991,621	\$2,760,617	46.07%
INOVA MT VERNON HOSPITAL	880	\$5,493,250	\$1,836,981	33.44%
GEORGETOWN UNIVERSITY HOSP	375	\$4,662,575	\$2,339,581	50.18%
GEORGE WASHINGTON UNIV HOSPITAL	187	\$3,334,921	\$1,729,026	51.85%
JOHNS HOPKINS HOSPITAL	788	\$2,744,518	\$27,376	1.00%
UNIVERSITY OF MD HOSPITAL	390	\$2,683,666	\$26,837	1.00%
VIRGINIA HOSPITAL CENTER	473	\$2,506,089	\$1,636,523	65.30%
FRESNIUS MEDICAL CENTER	312	\$2,359,289	\$2,489,940	105.54%
ST. JOSEPH'S MEDICAL CENTER	420	\$2,032,745	\$20,328	1.00%
WASHINGTON ADVENTIST HOSPITAL	820	\$1,831,957	\$18,448	1.01%

*Rounded to the Nearest Dollar

Top 10 Local FlexLink Facilities

(by Billed Amount)

2012

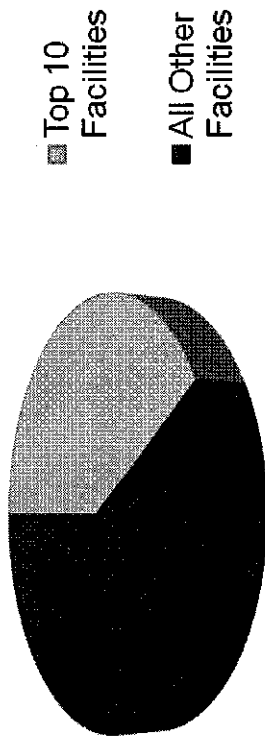
2011

	# of Claims	Billed Amount*	Amount Saved*	Savings %
MARY WASHINGTON HOSPITAL	287	\$2,425,887	\$1,050,629	43.31%
INOVA HEALTH SYSTEM	222	\$1,746,647	\$523,095	29.95%
PRINCE WILLIAM HOSPITAL	483	\$1,443,833	\$363,515	25.18%
LOUDOUN HOSPITAL CENTER	308	\$1,396,876	\$610,206	43.68%
RESTON HOSPITAL CENTER	94	\$913,308	\$610,948	66.89%
BIOMEDICAL APPLICATIONS OF VA	72	\$766,599	\$666,044	86.88%
STAFFORD HOSPITAL CENTER	112	\$736,169	\$403,781	54.85%
WASHINGTON HOSPITAL CENTER	17	\$669,208	\$323,429	48.33%
POTOMAC HOSPITAL	108	\$641,045	\$202,141	31.53%
CHRISTIANA CARE HOSPITAL	138	\$614,989	\$108,552	17.65%
INOVA HEALTH SYSTEM HOSPITALS	234	\$1,980,712	\$733,734	37.04%
MARY WASHINGTON HOSPITAL	237	\$1,706,717	\$531,945	31.17%
CHRISTIANA CARE HOSPITAL	190	\$1,318,377	\$242,011	18.36%
PRINCE WILLIAM HOSPITAL	398	\$1,307,619	\$381,855	29.20%
LOUDOUN HOSPITAL CENTER	227	\$886,382	\$281,646	31.77%
BEEBE MEDICAL CENTER - DE	228	\$802,560	\$164,986	20.56%
BIO-MEDICAL APPLICATIONS OF VA	104	\$730,479	\$626,339	85.74%
RECTOR AND VISITORS OF UNIV OF VA	145	\$690,212	\$393,463	57.01%
FAQUIER HOSPITAL	252	\$660,384	\$138,842	21.02%
CROZER CHESTER MEDICAL CENTER	15	\$588,079	\$424,115	72.12%

*Rounded to the Nearest Dollar

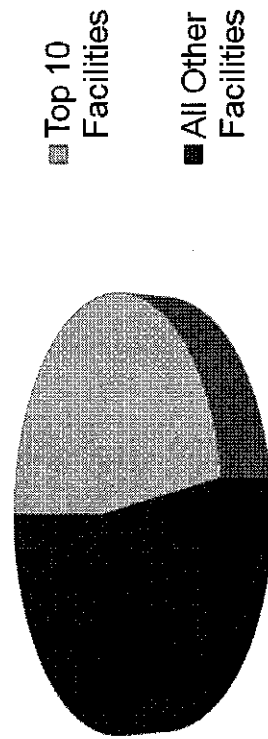
Top 10 Facilities (as a % of Total Billed)

2012



*Top 10 Provider Specialties represent 41.06% of all Facility Billed Charges
*All Other Provider Specialties represent 58.94% of all Facility Billed Charges

2011



*Top 10 Provider Specialties represent 47.76% of all Facility Billed Charges
*All Other Provider Specialties represent 52.24% of all Facility Billed Charges



Local NetLease Administrative Fees

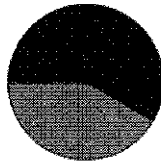
❖ 2012 Local NetLease Admin Fees:

- \$3.80 per employee per month from Jan. 1, 2012 – Oct. 31, 2012
- \$3.88 per employee per month from Nov. 1, 2012 – Dec. 31, 2012
- Average number of Local NetLease employees in 2012 was 11,202. (In 2011, it was 12,227). 2012 was a 8.38% decrease from the previous year.

- Total average monthly CareFirst Administrative Cost for Local NetLease in 2012 was \$42,787.89. (In 2011, it was \$45,740.37). 2012 was a 6.45% decrease from the previous year.

- Total annual CareFirst Administrative Cost for Local NetLease to FELRA in 2011 was **\$513,454.64**. (In 2011, it was \$548,884.45).

2012 CareFirst Administrative Fees

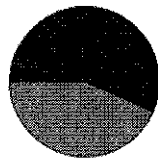


■ FlexLink*
■ NetLease**

*FlexLink Admin Fees represented 58.5% of Total CareFirst Admin Fees

**NetLease Admin Fees represented 41.5% of Total CareFirst Admin Fees

2011 CareFirst Administrative Fees



■ FlexLink*
■ NetLease**

*FlexLink Admin Fees represented 56.56% of Total CareFirst Admin Fees

**NetLease Admin Fees represented 43.44% of Total CareFirst Admin Fees



FlexLink Administrative Fees

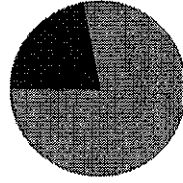
❖ 2012 FlexLink Rate:

- \$19.23 per employee per month from January 1, 2012 – October 31, 2012
- \$19.61 per employee per month from November 1, 2012 – December 31, 2012
- Average number of FlexLink employees in 2012 was 3,121. *(In 2011, it was 3,149)*
- 2012 was a <1% decrease from the previous year.

- Total average monthly CareFirst Administrative Cost for FlexLink in 2012 was \$60,319.22. *(In 2011, it was \$59,565.31).*
- 2012 was a 1.27% increase from the previous year.

- Total annual CareFirst Administrative Cost for FlexLink to FELRA in 2012 was \$723,830.67. *(In 2011, it was \$714,783.76)*

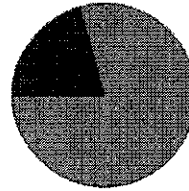
2012 Enrollment



■ FlexLink*
■ NetLease**

*78.21% of FELRA's enrollment in 2012 was NetLease
**21.79% of FELRA's enrollment in 2012 was FlexLink

2011 Enrollment



■ FlexLink*
■ NetLease**

*79.52% of FELRA's enrollment in 2011 was NetLease
**20.48% of FELRA's enrollment in 2011 was FlexLink



Aggregate Pricing

Average Monthly Administration Costs (2012):

- Local NetLease: \$ 42,787.89 per month
- FlexLink: \$ 60,319.22 per month

\$103,107.11 per month / 14,323 total FELRA ee's =

Aggregate Cost to FELRA:

\$7.20

per employee per month



(In 2011, aggregate cost to FELRA was \$6.85 per employee per month)

Savings Net of CareFirst Administrative Fees

\$80,968,440.00	-	Gross Annual Provider and Facility Savings
(\$513,454.64)	-	Less: Local NetLease Annual Admin Fee
(\$723,830.67)	-	Less: FlexLink Annual Admin Fee
\$79,731,154.69	-	Savings Net of CareFirst Administrative Fees

Administrative Fees in this exhibit represent 1.53% of Gross Annual Savings.

(In 2011, Admin Fees represented 1.57% of Gross Annual Savings.)



Net Savings Per Dollar of CareFirst Administrative Fee

- ♦ Net Savings for FELRA in 2012 was \$79,731,154.69
- ♦ CareFirst Administrative cost in 2012 was \$1,237,285.31

Total Net Savings Per Dollar of Administrative Fee:

\$64.44

**For every \$1 paid in Administrative Fees, there was \$64.44 in Savings
by the Fund**

(In 2011, Total Net Savings Per Dollar of Admin Fee was \$62.55)

2012 was a 3.02% increase over the previous year.



Net Savings Per Eligible Employee

- ♦ FELRA has 14,323 employees (contracts)
- ♦ Total Net Savings for FELRA for 2012 was \$79,731,154.69

Total Net Savings Per Eligible FELRA Employee:

\$5,566.65

(In 2011, Total Savings Per Eligible FELRA Employee was \$5,140.65)

2012 was an increase of 8.29% over the previous year.

