

# *The Local Choice 2010 Annual Report*

July 2009  
through  
June 2010

# *THE LOCAL CHOICE*

## *2010 Annual Report*

### *Statewide Self-Insured Products*

## **Introduction**

The Local Choice (TLC) 2010 Annual Report claims information is based on the claims experience of the TLC self-funded medical program while enrollment and membership are based on the entire TLC program. It is intended to outline:

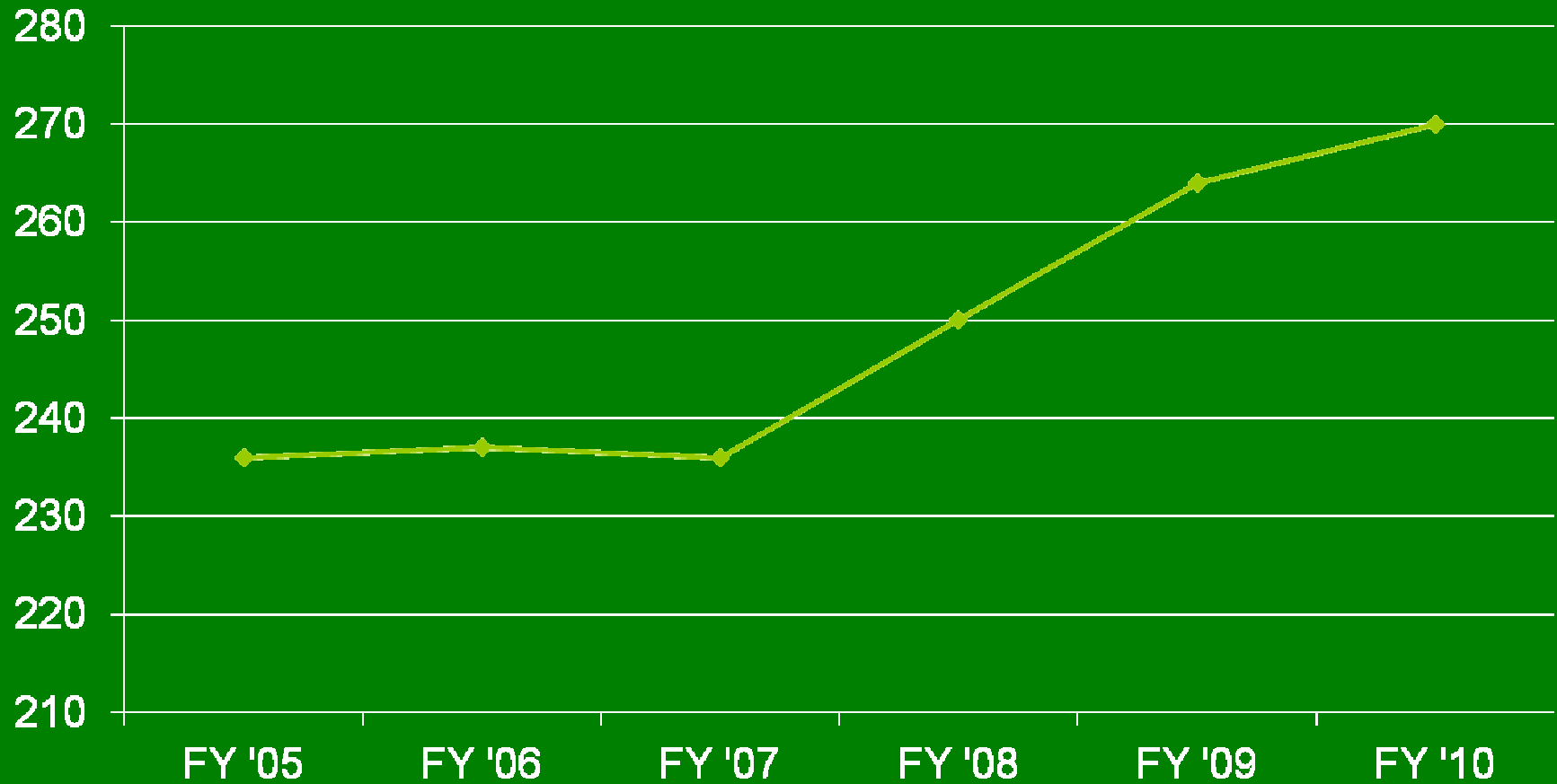
- Enrollment,
- Where health care dollars were spent , and
- How our experience compared to other similar groups and the average of all groups covered by Anthem Blue Cross and Blue Shield (Anthem).

The report is based on two years of paid medical claims data from July 2008 through June 2009 and the current period of July 2009 through June 2010, and reflects paid claims during this period. Comparisons of overall year to year total expense have been made within the report in order to show the impact to our group's health care expense for this time frame. The normative values represent Anthem's combined product averages for the period ending June 2010.

# Enrollment Results

TLC group membership continues to grow. In FY '10 we added 10 groups, growing to 270 member groups. Our average self-funded enrollment increased by 2.5% to 29,240 employees during the current year. The current period's enrollment shows 62% of our employees enrolled in an employee only contract. Twenty percent were enrolled in dual coverage and 18% in family coverage. The average age of employees was 45, which was slightly older than Anthem's Par/PPO average age of 44. Total membership increased to over 49,000 members.

# 2010 TLC Growth in Participating Groups



# 2010 TLC Employee Growth by Year



# 2010 Total Enrollment



# Employee Enrollment by Sector and Coverage Selection

## By Sector

Schools	49.9%
Government	50.1%

## By Coverage Selection

KA+	57.8%
KA200	20.8%
KA300	10.4%
KA500	10.6%
HDHP	0.4%

# *Percentage Year over Year Non-Medicare Claims (PMPM) by Site of Care*

<u>Site of Care</u>	<u>2008-09 vs. 2009-10</u>
Inpatient Facility	-5.9%
Outpatient Facility	14.4%
Inpatient Professional	-4.9%
Outpatient Professional	4.8%
Total	1.1%



# *Preventable Disease Cost Drivers*

Preventive medicine is the branch of medicine concerned with preventing the occurrence of both mental and physical illness and disease. For TLC coronary artery disease ranked highest of all medical conditions manageable through preventive medicine. Breast cancer, diabetes, hypertension and cerebrovascular disease ranked second through fifth in order of expense.

# *Chronic Conditions Driving Cost*

As with most groups, the chronic medical conditions of diabetes, hypertension, rheumatoid arthritis, asthma and chronic respiratory disease exist within the TLC covered population. These conditions continue to drive our experience.

# *Large Claims*

Catastrophic cases over \$80,000 decreased from 19% of total medical expense during the prior year to 15% with only 1 more large claim than in 2009. The largest catastrophic claim was the result of treatment for heart disease, incurring \$509,707 in total medical expense. In the plan year, 164 patients met or exceeded the large claim medical expense threshold.

# *Loss Ratio and Rate Reductions*

With adequate reserves and no profit motive, TLC continues to have excellent loss ratios. The FY '10 ratio of claims and expenses to premiums was 98.1%.

In the past two years TLC has refunded \$23 Million to our member groups through reduced rates.

## Financial Summary

The Local Choice continues to provide a strong financial base for its member groups. During FY 2010, the program continued to return excess reserves to member groups through its premium stabilization policies. The Cash Balance figure listed below represents actual cash on hand as of June 30, 2010.

Cash Balance (*June 30, 2010*) \$ 91,706,335

### Self-Insured Statewide Products

Annual premiums encompass all income, including interest earned on reserves. Annual expenses include the cost of claims and administration, promotional materials and the CommonHealth program. Participation in the statewide self-funded products continues to increase.

<b><i>Program Total</i></b>	<b><i>2007</i></b>	<b><i>2008</i></b>	<b><i>2009</i></b>	<b><i>2010</i></b>
Annual Premiums	\$204,337,637	\$ 213,666,283	\$225,271,184	\$240,305,301
Annual Expenses	\$180,140,899	\$ 204,052,659	\$233,478,731	\$231,311,921
Prem. Less Exp.	\$ 24,196,738	\$ 9,613,624	(\$8,207,547)	\$ 8,993,380
Operating Ratio	88.2%	95.5%	103.6%	96.3%

### Fully Insured Regional Health Plan

The annual premium collected by the Regional Health Plan is shown below. Since this is a fully insured product, paid claims are not a part of the self-funded plan accounting and are not listed.

<b><i>Annual Premiums</i></b>	<b><i>2007</i></b>	<b><i>2008</i></b>	<b><i>2009</i></b>	<b><i>2010</i></b>
Government & Schools	\$1,974,844	\$2,635,380	\$2,779,114	\$2,305,589