

# THE LOCAL CHOICE 2011 ANNUAL REPORT

July 2010 – June 2011



# THE LOCAL CHOICE - 2011 Annual Report

## Statewide Self-Insured Product

### Introduction

The Local Choice (TLC) 2011 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
- How our experience compared to other similar groups and the average of all groups covered by Anthem Blue Cross and Blue Shield (Anthem)
- The savings achieved through Anthem programs and
- General observations concerning what type of health care utilization we are likely to see in the next few years based on our employee demographics and current benefit structure



# THE LOCAL CHOICE - 2011 Annual Report

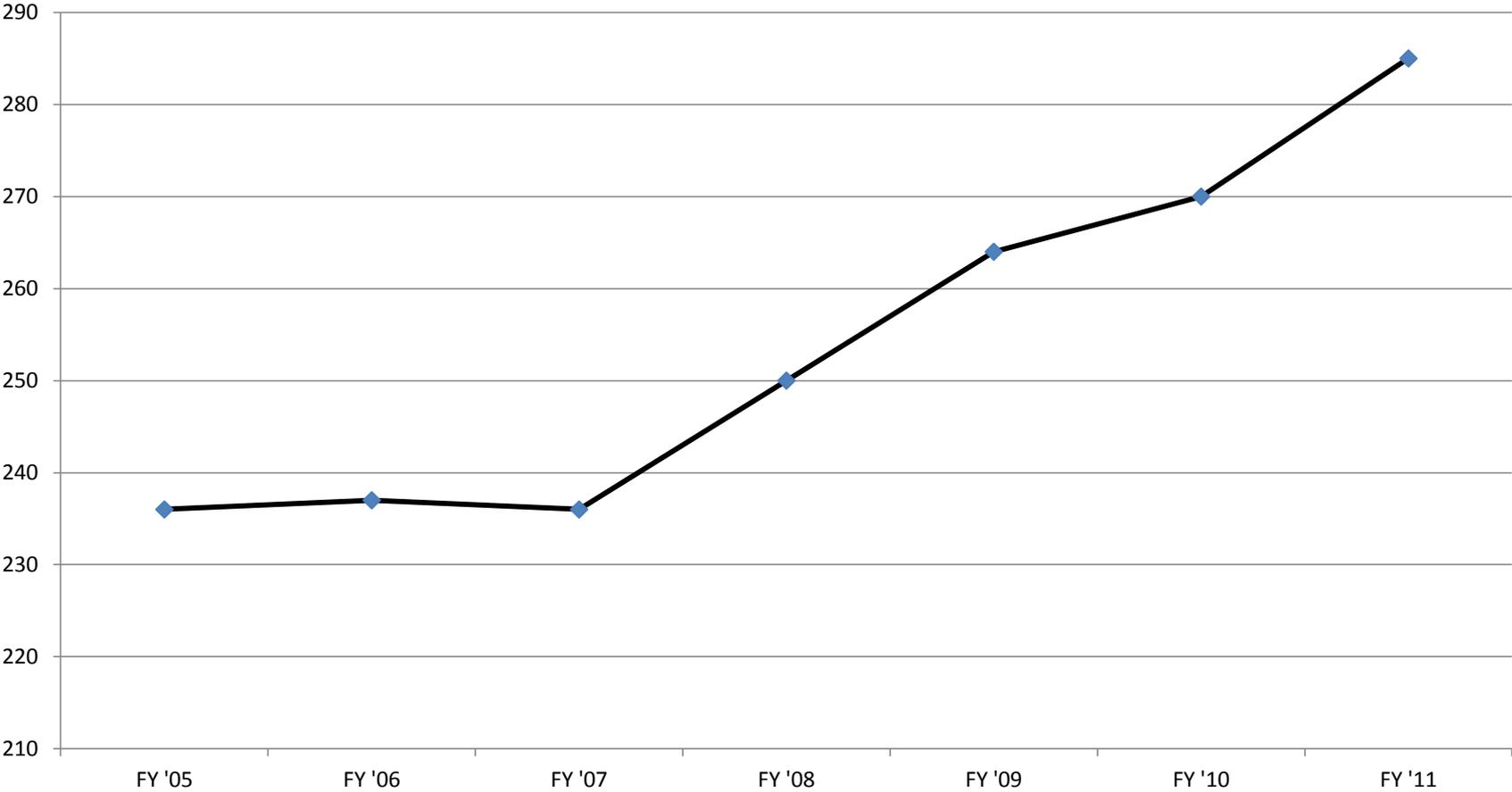
## Statewide Self-Insured Product

### Introduction (continued)

The analysis is based on two years of paid claims data for TLC (the prior period of July 2009 through June 2010 and the current period of July 2010 through June 2011), and reflects paid claims during this period. Comparisons of overall year to year total expense have been made within this narrative in order to see the impact to our group's health care expense for this time frame. The normative values in the tables represent Anthem's combined product averages for the period ending June 2011.



# 2011 TLC Growth in Participating Groups

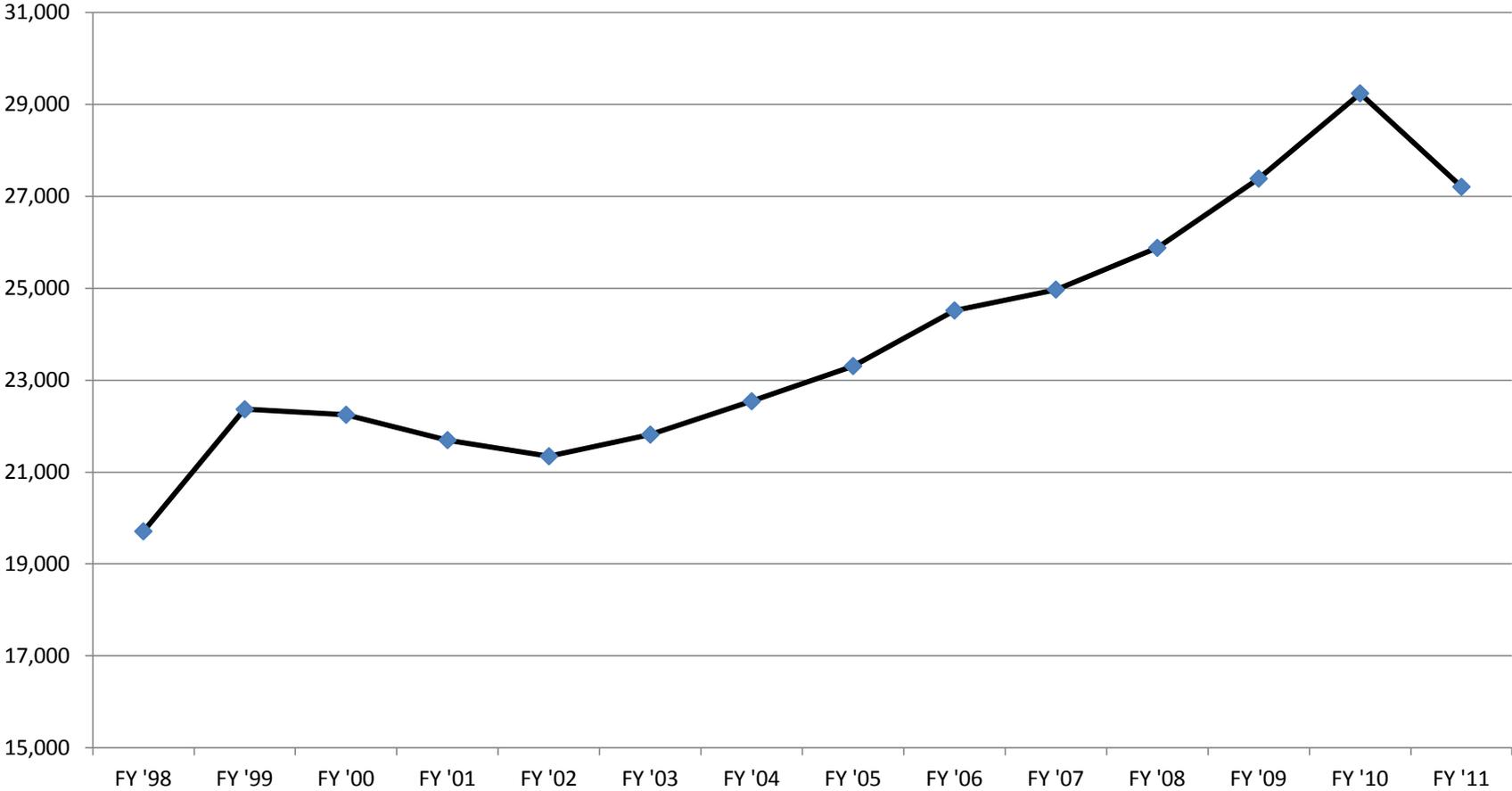


## Enrollment Results

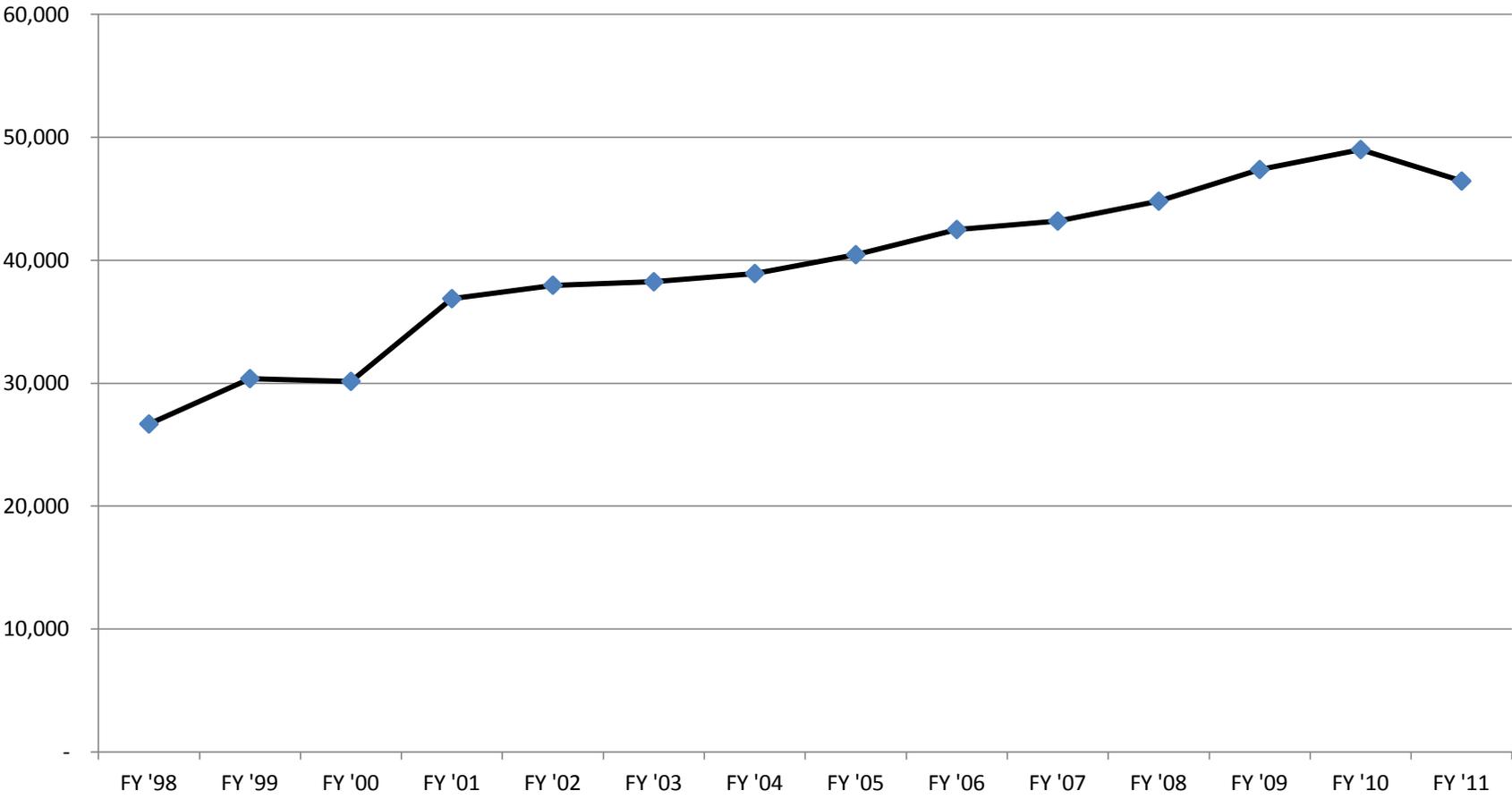
TLC group membership continues to grow. In FY'11 we added 17 groups, growing to 285 member groups. Our average self-funded enrollment decreased by 2%, to 27,206 employees during the current year. This was mainly due to the loss of one very large school group. The current period's enrollment shows 63% of our employees enrolled in an employee only contract. Twenty percent were enrolled in dual coverage and 17% in family coverage. Total membership decreased to 46,439 members.



# 2011 TLC Employee Growth by Year



# 2011 TLC Total Enrollment



# Employee Enrollment by Sector and Coverage Selection

## By Sector

Schools	46%
Government	54%

## By Coverage Selection

KA+	50.4%
KA200/KA300	25.7%
KA 1000	5.1%
KA500	18.1%
KDHP	0.7%



# 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, the bulk of that expense was found in the inpatient facility setting. Breast cancer, diabetes, hypertension followed by cerebrovascular disease ranked second through fifth in order of expense.



# Chronic Conditions Driving Cost

The chronic medical conditions of diabetes, hypertension, asthma, rheumatoid arthritis and chronic respiratory disease exist within TLC's covered population. Each of these conditions will generate long-term medical expense. Anthem's Condition Care programs offer assistance and education to members experiencing these conditions as well as help reduce the financial impact of these diseases to the TLC pool.



## Loss Ratio and Rate Reductions

With adequate reserves and no profit motive, TLC continues to have excellent loss ratios. The FY '11 ratio of claims and expenses to premiums was 93.1%.

In the last year TLC has refunded \$10 Million to our member groups through reduced rates.



# Financial Summary

The Cash Balance figure listed below represents actual cash on hand as of June 30, 2011.

Cash Balance ( <i>June 30, 2011</i> )	\$106,556,765
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## 2011 Self Funded Program Total

Annual Premiums	\$246,723,553
Annual Expenses	\$229,556,050
Prem. Less Exp	\$ 17,167,503
Operating Ratio	93.1%

## 2011 Fully Insured Regional Health Plan

Since this is a fully insured product, paid claims are not a part of the self-funded plan accounting and are not listed.

Annual Premiums (Government & Schools)	\$ 3,189,305
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