

# THE LOCAL CHOICE 2012 ANNUAL REPORT

July 2011 – June 2012



# THE LOCAL CHOICE - 2012 Annual Report

## Statewide Self-Insured Product

### Introduction

The Local Choice (TLC) 2012 Annual Report is based on two years of paid medical claims data from July 2010 through June 2011 and the current period of July 2011 through June 2012 and reflects paid claims during this period. The normative values represent Anthem's combined product average for the period ending June 2012.

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



# THE LOCAL CHOICE - 2011 Annual Report

## Statewide Self-Insured Product

### Introduction (continued)

- 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 annual report claims, enrollment and membership information is based on the entire TLC program including both Key Advantage plans and the HDHP.

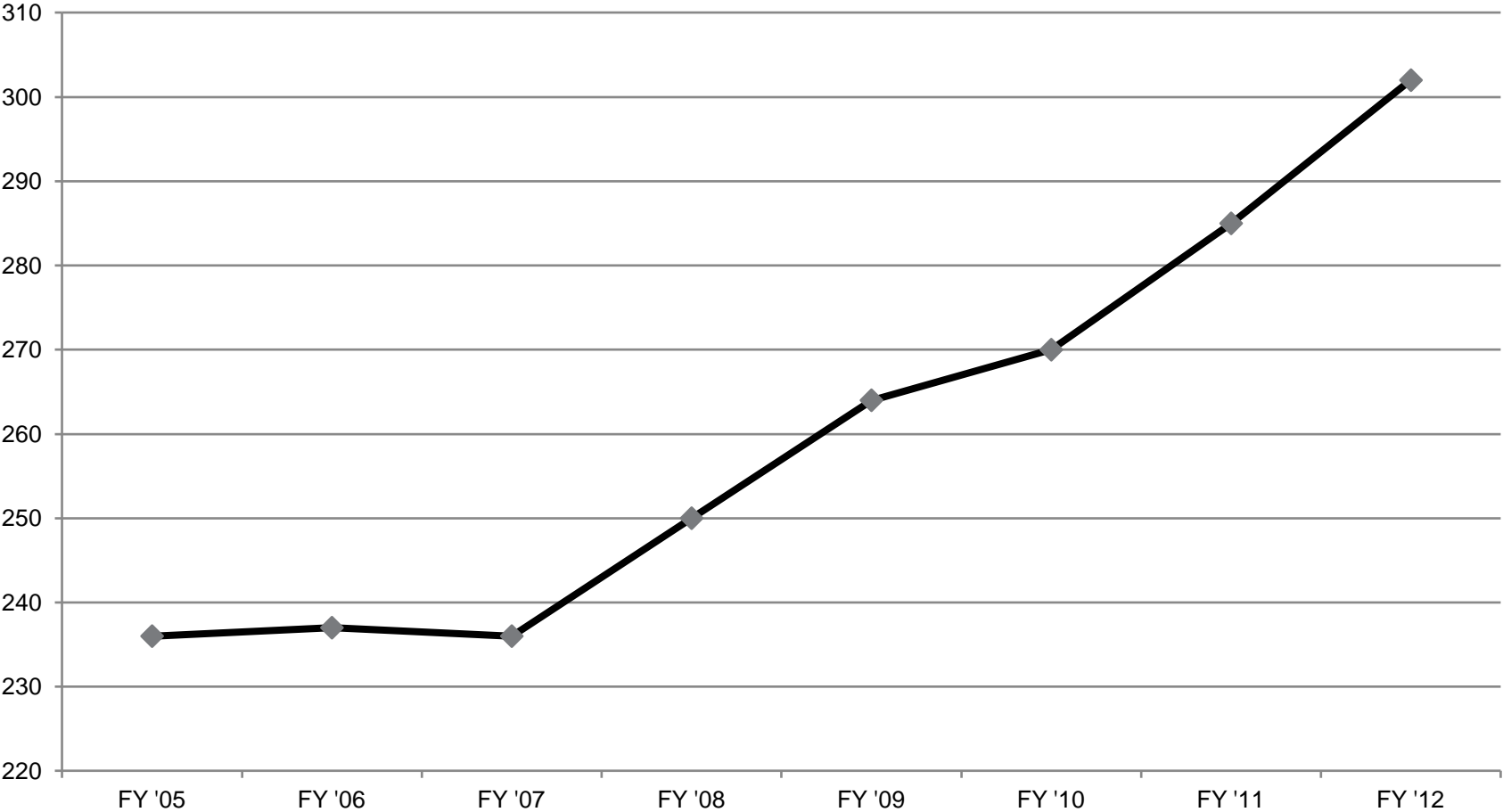


## Enrollment Results

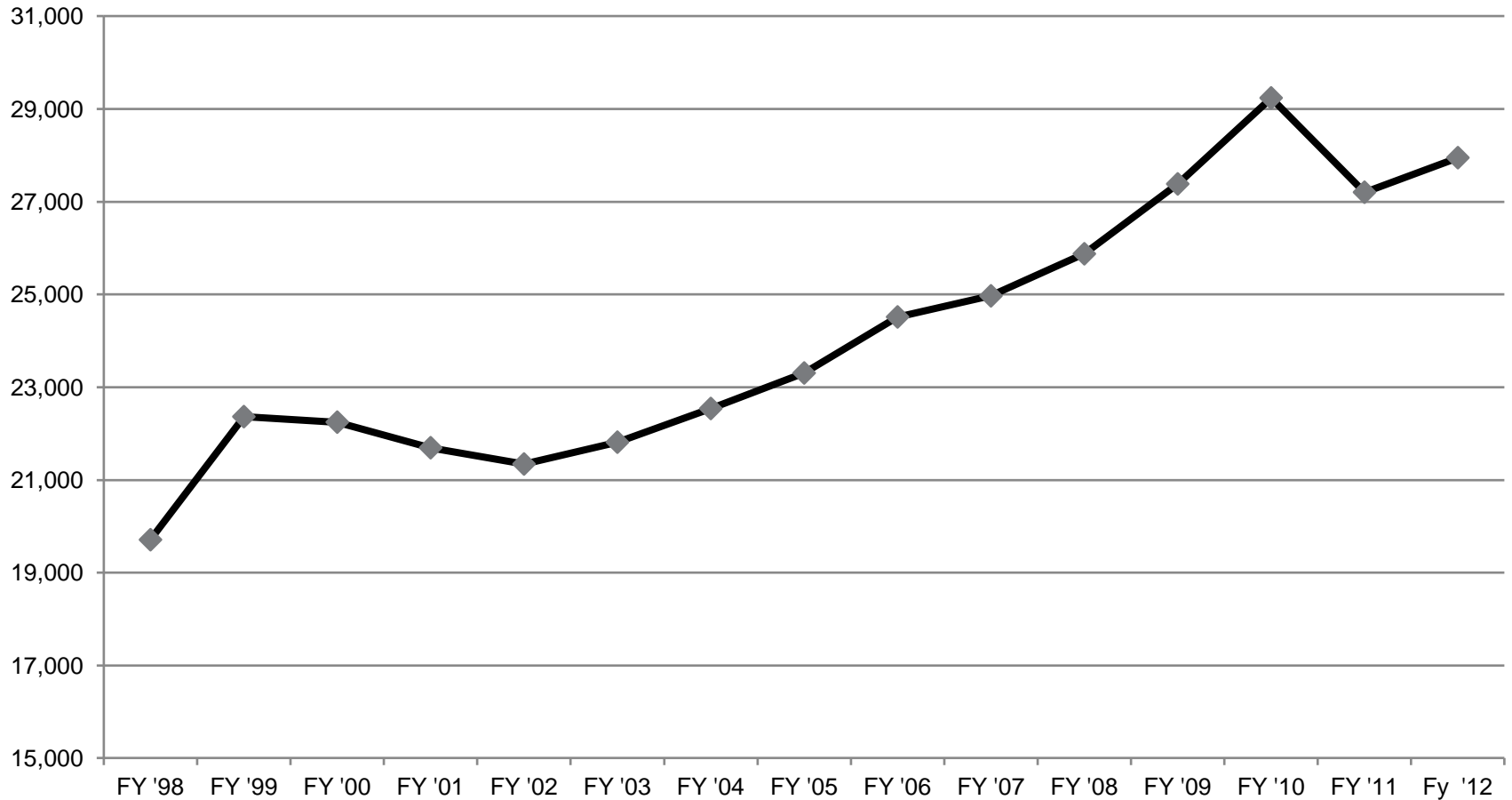
TLC group membership continues to grow. In FY'12 we added 21 groups, growing to over 300 member groups. Our average self-funded enrollment increased by 3%, to 27,951 employees during the current year. The current period's enrollment shows 63% of our employees enrolled in an employee only contract. Nineteen percent were enrolled in dual coverage and 18% in family coverage. The average age of employees was 46 which was slightly older than Anthem's Par/PPO average age of 44. Total membership increased 4% to 48,468 members.



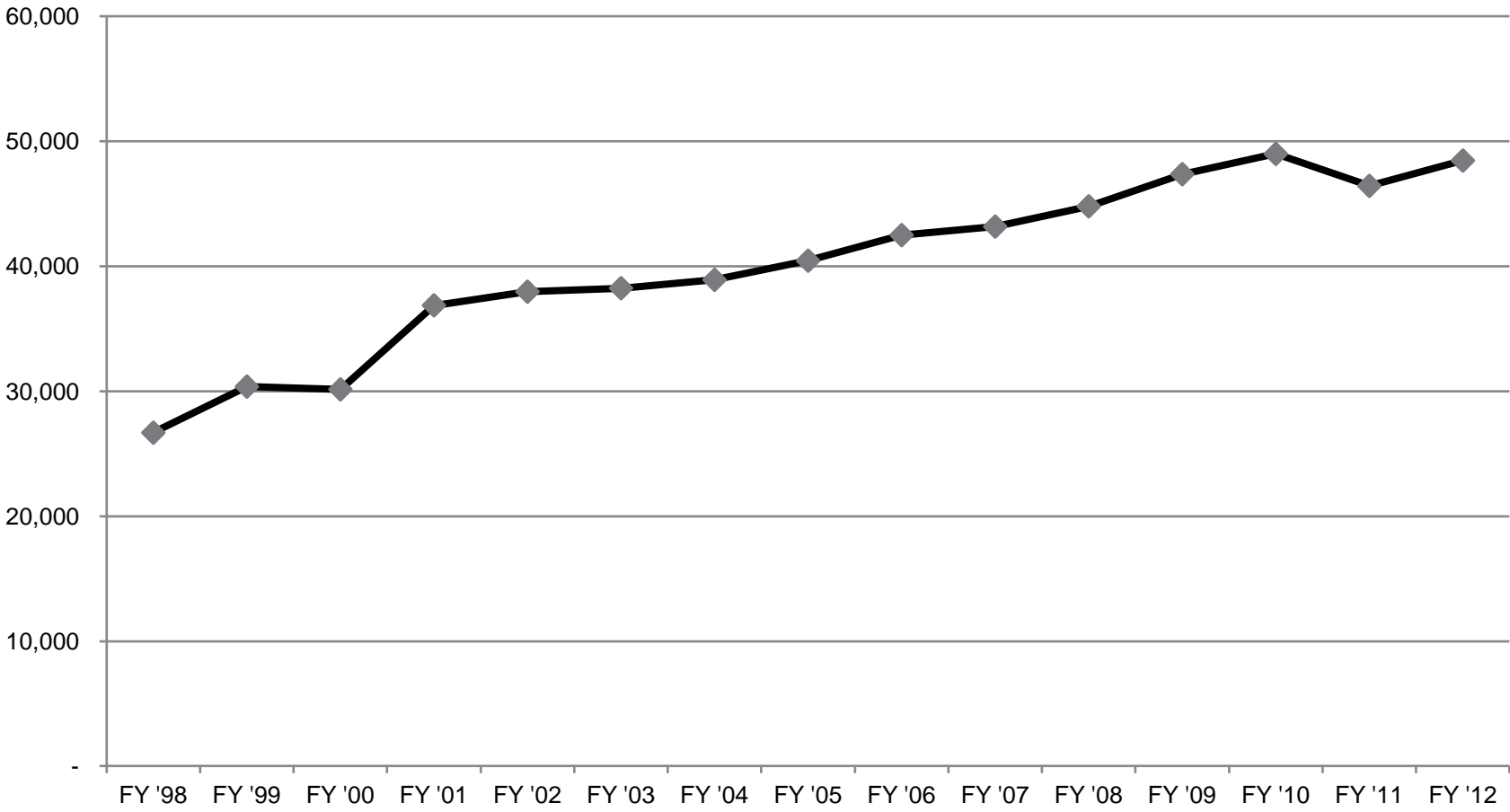
# 2012 TLC Growth in Participating Groups



# 2012 TLC Employee Growth by Year



# 2012 TLC Total Enrollment



# 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, cerebrovascular disease, diabetes and hypertension 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.



# Inpatient Facility Expenses

Inpatient facility expense for our group's population increased by 9% up to \$49.3 million. In the area of inpatient facility utilization, our group's admission rate decreased by 4% down to 63.3, influenced by the relatively stable number of admissions as well as the number of days for most type service categories from year to year. The overall mix of inpatient care resulted in a stable average length of stay, registering at 4.05 days, a level 10% shorter than the Par/PPO average of 4.53 days per admission.



# Outpatient Experience

Outpatient facility expense increased by 12% up to \$60.2 million. The setting was impacted by increased volume of case as well as cost of care during the current year. The number of total outpatient facility cases registered at 61,537 in the current year 3% higher than the prior year's 59,701 cases. When offset by the 4% increase in membership, our group's outpatient facility case rate at 1,269.6 experienced a decrease of 1% but remained 24% higher than the normative average.



# TLC Medical Expense Year to Year Summary

Period	Prior	Current	% Change
Inpatient Facility	\$45,267,113	\$49,281,333	8.9%
Outpatient Facility	\$53,573,676	\$60,238,041	12.4%
Inpatient Professional	\$7,684,181	\$7,378,461	-4.0%
Outpatient Professional	\$55,213,734	\$57,982,353	5%
Total Medical Expense	\$161,738,704	\$174,880,188	8.1%



## Financial Summary

The Cash Balance figure listed below represents actual cash on hand as of June 30, 2012.

Cash Balance (*June 30, 2012*) \$110,506,660

### Self Funded Program Total

Annual Premiums \$259,127,490

Annual Expenses \$266,725,299

Prem. Less Exp (\$ 7,597,809)

Operating Ratio 102.9%

### 2012 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) \$ 3,519,732

