

THE LOCAL CHOICE 2019 ANNUAL REPORT



July 2018 – June 2019

THE LOCAL CHOICE - 2019 Annual Report

Statewide Self-Insured Product

Introduction

The Local Choice (TLC) 2019 Annual Report is based on two years of paid medical claims data from July 2017 through June 2018 and the current period of July 2018 through June 2019 and reflects paid claims during this period. The normative values represent Anthem's combined product average for the period ending June 2019.

- 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 - 2019 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, and TLC remains a very attractive option for the Counties and Schools of Virginia. In FY'19 we added 7 groups. Year over year 99% of groups renew, and approximately 25,000 new members have been added over the last 5 years. The program has over 360 groups. 56.3% of the membership comes from the Government groups, and 43.7% comes from the Schools in the program. Our average enrollment was relatively flat with ending enrollment at 40,365. The current period's enrollment shows approximately 62% of our membership enrolled in an employee only contract. 12% were enrolled in dual coverage, and 26% in family coverage. The average age of employees was 46 which is slightly higher than Anthem's Par/PPO average age of 45. All of these statistics are consistent with prior years.



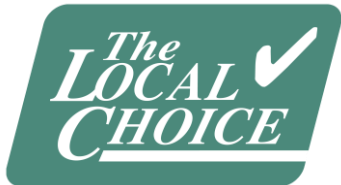
Preventable Disease Cost Drivers

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. Osteoarthritis, breast cancer, kidney disease, and low back pain ranked second through fifth in order of expense. Claims attributed to lifestyle conditions make-up 24.9% of total dollars spent.



Top Five Conditions Driving Cost

As with most groups, the top 5 medical conditions driving the cost are musculoskeletal, circulatory, health status, malignant neoplasms and digestive. The TLC population runs higher than the benchmark in all 5 areas.



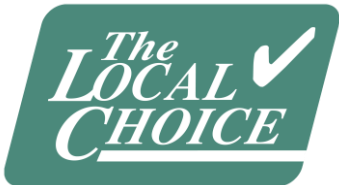
Inpatient Facility Expenses

Inpatient facility expense for our group's population decreased by approximately 2% over prior period to \$86 million. In the area of inpatient facility utilization, our group's admission rate decreased to 52.8% per 1000. The overall mix of inpatient care resulted in a 3.1% decrease in the average length of stay, registering at 4.32 days. This is slightly lower than our Anthem norm of 4.62.



Outpatient Experience

Outpatient facility expense decreased slightly to \$111 million. The case rate decreased by 3.6% to 1,437. The number of total outpatient facility cases registered at 99,131 in the current year down from 103,602 in the prior year. The expense per case was 3.2% higher at \$1,126 and is 1.6% lower than the Anthem norm. The case rate is 13.5% higher than the Anthem norm.



TLC Medical Expense Year to Year Summary

Period	Prior	Current	% Change
Inpatient Facility	\$88,614,423	\$86,009,715	-3.02%
Outpatient Facility	\$113,043,583	\$111,668,625	-1.2%
Total Professional	\$104,990,013	\$104,515,747	-.004%
Total Medical Expense	\$306,648,019	\$302,194,087	-1.5%



Kaiser Permanente – Fully Insured Plan

- Kaiser Permanente is a fully insured plan that can be chosen as an option by employers who have participants who live or work in the plan's service area.
- Kaiser Permanente's service area includes Northern Virginia, Fredericksburg, Washington D.C. and parts of Maryland.
- The regional plan offered by Kaiser is an HMO plan which includes medical, behavioral health, EAP, outpatient prescription coverage and dental coverage.
- As of June 30, 2019, there were 10 TLC groups that offer Kaiser as an option with 534 participants enrolled.

