

# 2008 TLC Annual Report

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July 2007  
through  
June 2008

# THE LOCAL CHOICE

## 2008 Annual Report

### Statewide Self-Insured Products

## Introduction

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The 2008 The Local Choice (TLC) Annual Report is based on two years of paid medical claims data for the period of July 2006 through June 2007 and the current period of July 2007 through June 2008, 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 2008.

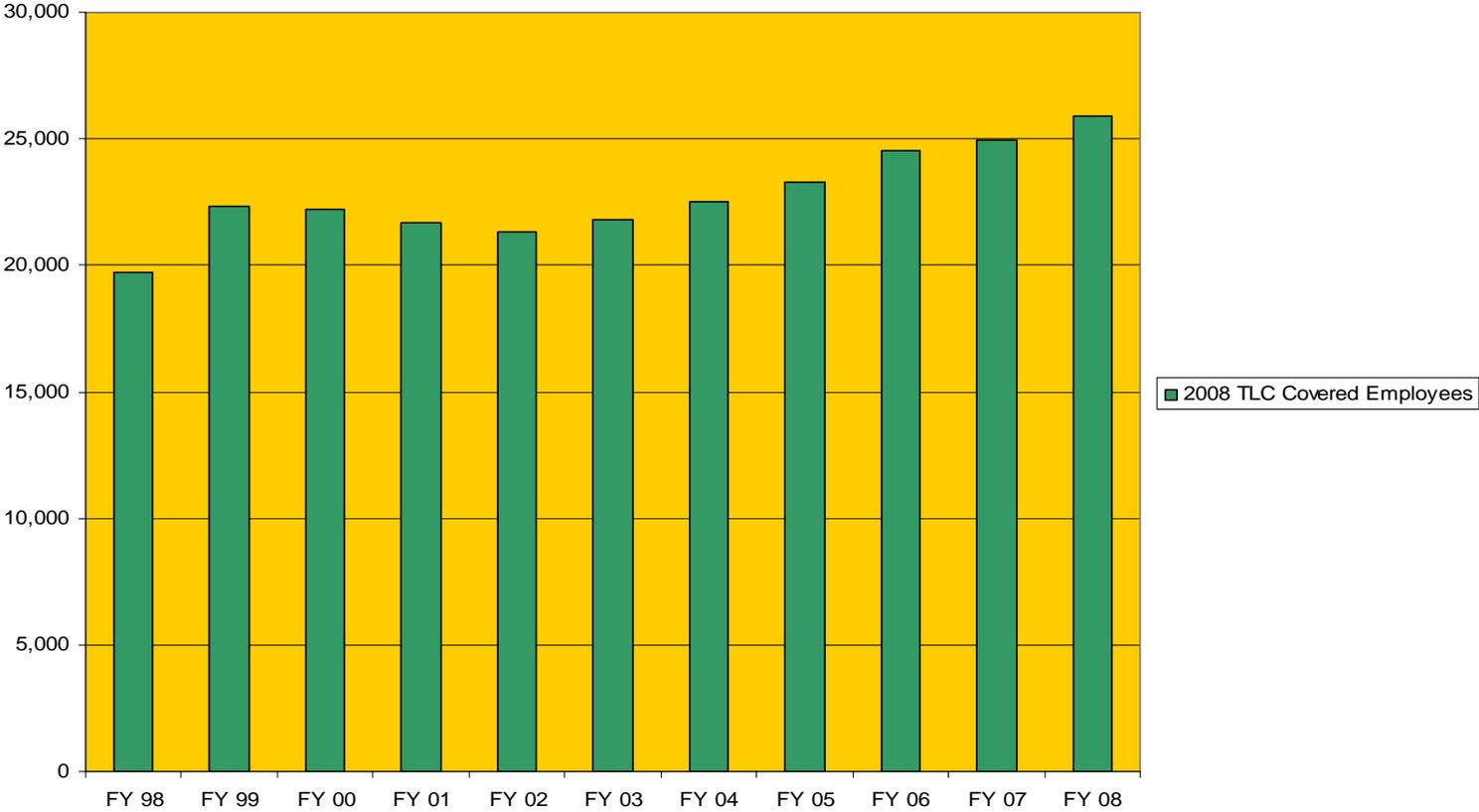
The annual report claims information is based on the claims experience of the TLC self-funded medical program. Enrollment and membership is based on the entire TLC program. It is intended to outline:

- 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).

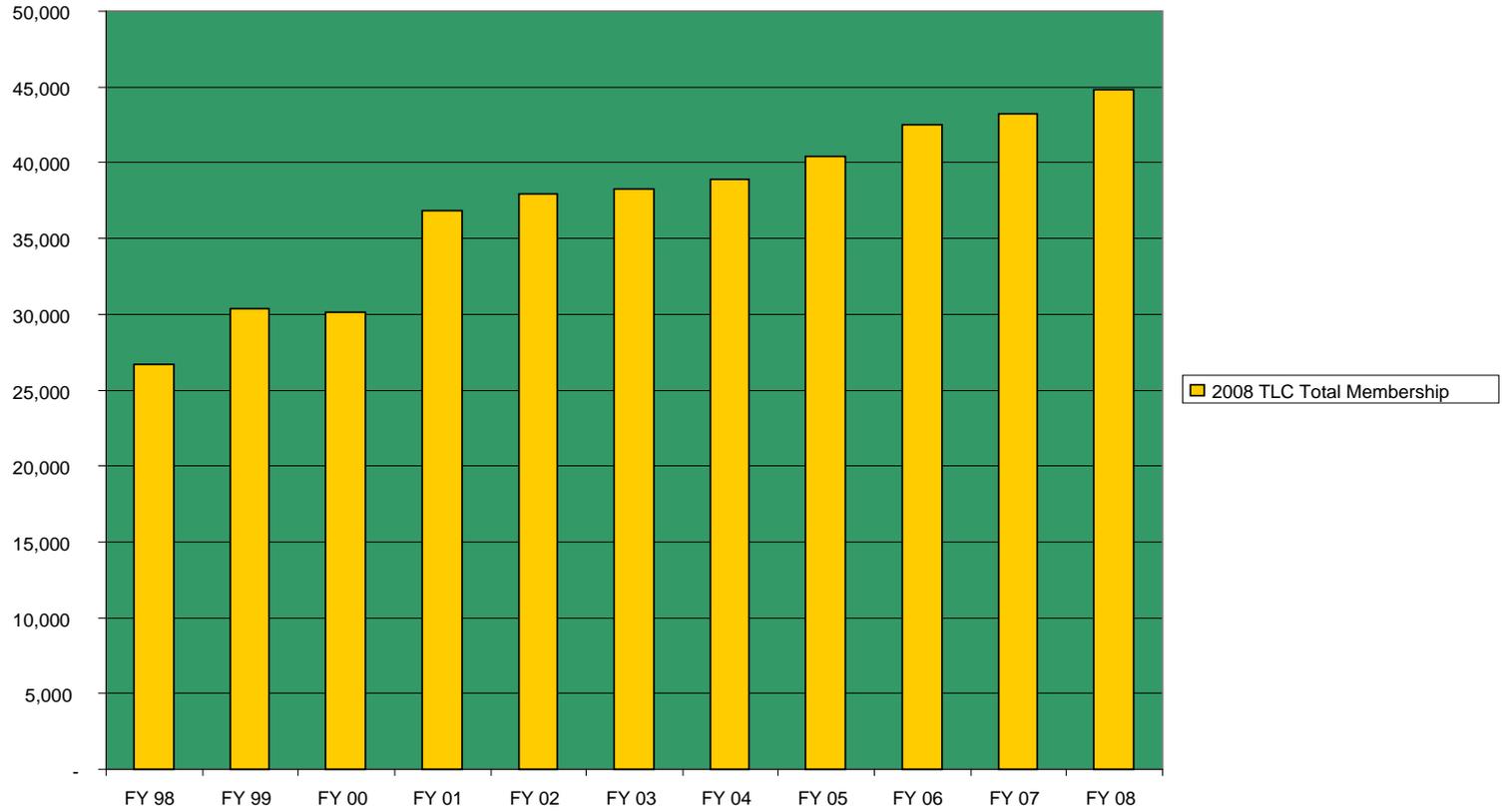
## Enrollment Results

**Our average enrollment increased by 2% to 25,878 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 45.4, which was slightly older than Anthem's Par/PPO average age of 44. Employee sex distribution was 39% male and 61% female Total membership increased 3% to 44,804 members with an average age of 37.7; almost three years older than the Anthem norm. Total enrollment was 44% male and 56% female.**

2008 TLC Covered Employees



2008 TLC Total Membership



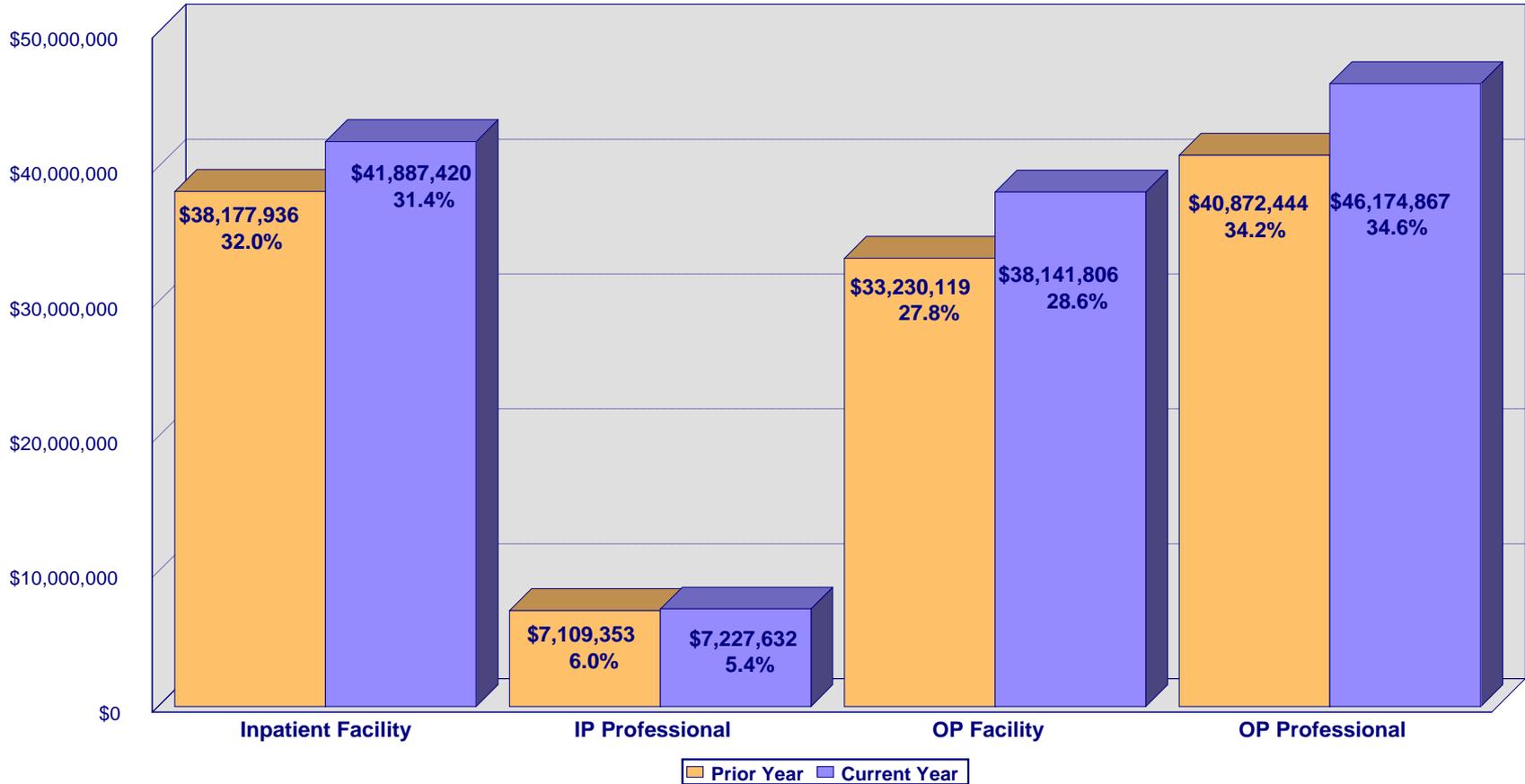
# Total Medical Expense

Combined Group

Prior Year's Expense: \$119.4 million

Current Year's Expense: \$133.4 million

The Local Choice experienced an increase of 12% or \$14,052,058 during the current reporting period.



Change from Year to Year	+ 9.7%	+ 1.7%	+ 14.8%	+ 13.0%
	+ \$3,709,484	+ \$118,279	+ \$4,911,687	+ \$5,302,423

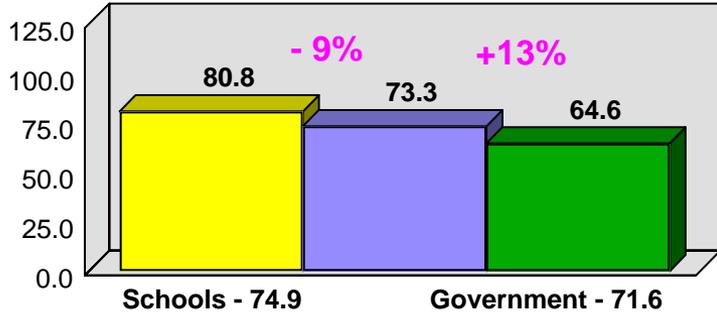
# The Local Choice

## Changes in Combined Group Size

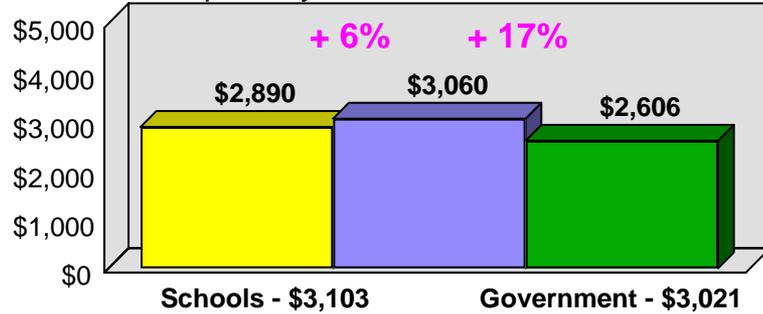
	<b>Prior Year (07-06 through 06/07)</b>	<b>Current Year (07/07 through 06/08)</b>	<b>% Change</b>
<b>Enrollment</b>	<b>24,971</b>	<b>25,580</b>	<b>2%</b>
<b>Membership</b>	<b>43,163</b>	<b>44,304</b>	<b>3%</b>
<b>Average Number of Covered Members per Contract</b>	<b>1.73</b>	<b>1.73</b>	<b>stable</b>
<b>Average Employee Age</b>	<b>45.29</b>	<b>45.39</b>	<b>stable</b>
<b>Average Member Age</b>	<b>37.68</b>	<b>37.73</b>	<b>stable</b>

# Inpatient Facility Indicators

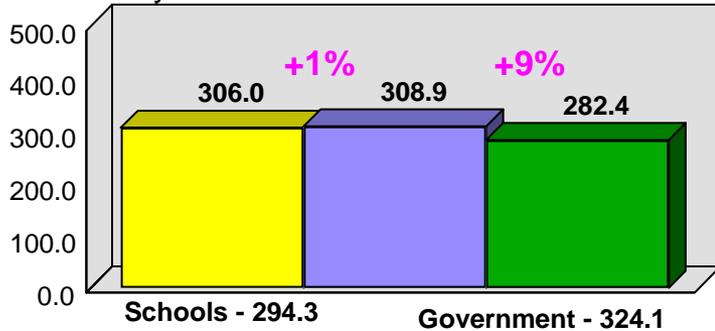
Admission Rate



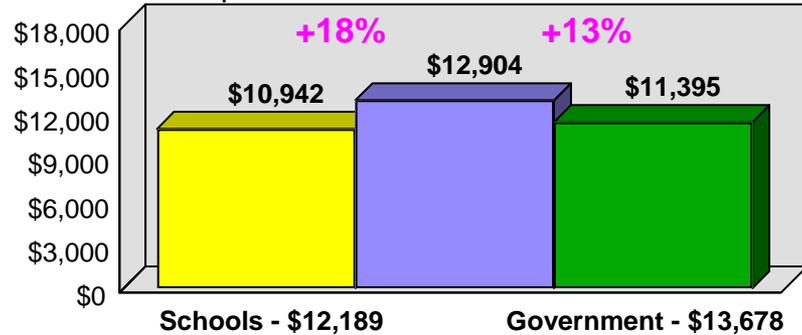
Cost per Day



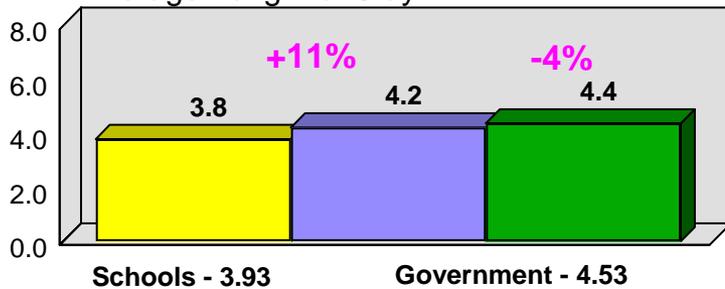
Days Rate



Cost per Admission



Average Length of Stay

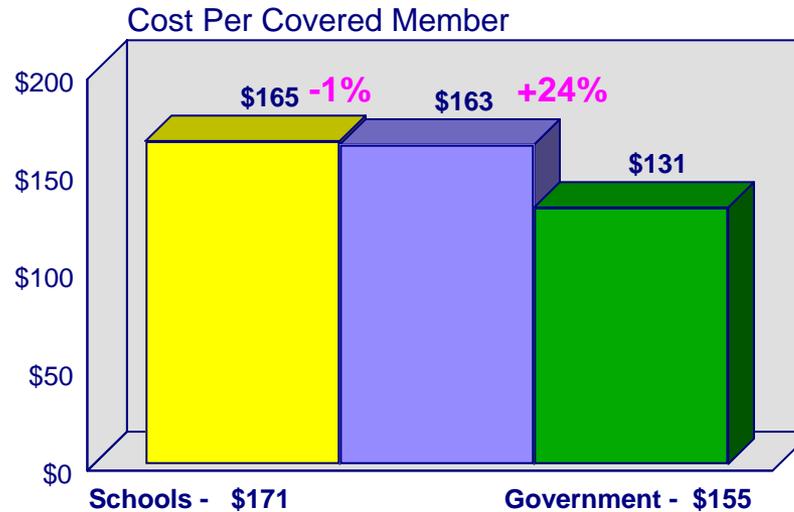
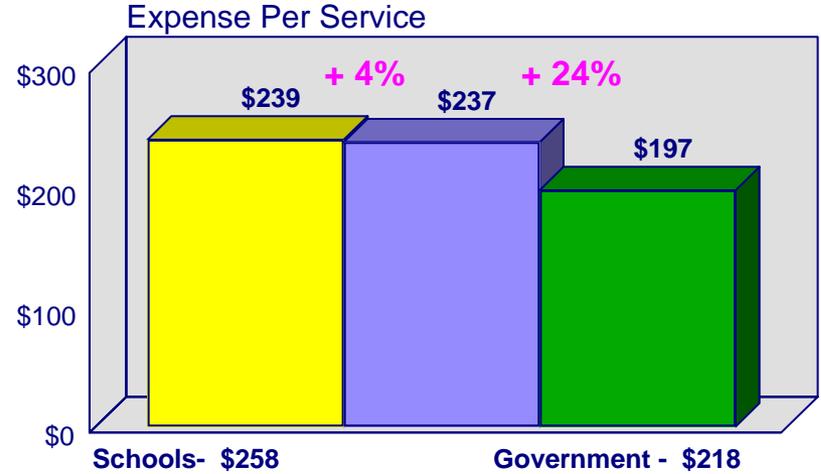
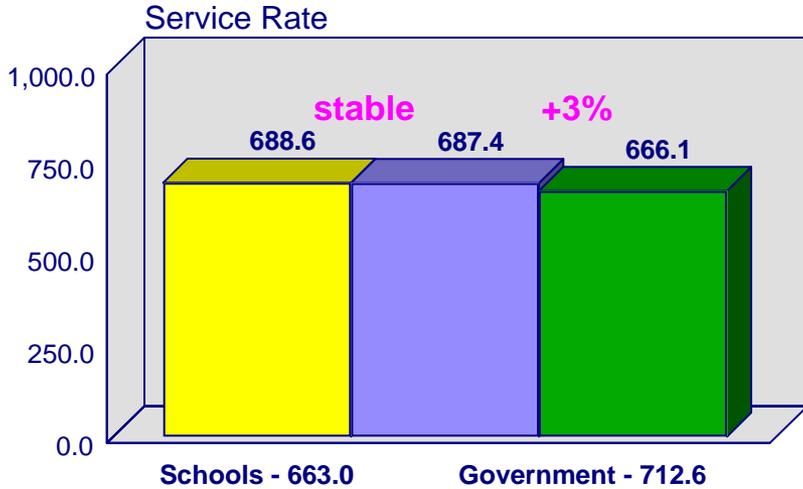


Cost per Covered Member



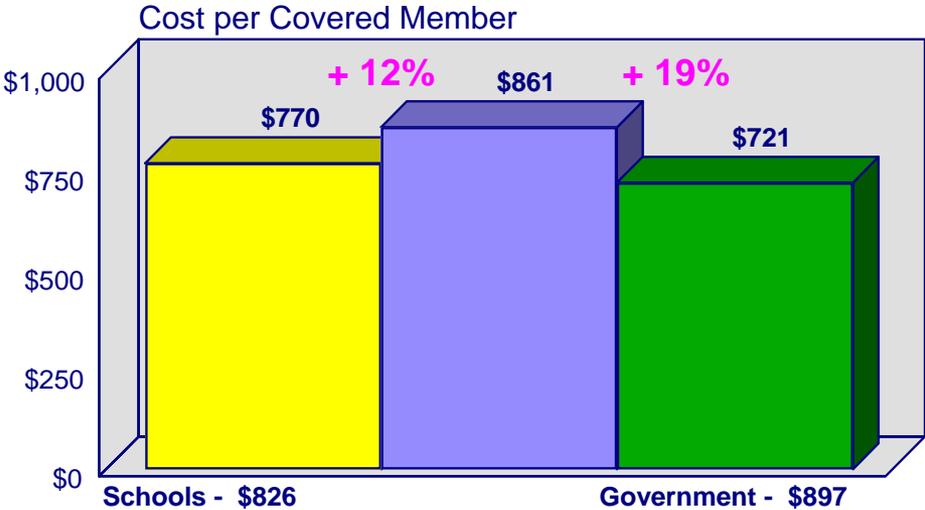
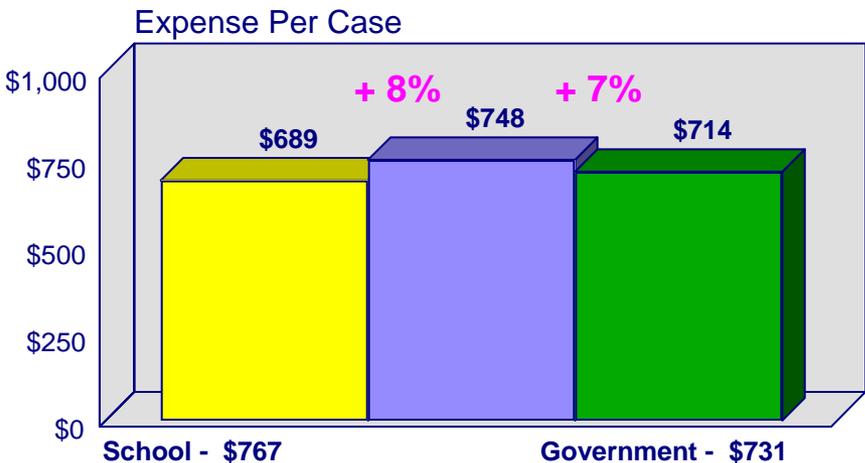
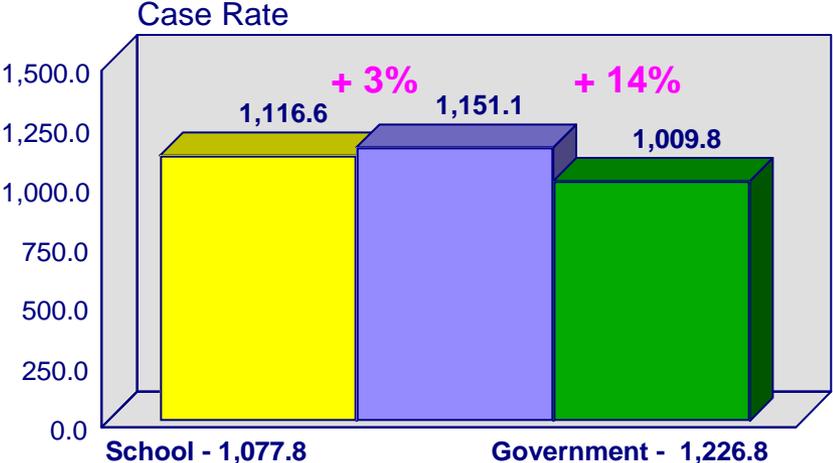
■ Prior Year 
 ■ Current Year 
 ■ Par/PPO Norm

# Inpatient Professional Indicators



■ Prior Year 
 ■ Current Year 
 ■ Par/PPO Norm

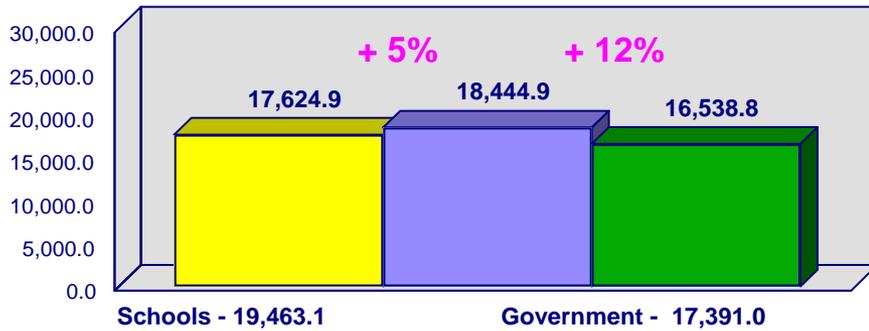
# Outpatient Facility Indicators



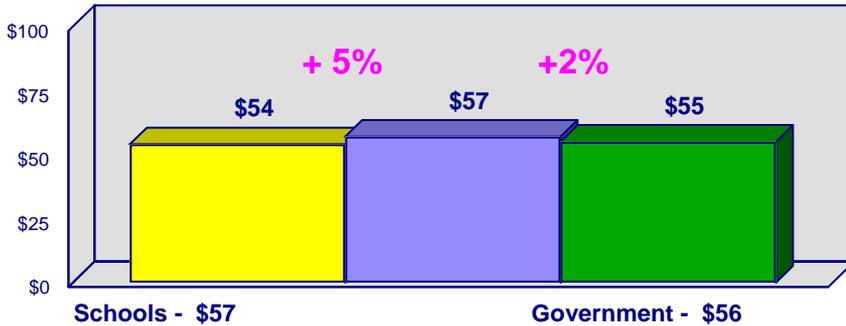
■ Prior Year 
 ■ Current Year 
 ■ Par/PPO Norm

# Outpatient Professional Indicators

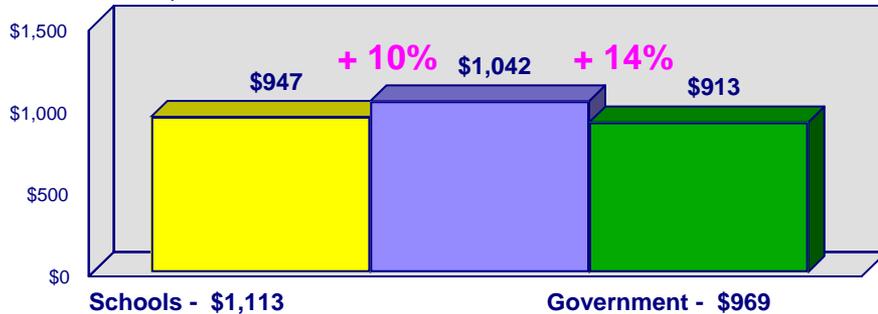
Service Rate (Units of Services/Procedures)



Expense Per Service

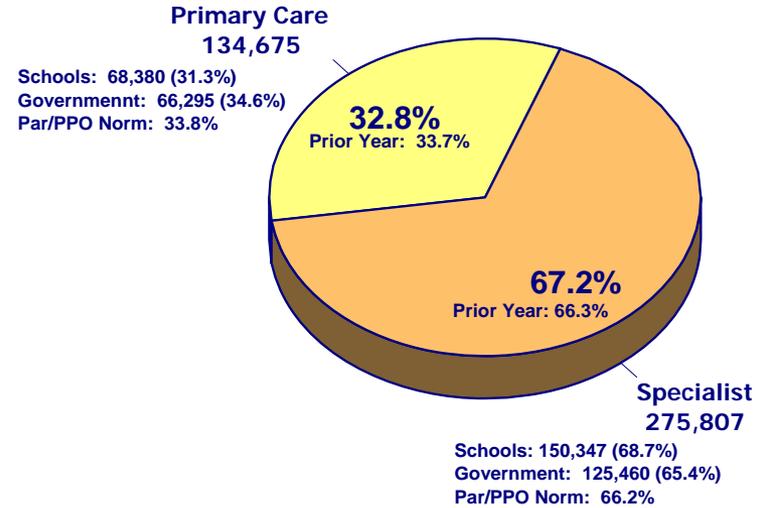


Cost per Covered Member

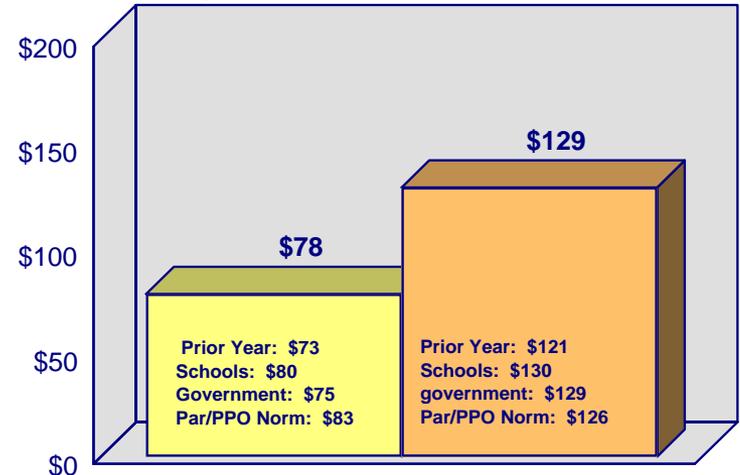


Legend: Prior Year (Yellow), Current Year (Purple), Par/PPO Norm (Green)

Outpatient Professional Encounters

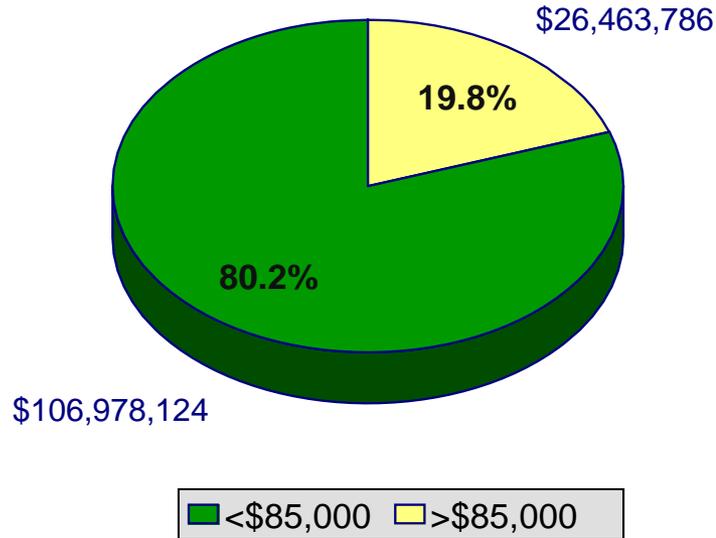


Cost per Encounter



Legend: PCP (Yellow), Specialist (Orange)

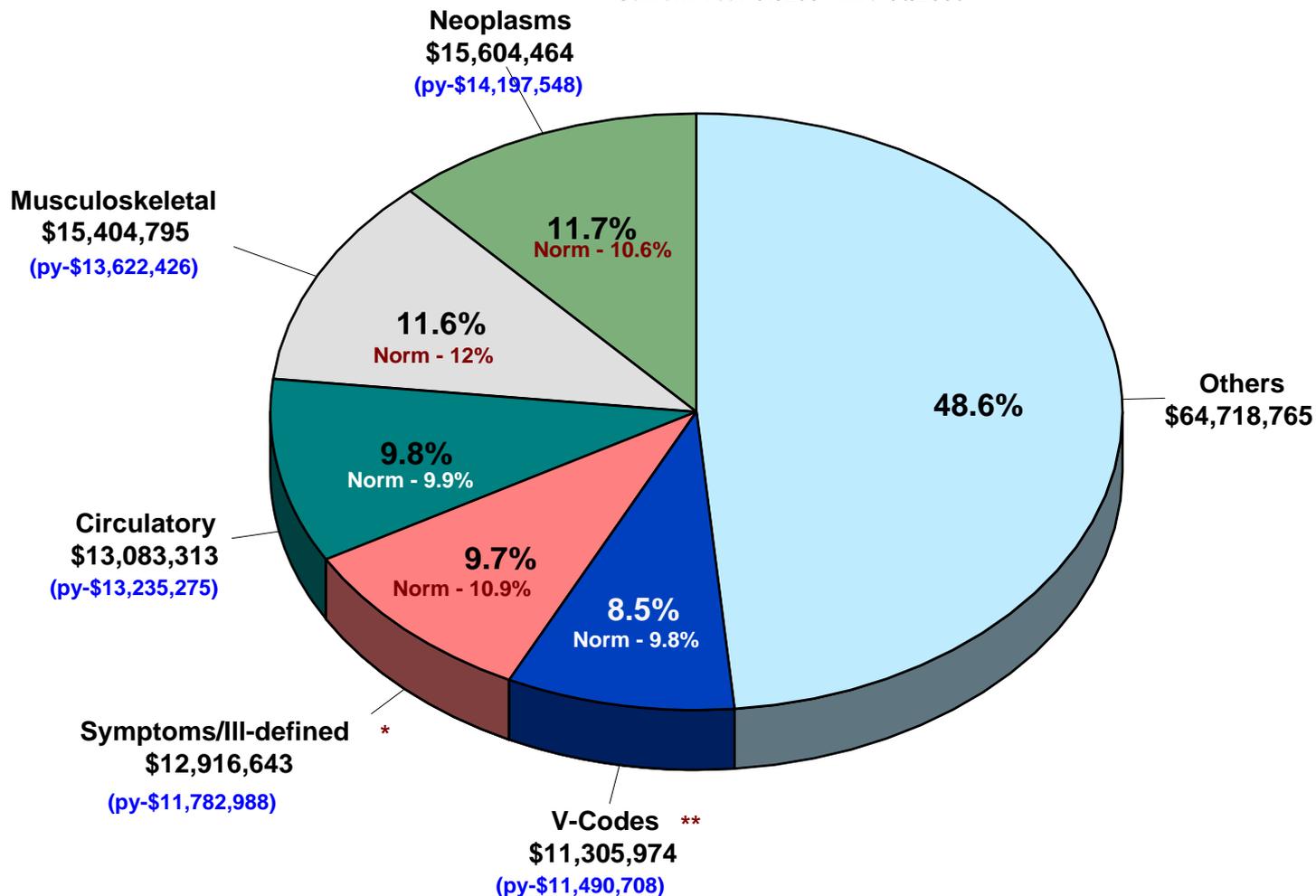
# Catastrophic Claims Experience



Top 5 Current Cata Diagnoses	CY Cata Expense	Rank	PY Cata Expense	Rank		Current Year	Prior Year	% Change
Neoplasms	\$7,707,993	1	\$7,792,651	1	# of Claimants > \$85K	142	129	10%
Genitourinary	\$3,462,787	2	\$537,414	9	Claimants per 1,000	3.21	2.98	8%
Circulatory	\$2,581,819	3	\$4,575,405	2	Expense > \$85K	\$26,463,786	\$21,627,127	22%
Injury	\$2,561,116	4	\$391,063	11	Avg Cost/Cata Claimant	\$186,365	\$167,652	11%
Musculoskeletal	\$1,981,545	5	\$586,074	8				

# Top Five Diagnostic Categories

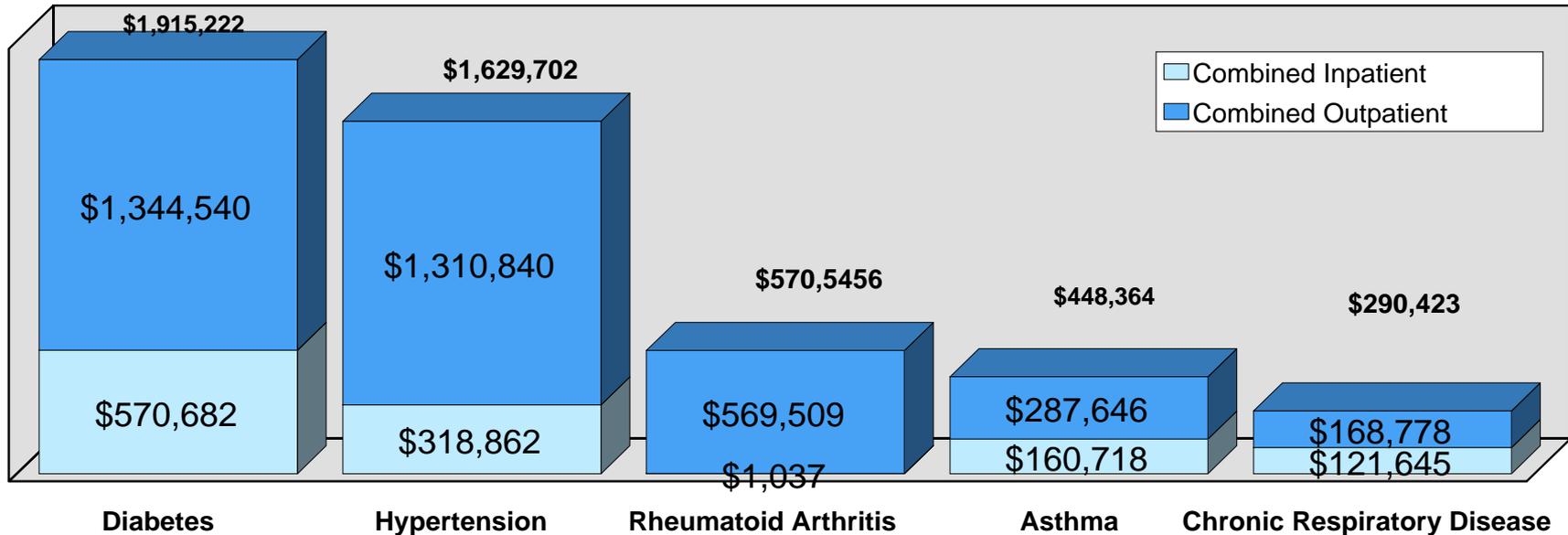
Current Year 07/2007 thru 06/2008



\*Conditions which are not able to be specifically defined for several reasons. Initial symptoms proved to be transient and therefore the "cause" is undetermined. Or, cases were referred elsewhere for investigation or treatment prior to a diagnosis being made.

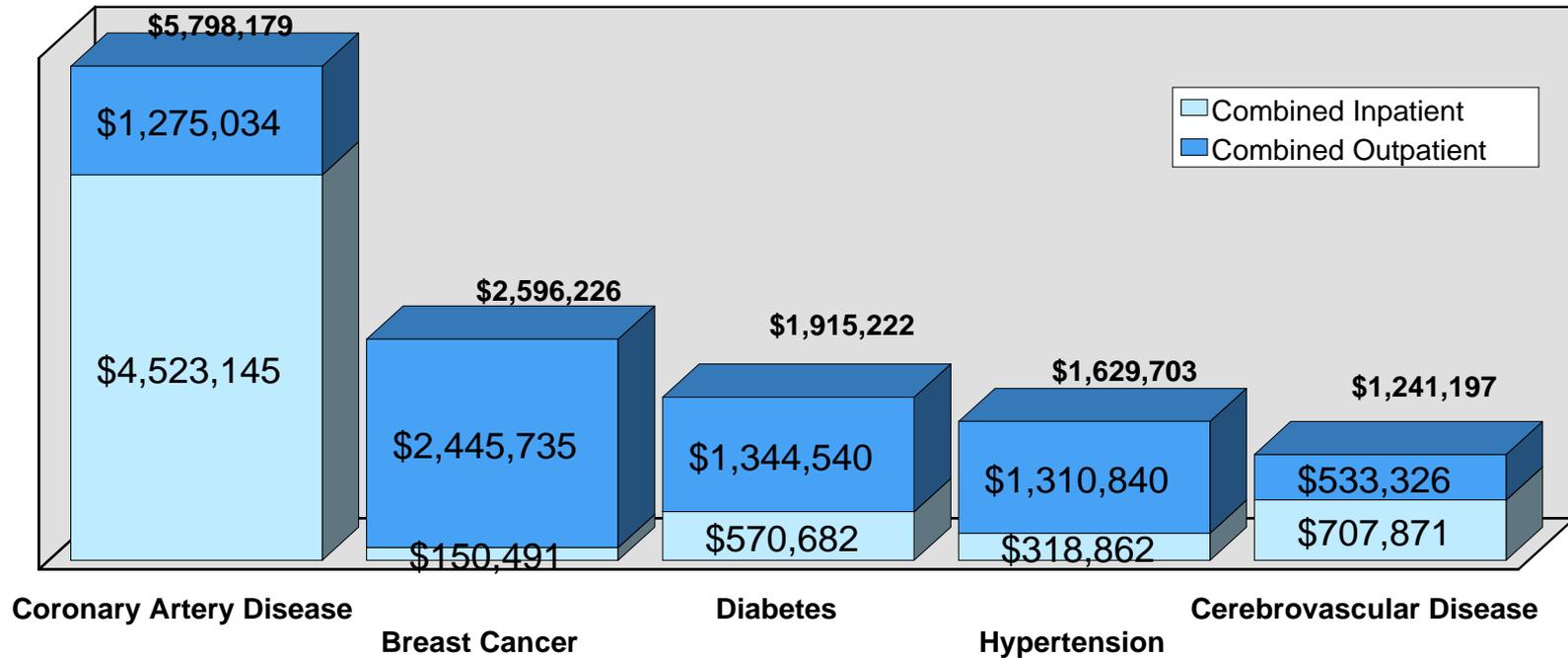
\*\*Occasions when circumstances other than a disease or injury exists that are not classifiable to the other ICD-9 categories such as radiation therapy, chemotherapy, newborn services, organ donation, vaccination, or to discuss a problem which itself is not an injury or disease.

# Top 5 Chronic Conditions By Expense



- Diabetes** is the sixth leading cause of death from a disease. Much of the burden of illness and cost of diabetes treatment is attributed to potentially preventable long-term complications such as heart disease, blindness and kidney disease. Appropriate timely screening and treatment can reduce this disease burden.
- Hypertension** is a risk factor for cardiovascular illness. Despite available effective treatment options, 65 percent of hypertension is not well controlled.
- Rheumatoid Arthritis (RA)** a chronic autoimmune disorder characterized by progressive joint destruction. The treatment goal is to slow the progression of the disease, prevent joint destruction, relieve pain and reduce the total costs of health care for the RA patient.
- Asthma** is one of the nation's common, costly and increasing prevalent diseases. Many asthma-related hospitalizations, ER visits and missed work can be avoided if patients have appropriate medications and medical management.
- Chronic Respiratory Diseases (CRD)** are chronic diseases of the airways and other structures of the lung. Some of the most common are asthma, chronic obstructive pulmonary diseases (COPD), respiratory allergies, occupational lung disease and pulmonary hypertension.

# Top 5 Conditions Manageable through Preventive Medicine



These medical conditions are classified in this fashion because the medical condition can be lessened in severity, or in some cases, prevented through early detection and/or behavioral change.

# The Local Choice - Combined Group

## Outpatient Professional Screening Services

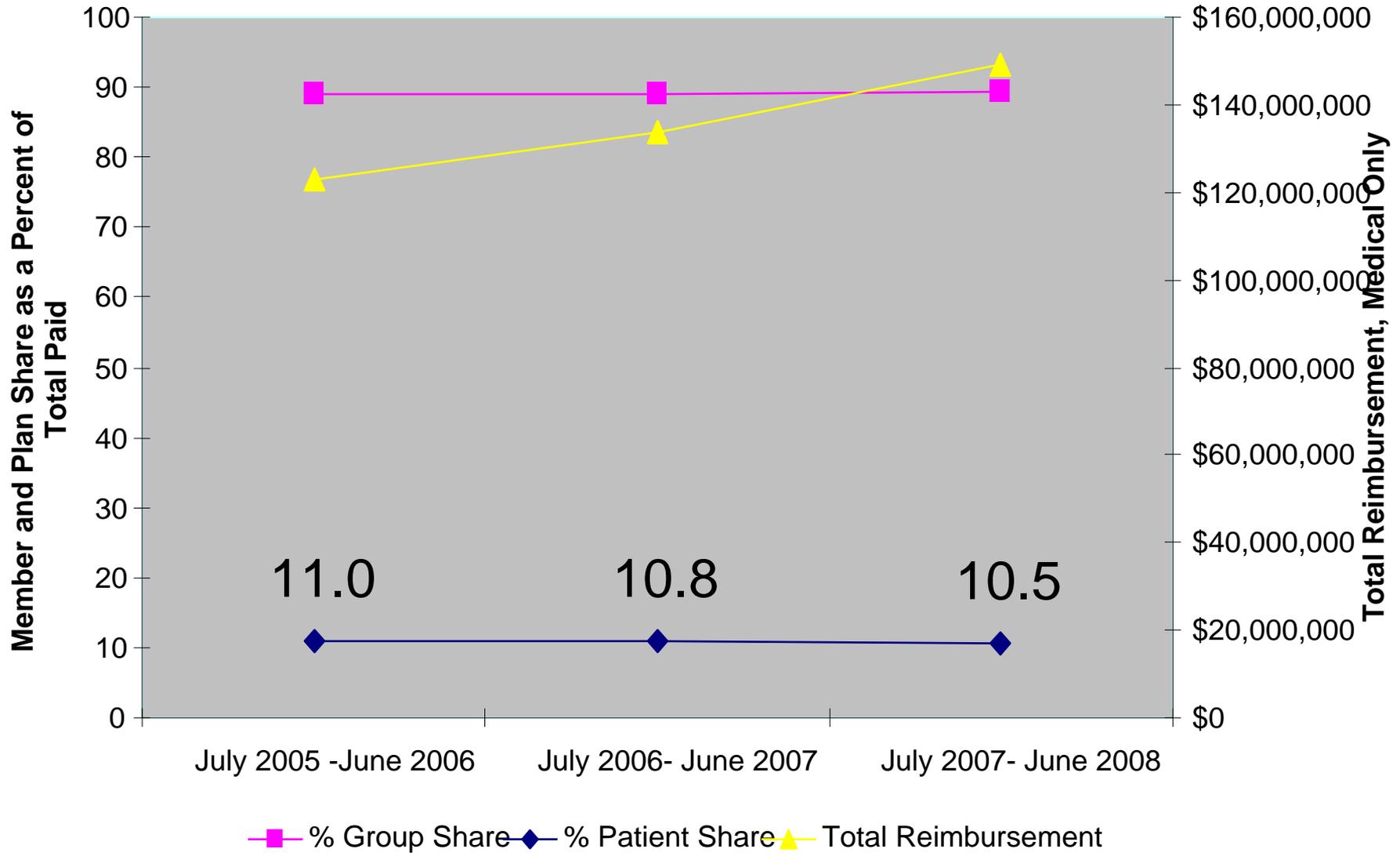
PROCEDURE	VOLUME	TOTAL COST	UNIT COST	CURRENT YEAR % Of Eligible	PRIOR YEAR % Of Eligible
PAP SMEARS <i>Women age 18 and older</i>	12,689	\$281,359	\$22.17	<b>62%</b>	<b>64%</b>
CHOLESTEROL TESTS	19,710	\$214,693	\$10.89		
MAMMOGRAPHY <i>Women age 40 and older</i>	6,077	\$502,790	\$82.74	<b>46%</b>	<b>44%</b>
FECAL OCCULT BLOOD TESTS	3,089	\$19,695	\$6.38		
COLONOSCOPY SIGMOIDOSCOPY BARIUM ENEMA <i>Ages 50-64</i>	2,385	\$842,663	\$353.32	<b>18%</b>	<b>17%</b>
PROSTATE (PSA) TESTS <i>Men age 50 and older</i>	3,304	\$56,412	\$17.07	<b>54%</b>	<b>52%</b>
WELL BABY VISITS (AGE 0-7)	3,401	\$335,755	\$98.72		
WELL ADULT VISITS (AGE 7 & ABOVE)	13,772	\$1,472,316	\$106.91		

**Pap Smears** - Cervical cancer is one of the most successfully treatable cancers when detected early.

**Mammograms** - Breast cancer that is detected early is likely to require less intensive therapy and can cost significantly less with better long-term outcomes.

**Prostate Tests** - Prostate cancer can often be found early by testing the amount of prostate - specific antigen (PSA). Any cancer you might have, will likely be found early, at a more treatable stage.

# Medical Expense - The Local Choice - Combined Group



## Financial Summary

The Local Choice continues to provide a strong financial base for its member groups. During FY 2008, the program will continue 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, 2008.

Cash Balance (*June 30, 2008*) \$ 90,089,613

### 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>2005</i></b>	<b><i>2006</i></b>	<b><i>2007</i></b>	<b><i>2008</i></b>
Annual Premiums	\$157,945,401	\$186,024,786	\$204,337,637	\$ 213,666,283
Annual Expenses	<u>\$155,771,036</u>	<u>\$166,066,550</u>	<u>\$180,140,899</u>	<u>\$ 204,052,659</u>
Prem. Less Exp.	\$ 2,174,365	\$ 20,818,236	\$ 24,196,738	\$ 9,613,624
Operating Ratio	98.6%	88.8%	88.2%	95.5%

### 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>2005</i></b>	<b><i>2006</i></b>	<b><i>2007</i></b>	<b><i>2008</i></b>
Government & Schools	\$1,105,118	\$1,667,041	\$1,974,844	\$2,635,380