

THE LOCAL CHOICE 2020 ANNUAL REPORT



July 2019 – June 2020

THE LOCAL CHOICE - 2020 Annual Report

Statewide Self-Insured Product

Introduction

The Local Choice (TLC) 2020 Annual Report is based on two years of paid medical claims data from July 2018 through June 2019 and the current period of July 2019 through June 2020 and reflects paid claims during this period. The normative values represent Anthem's combined product average for the period ending June 2020.

- 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)



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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 6 groups. Year over year 99% of groups renew, and approximately 10,000 new members have been added over the last 5 years. The program has over 365 groups. 55.6% of the membership comes from the Government groups, and 44.4% comes from the Schools in the program. Our average enrollment was relatively flat with ending enrollment at 38,382. The current period's enrollment shows approximately 64% of our membership enrolled in an employee only contract. 17% were enrolled in dual coverage, and 19% 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 diabetes ranked highest of all medical conditions manageable through preventive medicine. Joint degeneration, infection/autoimmune disease, digestive disease, and degenerative neurologic disease ranked second through fifth in order of expense. Claims attributed to lifestyle conditions make-up 29.5% of total dollars spent.



Top Five Conditions Driving Cost

As with most groups, the top 5 medical conditions driving the cost are malignant neoplasms, musculoskeletal, circulatory, health status, 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 12% over prior period to \$75 million. In the area of inpatient facility utilization, our group's admission rate decreased to 46.1% per 1000. The overall mix of inpatient care resulted in a 12% increase in the average length of stay, registering at 5.14 days. This is slightly higher than our Anthem norm of 4.67.



Outpatient Experience

Outpatient facility expense decreased to \$109 million. The case rate decreased by 17.4% to 1,345. The number of total outpatient facility cases registered at 91,513 in the current year down from 99,131 in the prior year. The expense per case was 5.4% higher at \$1,187 and is 1.6% lower than the Anthem norm. The case rate is 10% higher than the Anthem norm.



TLC Medical Expense Year to Year Summary

Period	Prior	Current	% Change
Inpatient Facility	\$86,009,715	\$75,569,715	-12.1%
Outpatient Facility	\$111,668,625	\$108,608,565	-2.7%
Total Professional	\$104,515,747	\$97,496,774	-6.7%
Total Medical Expense	\$302,194,087	\$281,675,053	-6.8%



Kaiser Permanente – Regional Fully Insured Product

- In addition to the Statewide Self Insured Products, a Regional Fully Insured Product is offered through Kaiser Permanente.
- Any TLC group located in Kaiser Permanente's service area, which includes Northern Virginia, may select to offer this product.
- The product is a fully insured HMO and Kaiser Permanente is the plan administrator.
- The plan includes dental, vision and EAP benefits.
- As of June 30, 2020, nine (9) TLC groups selected to offer this product with a total enrollment of 486 contracts.

