City of Durham

Utilization & Expense Review

January 11, 2012

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BlueCross BlueShield of North Carolina

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Utilization & Expense Review - Background

- Enrollment & Claims:
  - Incurred between *September 2009* and *August 2011*
  - Paid through *October 2011*
- Benchmark:
  - Industry - Municipalities
  - Age/Sex adjusted to reflect the group's demographics

Network Utilization & Discounts

City of Durham

Claims incurred: Sep '10-Aug '11

		Contracting Status	
		Contracted	**Non-Contracted**
Benefit Payment	**In-network**	Payments = 96.6% Claims = 99.1%	Payments = 2.1% Claims = 0.3%
	Out-of-network	Payments = 0.3% Claims = 0.0%	Payments = 1.0% Claims = 1.0%
		Total Discount = 50.2%	

- 99.4% of all City of Durham claims payments were paid in-network in the current year.
- City of Durham total discount was 50.2% in the current year.

Enrollment & Demographics

	City of Durham		Industry
	Sep '09-Aug '10	Sep '10-Aug '11	Benchmark
Average Membership	4,982	5,060	--
Average Contract Size	1.9	1.9	1.8
Average Age (all members)	35.0	35.1	35.8
Average Age (subscribers only)	45.4	45.6	45.0
Proportion of Females	43.7%	43.7%	48.3%
Proportion of Childbearing Females (20-44 yrs)	17.6%	17.6%	19.2%
Demographic Risk Score	1.1	1.1	1.1
Retrospective Risk Score	1.3	1.5	1.5

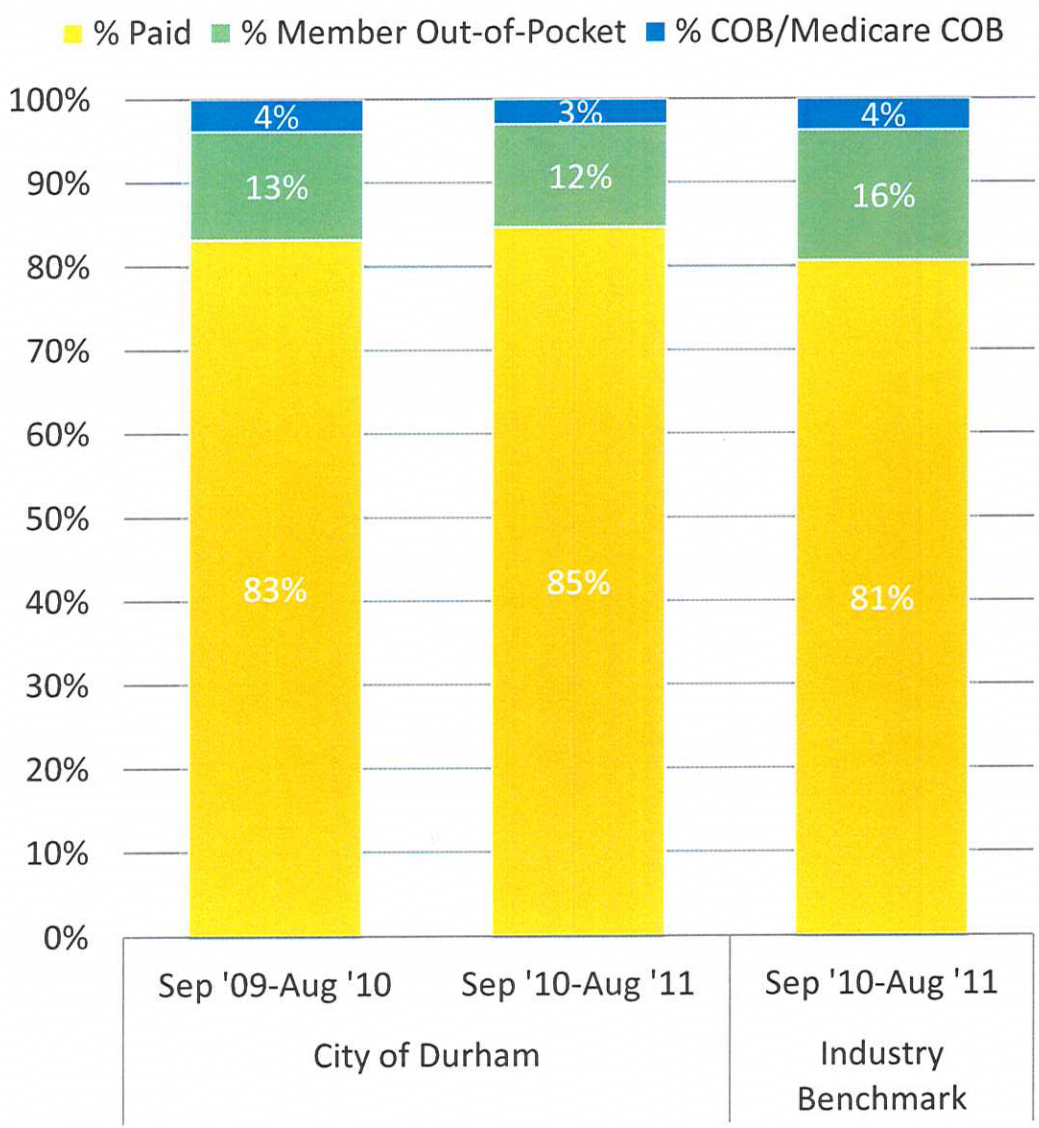
- City of Durham's membership increased 1.6% year-over-year. However, the demographic make-up of the group changed very little.
- On average, City of Durham's members were slightly younger than the Industry, primarily due to slightly more child dependents per subscriber. In addition, the group had a lower proportion of female members than the Industry.
- City of Durham's demographic risk score and retrospective risk score were both the same as those of the Industry.

Benefits Snapshot

Member Out-of-Pocket Levels	City of Durham Sep '10-Aug '11			Industry Benchmark Sep '10-Aug '11
	CORE	BASE	PREMIUM	PPO
% of Members	63%	21%	16%	
Primary Care Office Copay	$20	$25	$15	$25
Specialty Office Copay	$40	$50	$30	$40
ER Copay	$300	$300	$300	$150
Urgent Care Copay	$20	$25	$15	$40
Prescription Drug Copays	$0 / $30 / $45	$0 / $35 / $50	$0 / $20 / $35	$5 / $35 / $50
Individual Deductible	$750 / $1,500	$1,500 / $3,000	$500 / $1,000	$600 / $1,000
Coinsurance	20% / 30%	20% / 30%	10% / 30%	20% / 30%
Paid PMPM (Medical)	$264.06	$147.10	$549.90	
Paid PMPM (Pharmacy)	$71.12	$32.64	$192.03	
Paid PMPM (Total)	$335.18	$179.74	$741.93	

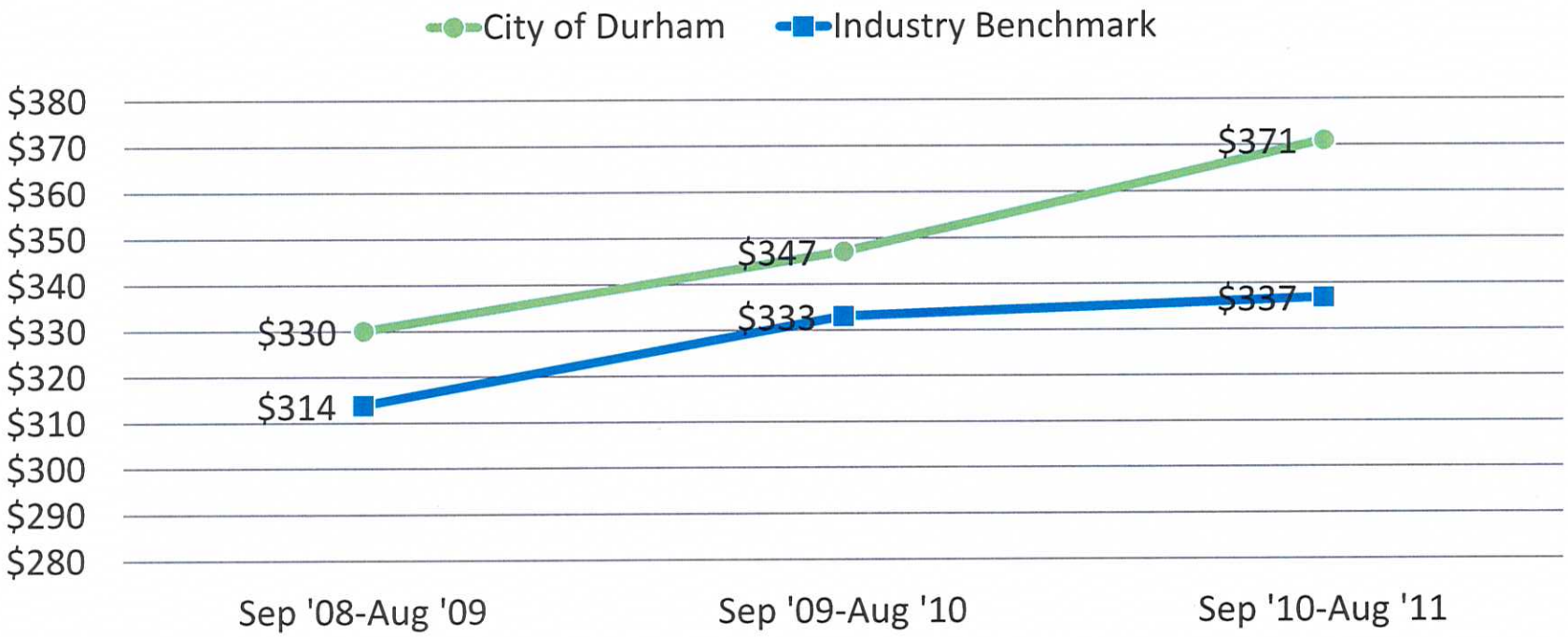
- City of Durham had three PPO plans in the most current period. They are compared to the industry medians.
- From the prior period, copays were generally decreased while deductible and coinsurance levels were increased.
- Overall, City of Durham members paid 13.0% of medical allowed and 9.9% of pharmacy allowed. This compares to the industry averages of 14.4% and 20.1% respectively.

Components of Allowed



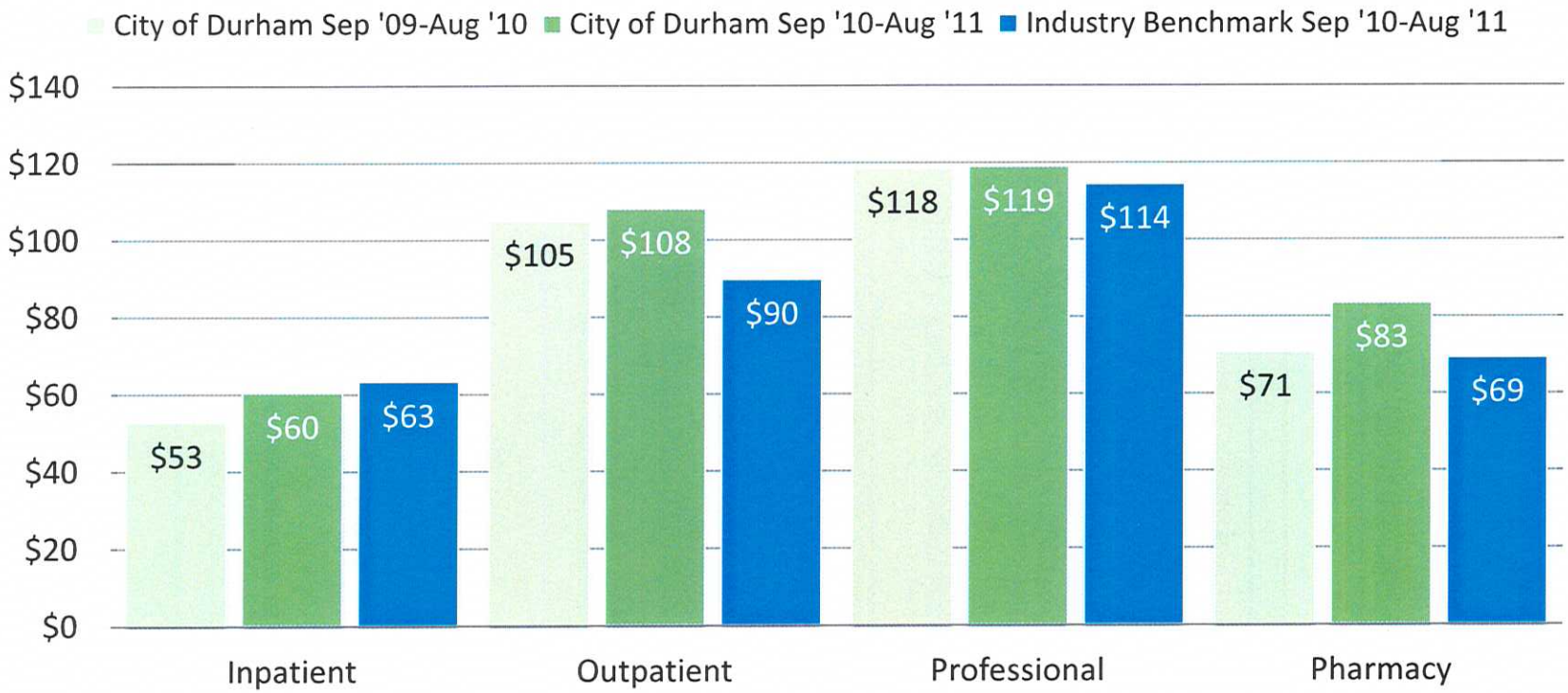
- City of Durham paid for 85% of claims costs in the current year.
- Members paid for 12% of claims costs out of pocket, through deductibles, copays and coinsurance in the current year.
  - Member cost share decreased on percentage point year-over-year and was four percentage points below the Book of Business in the current year.
- The remainder went towards Coordination of Benefits (COB).

Overall Payment Trend



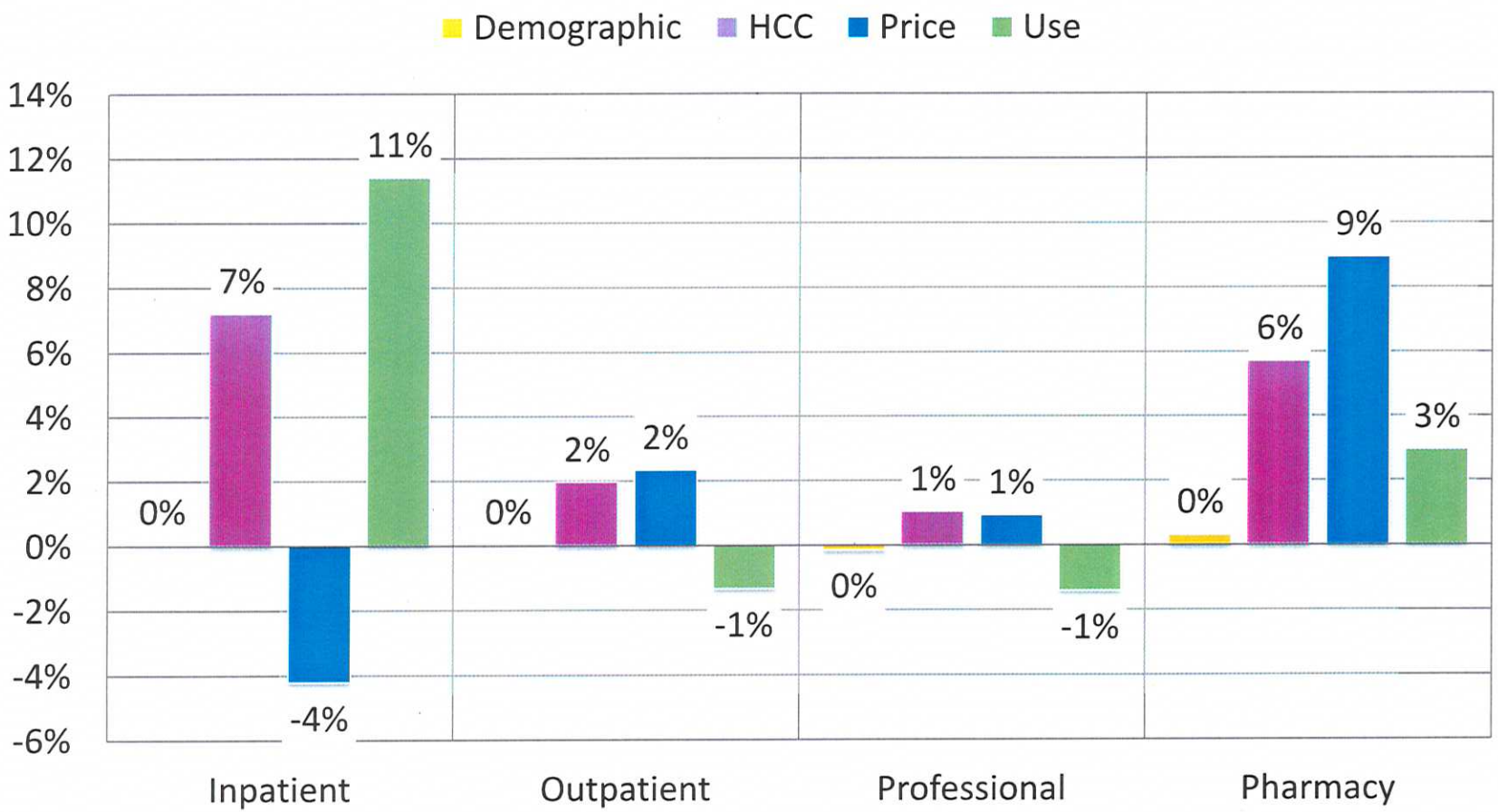
- City of Durham's payments PMPM increased 7% from the previous to current year, compared to a 1% increase for the Industry.
  - Over the past two years, payments PMPM for City of Durham increased 12% compared to a 7% increase for the Industry.
- City of Durham's payments PMPM were 10% higher than the Industry in the current year.

Payment PMPM Trend by Service Category



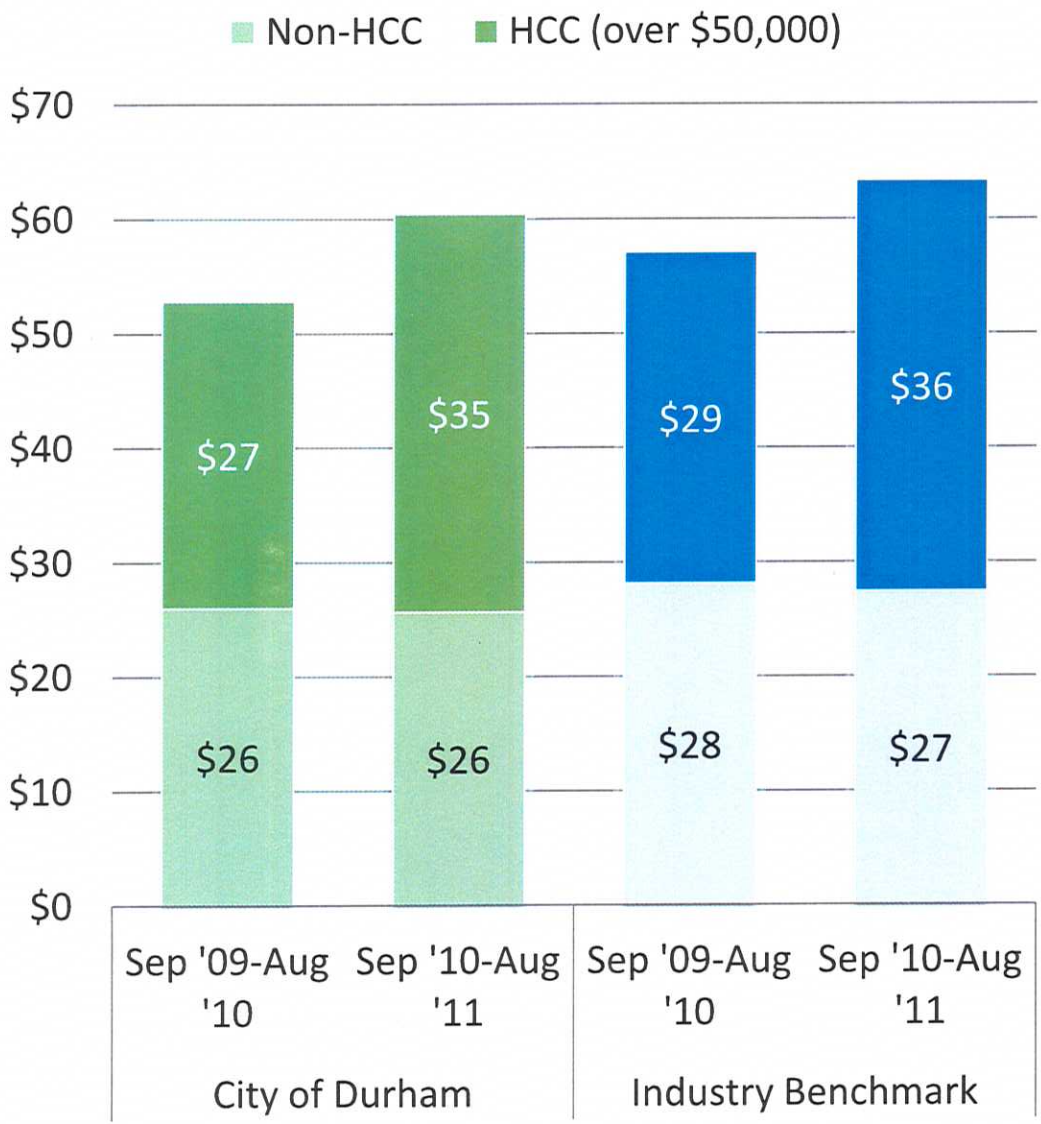
- City of Durham's overall trend of 7% was driven primarily by increased payments PMPM in the inpatient and pharmacy settings, though payments increased in all four settings.
- City of Durham had higher payments PMPM compared to the Industry across all settings except inpatient, where payments were 5% below the Industry.

Components of Paid Trend



- Payments PMPM increased year-over-year.
  - The increase was primarily driven by price for inpatient and pharmacy.
  - Increased Inpatient HCC /utilization and increased HCC/price in the pharmacy drove the trend.

Inpatient Facility Payments PMPM



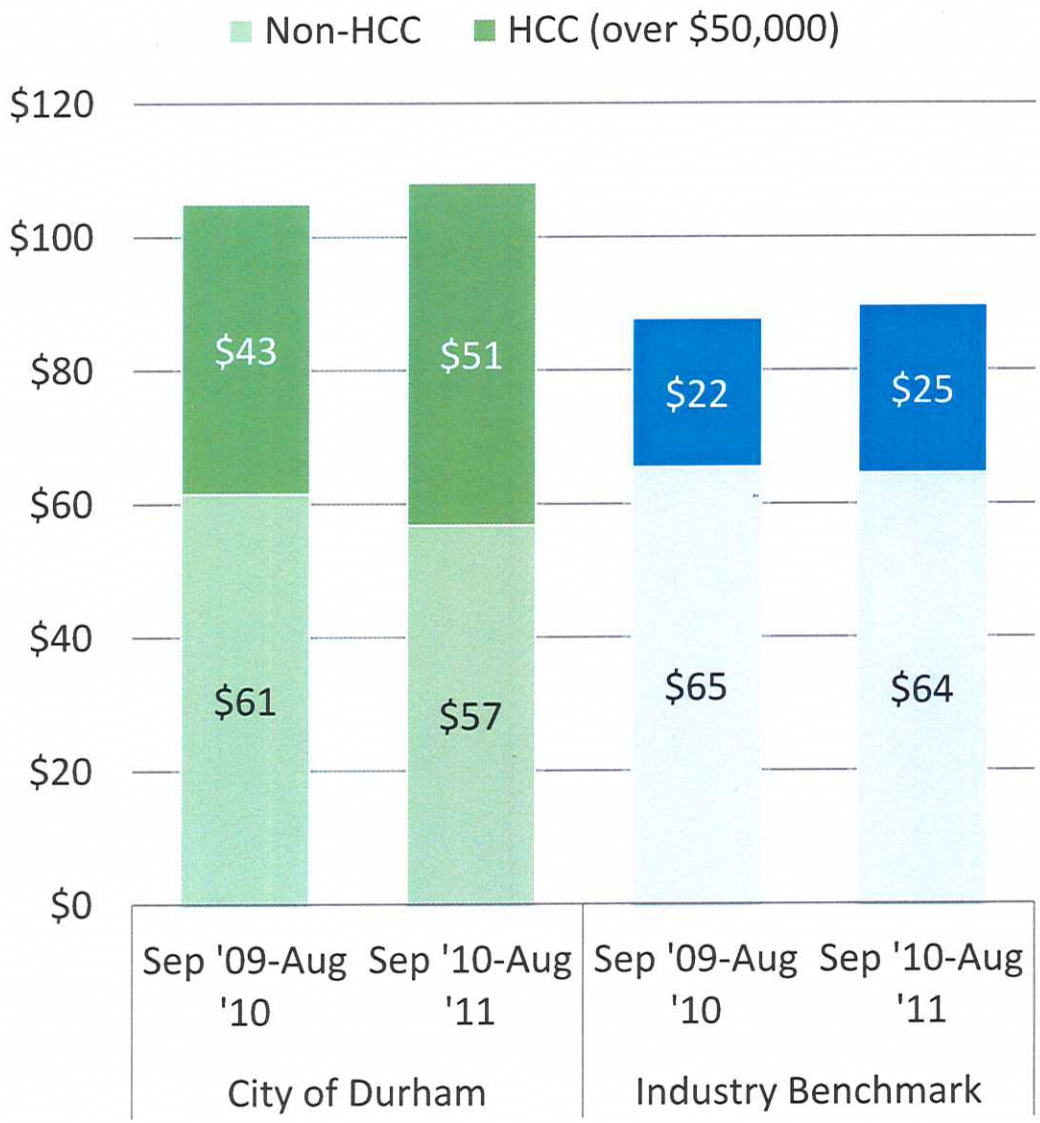
- Inpatient payments PMPM increased 14% from the prior period.
  - Payments increased for high cost claimants (HCCs) and remained the same for non-HCC.
- Top inpatient diagnostic categories:
  - Circulatory: AMI (heart attach – 6), ischemic heart disease
  - Injury: surgical complications, neck fracture
  - Musculoskeletal: knee/hip replacement, spine surgery
- Payments PMPM very similar to the Industry.

Inpatient Facility Utilization & Cost

	City of Durham		% Change	Industry Benchmark	% Variance
	Sep '09-Aug '10	Sep '10-Aug '11		Sep '10-Aug '11	
Admissions/1,000	49.0	55.1	12%	55.1	0%
Days/1,000	237.8	302.7	27%	280.8	8%
Average Length of Stay	4.9	5.5	13%	5.1	8%
Allowed/Admission	$15,594	$15,064	-3%	$16,060	-6%
Case Mix Factor	1.6	1.5	-4%	1.4	4%

- Inpatient payments PMPM increased 14% year-over-year, driven by increased admissions due primarily to high cost claimants.
- Average length of stay increased due to a couple stays over 100 days.
- City of Durham inpatient cost and severity was similar to the Industry.

Outpatient Facility Paid PMPM



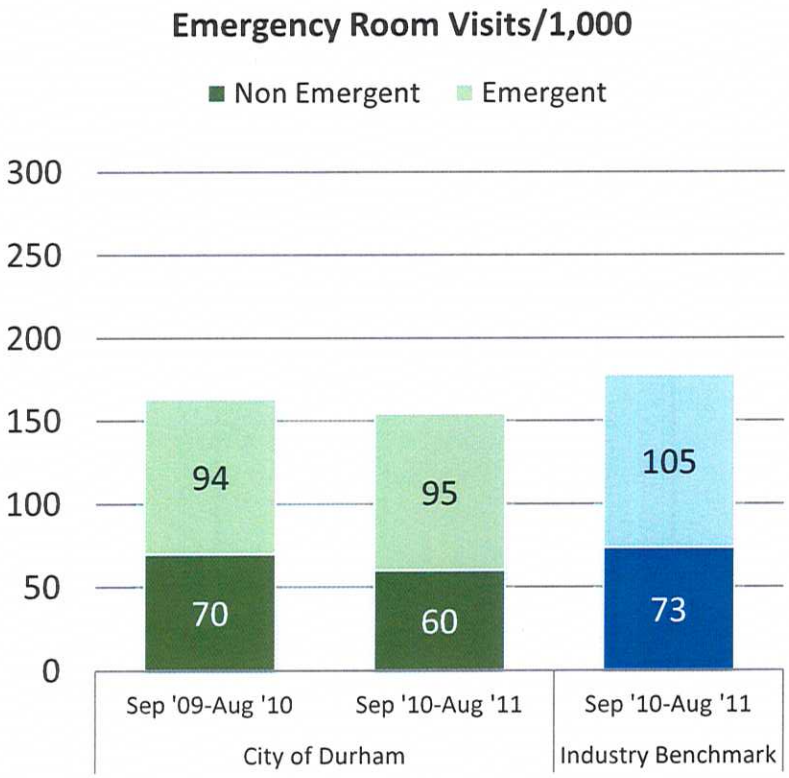
- City of Durham outpatient payments PMPM increased 3% year-over-year;
  - Payments increased for HCC and decreased for non-HCC.
- Top outpatient service types include (paid pmpm):
  - Surgical ($32.79)
  - ER ($16.40)
  - Dialysis ($13.17)
- City of Durham's payments PMPM is 20% above the Industry in the current year.

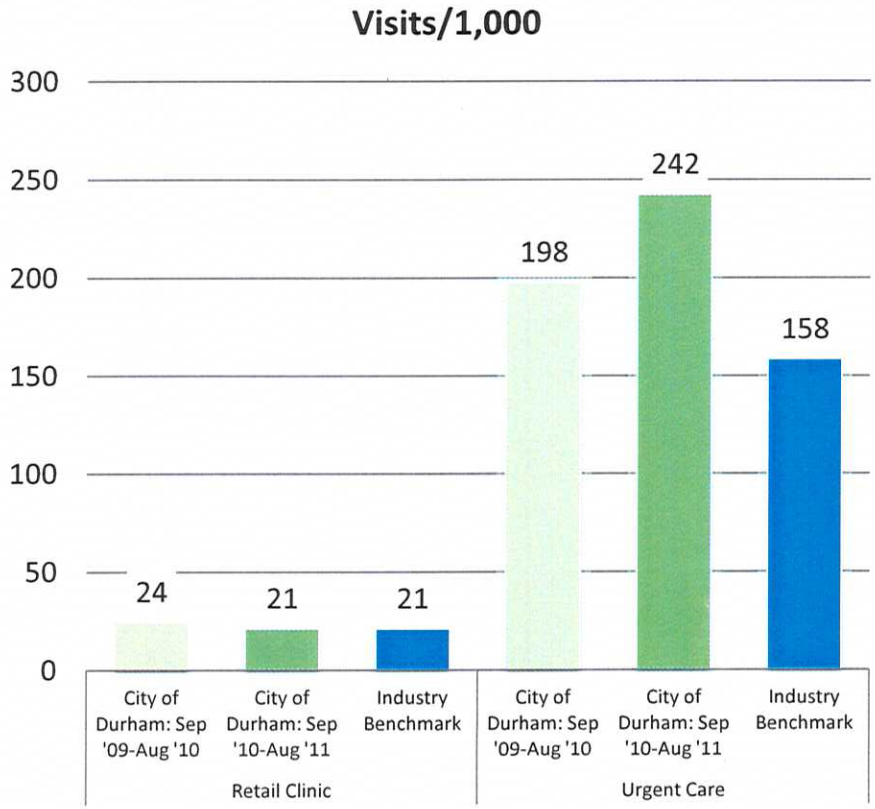
Outpatient Facility Utilization & Cost

	City of Durham		% Change	Industry Benchmark	% Variance
	Sep '09-Aug '10	Sep '10-Aug '11		Sep '10-Aug '11	
Outpatient (Non-ER)					
Paid PMPM	$89.28	$91.70	3%	$73.59	25%
Visits / 1,000	1,430	1,365	-4%	1,039	31%
Allowed / Visit	$870	$974	12%	$1,072	-9%
Emergency Room (ER)					
Paid PMPM	$15.68	$16.40	5%	$16.17	1%
Visits / 1,000	163	155	-5%	178	-13%
Allowed / Visit	$1,367	$1,649	21%	$1,431	15%

- Payments PMPM increased in both the emergency room (ER) and non-ER settings.
  - In the non-ER setting, payments PMPM increased 3% driven by higher allowed/visit.
  - In the ER setting, payments PMPM increased 5% driven by higher allowed/visit.
- Payments PMPM were above the Industry in the non-ER setting driven by a visit/1,000 rate that was 31% higher than the norm.

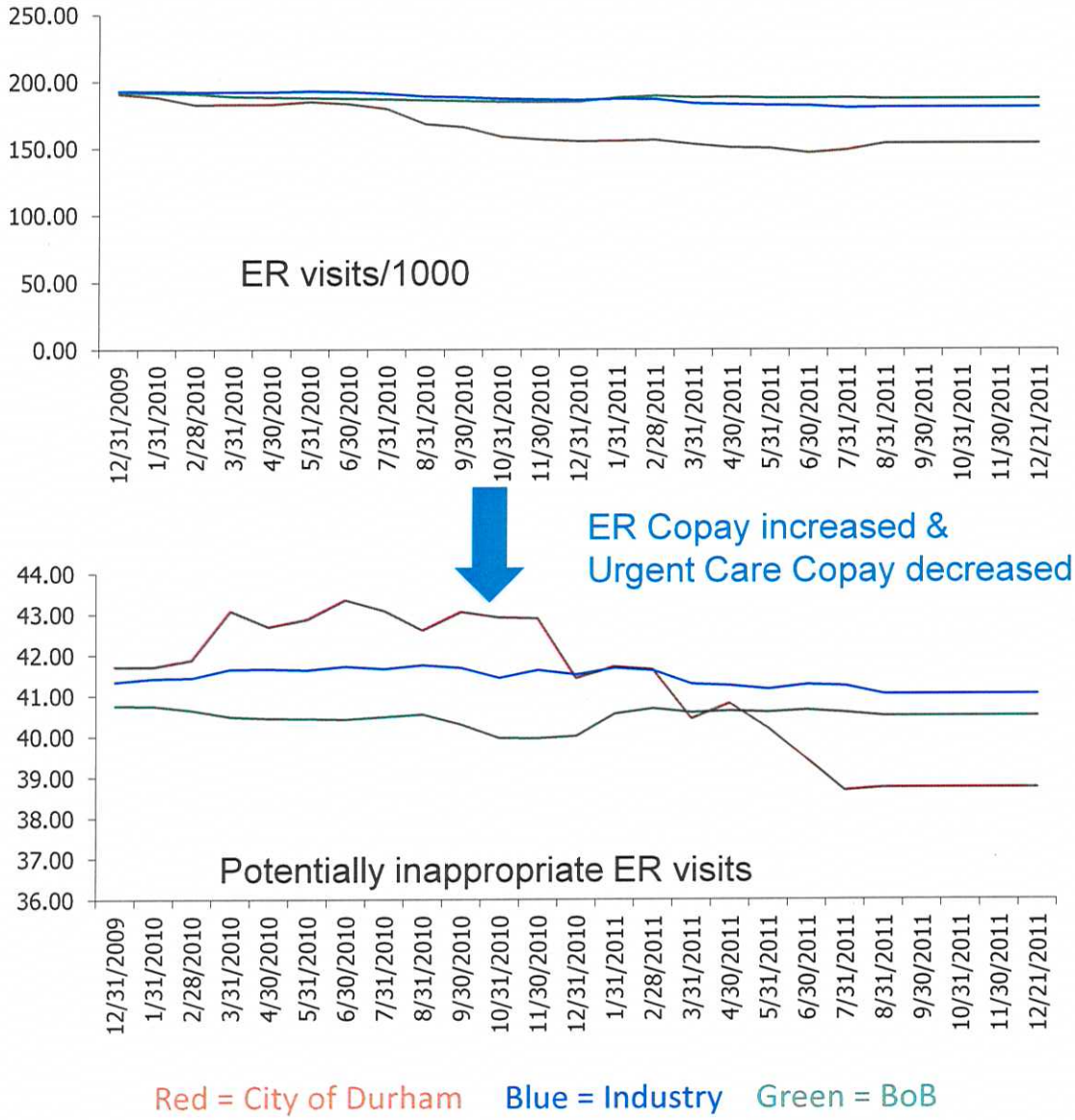
Emergency & Urgent Care Utilization





- 38.7% of ER visits were NE/PCT (non-emergent or primary care treatable) in the current year, down from 42.6% in the pervious year and below the Industry rate of 41.3%.
- Use of urgent care increased 23% to 242 visits/1000, above the Industry rate of 158.
- Use of retail clinics decreased to 21 visits/1000, similar to the Industry rate.
- The top 3 chronic conditions seen in the ER were Migraine(9), Asthma(8) & Diabetes(5).

Emergency & Urgent Care Utilization

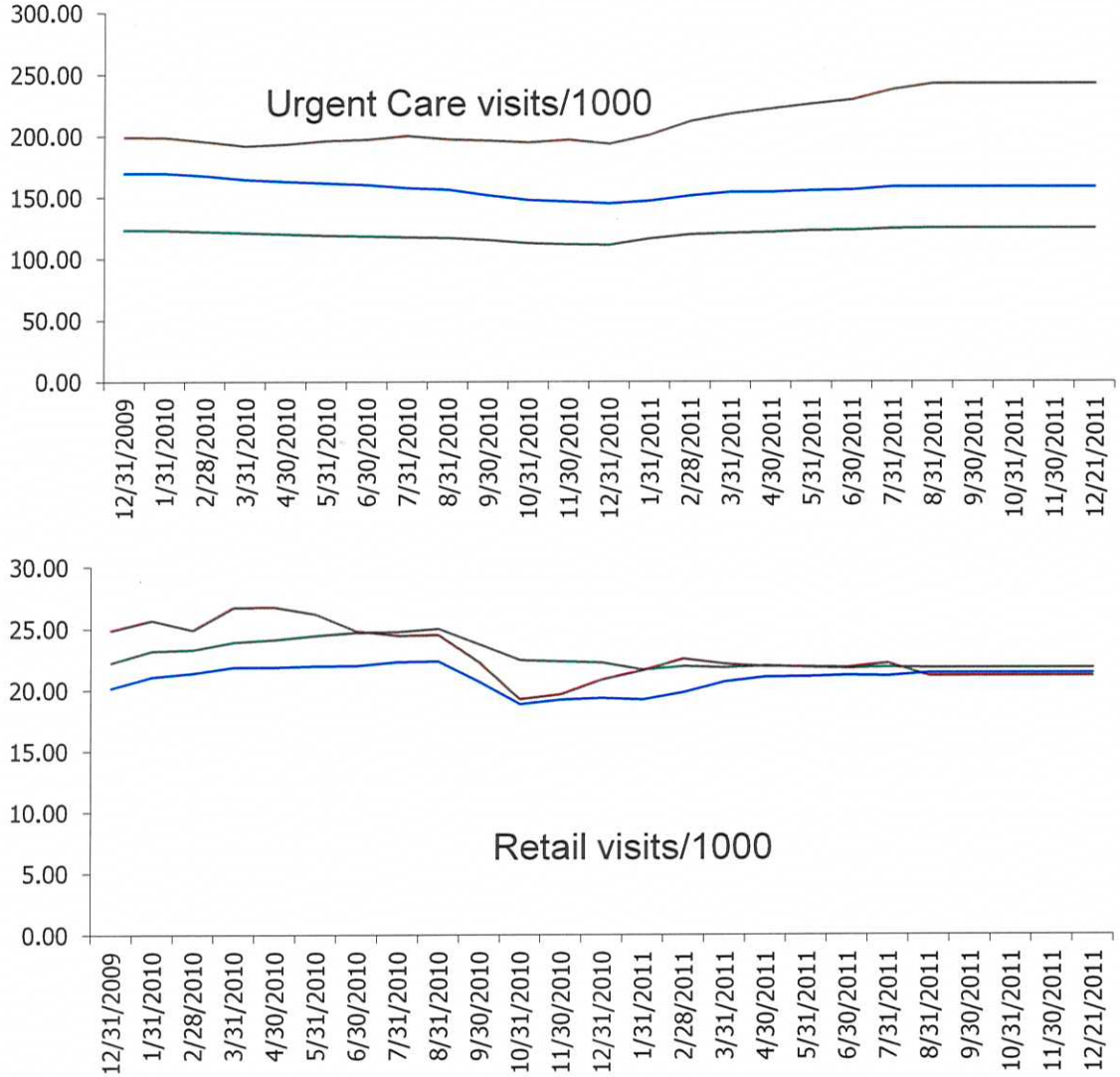


- ER visits/1000 continues to be below benchmark
- Potentially Inappropriate ER visits significantly decreased since ER copay increased to $300

Recommendations

- Education campaign on alternate place of service

Emergency & Urgent Care Utilization



Red = City of Durham Blue = Industry Green = BoB

- Urgent care visits/1000 continues to be above benchmark
- Retail visits/1000 have increased and are at benchmark

Recommendations

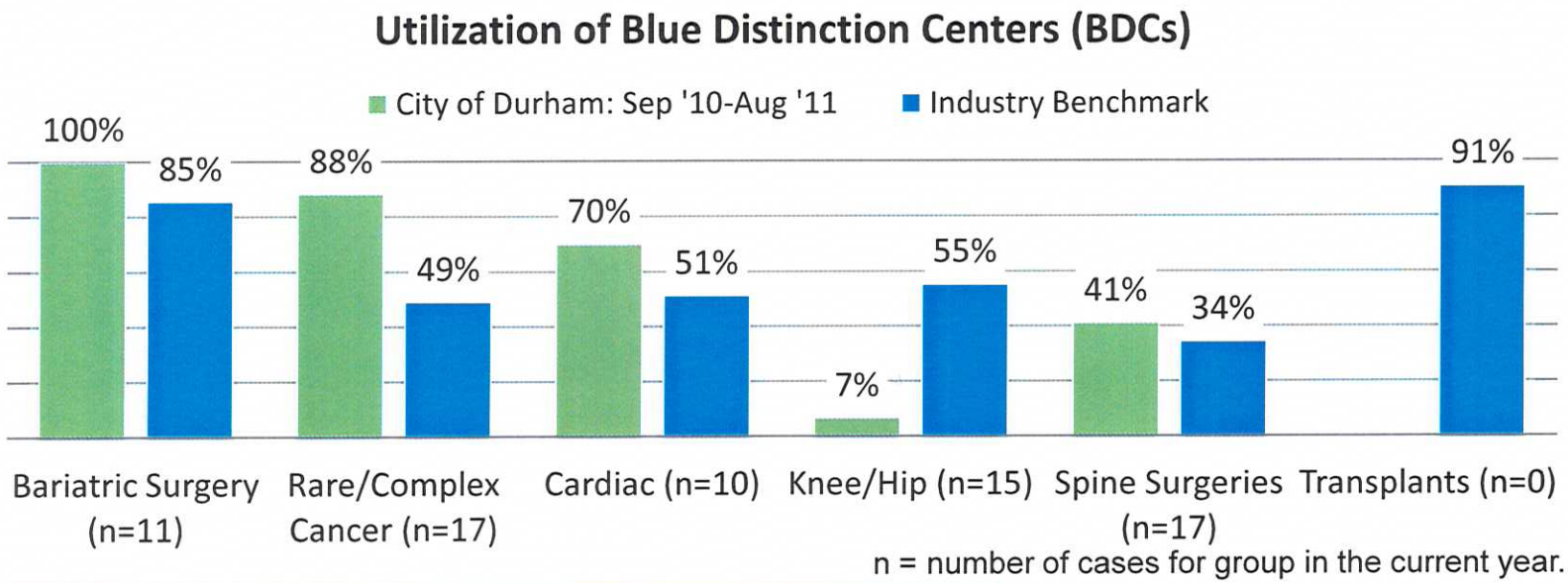
- Education campaign on alternate place of service

Top 15 ER and Urgent Care Diagnoses

		City of Durham ER Visits		
3-digit ICD9 Code	Diagnosis Description	Sep '09-Aug '10	Sep '10-Aug '11	Change
786	RESP SYS/OTH CHEST SYMP	67	42	-37%
789	OTH ABDOMEN/PELVIS SYMP	40	29	-27%
784	SYMPTOMS INVOL HEAD/NECK	23	18	-22%
787	GI SYSTEM SYMPTOMS	18	12	-35%
724	BACK DISORDER NEC & NOS	15	20	35%
780	GENERAL SYMPTOMS	12	13	5%
682	OTHER CELLULITIS/ABSCESS	11	12	6%
782	SKIN/OTH INTEGUMENT SYMP	11	4	-63%
382	OTITIS MEDIA, SUPPUR/NOS	11	5	-54%
719	JOINT DISORDER NEC & NOS	9	13	45%
729	OTHER SOFT TISSUE DIS	9	8	-10%
346	MIGRAINE	6	11	86%
648	OTH CURRENT COND IN PREG	6	1	-83%
558	OTH NONINF GASTROENTERIT	6	3	-57%
708	URTICARIA	5	6	10%

		City of Durham Urgent Care Visits		
3-digit ICD9 Code	Diagnosis Description	Sep '09-Aug '10	Sep '10-Aug '11	Change
461	ACUTE SINUSITIS	53	106	100%
465	AC URI MULT SITES/NOS	80	94	18%
462	ACUTE PHARYNGITIS	44	73	66%
786	RESP SYS/OTH CHEST SYMP	26	39	50%
466	AC BRONCHITIS/BRONCHIOL	38	37	-3%
382	OTITIS MEDIA, SUPPUR/NOS	24	36	50%
692	CONTACT DERMATITIS	19	35	84%
682	OTHER CELLULITIS/ABSCESS	22	35	59%
599	OTH URINARY TRACT DISOR	23	31	35%
789	OTH ABDOMEN/PELVIS SYMP	24	30	25%
724	BACK DISORDER NEC & NOS	18	29	61%
34	STREP THROAT/SCARLET FEV	13	29	123%
780	GENERAL SYMPTOMS	11	27	146%
919	SUPERFICIAL INJ OTH SITE	11	26	136%
729	OTHER SOFT TISSUE DIS	25	24	-4%

Blue Distinction Centers



n = number of cases for group in the current year.

Cases/1,000 Adults	Sep '10-Aug '11 City of Durham	Sep '10-Aug '11 Industry Benchmark	% Variance
Bariatric Surgery	2.83	2.89	-2%
Rare/Complex Cancer	3.36	3.65	-8%
Cardiac	2.57	3.70	-31%
Knee/Hip	3.85	3.26	18%
Spine Surgeries	4.37	4.12	6%
Transplants	--	0.31	--

- BDC utilization higher than Industry for everything except knee/hip replacements.
- Knee/hip surgeries at NC Specialty Hospital contributed to low BDC rate.
- Prevalence of cases higher than the Industry for knee/hip and spine surgeries.

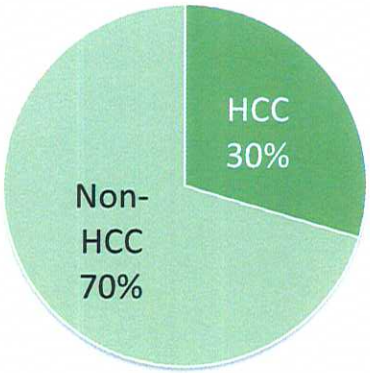
Diagnostic Imaging Management (DIM)

	City of Durham			% Change	Industry Benchmark	% Variance
	Sep '08-Aug '09	Sep '09-Aug '10	Sep '10-Aug '11		Sep '10-Aug '11	
DIM Eligible Paid PMPM	$4.64	$3.61	$3.95	9%	$4.27	-7%
DIM Eligible MRI Scans per 1,000	42.3	38.1	53.2	39%	55.3	-4%
DIM Eligible CT Scans per 1,000	59.5	48.4	45.3	-6%	54.7	-17%
DIM Eligible PET Scans per 1,000	3.2	2.2	2.6	16%	2.8	-9%
DIM Eligible Nuclear Cardio Scans per 1,000	0.6	1.2	2.0	64%	4.5	-56%
DIM Eligible ECGs per 1,000	17.6	18.3	16.8	-8%	15.2	10%

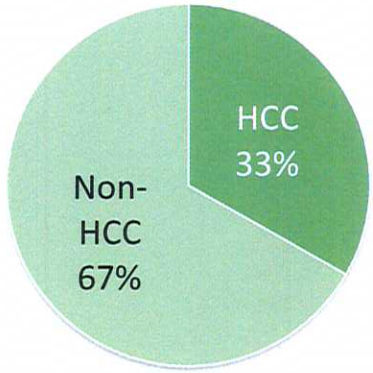
- Payments PMPM for DIM high cost radiology procedures increased 9% year-over-year, but was 7% lower than the Industry.
- Utilization of DIM eligible CT scans and ECG's decreased year-over-year.
- Utilization of most DIM eligible scans were below the Industry rates.

High Cost Claimants: Members with >$50,000 Paid

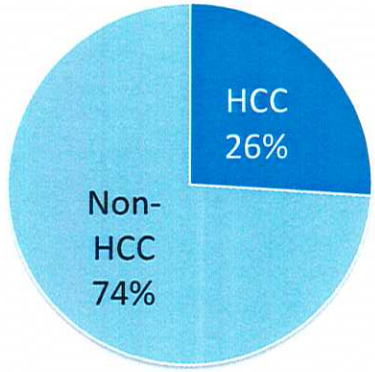
% of Payments: City of Durham: Sep '09-Aug '10



% of Payments: City of Durham: Sep '10-Aug '11

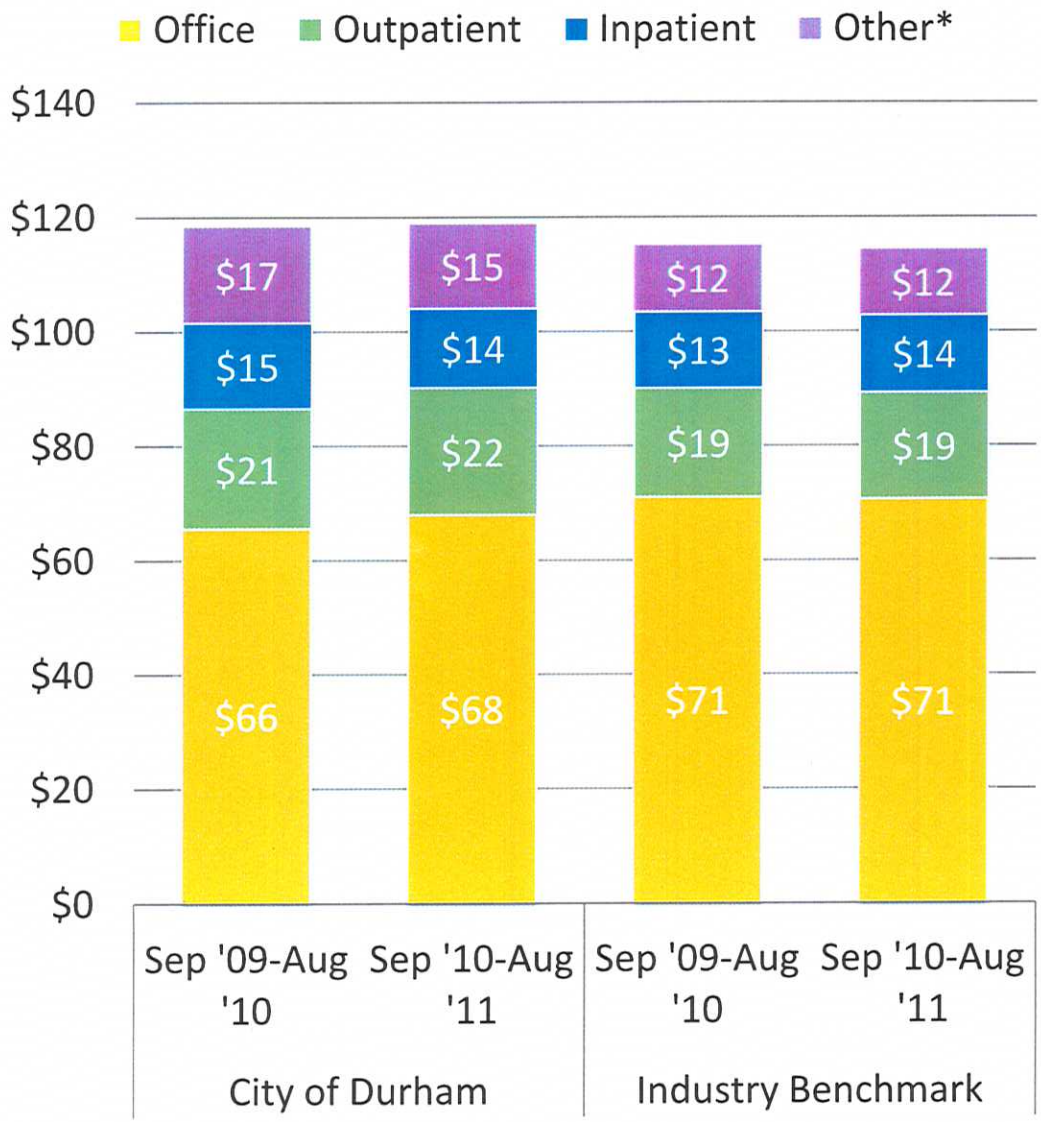


% of Payments: Industry Benchmark: Sep '10-Aug '11



- In the current year 65 claimants, representing 1.3% of the member population, incurred 33% of payments.
  - 7 of the 65 claimants (11%) have terminated.
  - The average cost per high cost claimant was $119K (Industry = $112K)
  - 23 of the 65 claimants (35%) incurred over $100,000 in payments.
- 94% of HCC were identified for case management in the current year and 52% engaged.
- High Cost Conditions:
  - Chronic renal failure
  - single love born
  - breast cancer
  - chronic pulmonary heart disease
  - spinal cord injury

Professional Paid PMPM by Place of Service



*Other includes independent lab, ambulance, home health, DME, etc.

- Services in the office setting accounted for 57% of professional payments in the current year.
- Total professional payments PMPM increased only slightly from the prior period, but were 4% higher than the Industry.

Professional Office Cost & Utilization

	City of Durham			Industry Benchmark	
	Sep '09-Aug '10	Sep '10-Aug '11	% Change	Sep '10-Aug '11	% Variance
PCP					
Visits per Member	3.1	2.9	-6%	3.2	-7%
Allowed / Visit	$134	$147	9%	$145	1%
Specialist					
Visits per Member	3.1	3.1	2%	3.3	-6%
Allowed / Visit	$207	$207	0%	$195	6%

- All utilization and cost figures changed less than 10% and varied from the Industry less than 10%. Of note is the increased allowed per PCP visit. This was due primarily to an increase in services performed per visit.
- Orthopedic surgeons were the most frequently utilized specialists in the current period, followed by chiropractors, radiologists, and physical therapists.
- PCPs: 88% of subscribers had a PCP , 94% of spouses & 92% child dependents -all above the norm

Quality Physician Engagement

City of Durham Members that Visited a Quality Designated North Carolina Primary Care Provider*
Claims Incurred from September 2010 - August 2011, Paid through November 2011

	Subscriber	Spouse/Dom. Part.	Child	Total
Blue Quality Physician Program (BQPP)	54	23	90	167
NCQA Physician Practice Connection (PPC)	34	18	14	66
Patient Centered Medical Home (PCMH)	444	159	279	882
Total**	446	163	289	**898**

* As of 08/31/2011

** Some providers have more than one designation so the total may not be the sum of the rows

City of Durham Members that Visited a Quality Designated North Carolina Primary Care Provider*

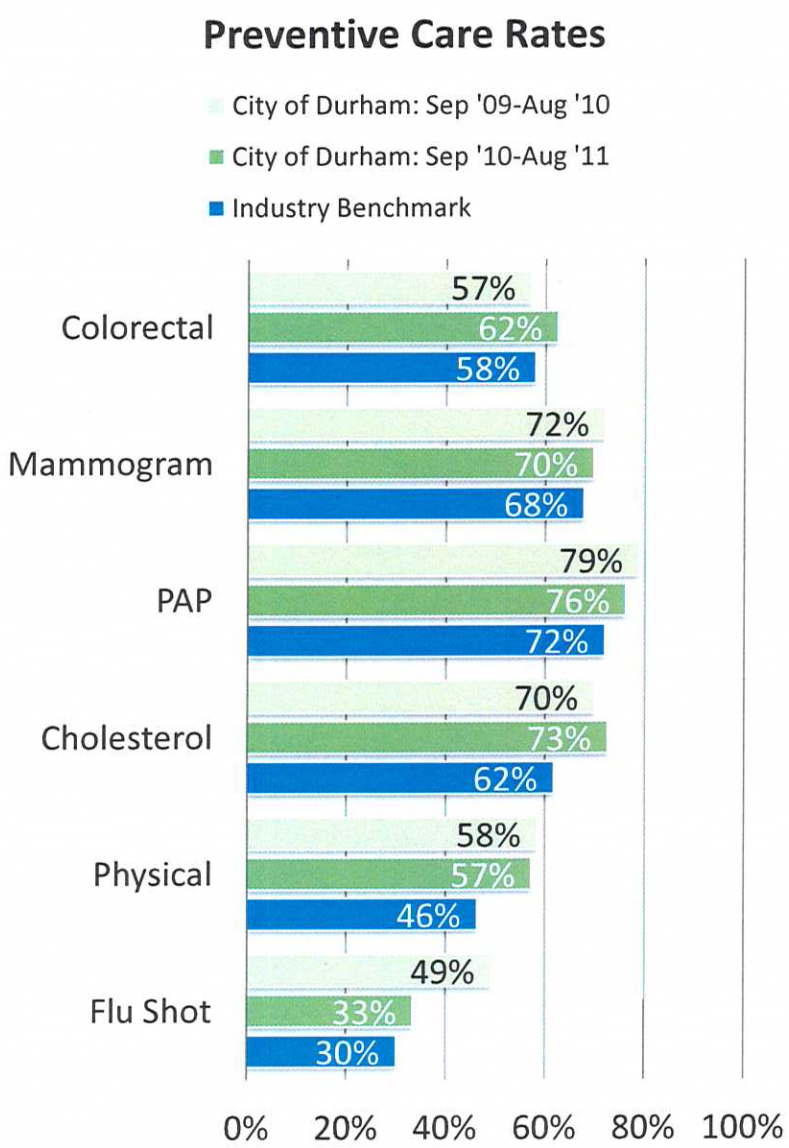
Claims Incurred from October 2009 - September 2010, Paid through February 2011

	Subscriber	Spouse/Dom. Part.	Child	Total
Blue Quality Physician Program (BQPP)	33	16	90	139
NCQA Physician Practice Connection (PPC)	38	17	11	66
Patient Centered Medical Home (PCMH)	197	82	155	434
Total**	201	87	166	**454**

* As of 01/31/2011

** Some providers have more than one designation so the total may not be the sum of the rows

Preventive Screenings



Closure Rates (180 days)
Current Year

Screening	City of Durham	Industry Benchmark
Colorectal Screen	14%	10%
Mammogram	14%	21%
Pap Screen	16%	14%
Cholesterol Test	5%	8%

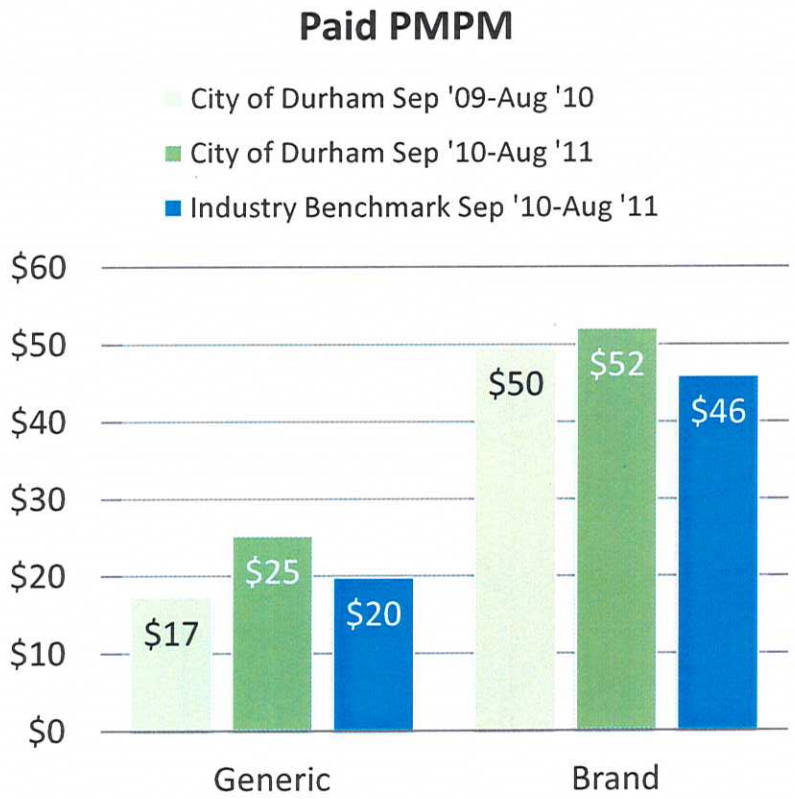
- Preventive screening rates for City of Durham are above the Industry across all categories in the current period.
- Closure rates (those receiving a screening within 180 days of getting a reminder) are higher than norm for colorectal and pap but below norm for mammogram and cholesterol
- BCBSNC sent 362 preventive screening reminders to City of Durham members in the current year.

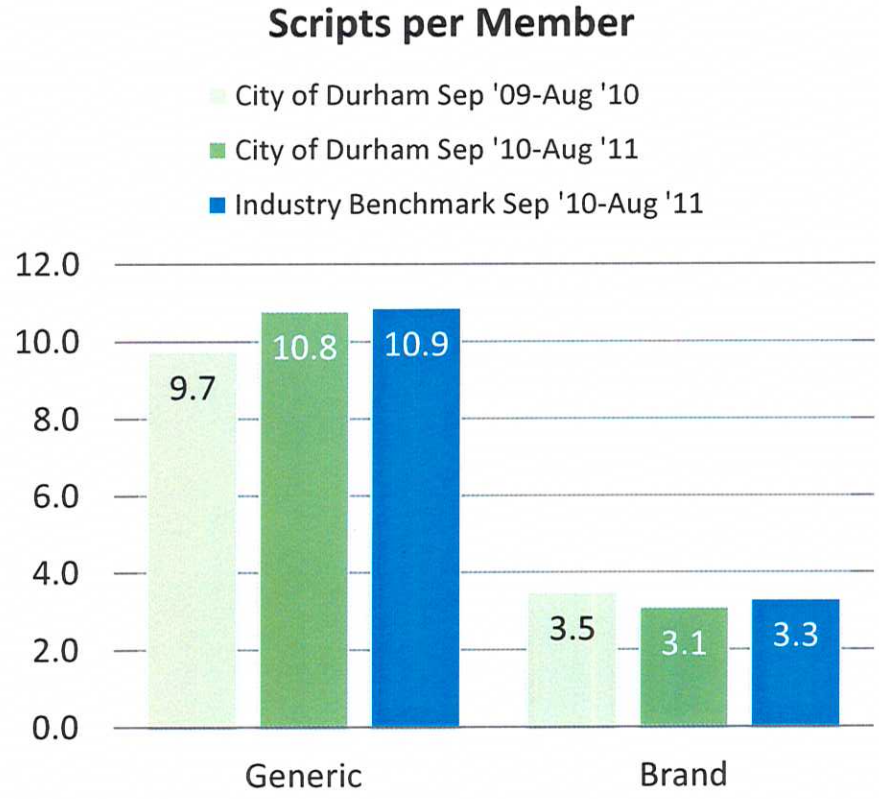
Prescription Drug Cost & Utilization

	City of Durham			Industry Benchmark	
	Sep '09-Aug '10	Sep '10-Aug '11	% Change	Sep '10-Aug '11	% Variance
Payments PMPM	$71	$83	18%	$69	20%
Scripts per Member	13.6	14.2	4%	14.4	-1%
% Member Out-of-Pocket	20.1%	9.9%	-10.2% pts.	20.1%	-10.2% pts.
Avg. Allowed / Script	$78	$79	0%	$72	8%
Avg. Member Liability/Script	$16	$8	-51%	$15	-47%
Avg. Paid / Script	$63	$71	13%	$58	22%
Generic Dispensing Rate	71.8%	76.2%	4.4% pts.	75.6%	0.6% pts.

- Prescription drug payments PMPM increased 18% year-over-year; the increase was due to reduced drug copay amounts for generic drugs.
- Prescription drug payments PMPM were 20% higher than the Industry in the current year, due to both higher costs per drug and lower copay amounts.
- Generic utilization increased over four percentage points from the prior period and is slightly higher than the Industry norm.

Prescription Drug Cost & Utilization





- Payments PMPM increased 46% for generic drugs and 5% for brand name drugs.
  - Payments PMPM were higher than the Industry for both generic and brand name drugs.
- Generic drug utilization increased while brand utilization decreased.
  - Utilization of both brand and generic drugs was similar to the Industry.

Pharmacy Trend

- Gross cost trend: 4%
- Plan cost trend: 5.7%
  - Inflation
  - Utilization
    - » Generic drug utilization increased by 10%
    - » Implemented $0 generic copay 9-1-10

City of Durham (All Drugs)		% Change
2010-09-01 to 2010-11-30 PMPM	**$86.78**	
Components		
Utilization	$2.80	3.2%
Inflation	$6.62	7.6%
Drug Mix	$1.65	1.9%
Discount	($7.61)	(8.8%)
Cost Share	$1.45	1.7%
Total Change	**$4.91**	**5.7%**
2011-09-01 to 2011-11-30 PMPM	**$91.69**	

City of Durham (Specialty Drugs)		% Change
2010-09-01 to 2010-11-30 PMPM	**$12.85**	
Components		
Utilization	$4.55	35.4%
Inflation	$1.07	8.3%
Drug Mix	$1.05	8.2%
Discount	($0.79)	(6.2%)
Cost Share	$0.04	0.3%
Total Change	**$5.92**	**46.0%**
2011-09-01 to 2011-11-30 PMPM	**$18.77**	

City of Durham (Non-Specialty Drugs)		% Change
2010-09-01 to 2010-11-30 PMPM	**$73.93**	
Components		
Utilization	$2.16	2.9%
Inflation	$5.59	7.6%
Drug Mix	($1.53)	(2.1%)
Discount	($8.07)	(10.9%)
Cost Share	$0.84	1.1%
Total Change	**($1.01)**	**(1.4%)**
2011-09-01 to 2011-11-30 PMPM	**$72.92**	

Prescription Drug Top* Products & Categories Current Year

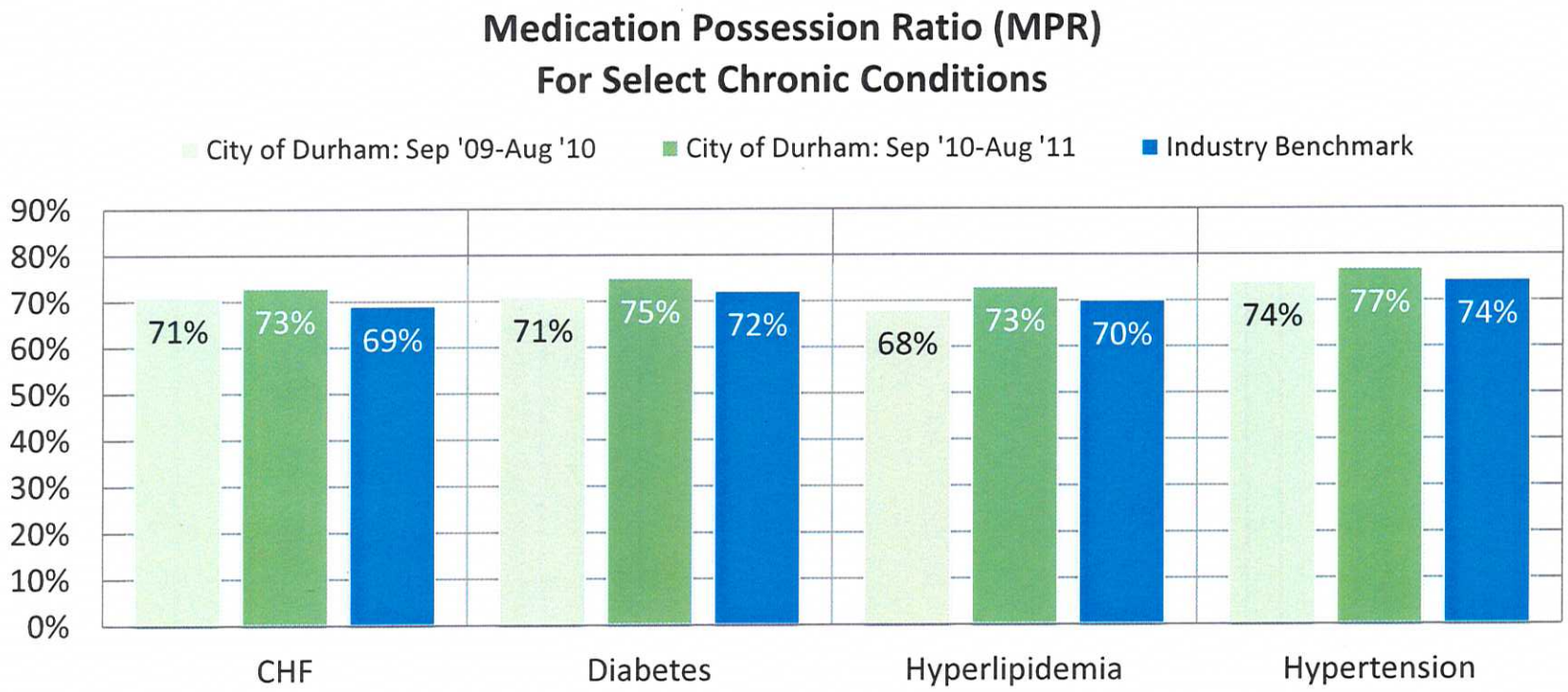
Product Name	Therapeutic Category	Paid	Scripts	Claimants
Orfadin	Metabolic Modifiers	$163,754	19	1
Nexium	Gastrointestinal Therapy Agents	$153,607	716	120
Enbrel	Analgesic, Anti-Inflammatory Or Antipyretic	$135,786	41	9
Lipitor	Cardiovascular Therapy Agents	$107,113	770	130
Actos	Endocrine	$73,494	283	40

Therapeutic Category	Paid	Scripts	Claimants
Central Nervous System Agents	$834,674	11,752	1,283
Cardiovascular Therapy Agents	$727,849	19,453	1,517
Endocrine	$519,470	6,807	1,129
Anti-Infective Agents	$469,010	5,995	2,437
Analgesic, Anti-inflammatory or Antipyretic	$446,783	6,005	1,502

- Orfadin (hereditary disease) , Nexium (gastrointestinal), and Enbrel (rheumatoid arthritis) were the top three drugs for City of Durham.
- Central nervous system, cardiovascular agents, and endocrine were the top therapeutic categories for City of Durham.

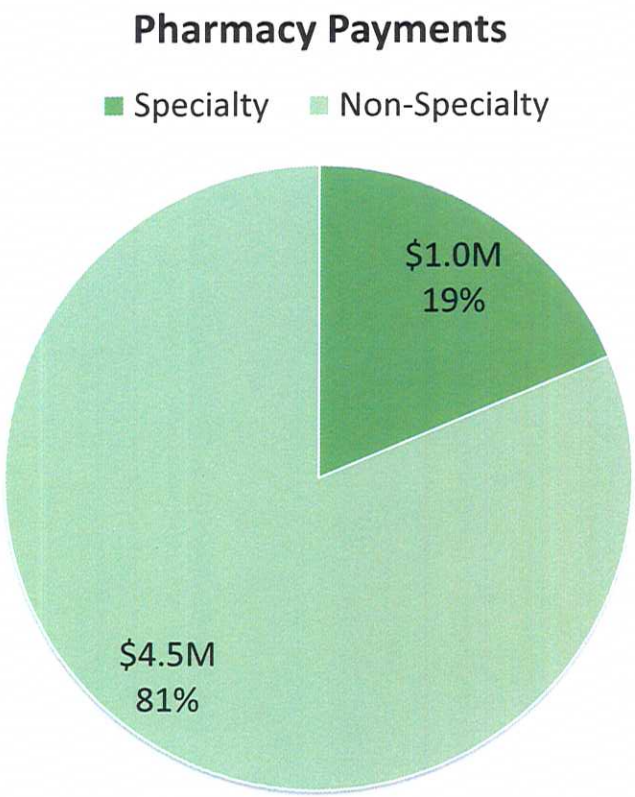
*based on payments

Prescription Drug Cost & Utilization



- Medication Possession Ratio (MPR) measures how frequently members fill their prescribed maintenance medications.
- City of Durham members had higher MPRs than the Industry.
- MPRs increased year-over-year for all conditions.

Specialty Pharmacy



Top 5 Specialty Drugs (by payments)			
Specialty Drug	Primary Use	Payments	Claimants
Orfadin	Miscellaneous Agents	$163,754	1
Enbrel	Rheumatoid Arthritis	$135,786	9
Betaseron	Multiple Sclerosis	$72,444	3
Noxafil	Antifungal Agents	$67,388	2
Humira	Rheumatoid Arthritis	$62,832	5

- Specialty pharmacy drugs represented $1 million or 19% of total pharmacy payments, in the current year. This is up from 12% of payments in the previous year.
- 96 members, or 1.9% of the population, had a script for a specialty pharmacy in the current year.
- The primary use for the top specialty pharmacy drugs are a rare hereditary disease, rheumatoid arthritis, and multiple sclerosis.

The Value of Integration

for groups that carve in the pharmacy prescription drug benefit versus those that carve out the benefit

—Case study of 3,000+ group, 2011

Pharmacy Performance Guarantees Available

Leading MPC Payments PMPM – Top 10

Major Practice Category	Sep '09-Aug '10	Sep '10-Aug '11	Change from Prior Year	Difference from Book of Business
Orthopedics & Rheumatology	$46.29	$51.48	$5.18	$7.31
Cardiology	$39.09	$38.43	-$0.66	$4.57
Neoplasms	$38.75	$36.42	-$2.33	$6.84
Endocrinology	$28.15	$29.49	$1.35	$5.32
Neurology	$22.50	$21.75	-$0.76	$5.53
Gastroenterology	$21.56	$19.02	-$2.55	-$1.43
Nephrology	$13.05	$16.42	$3.36	$8.06
Preventive & Administrative	$12.42	$14.33	$1.92	$2.00
Psychiatry	$11.91	$13.74	$1.83	$2.72
Dermatology	$10.32	$11.44	$1.12	$2.09

- The top three conditions for City of Durham in the current year are orthopedics & rheumatology, cardiology, and neoplasms.
  - Payments PMPM for orthopedics increased from the previous year.
- Payments PMPM for all the top 10 categories, except gastroenterology, were higher than the Industry.

Leading MPC with Episode Type

MPC	Episode Type	Paid	Paid PMPM	Claimants
Orthopedics & rheumatology	Jt degen -back	$533,775	$8.81	152
	Jt degen -knee L/leg	$375,872	$6.21	95
	Jt degen -neck	$263,776	$4.35	66
	Jt derang -knee L/leg	$229,699	$3.79	66
	Adult rheumatoid arthriti	$164,854	$2.72	18
	Summary	$3,117,946	$51.48	1,519
Cardiology	Hypertension	$673,115	$11.11	854
	Isch hrt dis	$644,707	$10.64	86
	Pulmonary hrt disease	$396,552	$6.55	3
	Valvular disorder	$110,957	$1.83	19
	Cardiac infection	$100,224	$1.65	4
	Summary	$2,327,729	$38.43	1,112
Neoplasms	Mal neo breast	$562,955	$9.29	29
	Mal neo prostate	$532,020	$8.78	30
	Mal neo stom & esoph	$216,913	$3.58	2
	Mal neo hepatobil sys	$160,039	$2.64	3
	Mal neo GU exc prostate	$96,997	$1.60	12
	Summary	$2,196,815	$36.27	158
Endocrinology	Diabetes	$867,289	$14.32	364
	Obesity	$380,566	$6.28	144
	Hyperlipidemia, other	$155,743	$2.57	386
	Other met disorder, exc C	$125,690	$2.08	61
	Hyper-funct parathyroid g	$57,694	$0.95	1
	Summary	$1,786,539	$29.49	1,048
Neurology	Spinal trauma	$309,847	$5.12	12
	Multiple sclerosis	$211,446	$3.49	11
	Cerebral vascular disease	$206,720	$3.41	25
	Brain trauma	$128,863	$2.13	19
	Epilepsy	$116,242	$1.92	19
	Summary	$1,317,293	$21.75	341

MPC	Episode Type	Paid	Paid PMPM	Claimants
Gastroenterology	Inflam bowel disease	$190,216	$3.14	22
	Gastroenterology disease	$178,375	$2.94	317
	Diverticulitis/diverticul	$117,091	$1.93	35
	Non mal neo sm intest & a	$91,044	$1.50	45
	Hernias exc hiatal	$88,093	$1.45	40
	Summary	$1,151,818	$19.02	697
Nephrology	Chronic renal failure	$969,297	$16.00	41
	Acute renal failure	$22,657	$0.37	9
	Nephrology disease S&S	$2,482	$0.04	3
	Summary	$994,436	$16.42	52
Preventive & administrative	Routine exam	$702,143	$11.59	2,356
	Contraceptive mgt	$73,556	$1.21	117
	Conditional exam	$23,763	$0.39	38
	Routine inoculation	$23,152	$0.38	163
	Major specific procedures	$16,641	$0.27	4
	Summary	$868,017	$14.33	2,550
Psychiatry	Mood disorder, depressed	$314,144	$5.19	185
	Other psych/behavior diso	$189,868	$3.13	226
	Attention deficit disorde	$154,807	$2.56	138
	Mood disorder, bipolar	$72,639	$1.20	20
	Anxiety disorder/ phobia	$60,570	$1.00	118
	Summary	$832,167	$13.74	659
Dermatology	Minor bact skin infection	$141,885	$2.34	211
	Oth skin inflam	$139,074	$2.30	441
	Psoriasis	$99,538	$1.64	28
	Non mal neo skin	$73,303	$1.21	344
	Acne	$38,453	$0.63	86
	Summary	$692,816	$11.44	1,405

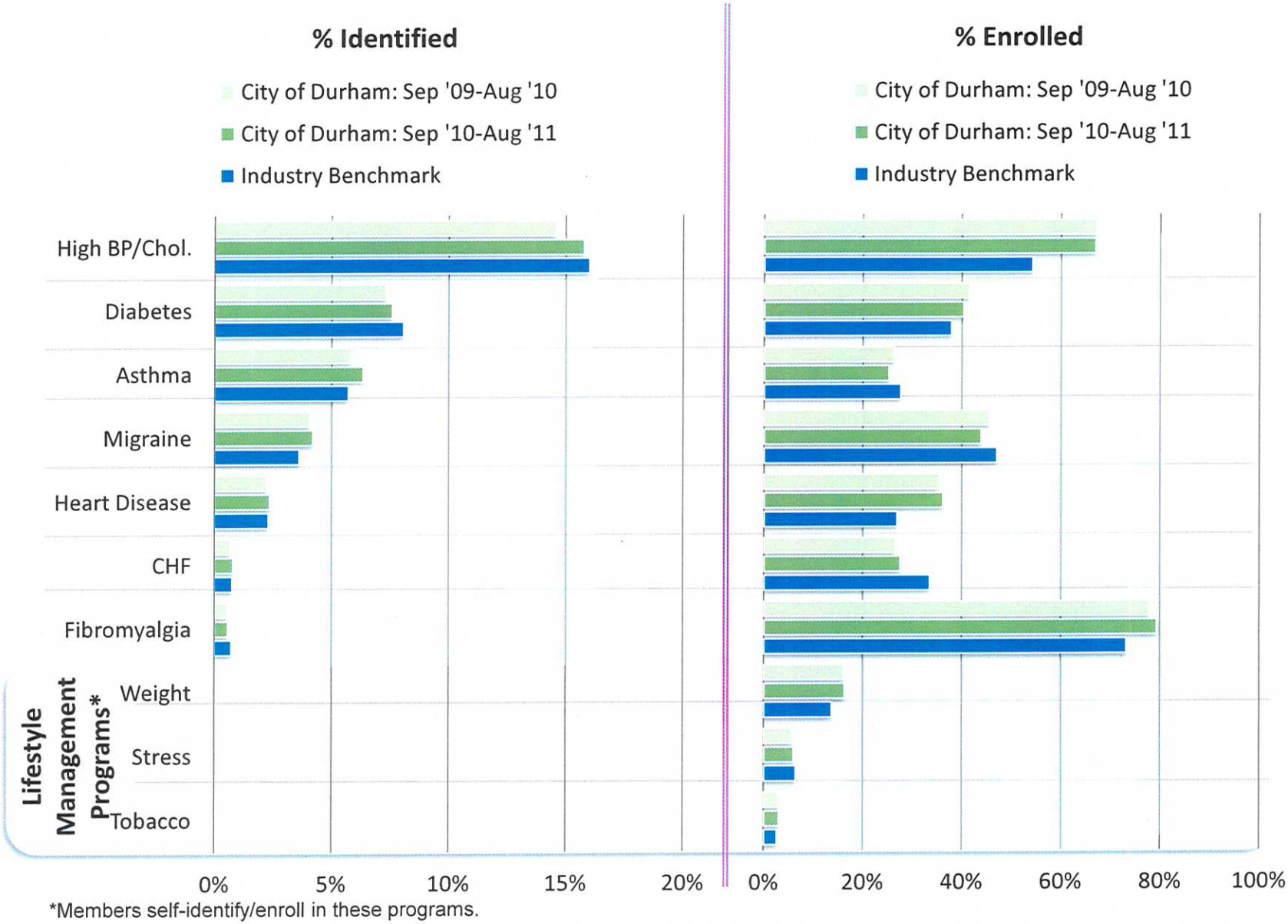
Top 15 Episodes* - Current Year

Episode	Claimants	Allowed Amount	Allowed Amount per Claimant	Allowed PMPM
Chronic Renal Failure	41	$1,020,395	$24,888	$16.85
Diabetes	364	$1,003,284	$2,756	$16.56
Hypertension	854	$806,848	$945	$13.32
Ischemic Heart Disease	86	$724,877	$8,429	$11.97
Routine Exam	2,356	$719,520	$305	$11.88
Joint Degeneration - Back	152	$655,620	$4,313	$10.82
Malignant Neoplasm - Breast	29	$593,324	$20,459	$9.80
Malignant Neoplasm - Prostate	30	$563,976	$18,799	$9.31
Joint Degeneration - Knee/Lower Leg	95	$456,724	$4,808	$7.54
Obesity	144	$426,324	$2,961	$7.04
Pulmonary Heart Disease	3	$401,139	$133,713	$6.62
Other Minor Perinatal Disorder	31	$369,315	$11,913	$6.10
Mood Disorder, Depressed	185	$359,099	$1,941	$5.93
Joint Degeneration - Neck	66	$337,667	$5,116	$5.57
Pregnancy with Delivery	30	$320,035	$10,668	$5.28

Conditions with Member Health Partnership (MHP) programs.

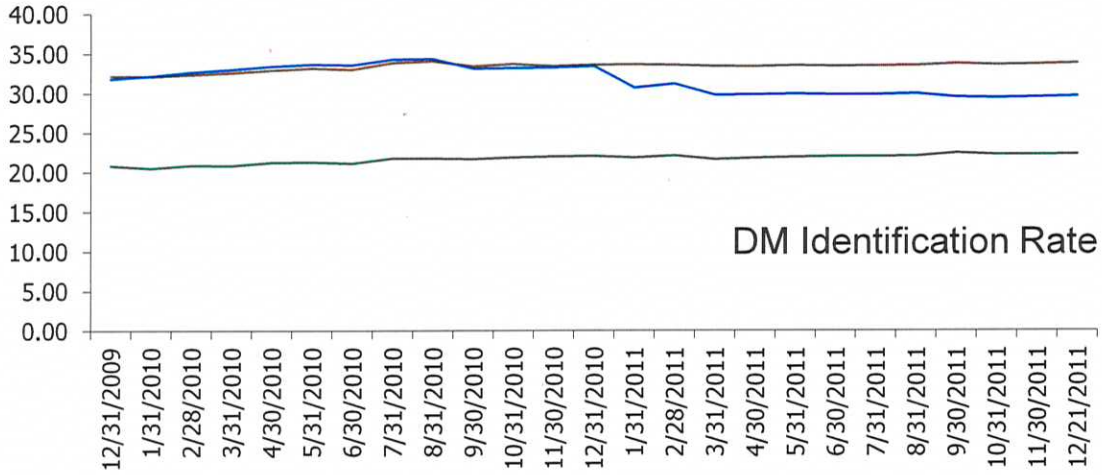
* By allowed amount

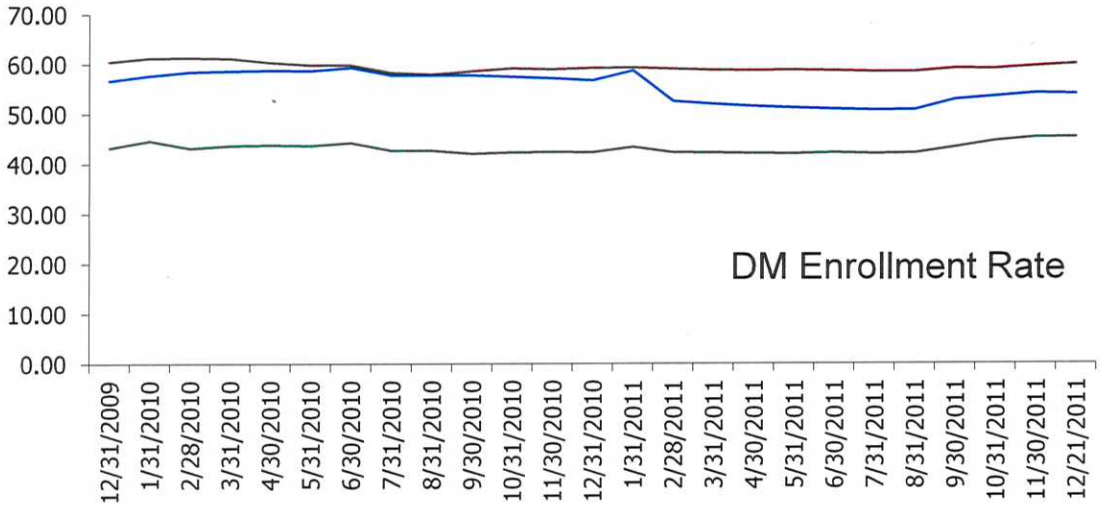
Member Health Partnership Participation



*Members self-identify/enroll in these programs.

Program Participation – Disease Management





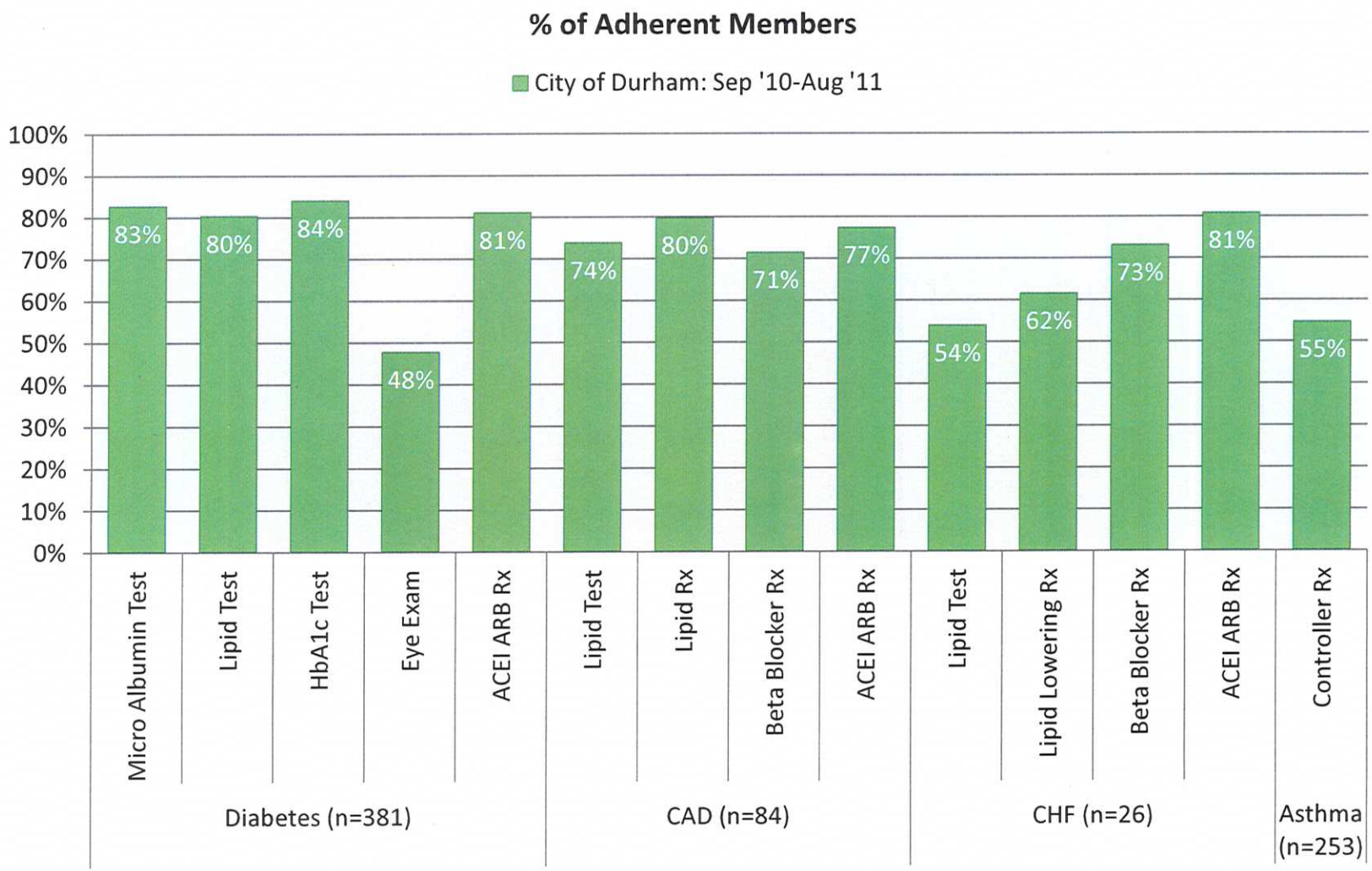
Red = City of Durham Blue = Industry Green = BoB

- DM identification rate is relatively flat but above benchmark.
- DM enrollment rate is relatively flat as well but is significantly above benchmark.

Recommendations

- New DM vendor will be on board Mid 2012 – plan for educational campaign
- Participation incentive or penalty

Chronic Condition Guideline Adherence



n = number of members with the condition

CITY OF DURHAM
Care Gap Summary
Activity 9/1/2010 through 8/31/2011

Cost Avoidance for Chronic and Preventive Care Gap Closures

Care Gap Type	Cost Avoidance* Total (Annualized)	PMPM**
Asthma	$ 22,890	$0.38
Congestive Heart Failure (CHF)	$ 526	$0.01
Coronary Artery Disease (CAD)	$ 30,459	$0.00
Diabetes	$ 61,208	$1.01
Preventive Health	$ 11,164	$0.11
Total	**$ 127,247.00**	**$2.10**

*Refer to Appendix for more information on Cost Avoidance for Care Gap Closures.
**PMPM (Per Member Per Month) values are based on an average of 5,000 members for the study period.

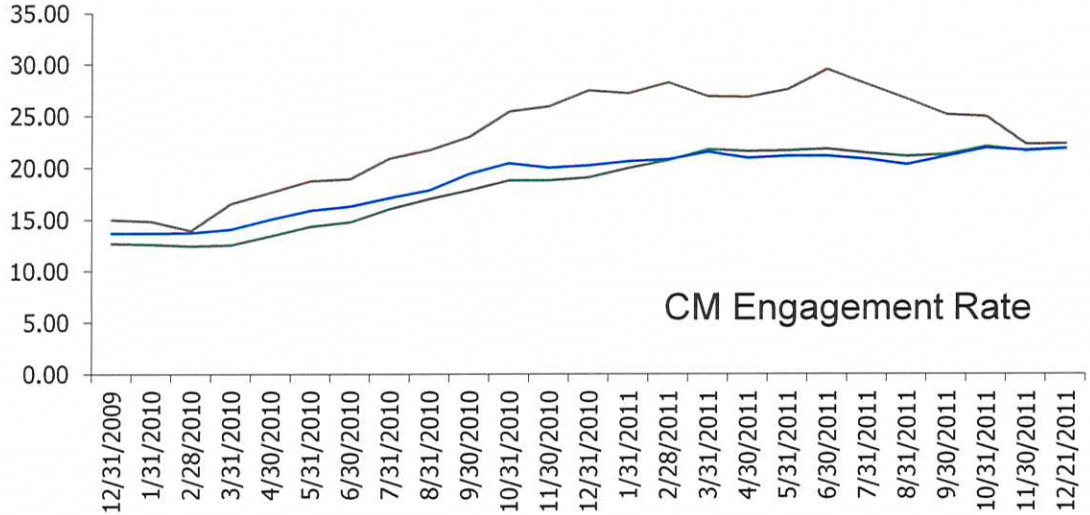
Program Participation - Case Management

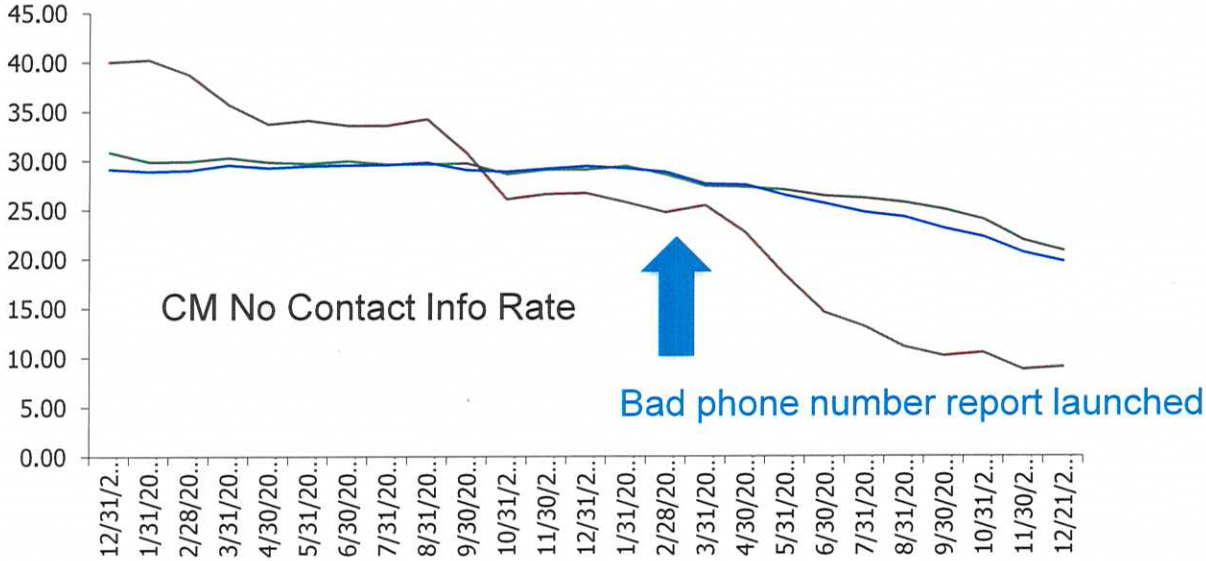
Case Management (CM)	Sep '09-Aug '10	Sep '10-Aug '11	Industry Benchmark
CM Attempted Members	304	297	--
CM Engagement Rate	22%	27%	20%
CM Engaged Members	66	79	--
CM No Response Rate	19%	26%	30%
CM Decline Rate	17%	33%	23%
CM No Contact Info. Rate	34%	11%	24%

- Of the 297 members identified for case management in the current year:
  - 27% engaged.
  - 26% did not respond.
  - 33% declined.
  - 11% had no contact information.
- The case management engagement rate was above the Industry in the current year.

- Case Management Savings = $5.91 PMPM or approximately $360,000.
- Potential CM Savings PMPM w/ 10% Increase in Engagement Rate = $2.52
- Potential CM Savings PMPM w/ 20% Increase in Engagement Rate = $5.03
- Total Healthcare Savings (DM, UM & CM) = $13.53 PMPM

Program Participation - Case Management





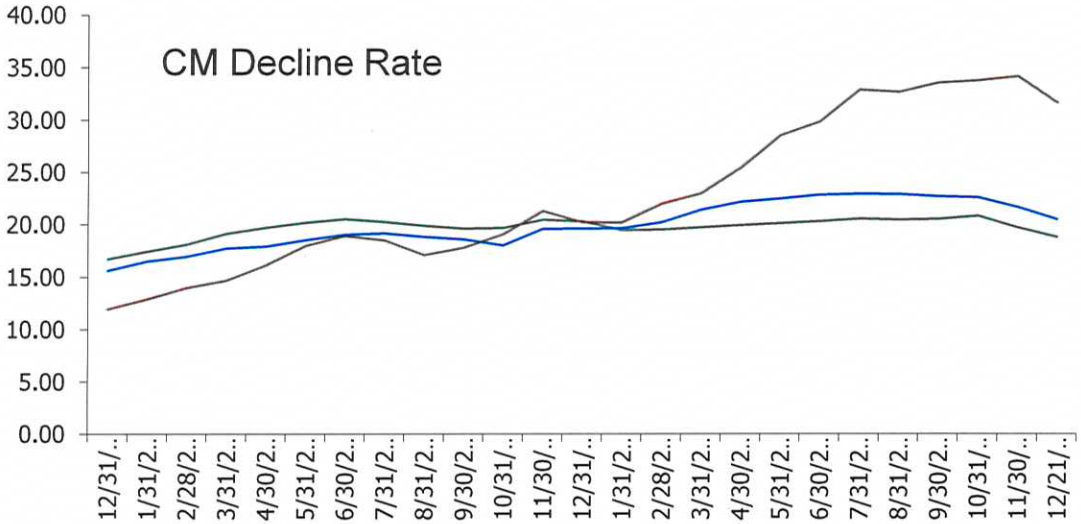
Red = City of Durham Blue = Industry Green = BoB

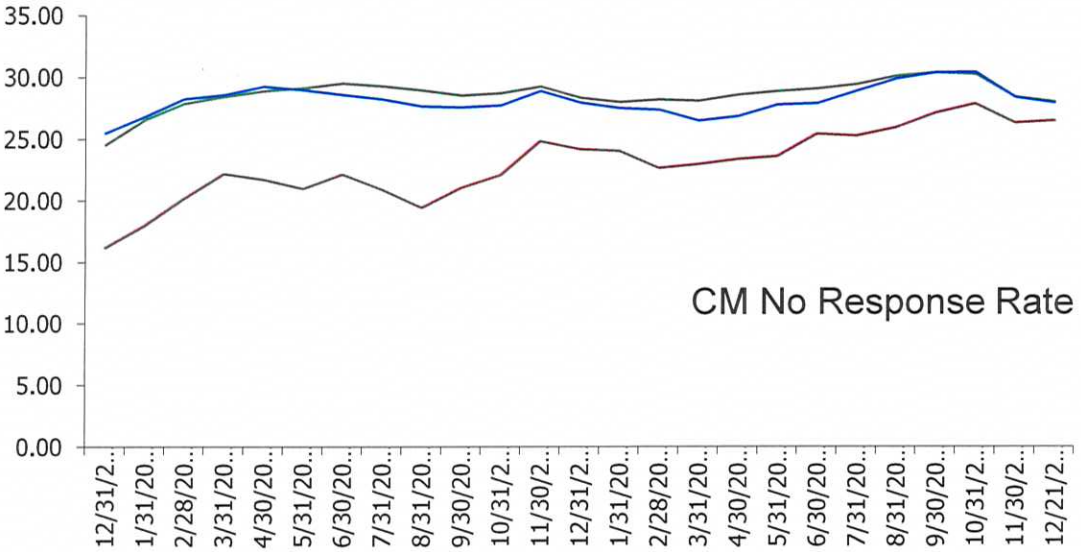
- CM engagement rate is trending down and is now at industry benchmark
- CM no contact info rate has seen a significant decrease since the launch of the bad phone number report 2/28/2010

Recommendations

- Education campaign
- Participation incentive or penalty

Program Participation - Case Management





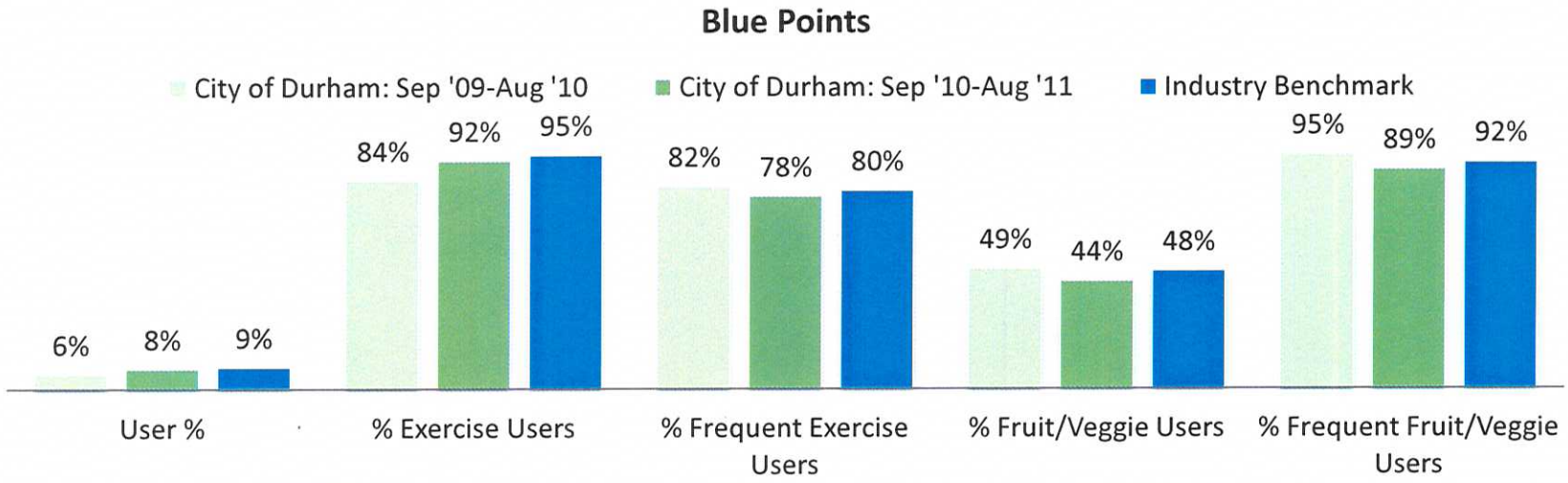
Red = City of Durham Blue = Industry Green = BoB

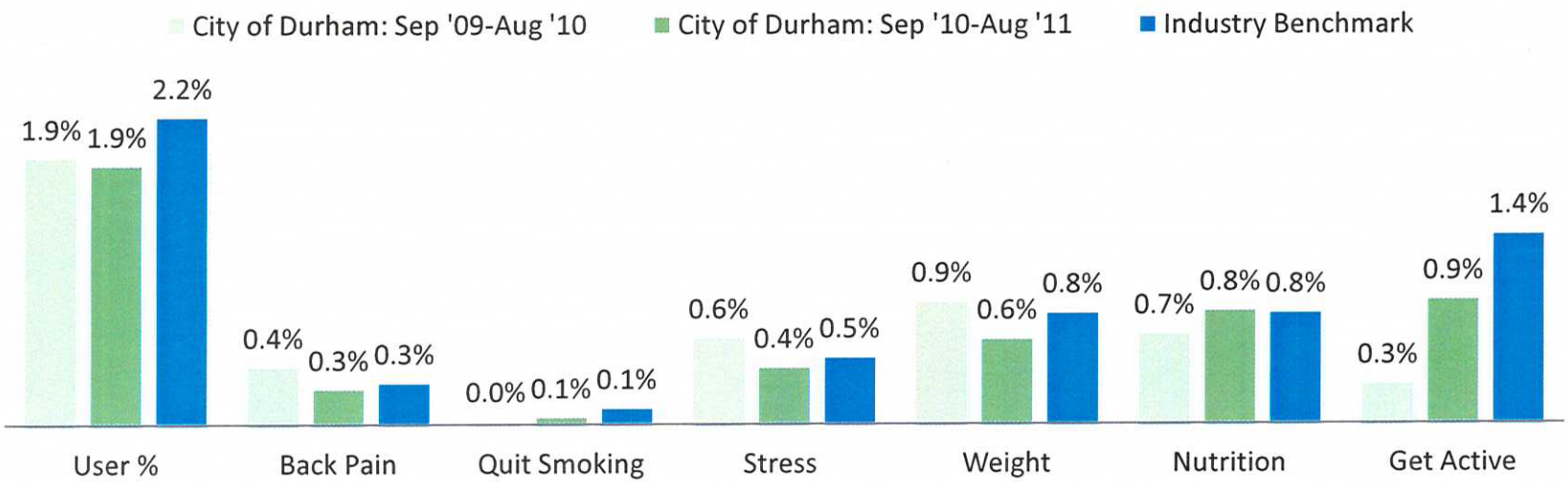
- CM decline rate continues to increase
- CM no response rate continues to increase

Recommendations

- Education campaign
- Participation incentive or penalty

Web Based Program Participation





HealthLine Blue Utilization

	Sep '09-Aug '10	Sep '10-Aug '11	Industry Benchmark
HealthLine Blue Contacts	371	664	--
HLB Percent of Members Contacted	7.4%	13.1%	12.0%
HLB Inbound Calls per 1,000	19.7	23.1	22.4
HLB Outbound Calls per 1,000	17.9	44.1	33.3

- Utilization of HealthLine Blue increased from 7% of members contacted in the previous year to 13% in the current year, above the Industry rate of 12%.

Health Assessment Results

	Sep '09-Aug '10	Sep '10-Aug '11	Industry Benchmark
Employees Completing HA	471	626	--
Employees HA Completion Rate	17.2%	22.1%	16.0%
Average Wellness Score	75.9	81.9	81.6
Average BMI	29.5	29.3	29.4
Average Days Reported Missed for Illness	2.9	3.8	2.9
% at Risk for Emotional Health	21.1%	22.9%	25.3%
% at Risk for BMI	81.4%	79.3%	75.8%
% at Risk for Exercise	66.5%	62.9%	63.1%
% at Risk for Nutrition	92.7%	92.6%	91.3%
% at Risk for Stress	57.3%	59.0%	58.9%
% at Risk for Tobacco	10.7%	8.1%	10.2%

- Approximately 22% of employees completed the Health Assessment in the current year
- Caution is advised when comparing the periods since a relatively small proportion of employees have completed the survey.

Health Assessment – Cohort Results

Count of Risks	Sep '09-Aug '10	Sep '10-Aug '11	Benchmark
0 -2	74.2%	74.8%	76.2%
3 - 4	21.9%	20.4%	19.1%
5+	4.0%	4.9%	4.8%

- 329 members participated both years
- Participants with 0 - 2 risk factors has increased
- Participants with 3 - 4 risk factors has decreased
- Participants with 5+ risk factors has increased and is now above benchmark

Health Assessment – Cohort Results

Blood Pressure, Cholesterol & Diabetes

	Sep '09-Aug '10	Sep '10-Aug '11	Benchmark
Hypertensive (>140/90)	8.5%	5.8%	7.5%
Pre-hypertensive (120/20 to 139/89)	44.4%	45.3%	35.4%
Unknown Blood Pressure	0.9%	0.9%	4.3%
High Cholesterol (>=240)	4.6%	3.0%	4.3%
Borderline Cholesterol (200 – 239)	17.0%	17.3%	15.8%
Unknown Cholesterol	7.6%	4.3%	14.4%
Diabetes Type 1	1.5%	1.2%	0.9%
Diabetes Type 2	8.5%	9.5%	4.5%
Diabetes Unknown	74.5%	65.3%	74.6%

- Participants with hypertension has decreased and is now below the benchmark and pre-hypertensive participants have increased
- Participants with high cholesterol has decreased and is now below the benchmark
- Participants who do not know their cholesterol has decreased and is significantly below benchmark
- Participants with Type 2 diabetes has increased and correlates to the decrease in participants who do not know their blood sugar levels

Health Assessment – Cohort Results

Tobacco, Weight, Depression and Stress

	Sep '09-Aug '10	Sep '10-Aug '11	Benchmark
Use tobacco products	8.8%	8.5%	11.3%
Regularly exposed to secondhand smoke	8.8%	7.6%	8.7%
Underweight (BMI < 18.5)	N/A	N/A	1.2%
Ideal Weight (BMI > 18.5 and < 25)	20.1%	23.1%	34.3%
Overweight (BMI > 25 and < 30)	43.2%	40.1%	34.3%
Obese (BMI > = 30)	36.8%	36.8%	29.1%
Depression at risk	12.5%	11.9%	18.8%
Stress at risk	43.2%	40.4%	49.5%

- Participants who use tobacco products remained stable and below benchmark
- Participants at ideal weight have increased and remains below benchmark
- Overweight Participants have decreased correlating to an increase in participants with ideal weight.
- Obese Participants remain unchanged from prior reporting period and is above benchmark
- Stress and depression risk has decreased from prior period and are below benchmark

Summary of Findings

- Overall, City of Durham members paid 13.0% of medical allowed and 9.9% of pharmacy allowed. This compares to the industry averages of 14.4% and 20.1% respectively.
- City of Durham paid for 85% of claims costs in the current year and members paid for 12% of claims costs out of pocket, through deductibles, copays and coinsurance in the current year.
- Over the past two years, payments PMPM for City of Durham increased 12% compared to a 7% increase for the Industry. (1/4 of the increase is due to more costs being shifted back to the group)
- City of Durham's overall trend of 7% was driven primarily by increased payments PMPM in the inpatient and pharmacy settings
  - Increased Inpatient HCC /utilization and increased HCC/price in the pharmacy drove the trend
- Potentially Inappropriate ER visits significantly decreased in correlation to the ER copay increase of $300 and decreased urgent care copay
- Medication possession ratio increased for chronic condition management
- Members utilizing PCMH quality physicians has significantly increased
- Preventive Service rates continue to increase and remain above benchmark
- Case Management engagement rates are higher than benchmark but are trending down while denial rates are trending up.
- Disease Management identification and enrollment rates are flat but remain above benchmark
- Members who are overweight/obese continues to be well above benchmark - HA

Opportunities & Recommendations

- Reevaluate member cost sharing strategy
  - consider adding CDHD plan
  - Consider increasing $0 generic copay to $5 which is more inline with your industry

- "Require" (through significant incentive) health risk assessment and biometric screening for employees
  - Switch to premium contribution strategy to drive an increase in participation
  - Aggressive groups are incenting *improvement* year over year (e.g., BMI) – consider adding in subsequent years
  - Use HA and/or screening data to identify quarterly focus for wellness initiatives – weight loss, stress management

- DM & CM educational campaign to promote self management and behavior change

- Consider "incentive or penalty" for CM engagement