

OVERVIEW

Health Plans Trend Report FY 14-15 (12 months ending June 2015)

Basic Plans

Basic Plan Membership increased 0.3% during Fiscal Year (FY) 14-15 to just under 1.6 million members. The overall Per Member Per Month (PMPM) cost (allowed*) trend decreased approximately 0.8% from prior FY. Change in utilization by key service categories are as follows: no change in Inpatient; increases occurred in ER, Office Visits, and Lab; decreases were experienced in Average Length of Stay (ALOS), Ambulatory Surgery (AmbSx), Radiology, and Prescription Drugs (Rx). Change in unit price increased across all service categories.

Membership

- Basic membership rose approximately 0.3% (4,000 members) between FY13-14 and FY14-15.
- Increases in membership include Kaiser (1,000), PERSCare (9,000), and New Plans (23,600) for FY14-15.
- Decreases in membership include Blue Shield Access+ and NetValue (27,000), PERS Choice (10,000), and PERS Select (6,000) for FY14-15.

PMPM Cost

- Allowed PMPM increased 6.9% between FY13-14 and FY14-15, compared to 7.7% between FY12-13 and FY13-14.

Service Category PMPM Change, Trend Drivers

- Allowed PMPM increased 6.9% across all 10 service categories in FY 14-15 with Inpatient, Rx, and AmbSx being the major drivers.
- For individual categories, percent changes between years ranged from -0.3% to 35.3%. MH/SA had the largest increase of 35.3%, followed by ER with 16.2%, Other Prof up 11.9%, and Lab up 10.7%.

Service Category Utilization and Unit Price (among largest plans)

- Inpatient utilization (based on admits per 1,000) had no change since FY 13-14.
- Increases in utilization include ER (6.6%), Office Visits (1.0%), and Lab (0.7%) for FY 14-15.
- Decreases in utilization include ALOS (13.7%), Amb Surgery (4.3%), Radiology (0.2%), and Rx (2.0%) for FY 14-15.
- Change in unit price increased across all categories for FY 14-15.

Allowed Costs PMPM Divided by Risk Scores

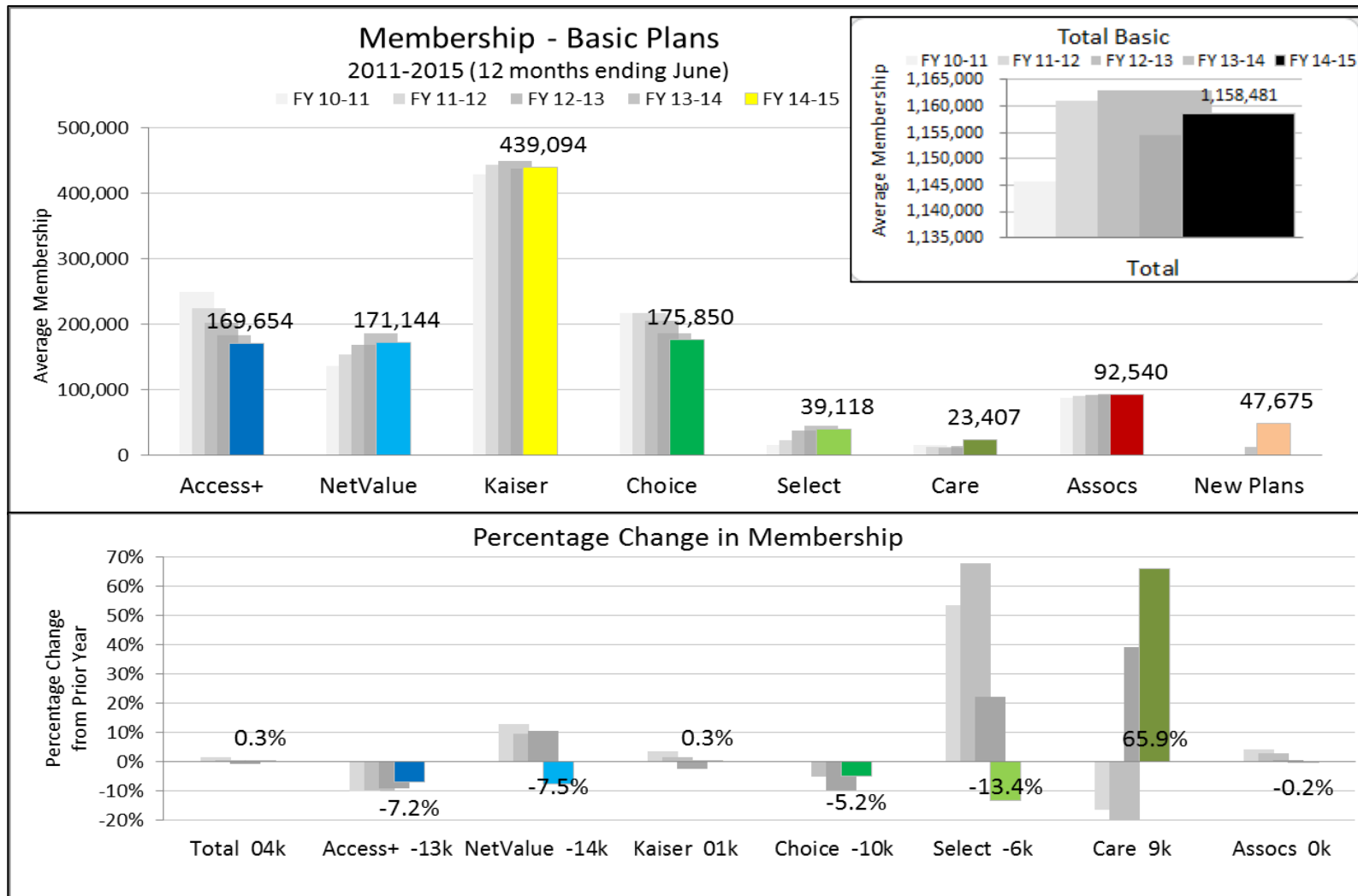
- Dividing Allowed Costs PMPM by risk scores narrows the differences in PMPM costs across plans.
- The largest percentage change was experienced for PERSCare (15.9 percent), adjusting Actual Allowed Cost PMPM of \$1,029 to Allowed Cost PMPM divided by risk score of \$570
- Kaiser had the smallest percentage change (3.4 percent) in Allowed Costs PMPM, bringing Actual Allowed Cost PMPM of \$464 to Allowed Cost PMPM of \$470.

Report is based on incurred service dates, incurred through June 2015, with adjustment for claims incurred but not reported.

* *The dollar amounts in this report use the contractual allowed amounts due to healthcare providers for each claim rather than the net amounts paid by each plan. This allows for easier comparisons across plans where the portion of the allowed amount paid by the health plan vs. the member can vary significantly because of differences in benefit designs.*

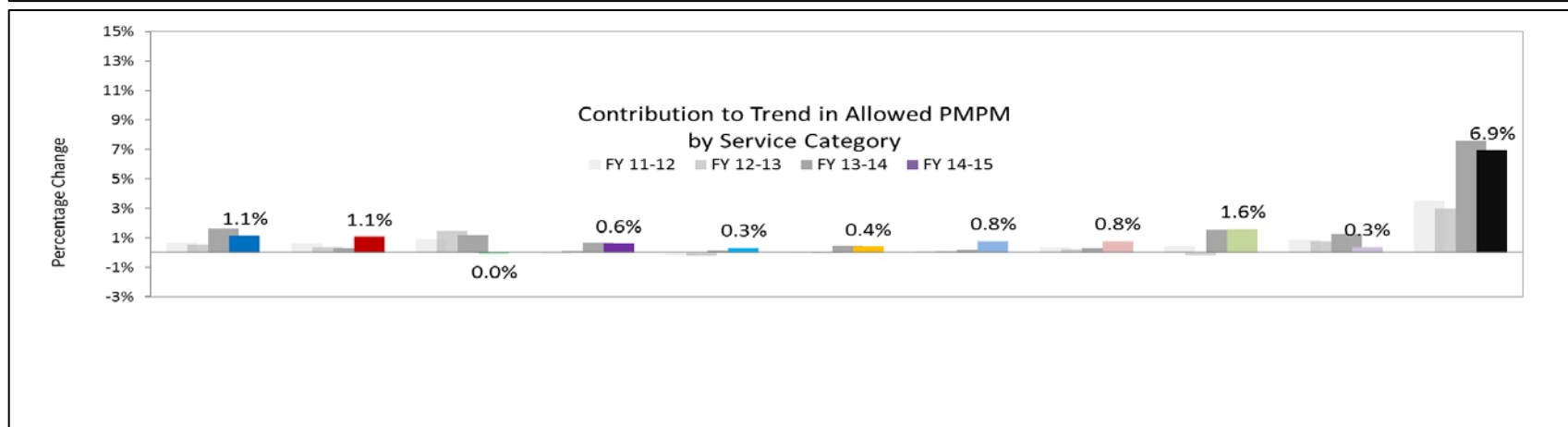
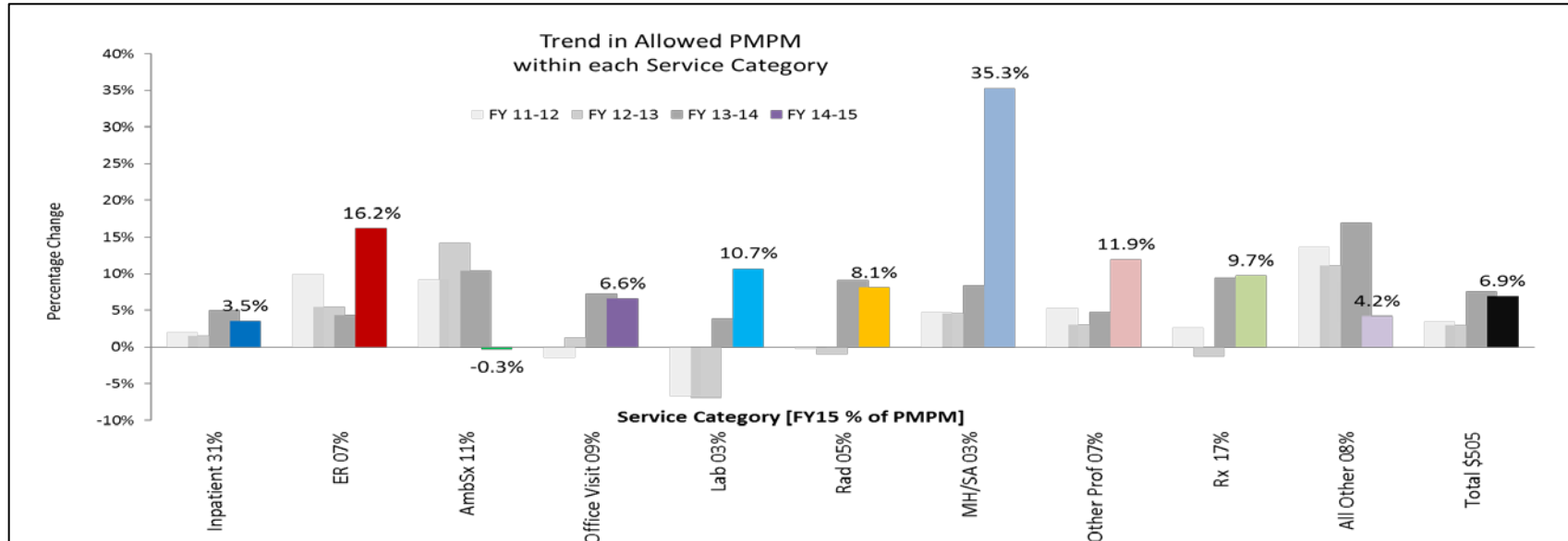
BASIC PLAN MEMBERSHIP

- Basic Plan membership increased 0.3% (about 4,000 members).
- Increases in membership include Kaiser (1,000), PERSCare (9,000), and New 2014 Plans (23,634) for FY 14-15.
- Decreases in membership include Blue Shield Access+ and NetValue (27,000), PERS Choice (10,000), and PERS Select (6,000) for FY 14-15.



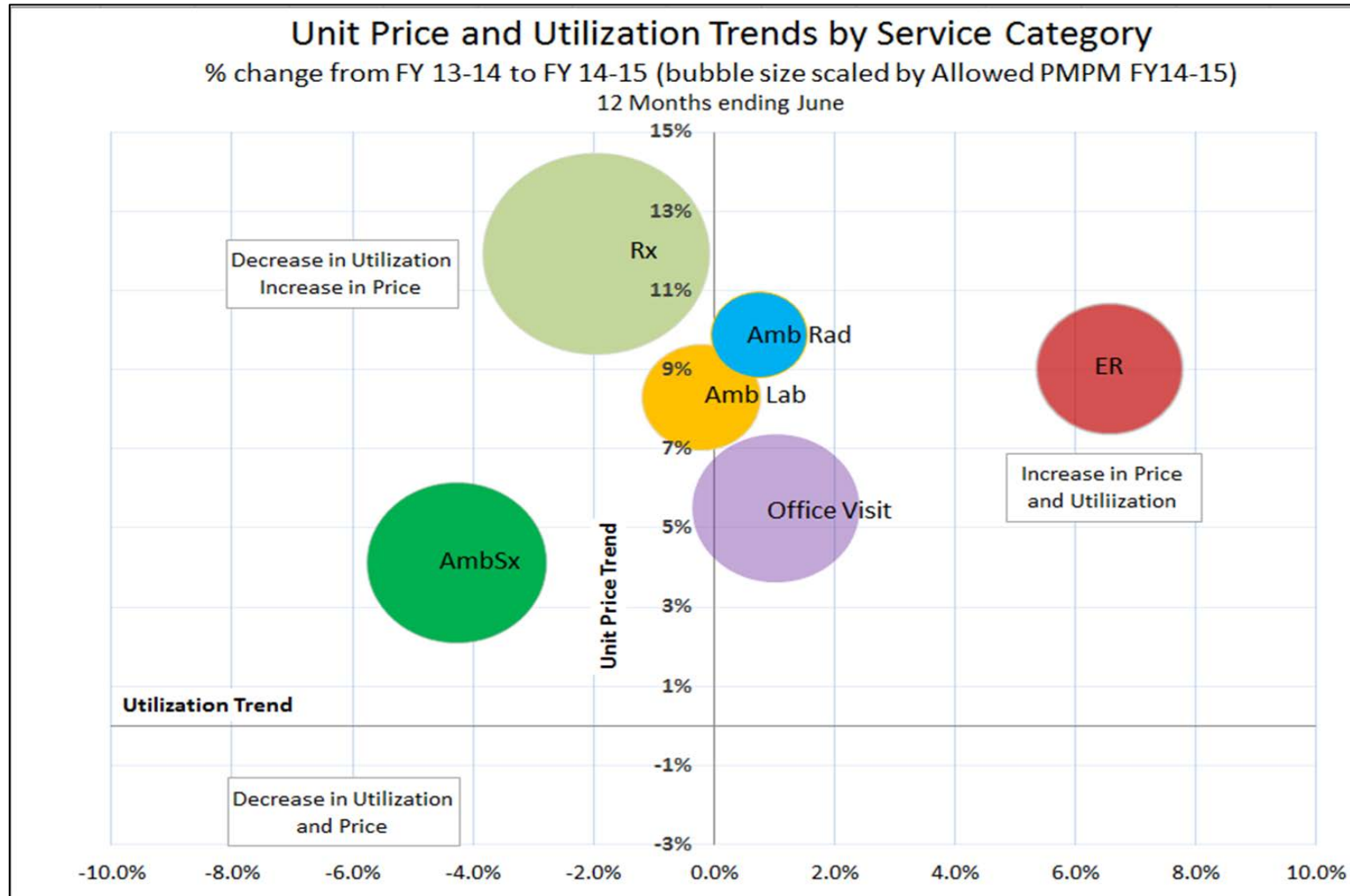
CHANGE IN ALLOWED PMPM BY MAJOR SERVICE CATEGORIES

- PMPM trend is examined across 10 service categories, revealing the key drivers of change between years.
- Allowed PMPM increased 6.9% across all 10 service categories in FY 14-15 with Inpatient, Rx, and AmbSX being the major drivers.
- For individual categories, percent changes between years ranged from -0.3% to 35.3%. MH/SA had the largest increase of 35.3%, followed by ER with 16.2%. Although there was a 35.3% increase in allowed PMPM for MH/SA in FY 14-15, the service category accounts for just 3% of total PMPM; this will be further reviewed with the health plans



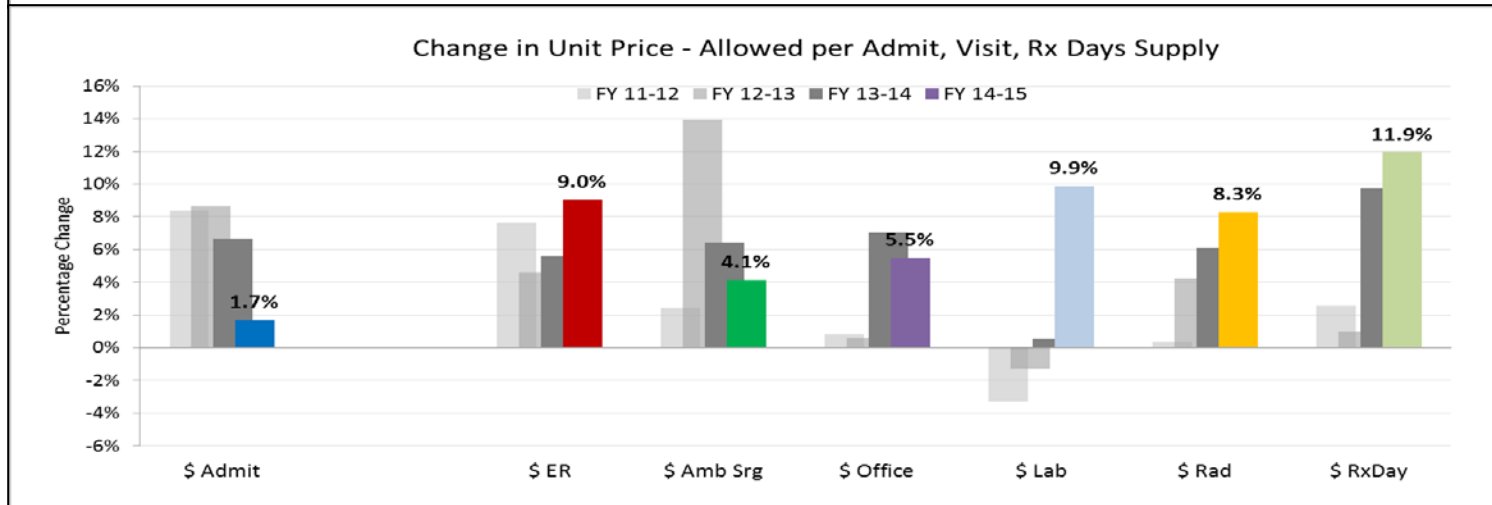
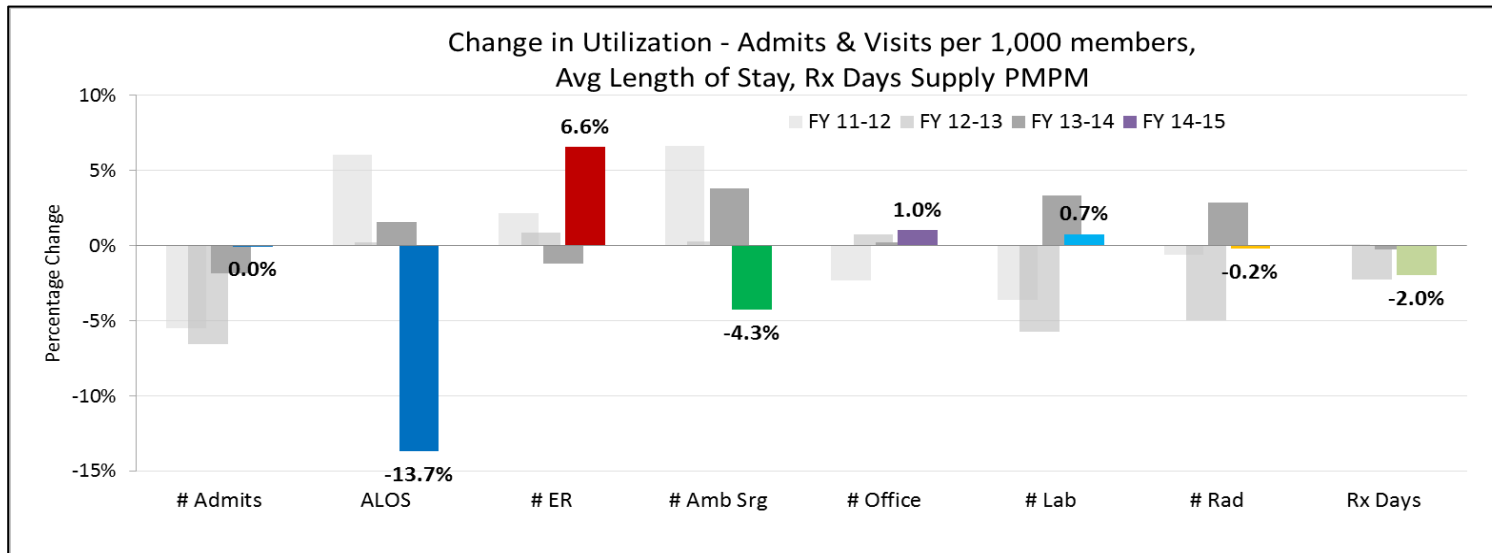
UTILIZATION AND UNIT PRICE TRENDS BY SERVICE CATEGORY

- This chart illustrates the relationship between changes in utilization and price by key service categories where a single metric can be appropriately used for that category. The size of the bubble is the average cost PMPM for the category.
- ER, Office Visits, and Radiology saw increases in utilization for FY 14-15 while Ambulatory Surgery, Lab, and Rx saw decreases.
- Inpatient utilization had no change for FY 14-15.



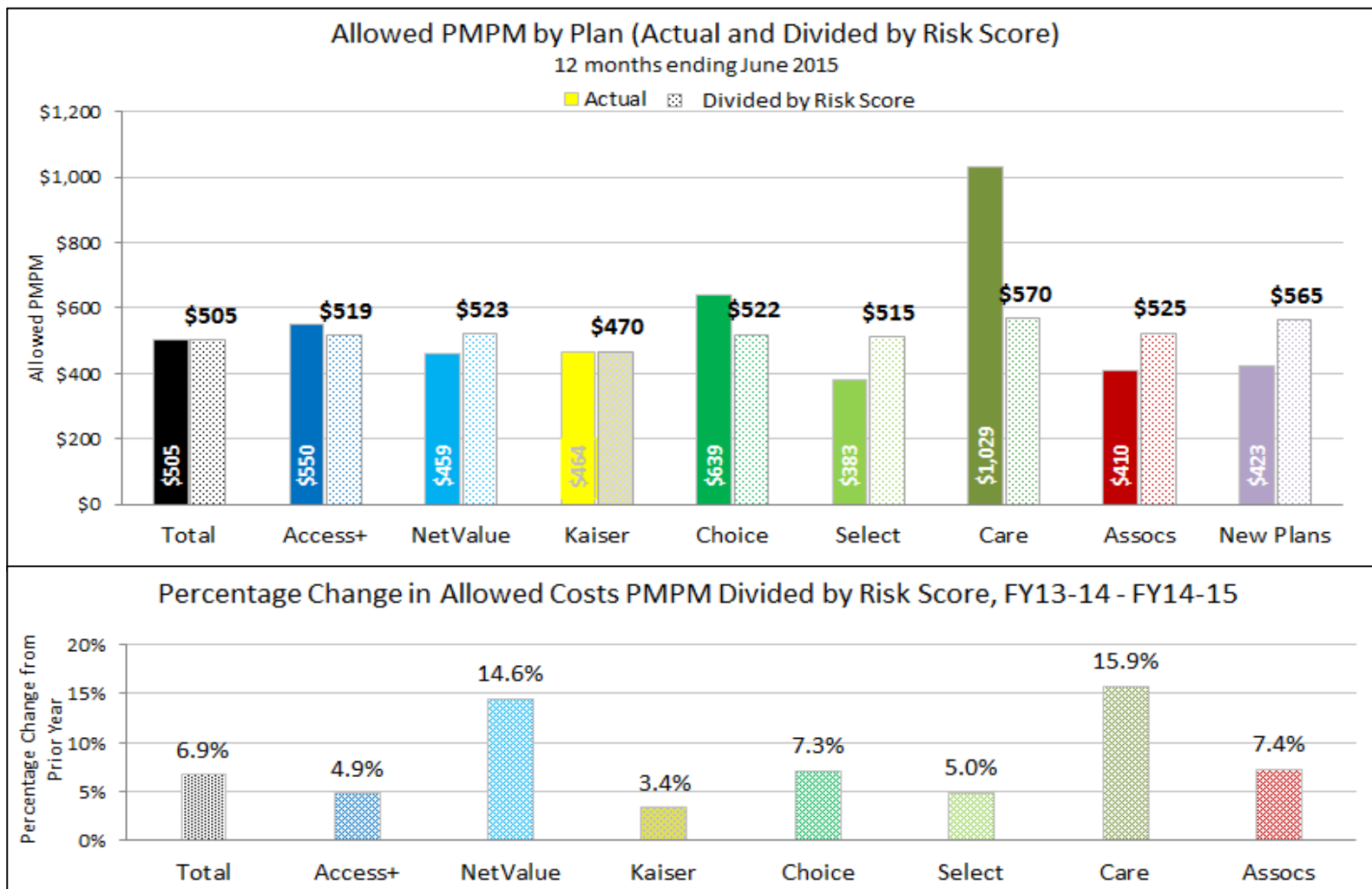
CHANGE IN UTILIZATION AND UNIT PRICE BY KEY SERVICE CATEGORIES

- Allowed PMPM is driven by change in utilization and price per unit, shown by the service category metrics below.
- Inpatient utilization (based on admits per 1,000) had no change since FY 13-14.
- Increases in utilization include ER (6.6%), Office Visits (1.0%), and Lab (0.7%) for FY 14-15.
- Decreases in utilization include ALOS (13.7%), Amb Surgery (4.3%), Radiology (0.2%), and Rx (2.0%) for FY 14-15.
- Change in unit price increased across all categories for FY 14-15.



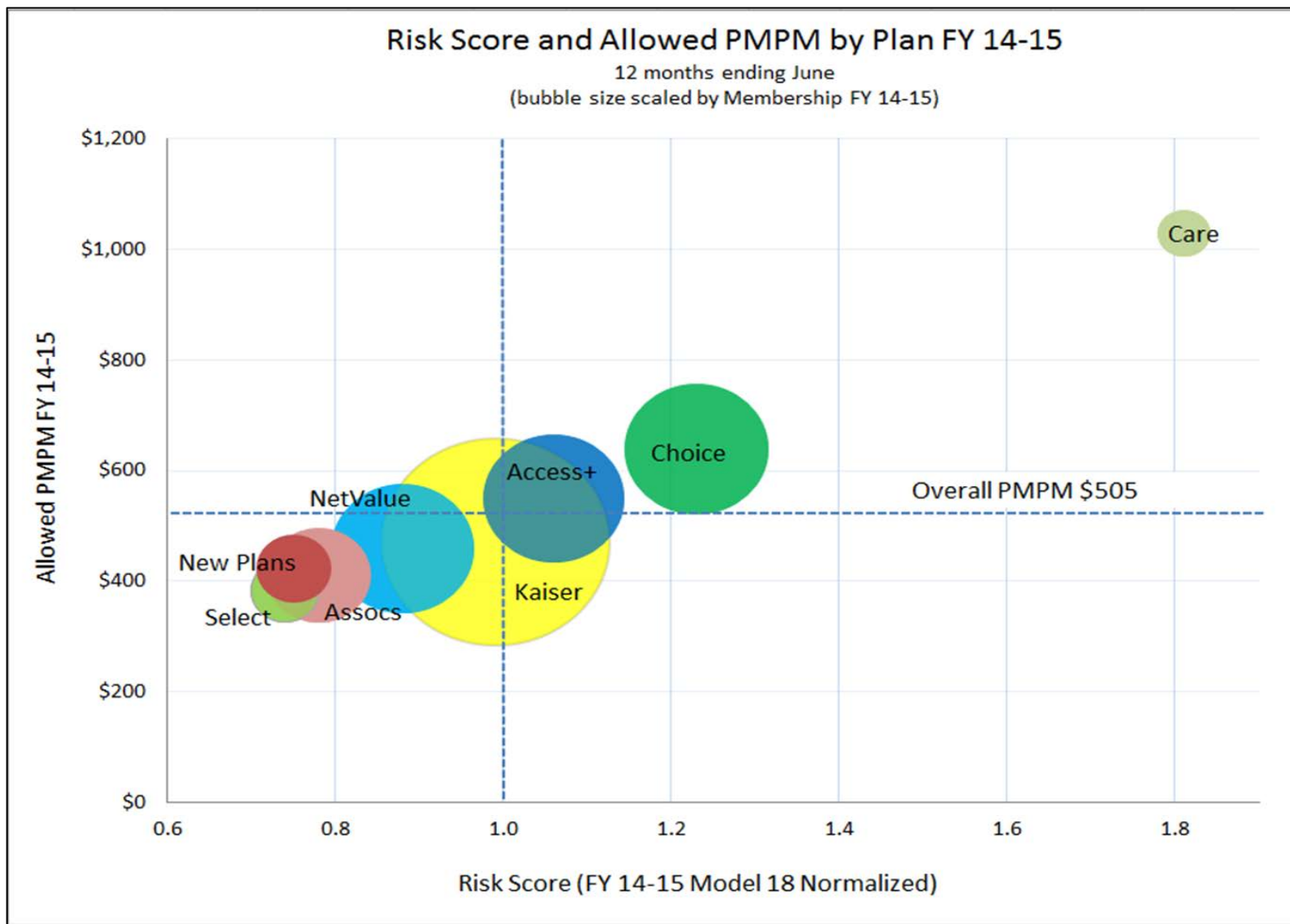
ALLOWED COSTS PMPM DIVIDED BY RISK SCORES

- This chart compares the allowed costs PMPM to what the amount would be if adjusted for the health status of plan members. Note that dividing Allowed PMPM by risk scores narrows the differences in PMPM costs across plans.
- The largest percentage change was experienced for PERSCare (15.9 percent), adjusting Actual Allowed Cost PMPM of \$1,029 to Allowed Cost PMPM divided by risk score of \$570.
- Kaiser had the smallest percentage change (3.4 percent) in Allowed Costs PMPM, bringing Actual Allowed Cost PMPM of \$464 to Allowed Cost PMPM of \$470.



RISK SCORE AND ALLOWED COSTS PMPM BY PLAN

- This chart shows the relationship between the size, the average PMPM costs and risk score/health status for the plan.
- Risk score is based on underlying demographics and medical conditions/health status of members.



GLOSSARY

ALLOWED COSTS - CONTRACTUAL "ALLOWED AMOUNTS" DUE TO PROVIDERS INCLUSIVE OF MEMBER OUT OF POCKET OBLIGATIONS SUCH AS COINSURANCE, COPAYS, DEDUCTIBLES, ETC. REPORT SHOWS "ALLOWED" RATHER THAN "NET" TO PROVIDE EASIER COMPARISONS BETWEEN PLANS WITH DIFFERENT BENEFIT DESIGNS (e.g., HMO PLANS vs PPO PLANS).

ALLOWED COSTS PER MEMBER PER MONTH (PMPM) - ALLOWED COST DIVIDED BY SUM OF MEMBER MONTHS IN PERIOD, ADJUSTS FOR POPULATION SIZE

SERVICE CATEGORIES - MUTUALLY EXCLUSIVE BUCKETS OF HEALTH CARE EXPERIENCE BASED ON A HIERARCHY OF PLACE OF SERVICE, PROVIDER TYPE, PROCEDURE, DIAGNOSTIC CATEGORY, AND ADMISSION TYPE. VISITS ARE BASED ON SAME PATIENT, SAME SERVICE DATE

MENTAL HEALTH / SUBSTANCE ABUSE - INCLUDES ALL CLAIMS (INPATIENT AND AMBULATORY) WITH MENTAL HEALTH/SUBSTANCE ABUSE DIAGNOSES

R_x - ALL PRESCRIPTION DRUG CLAIMS

EMERGENCY ROOM (ER) - ALL FACILITY AND PROFESSIONAL CLAIMS IN ER EXCEPT WHEN VISIT RESULTS IN ADMISSION

AMBULATORY SURGERY (S_x) - ALL NON-INPATIENT FACILITY AND PROFESSIONAL CLAIMS WHERE SURGICAL PROCEDURE PERFORMED

OFFICE - ALL PHYSICIAN AND PROFESSIONAL CLAIMS WHERE OFFICE VISIT PROCEDURE CODE PRESENT, INCLUDES ALL LAB, RAD, OTHER CLAIMS OCCURRING ON SAME DATE FOR SAME PATIENT

AMBULATORY LABORATORY- OUTPATIENT LAB CLAIMS NOT ASSOCIATED WITH OFFICE VISITS

AMBULATORY RADIOLOGY - OUTPATIENT RADIOLOGY CLAIMS NOT ASSOCIATED WITH OFFICE VISITS

OTHER PROFESSIONAL- INCLUDES PT,OT,ST,DME,DIALYSIS AND OTHER PROFESSIONAL SERVICES NOT ASSIGNED ABOVE

ALL OTHER - ALL OTHER CLAIMS NOT ASSIGNED ABOVE INCLUDING FACILITY PT,OT,R_x, ETC., AND KAISER OTHER MEDICAL SERVICES

VISITS - SAME PATIENT, SAME DATE OF SERVICE FOR ALL NON-INPATIENT CARE

PER 1,000 MEMBERS - VISITS DIVIDED BY AVERAGE ANNUAL MEMBERSHIP TIMES 1000. ADJUSTS UTILIZATION FOR POPULATION SIZE.

ADMITS - ACUTE CARE HOSPITALIZATIONS (EXCLUDES SNF)

ALLOWED COSTS PER ADMIT - ALLOWED COSTS FOR ACUTE CARE HOSPITALIZATIONS

R_x DAYS SUPPLY PMPM - NUMBER OF DAYS OF R_x PRESCRIBED DIVIDED BY MEMBER MONTHS

ALLOWED COSTS PER R_x DAYS SUPPLY - ALLOWED COSTS R_x DIVIDED BY THE SUM OF R_x DAYS SUPPLY - AVERAGE COST PER DAY OF R_x