

Cape Cod Municipal Health Group Annual Cost and Utilization Analysis



MASSACHUSETTS

July 2009 – June 2010
(paid through August 2010)

Cape Cod Municipal Health Group

Demographic Summary



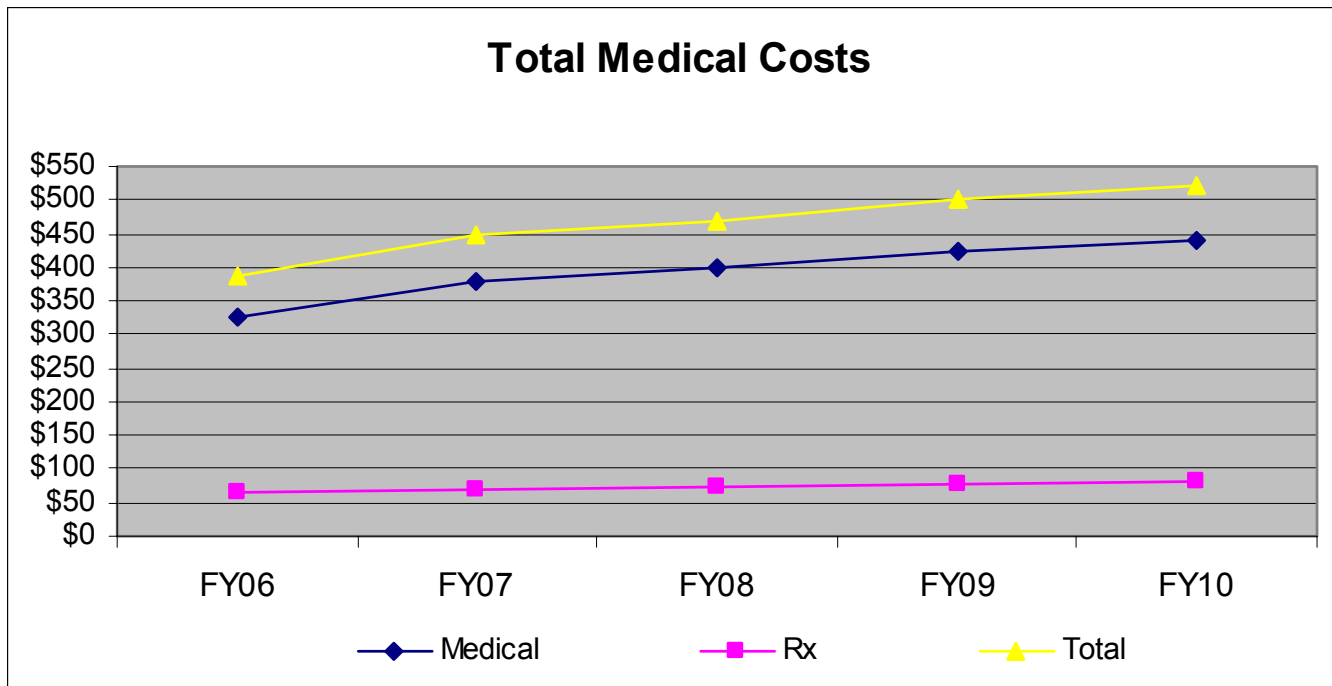
- Total membership has decreased by 6% over the prior year
- Membership in the PPO and HMO plans account for 91% of members non senior plan membership .

Demographic Measure	FY08	FY09	FY10	BCBSMA Network Average
Average # of Members	13370	14068	13278 (6% decrease)	N/A
Average # of Subscribers	6045	6323	6008 (5% decrease)	N/A
Average Member Age	38.6	38.9	39.4	35.3
Average Contract Size	2.2	2.2	2.2	2.2
% Female	52.1%	52.5%	52.6%	51.6%

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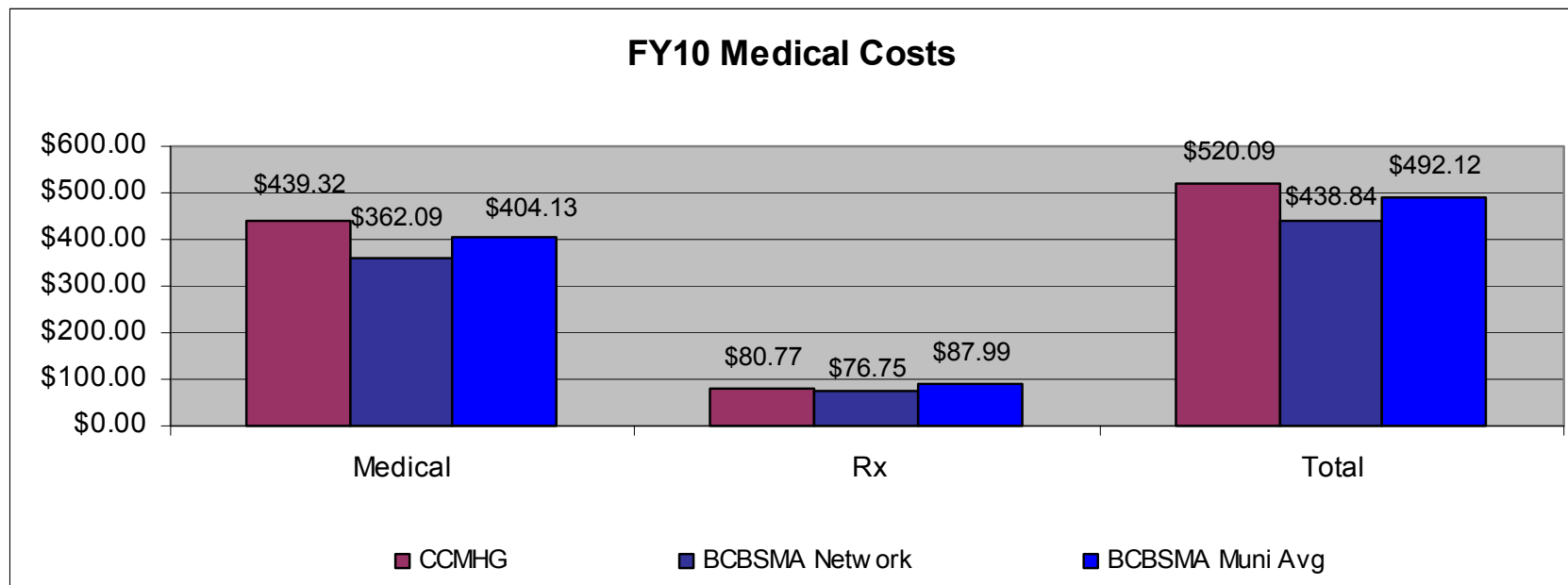
Total Medical Costs

- Total medical and pharmacy costs have increased by 4% over the prior year, similar to the network.
- Medical costs have increased by 4% (vs. 4% network average)
- Pharmacy costs have increased by 4% (vs. 0.2% network average)



Cape Cod Municipal Health Group Total Medical Costs

- Cape Cod Municipal Health Group's PMPM in FY10 was higher than both the network and the BCBSMA municipal average.
- The difference in the account PMPM to the comparison groups was primarily due to higher medical claims.



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High Cost Claimants



- The increase in the overall PMPM was driven by an increase in the number of high cost cases over the period.
- The number of members who incurred greater than \$100K in claims rose from 53 to 65 and the percent of claims from 11.2% to 13.4%.

Claims Band	FY09	FY10	BCBSMA Network Average
% Claims >\$50,000	24.7%	26.5%	26.4%
% Claims > \$100,000	11.2%	13.4%	15.6%

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PMPM Costs by Treatment Setting

- PMPM change was driven by increases across nearly all treatment settings.
- The PMPMS for both outpatient facility and professional settings were higher than both the network comparison and the municipal comparison group.

Treatment Setting	FY08	FY09	FY10	FY09-FY10 Diff
Outpatient Facility	\$149.28	\$155.91	\$165.73	6.3%
Outpatient Professional	\$124.82	\$137.37	\$139.84	1.8%
Inpatient Facility	\$83.81	\$91.69	\$95.24	3.9%
Ancillary	\$20.71	\$21.01	\$21.25	1.1%
Inpatient Professional	\$18.85	\$17.67	\$17.25	-2.4%

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PMPM Costs by Treatment Setting



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- The outpatient facility PMPM increased due primarily to an increase in therapeutic radiology, pharmacy (administered drugs – typically chemotherapy), and diagnostic radiology.
- An increase in the PMPM for office visits drove the increase in the outpatient professional PMPM. This increase was due to both an increase in visits and in the cost per visit.
- Inpatient facility PMPM was driven by a slight increase in the rate of admissions and a more significant increase in the cost per admission. By types of service, maternity and medical drove the overall inpatient increase.
- The medical type of service included admissions for cystic fibrosis and strokes.

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Top Ten Clinical Categories

Episode Treatment Group	FY09 Member Rate	FY10 Member Rate
Joint Degeneration, Localized	121.1	124.2
Coronary Artery Disease	30	30.2
Depression	125.6	133.1
Hypertension	207.4	221.6
Immunizations, Screenings and Routine Exams	500.7	519.1
Malignant Neoplasm of the Breast	11.6	11.4
Joint Derangement	34.4	31.4
Diabetes	56.7	61.4
Pregnancy, Delivered	8.3	8.3
Sinusitis	140.6	142.9

- The top 10 ETGs accounted for 31% of total costs.
- Of note is the increase in the rate of members with depression, hypertension and diabetes from the prior year.

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Pharmacy Summary



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- Pharmacy utilization increased slightly but PMPM costs increased 4% as a result of a higher average cost per script.
- Generic utilization continues to improve and was at 73%
- Mail order utilization increased to 14%
- The top five therapeutic classes (by cost) were:
 1. Antidepressants
 2. Antihyperlipidemics (cholesterol drugs)
 3. Asthma Drugs
 4. Antidiabetics
 5. Analgesics – Anti-inflammatory

Cape Cod Municipal Health Group Prescription Drug Use By Formulary Tier



Claims Tier	Number of Scripts	Annual Scripts per 1000	Cost per Script	Member Payments	Net Payments	Net Paid PMPM
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Experience Period: Incurred 07/01/08 - 06/30/09, Processed Through 08/31/10

Tier 1	137,841	9,798.20	\$29.75	\$707,451	\$4,100,403	\$24.29
Tier 2	30,714	2,183.30	\$203.42	\$503,554	\$6,247,924	\$37.01
Tier 3	22,244	1,581.20	\$106.42	\$634,874	\$2,367,108	\$14.02
Tier 4	2,407	171.1	\$185.28	\$73,346	\$445,981	\$2.64
Tier 5	36	2.6	\$0.00	\$1,512	\$0	\$0.00
Total:	193,242	13,736.30	\$68.11	\$1,920,738	\$13,161,416	\$77.96

Experience Period 1: Incurred 07/01/09 - 06/30/10, Processed Through 08/31/10

Tier 1	136,925	10,312.60	\$28.67	\$702,084	\$3,925,143	\$24.63
Tier 2	26,438	1,991.20	\$230.62	\$422,616	\$6,097,020	\$38.27
Tier 3	18,376	1,384.00	\$126.99	\$520,265	\$2,333,580	\$14.65
Tier 4	2,345	176.60	\$219.19	\$70,592	\$513,996	\$3.23
Total:	184,084	13,864.40	\$69.91	\$1,715,557	\$12,869,739	\$80.77

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Top 10 Rx Used – Ranked by Scripts – June09-Jul10



Prescription Drug Name	Tier Level	Number of Scripts	Annual Scripts per 1000	% of Total Scripts	Net Payments	% of Total Net Payments	Net Paid PMPM	Average Payment per Script
SIMVASTATIN	Tier 1	6,290	473.7	3.40%	\$102,107	0.80%	\$0.64	\$16.23
LISINOPRIL	Tier 1	6,059	456.3	3.30%	\$73,613	0.60%	\$0.46	\$12.15
OMEPRAZOLE	Tier 1	4,463	336.1	2.40%	\$164,338	1.30%	\$1.03	\$36.82
LEVOTHYROXINE SODIUM	Tier 1	4,066	306.2	2.20%	\$23,995	0.20%	\$0.15	\$5.90
HYDROCHLOROTHIAZIDE	Tier 1	3,689	277.8	2.00%	\$9,065	0.10%	\$0.06	\$2.46
FLUTICASONE PROPIONATE	Tier 1	2,906	218.9	1.60%	\$103,349	0.80%	\$0.65	\$35.56
CITALOPRAM HYDROBROMIDE	Tier 1	2,888	217.5	1.60%	\$62,602	0.50%	\$0.39	\$21.68
AZITHROMYCIN	Tier 1	2,865	215.8	1.60%	\$81,970	0.60%	\$0.51	\$28.61
HYDROCODONE/ACETAMINOPHEN	Tier 1	2,803	211.1	1.50%	\$21,129	0.20%	\$0.13	\$7.54
ATENOLOL	Tier 1	2,662	200.5	1.40%	\$17,685	0.10%	\$0.11	\$6.64

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Top 10 Rx Used – Ranked by Payments – June09-Jul10



Prescription Drug Name	Tier Level	Number of Scripts	Annual Scripts per 1000	% of Total Scripts	Net Payments	% of Total Net Payments	Net Paid PMPM	Average Payment per Script
LIPITOR	Tier 3	2,000	150.6	1.10%	\$286,749	2.20%	\$1.80	\$143.37
ABILIFY	Tier 2	472	35.5	0.30%	\$231,124	1.80%	\$1.45	\$489.67
ENBREL SURECLICK	Tier 2	104	7.8	0.10%	\$199,399	1.50%	\$1.25	\$1,917.29
OXYCONTIN	Tier 2	480	36.2	0.30%	\$185,166	1.40%	\$1.16	\$385.76
PANTOPRAZOLE SODIUM	Tier 1	1,347	101.4	0.70%	\$181,118	1.40%	\$1.14	\$134.46
AMPHETAMINE/DEXTROAMPHETA	Tier 1	1,229	92.6	0.70%	\$175,539	1.40%	\$1.10	\$142.83
ADVAIR DISKUS	Tier 3	679	51.1	0.40%	\$171,829	1.30%	\$1.08	\$253.06
LEXAPRO	Tier 3	1,727	130.1	0.90%	\$169,245	1.30%	\$1.06	\$98.00
HUMIRA PEN	Tier 2	105	7.9	0.10%	\$168,245	1.30%	\$1.06	\$1,602.33
AVONEX	Tier 2	68	5.1	0.00%	\$165,327	1.30%	\$1.04	\$2,431.28

Cape Cod Municipal Health Group

Comparison of Plans



	CCMHG - Total	CCMHG-HMO	CCMHG-PPO	Network Compare	Municipality Comparison
Demographics					
Average Members	13278	5228	6835	N/A	N/A
Average Subscribers	6008	2176	3210	N/A	N/A
Average Member Age	39.4	34.5	42.1	35.3	40.4
Percent of Population Female	52.6%	51.2%	53.9%	51.6%	53.3%
Average Contract Size	2.20	2.40	2.10	2.20	2.16
Financial Info					
Medical PMPM	\$439.32	\$371.15	\$454.49	\$362.09	\$404.13
Pharmacy PMPM	\$80.77	\$63.26	\$89.97	\$76.75	\$87.99
Total PMPM	\$520.09	\$434.41	\$544.46	\$438.84	\$492.12
Utilization					
Admissions per 1000	78.7	71.7	75.1	74.1	94.0
Office Visits per 1000	4,841	4,359	5,096	4,407	5,301
Scripts per 1000	13,864	11,112	15,188	12,934	14,528

Cape Cod Municipal Health Group Comparison of Plans - continued



	CCMHG - Total	CCMHG-HMO	CCMHG-PPO	Network Compare	Municipality Comparison
High Cost Claimants					
% of claims > \$50,000	26.5%	26.6%	24.3%	26.4%	25.9%
% of claims > \$100,000	13.4%	15.1%	10.9%	15.6%	14.3%
Costs by Treatment Setting					
Outpatient Facility	\$165.73	\$130.64	\$173.43	\$117.81	\$125.71
Outpatient Professional	\$139.84	\$122.03	\$147.98	\$115.94	\$138.33
Inpatient Facility	\$95.24	\$85.52	\$94.73	\$92.52	\$99.85
Ancillary	\$21.25	\$15.69	\$21.75	\$18.00	\$20.64
Inpatient Professional	\$17.25	\$17.26	\$16.59	\$17.81	\$19.61
Clinical Categories					
Joint Degeneration, Localized	124.2	76.3	155.8	121.2	110.1
Coronary Artery Disease	30.2	17.0	37.6	48.5	42.6
Depression	133.1	119.8	143.8	97.3	110.6
Hypertension	221.6	175.6	251.3	247.8	231.7
Immunizations, Screenings and Routine Exams	519.1	615.6	481.7	549.5	562.3
Malignant Neoplasm of the Breast	11.4	5.9	13.7	13.5	13.2
Diabetes	61.4	46.9	68.6	81.9	67.3
Pregnancy, Delivered	8.3	12.1	6.2	9.1	9.5
Obesity	31.4	28.3	34.0	35.8	34.3

Summary:

- Cape Cod Municipal Health Group membership decreased by 6%.
- There was a 4% increase in total medical & pharmacy costs PMPM.
- The PMPM for nearly all treatment settings increased with outpatient costs having the greatest impact on overall costs.
- A driver of the overall increase in costs was the increase in the number of members incurring greater than \$100K in payments.
- Rates of chronic disease related to lifestyle choices are high and worsening over time.