

## CalPERS BASIC - HEALTH PLAN TREND REPORT CY 2012 (covering 2009-2012, 12 months ending December)

### OVERVIEW

Most cost (allowed\*) trends are declining, higher cost plans are losing members, lower cost plans are gaining members. Inpatient care trending down, ER and ambulatory surgery trending up.

#### Membership by Plan / Percentage change

- ==> Basic Plan membership rose 0.5% (about 6,000) between 2011 and 2012.
- ==> Lower premium plans (PERS Select, Blue Shield NetValue, and Kaiser) gained about 32,000 members, higher premium plans (PERSCare, Blue Shield Access+, and PERS Choice) lost about 29,000 members.

#### Change in Allowed Cost PMPM, Total and by Service Category - Trend Drivers / Percentage Change

- ==> Per member per month (PMPM) medical and pharmacy cost rose 1.9% between 2011 and 2012 compared to 5.4% between 2010 and 2011.
- ==> PMPM trend is examined across 10 major service categories - revealing the key drivers of change across years. Service categories include: Inpatient, ER, ambulatory surgery, office care, radiology, laboratory, mental health care, pharmacy, other professional, all other.
- ==> Between 2011 and 2012 inpatient PMPM costs were flat to declining, while ER PMPM increases ranged from 5 to 12%.
- ==> Prescription drug costs continued to moderate the overall trend. Drug is 16% of overall PMPM cost, and decreased 1.7% from 2011 to 2012.
- ==> "All Other" PMPM showed a 30.5% increase due to a change in one plan's cost allocation methods.

#### Cost and Utilization Change within Key Service Categories

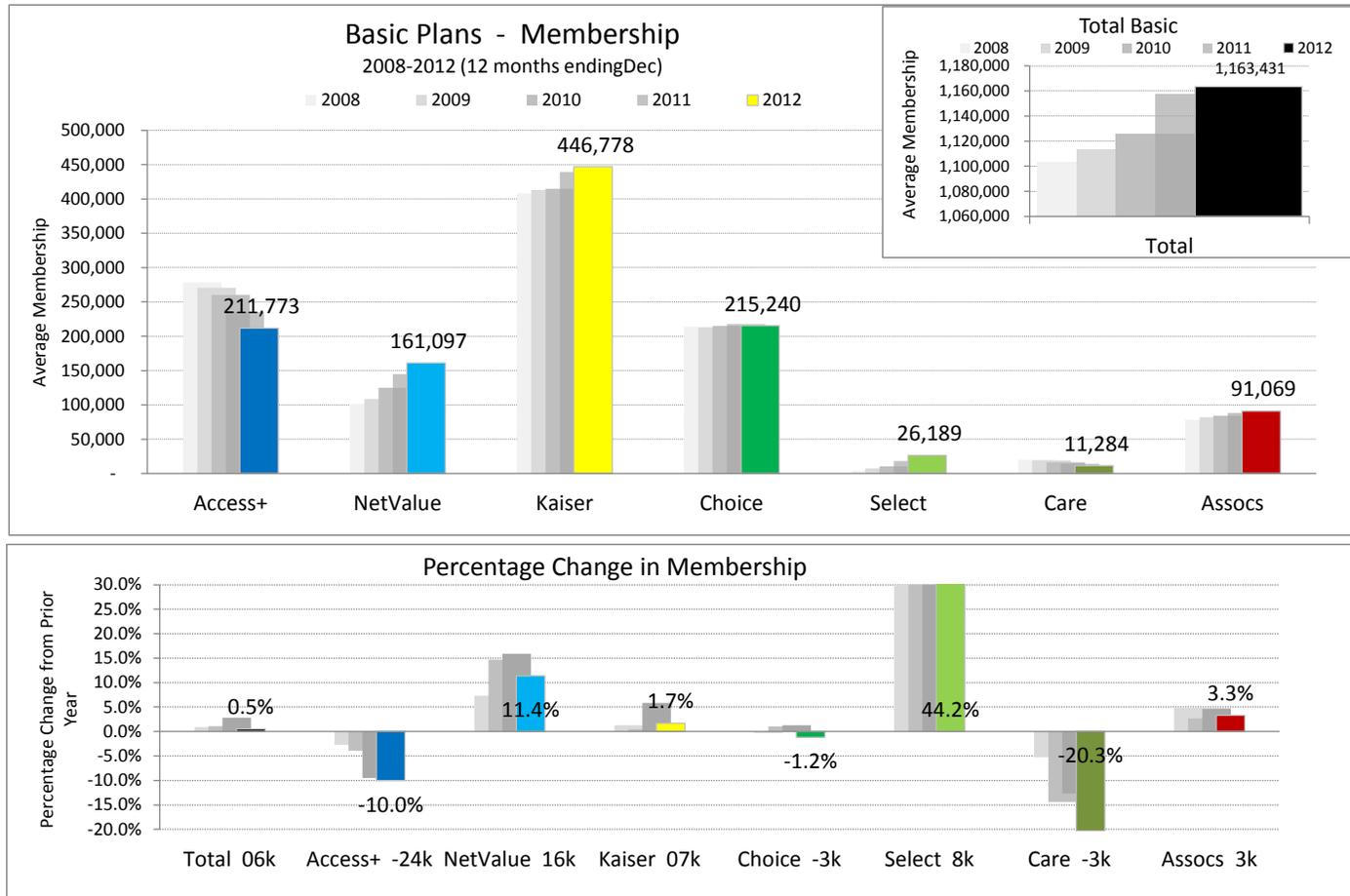
- ==> Inpatient utilization decreased 7.9% in 2012, while average length of stay rose 0.4%.
- ==> ER was the only category that showed both increases in utilization and unit price across all plans.
- ==> Utilization of prescription drugs decreased.

*\*Note: 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 is to allow for easier comparisons across plans where the portion of the allowed amount paid by the health plan vs. the member can vary significantly due to differences in benefit designs.  
Report is based on incurred service dates, incurred through December 2012, paid through June 2013, with adjustment for incurred but not reported.*

**BASIC PLAN MEMBERSHIP**

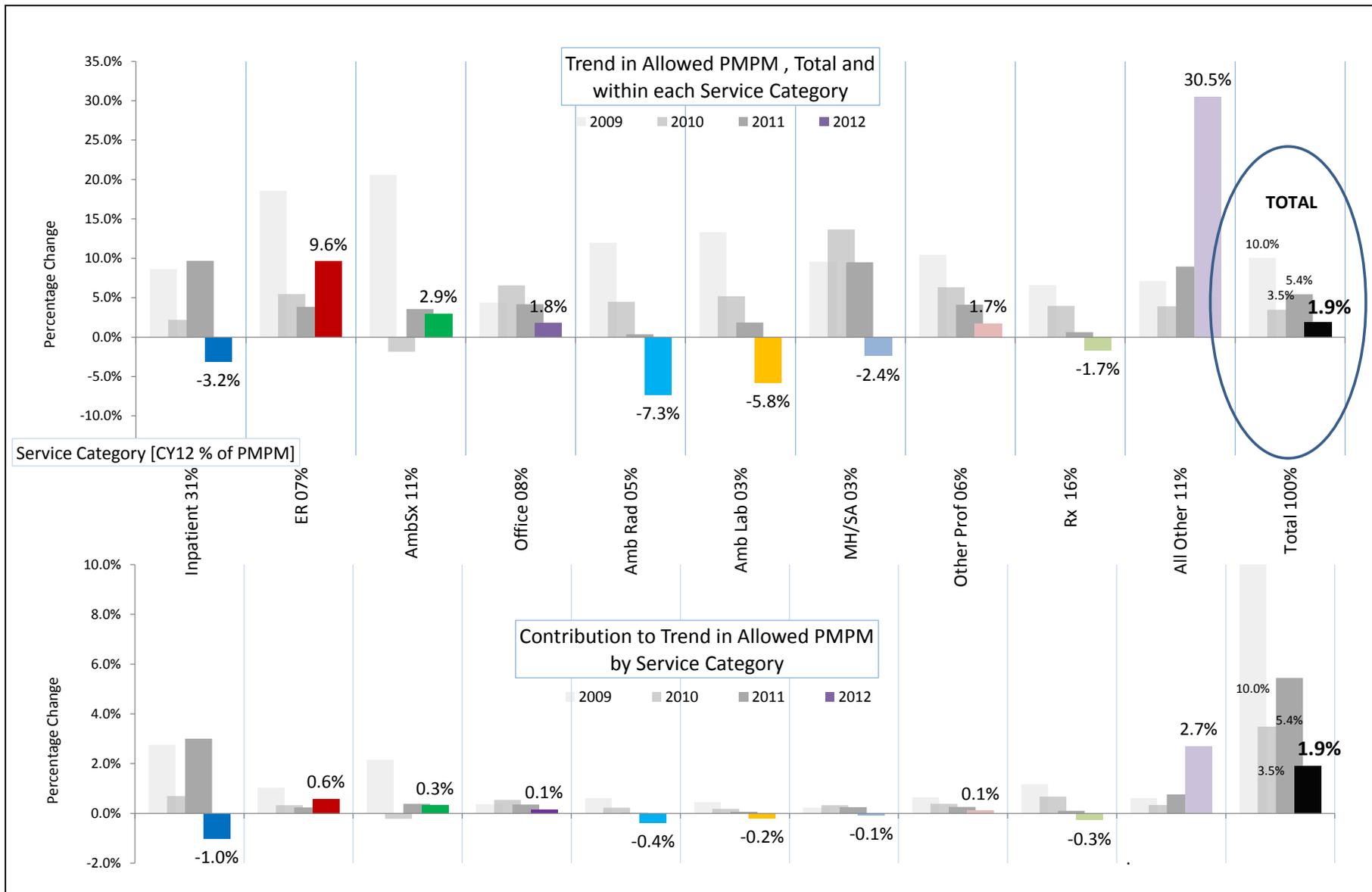
==> Basic membership rose 0.5% (6k) between 2011 and 2012.

==> Lower premium plans (PERS Select, Blue Shield NetValue, and Kaiser) gained 32,000 members, higher premium plans (PERSCare, Blue Shield Access+, and PERS Choice) lost 29,000 members.



**CHANGE IN ALLOWED PMPM, Total and By Service Categories**

- => Total Per Member Per Month (PMPM) medical and pharmacy cost rose 1.9% between 2011 and 2012 compared to 5.4% between 2010 and 2011.
- => PMPM trend is examined across 10 service categories - revealing the key drivers of change between years.
- => "All Other" showed a 30.5% increase - due to a change in how one plan allocates cost, away from specific services (e.g Amb Rad and Amb Lab) to a separate category (in "All Other"). Otherwise Inpatient and ER care drove PMPM change.

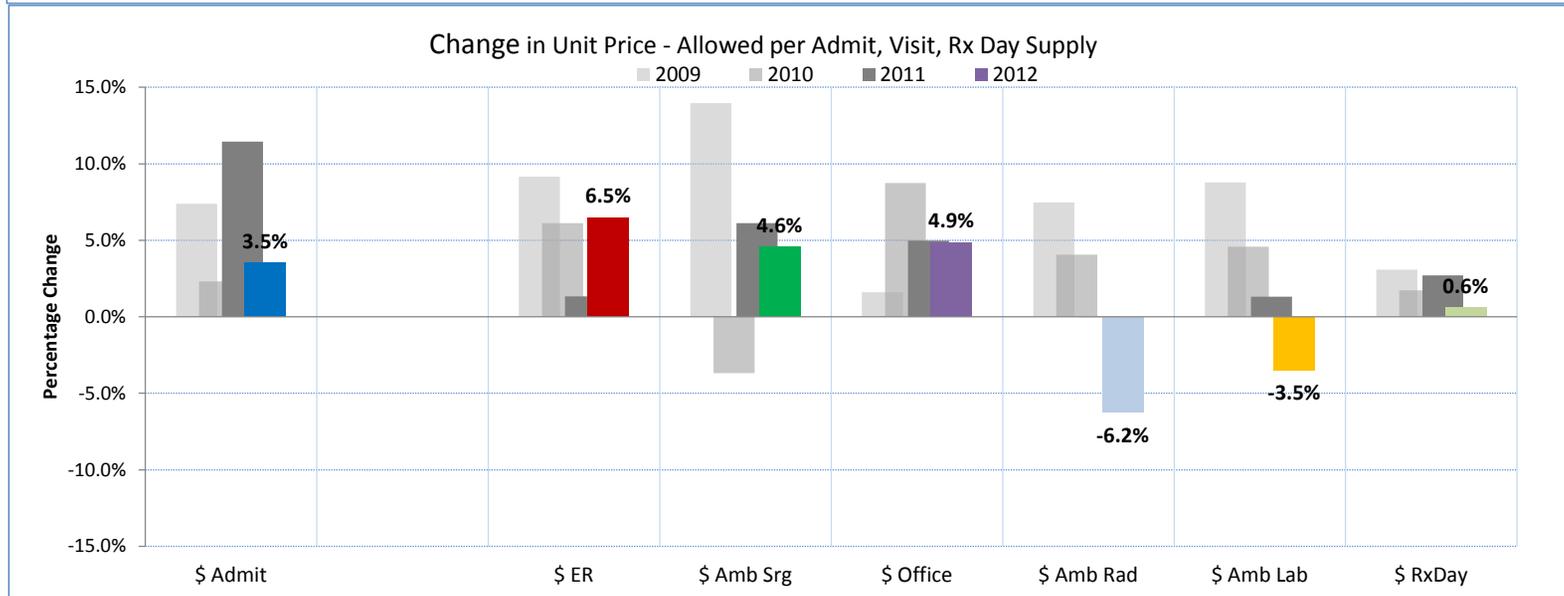
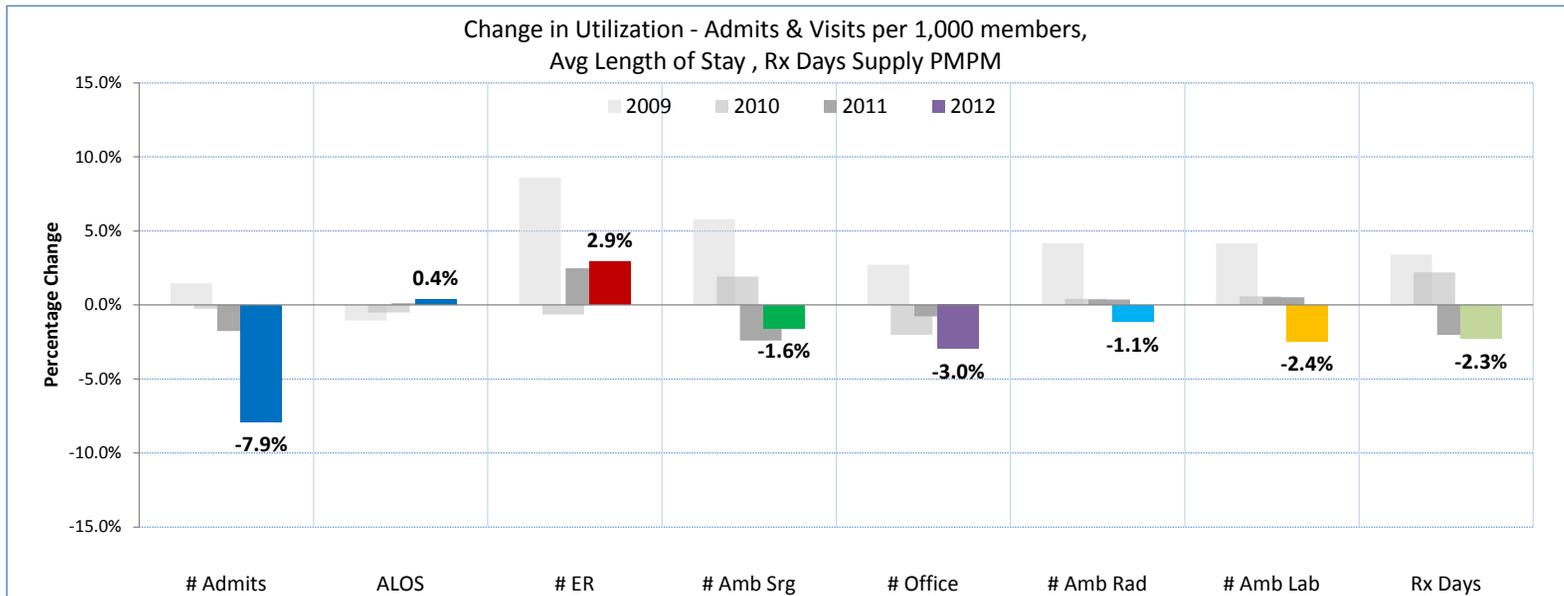


**CHANGE IN UTILIZATION AND UNIT PRICE, by Service Categories**

==> Allowed PMPM is driven by change in utilization and price per unit - shown by metrics below for select service categories.

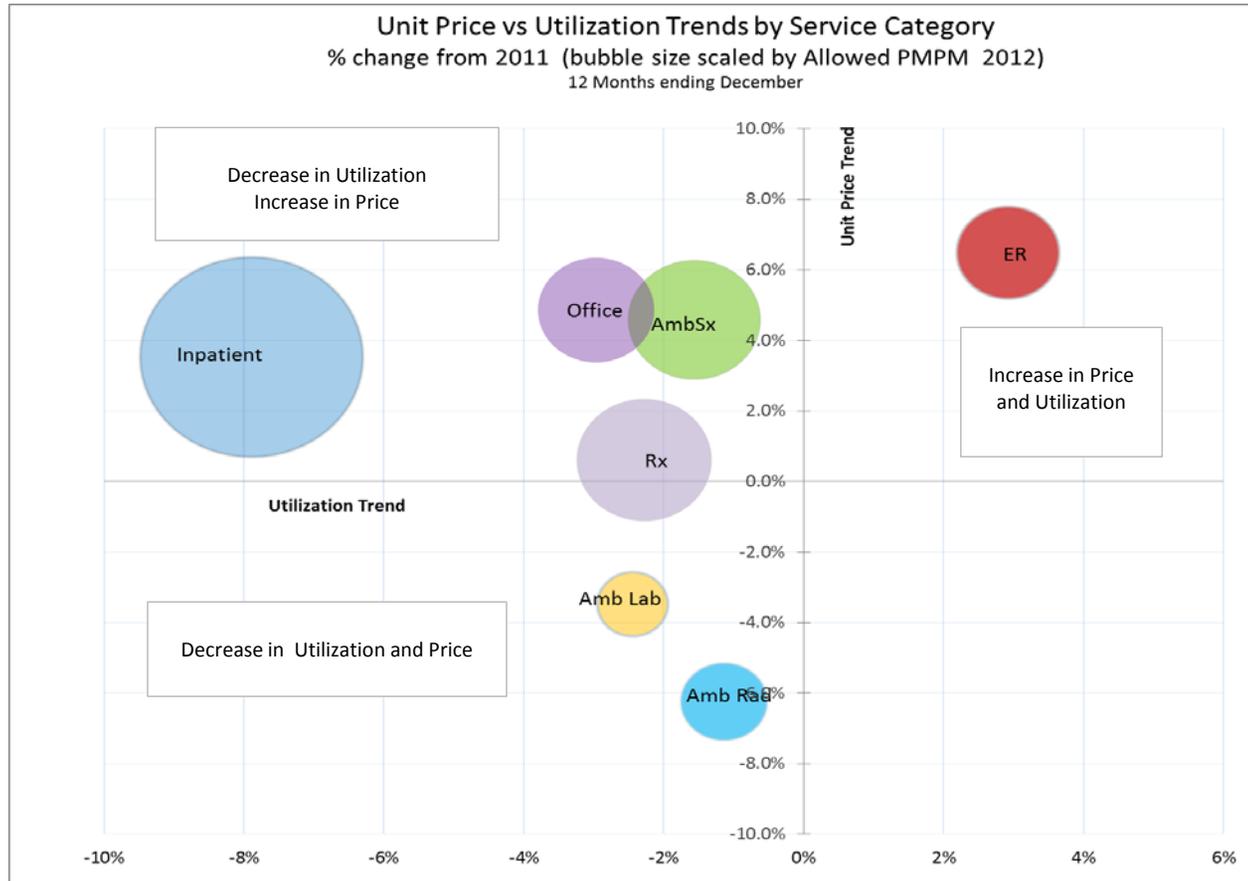
==> Inpatient utilization, based on admits per 1,000, decreased 7.9% in 2012 while average length of stay rose 0.4%.

==> ER services was the only category that showed both increases in utilization and price.



**Utilization vs Unit Price Trends by Service Category**

- ==> This bubble 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 PMPM for the category.
- ==> Unit price rose for most all service categories in 2012 while utilization increased only for ER.



## GLOSSARY

ALLOWED \$\$ - 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 \$\$ PER MEMBER PER MONTH (PMPM) - ALLOWED \$\$ 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/SA DIAGNOSES

RX - ALL PRESCRIPTION DRUG CLAIMS

INPATIENT - ALL FACILITY AND PROFESSIONAL CLAIMS FOR INPATIENT HOSPITALIZATIONS, EXCEPT MENTAL HEALTH/SUB ABUSE

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

AMBULATORY SURGERY (SX) - 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,RX, 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 \$\$ PER ADMIT - ALLOWED \$\$ FOR ACUTE CARE HOSPITALIZATIONS

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

ALLOWED \$\$ PER RX DAYS SUPPLY - ALLOWED \$\$ RX DIVIDED BY THE SUM OF RX DAYS SUPPLY - AVERAGE COST PER DAY OF RX