

OVERVIEW:

Health Plans Trend Report CY 2016 (12 months ending December 2016)

Basic Plans

Basic plan membership increased 1% in 2016. The overall per Member per Month (PMPM) cost (allowed*) trend increased 4.2%. Change in utilization by key service categories are as follows: increases occurred in average length of stay (ALOS), emergency room, and office visits; decreases occurred in inpatient visits, ambulatory surgery visits (AmbSx), radiology, laboratory, and prescription drugs (Rx days). Change in unit price increased across all categories except office visits.

Membership

- Basic plan membership increased 1% (12,000) in 2016.
- Decreases in membership were experienced across Blue Shield Access+ (16,000), Blue Shield NetValue (61,000), and PERS Choice (9,000) for 2016.
- All other plans experienced an increase in membership with UnitedHealthcare Alliance HMO experiencing the largest increase of 33,000 members followed by Kaiser with 27,000 members for 2016.

PMPM Cost

- Allowed PMPM increased 4.2% across all service categories in 2016 with Inpatient, Presc Rx, and AmbSx being the major drivers.
- Due to insufficient 2016 mental health and substance abuse (MH/SA) claims data from one of our health plans, CalPERS is not including MH/SA trend in this report while this issue is being resolved. MH/SA was included as a service category in prior reports.

Service Category PMPM Change, Trend Drivers

- Allowed PMPM increased 4.2% across all service categories in 2016 with Inpatient, Presc Rx, and AmbSx being the major drivers.
- For individual categories, percent changes between years ranged from 0.0% to 19.4%.
- Major drivers: Inpatient increased 3.3%, Presc Rx increased 1.4%, and AmbSx increased 4.0% in 2016.

Service Category Utilization and Unit Price

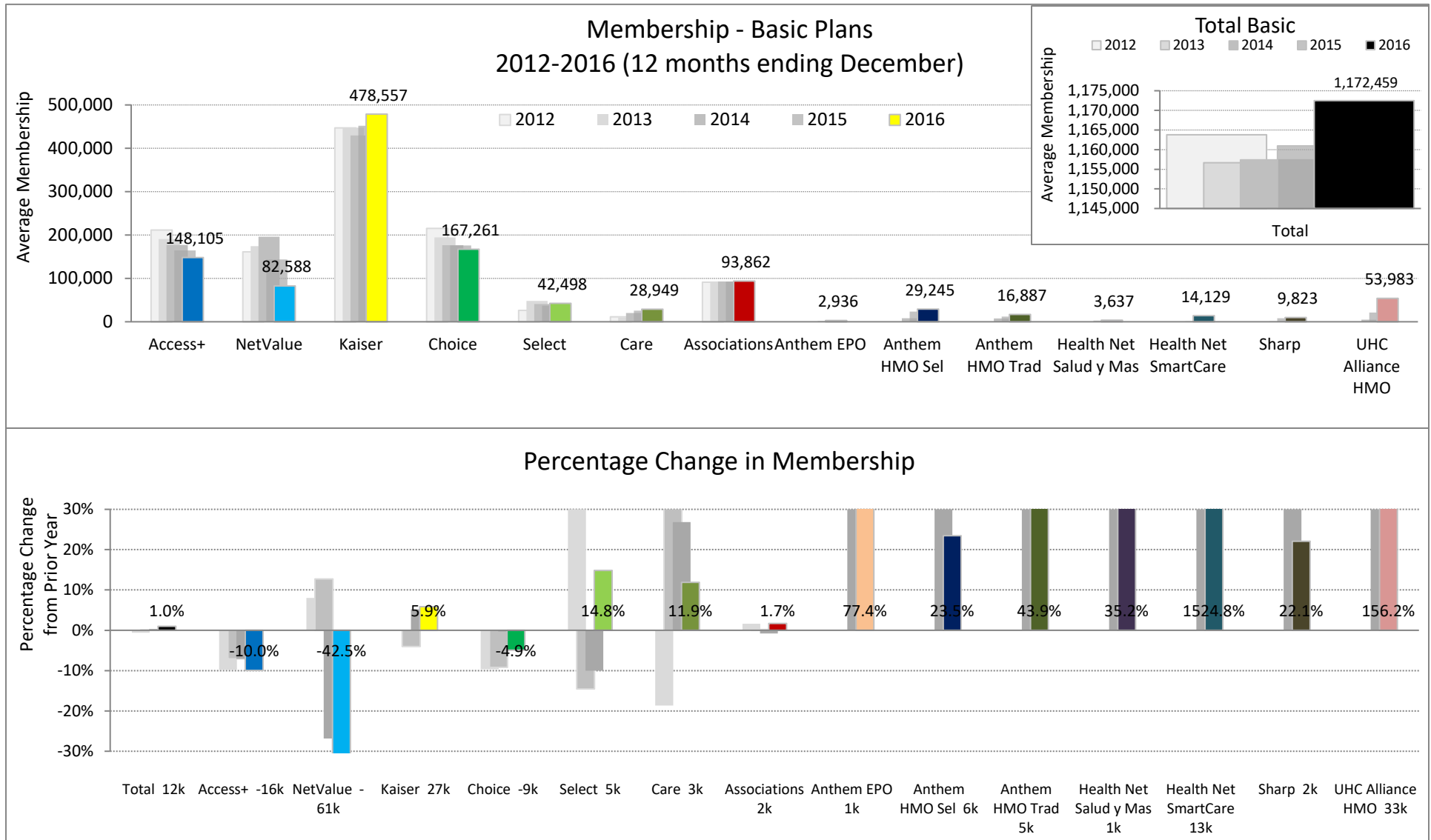
- Increase in utilization occurred in ALOS (2.5%), office visits (2.5%), and emergency room (0.5%).
- All other key service categories experienced a decrease in utilization with Rad (-3.5%) and Admit (-3.0%) having the largest decreases.
- Except office visits, change in unit price increased across all categories in 2016.

Report is based on incurred service dates, incurred through December 2016, 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.*

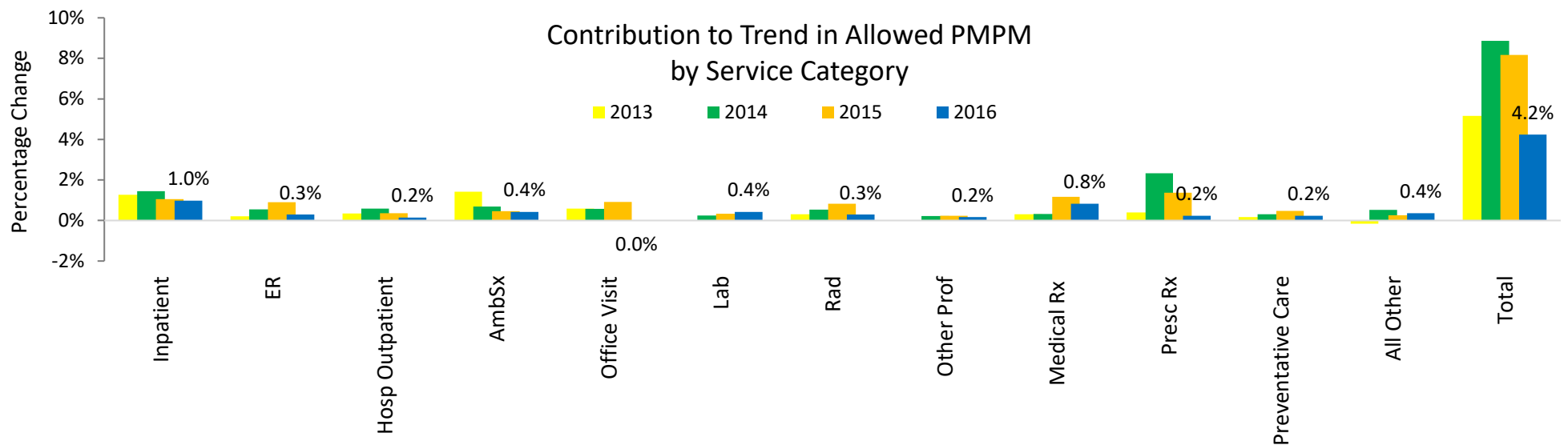
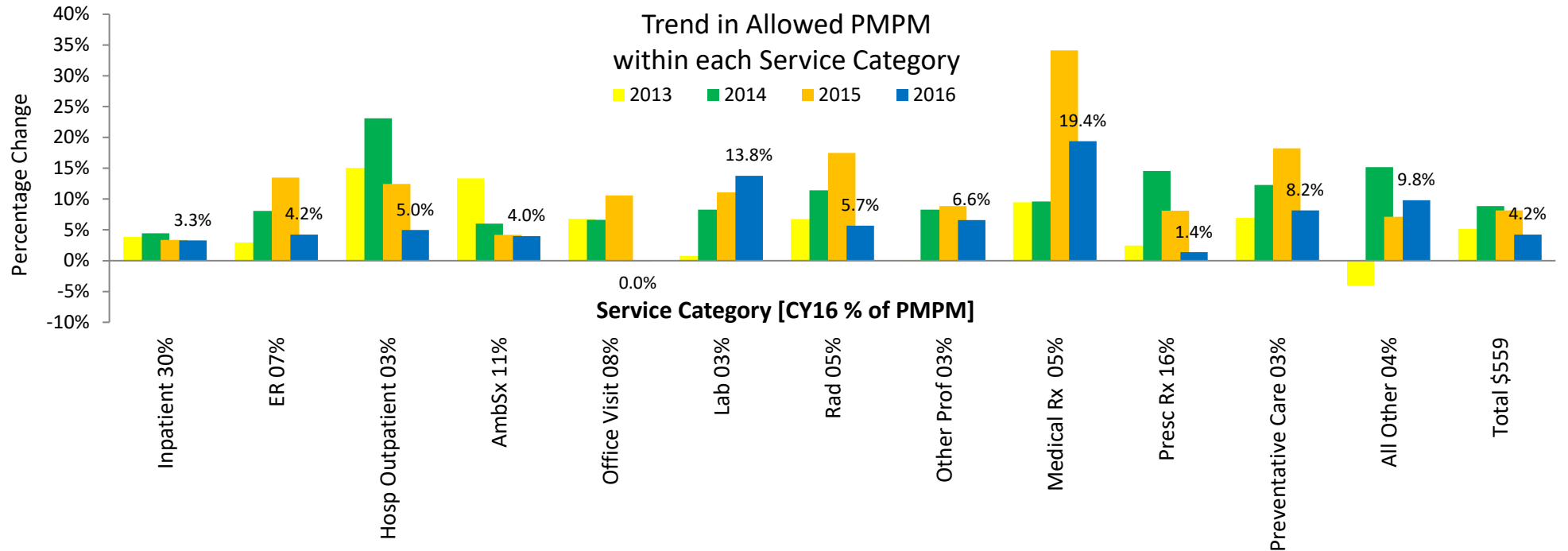
1. BASIC PLAN MEMBERSHIP

- Basic plan membership increased 1% (12,000) in 2016.
- Decreases in membership were experienced across Blue Shield NetValue (61,000), Blue Shield Access+ (16,000), and PERS Choice (9,000) for 2016.
- All other plans experienced an increase in membership with UnitedHealthcare Alliance HMO experiencing the largest increase of 33,000 members followed by Kaiser with 27,000 members for 2016.



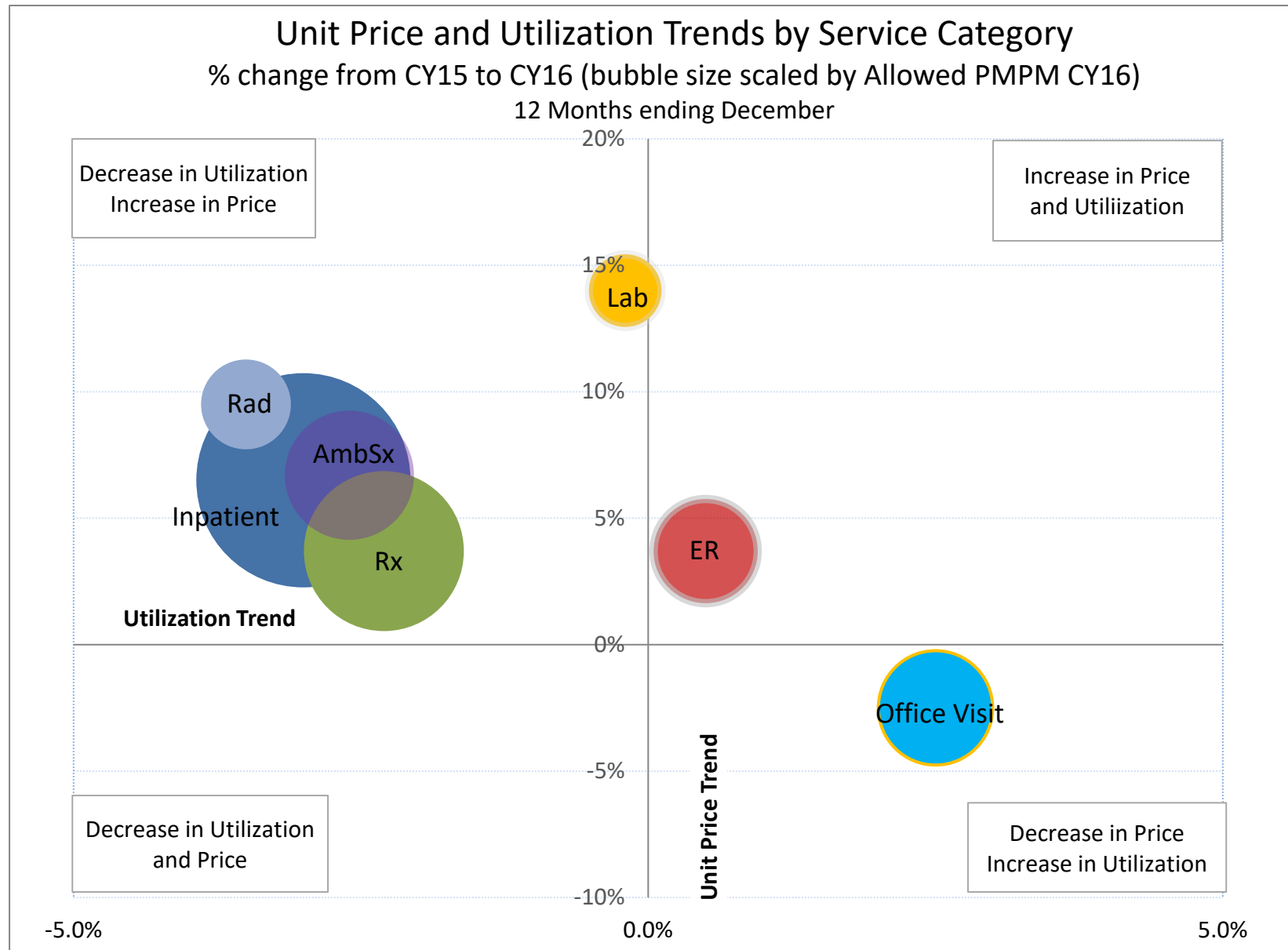
CHANGES IN ALLOWED PMPM BY MAJOR SERVICE CATEGORIES

- Allowed PMPM increased 4.2% across all service categories in 2016 with Inpatient, Presc Rx, and AmbSx being the major drivers.
- For individual categories, percent changes between years ranged from 0.0% to 19.4%.
- Major drivers: Inpatient increased 3.3%, Presc Rx increased 1.4%, and AmbSx increased 4.0% in 2016.



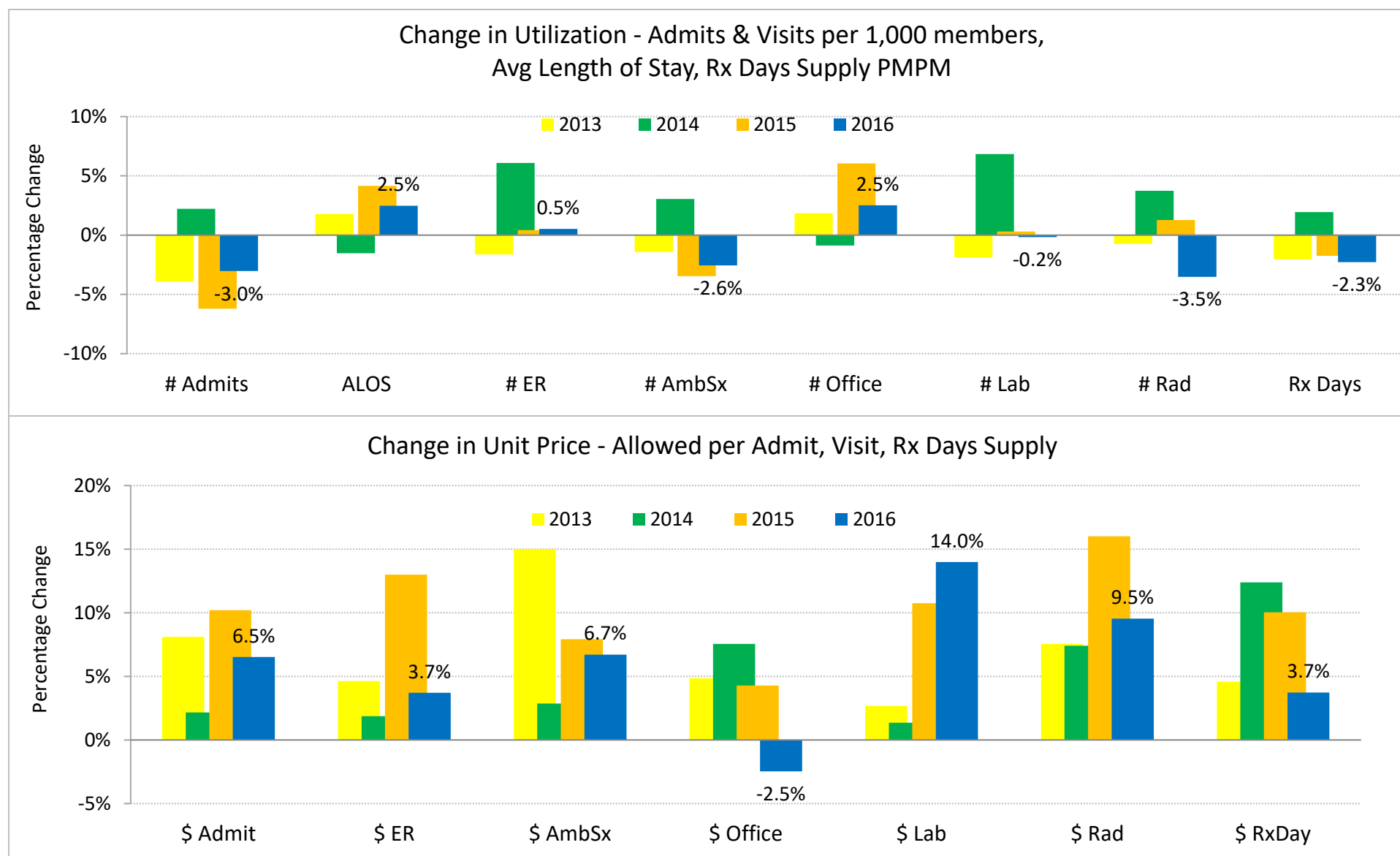
UTILIZATION AND UNIT PRICE TRENDS BY SERVICE CATEGORY

- 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.



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.
- Increase in utilization occurred in ALOS (2.5%), office visits (2.5%), and emergency room (0.5%).
- All other key service categories experienced a decrease in utilization with Rad (-3.5%) and Admits (-3.0%) having the largest decreases.
- Except office visits, change in unit price increased across all categories in 2016.



GLOSSARY

ALLOWED COSTS - CONTRACTUAL "ALLOWED AMOUNTS" 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, ADJUSTED 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

INPATIENT (Inpatient) – ALL FACILITY AND PROFESSIONAL CLAIMS FOR INPATIENT HOSPITALIZATIONS, EXCEPT MENTAL HEALTH/SUBSTANCE ABUSE

PRESCRIPTION DRUG (Presc Rx) - ALL PRESCRIPTION DRUG (RETAIL) CLAIMS

MEDICAL PHARMACY (Medical Rx) - DRUGS ADMINISTERED IN AN OUTPATIENT OR PROFESSIONAL SETTING

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

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

OFFICE VISITS (Office Visits) - ALL PHYSICIAN AND PROFESSIONAL CLAIMS WHERE AN OFFICE VISIT PROCEDURE CODE IS PRESENT, INCLUDES ALL LAB, RAD, AND OTHER CLAIMS OCCURRING ON SAME DATE FOR SAME PATIENT

AMBULATORY LABORATORY (Lab)- OUTPATIENT LAB CLAIMS NOT ASSOCIATED WITH OFFICE VISITS

AMBULATORY RADIOLOGY (Rad)- OUTPATIENT RADIOLOGY CLAIMS NOT ASSOCIATED WITH OFFICE VISITS

HOSPITAL OUTPATIENT (Hosp Outpatient) - SERVICES PERFORMED IN A HOSPITAL OUTPATIENT SETTING. EXAMPLES INCLUDE: DIALYSIS AND DIAGNOSTIC

PREVENTATIVE CARE (Preventive Care) - SERVICES PERFORMED IN EITHER A HOSPITAL OUTPATIENT OR PROFESSIONAL SETTING. EXAMPLES INCLUDE: COLONOSCOPY, MAMMOGRAPHY, LIPID PANEL, OR PREVENTATIVE IMMUNIZATIONS

OTHER PROFESSIONAL (Other Prof)- INCLUDES PT, OT, ST, DME, AND OTHER PROFESSIONAL SERVICES NOT ASSIGNED ABOVE

ALL OTHER (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 SKILLED NURSING FACILITIES)

ALLOWED COSTS PER ADMIT - ALLOWED COSTS FOR ACUTE CARE HOSPITALIZATIONS

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

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