

Direct Pay Data Request - 2010

AG

AG2 - 01

For the three years beginning April 1, 2007, 2008 and 2009 and for the six months ending October 31, 2010 please provide a comparison of projected to actual trend by category of expense and in total for Class DIR. In addition, please provide the supporting calculations used to determine actual trends.

Person Responsible: Lynch.J

Answer:

The medical expense forecasts we use in rating are driven not only by the projected trend factors we developed but also by other factors. Specifically our rate filing for the April 2007 rate year included an average 4.2% anticipated cost reduction due to product changes in the portfolio. These adjustments were labeled "benefit richness" and "contractual adjustment" factors in our filing and reflected the anticipated differences in utilization and mix of services as well as changes in provider payment levels related to the then new product portfolio. In addition, our rate filing for the April 2010 rate year included 1.4% average anticipated cost reductions. These reductions were labelled "utilization adjustments" in our rate filing. We built them into our proposed rates to adjust for the expected changes in utilization due to the benefit changes being made with that filing. Since the actual impact of these factors are automatically included in the actual experience that emerges we have included them in the projected to actual comparison shown below.

The following chart displays projected and actual trends for the three years beginning April 1, 2007, 2008 and 2009 as well as the latest six month period. Actual trend is broken out by pool, so that changes over time to the pool proportions do not skew the comparison between projected and actual trend. All of the actual trends are a bit understated due to members shifting to less rich products over time.

AG EXHIBIT D

Direct Pay Rate Filing Effective April 2011
Projected Versus Actual Trend Factors ⁽¹⁾

	<u>Effective</u> <u>April 2007</u>	<u>Effective</u> <u>April 2008</u>	<u>Effective</u> <u>April 2009</u>	<u>Effective</u> <u>April 2010</u>
<u>Projected</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Pool 1</u> <u>Pool 2</u>
Inpatient	1.0850	1.1075	1.0737	1.0880 1.0880
Outpatient	1.1442	1.0847	1.1142	1.1165 1.1165
Surgical/Medical	1.0595	1.0651	1.0766	1.0707 1.0872
Pharmacy	1.1000	1.1048	1.0700	1.1032 1.0921
<u>Subtotal</u>	<u>1.0923</u>	<u>1.0875</u>	<u>1.0829</u>	<u>1.0919</u> <u>1.0945</u>
Other Adjustments	-4.2%	-	-	-1.4% -1.4%
<u>Total</u>	<u>1.0462</u>	<u>1.0875</u>	<u>1.0829</u>	<u>1.0764</u> <u>1.0790</u>
	<u>4/07-3/08</u>	<u>4/08-3/09</u>	<u>4/09-3/10</u>	<u>4/10-9/10</u>
<u>Actual</u>	<u>Pool 1</u> <u>Pool 2</u>	<u>Pool 1</u> <u>Pool 2</u>	<u>Pool 1</u> <u>Pool 2</u>	<u>Pool 1</u> <u>Pool 2</u>
Inpatient	0.9311 1.0968	0.9791 1.5212	1.2051 1.1139	0.9826 0.5338
Outpatient	1.2178 0.9287	1.0876 1.1530	0.9648 1.1823	1.0571 1.0483
Surgical/Medical	1.0762 1.0563	1.0451 1.0511	1.0503 1.0633	0.9237 1.0163
Pharmacy	1.0961 1.0465	1.1290 1.0737	1.1318 1.0161	1.2162 1.1396
<u>Total</u>	<u>1.0691</u> <u>1.0311</u>	<u>1.0586</u> <u>1.1585</u>	<u>1.0847</u> <u>1.0922</u>	<u>1.0367</u> <u>0.9077</u>

(1) All Actual trends are one year trends. The actual trends have been normalized for anticipated PMPM changes not related to utilization/mix of services or price increases. These are referred to as "claim adjustment factors" in the filing and include things such as mandated benefits and the impact of anticipated new brand name drugs being introduced to the market. This adjustment puts the actual and projected trends on a consistent basis.

	Adjusted Allowed Claims				Members	
	Inpatient	Outpatient	Surg/Med	Pharmacy	Total	Total
Apr-06	\$1,137,527	\$718,900	\$1,261,982	\$783,415	\$3,901,823	8,509
May-06	\$1,099,316	\$706,459	\$1,381,703	\$909,587	\$4,097,065	8,274
Jun-06	\$1,281,500	\$778,345	\$1,332,451	\$958,561	\$4,350,857	8,057
Jul-06	\$1,021,764	\$655,518	\$1,200,444	\$888,204	\$3,765,930	7,993
Aug-06	\$869,052	\$743,116	\$1,196,658	\$908,356	\$3,717,182	7,881
Sep-06	\$839,158	\$687,791	\$1,236,601	\$870,693	\$3,634,243	7,776
Oct-06	\$936,280	\$795,466	\$1,362,546	\$949,133	\$4,043,424	8,067
Nov-06	\$1,303,575	\$757,645	\$1,416,209	\$874,138	\$4,351,567	7,990
Dec-06	\$1,088,978	\$760,616	\$1,262,698	\$960,795	\$4,073,087	7,910
Jan-07	\$919,089	\$916,020	\$1,307,258	\$892,314	\$4,034,681	7,838
Feb-07	\$810,946	\$603,772	\$1,008,715	\$849,172	\$3,272,605	7,745
Mar-07	\$1,138,927	\$714,454	\$1,352,523	\$933,446	\$4,139,351	7,689
Apr-07	\$978,846	\$702,931	\$1,302,368	\$873,524	\$3,857,669	7,553
May-07	\$1,065,690	\$837,458	\$1,341,482	\$937,744	\$4,182,373	7,444
Jun-07	\$649,739	\$767,906	\$1,225,607	\$874,556	\$3,517,808	7,323
Jul-07	\$930,374	\$860,415	\$1,177,639	\$894,910	\$3,863,338	7,284
Aug-07	\$889,816	\$872,528	\$1,228,560	\$905,919	\$3,896,823	7,217
Sep-07	\$557,402	\$733,045	\$1,166,234	\$857,568	\$3,314,249	7,138
Oct-07	\$1,222,708	\$884,049	\$1,330,623	\$950,435	\$4,387,815	7,391
Nov-07	\$1,243,346	\$801,325	\$1,325,984	\$926,994	\$4,297,649	7,338
Dec-07	\$880,816	\$963,023	\$1,205,260	\$938,809	\$3,987,907	7,306
Jan-08	\$873,229	\$780,272	\$1,303,399	\$904,245	\$3,861,144	7,304
Feb-08	\$644,170	\$875,765	\$1,206,771	\$858,167	\$3,584,874	7,241
Mar-08	\$679,946	\$780,631	\$1,289,532	\$899,095	\$3,649,203	7,152
Apr-08	\$906,254	\$1,071,212	\$1,424,800	\$901,792	\$4,304,057	7,041
May-08	\$980,294	\$816,732	\$1,305,471	\$911,434	\$4,013,931	6,943
Jun-08	\$954,691	\$938,441	\$1,384,138	\$895,673	\$4,172,944	6,857
Jul-08	\$744,514	\$826,987	\$1,266,468	\$965,641	\$3,803,609	7,033
Aug-08	\$903,585	\$833,946	\$1,064,929	\$921,824	\$3,724,284	6,963
Sep-08	\$699,458	\$662,829	\$1,179,278	\$964,663	\$3,506,228	6,906
Oct-08	\$917,552	\$828,369	\$1,288,036	\$996,628	\$4,030,584	6,843
Nov-08	\$739,627	\$745,018	\$1,222,389	\$968,885	\$3,675,919	6,847
Dec-08	\$636,774	\$918,854	\$1,291,298	\$1,028,418	\$3,875,344	6,780
Jan-09	\$867,772	\$870,646	\$1,137,527	\$976,453	\$3,852,400	6,712
Feb-09	\$662,778	\$726,887	\$1,086,609	\$914,944	\$3,391,218	6,678
Mar-09	\$728,279	\$809,447	\$1,141,853	\$1,003,902	\$3,683,480	6,580
Apr-09	\$796,079	\$801,286	\$1,296,100	\$976,112	\$3,869,576	6,560
May-09	\$1,196,087	\$717,200	\$1,302,743	\$973,931	\$4,189,961	6,498
Jun-09	\$767,709	\$714,059	\$1,352,168	\$1,034,172	\$3,868,107	6,475
Jul-09	\$785,584	\$756,519	\$1,285,426	\$1,082,441	\$3,909,970	6,905
Aug-09	\$820,076	\$717,886	\$1,162,377	\$1,068,352	\$3,768,690	6,917
Sep-09	\$1,109,642	\$857,740	\$1,318,018	\$848,125	\$4,133,525	6,475

Oct-09	\$1,326,690	\$830,449	\$1,258,672	\$1,019,175	\$4,434,986	6,462
Nov-09	\$702,764	\$813,796	\$1,143,382	\$1,021,632	\$3,681,573	6,450
Dec-09	\$930,471	\$812,030	\$1,246,576	\$1,120,158	\$4,109,235	6,423
Jan-10	\$990,851	\$740,951	\$1,100,229	\$993,432	\$3,825,464	6,394
Feb-10	\$806,478	\$671,035	\$1,099,336	\$1,003,873	\$3,580,722	6,411
Mar-10	\$963,996	\$813,676	\$1,252,898	\$1,218,046	\$4,248,616	6,409
Apr-10	\$436,541	\$700,708	\$1,059,808	\$1,166,376	\$3,363,434	6,357
May-10	\$867,498	\$761,219	\$1,036,700	\$1,137,066	\$3,802,483	6,361
Jun-10	\$769,301	\$790,546	\$1,265,888	\$1,180,980	\$4,006,715	6,324
Jul-10	\$1,183,912	\$823,095	\$1,136,279	\$1,176,877	\$4,320,163	6,754
Aug-10	\$834,463	\$762,242	\$1,204,030	\$1,289,713	\$4,090,448	6,817
Sep-10	\$1,240,612	\$944,572	\$1,361,709	\$1,261,252	\$4,808,145	6,863

	Adjusted Allowed Claims				Members	
	Inpatient	Outpatient	Surg/Med	Pharmacy	Total	Total
Apr-06	\$243,955	\$292,384	\$479,864	\$174,863	\$1,191,066	6,685
May-06	\$138,766	\$297,323	\$532,984	\$209,342	\$1,178,415	6,630
Jun-06	\$132,970	\$298,813	\$487,294	\$232,880	\$1,151,957	6,599
Jul-06	\$280,763	\$319,266	\$464,274	\$193,225	\$1,257,527	6,535
Aug-06	\$423,976	\$229,233	\$456,203	\$213,781	\$1,323,192	6,483
Sep-06	\$185,814	\$260,614	\$503,103	\$199,472	\$1,149,003	6,424
Oct-06	\$80,258	\$248,763	\$490,098	\$205,786	\$1,027,890	6,451
Nov-06	\$208,244	\$285,990	\$550,628	\$214,944	\$1,250,647	6,411
Dec-06	\$234,902	\$313,537	\$550,502	\$202,263	\$1,313,885	6,366
Jan-07	\$70,653	\$278,417	\$529,884	\$202,263	\$1,081,216	6,433
Feb-07	\$125,914	\$222,479	\$450,034	\$199,502	\$997,930	6,389
Mar-07	\$178,226	\$274,944	\$505,352	\$209,973	\$1,168,495	6,419
Apr-07	\$179,259	\$265,162	\$536,916	\$209,209	\$1,190,547	6,487
May-07	\$176,565	\$291,252	\$550,476	\$234,445	\$1,252,737	6,548
Jun-07	\$103,421	\$264,266	\$502,748	\$212,382	\$1,082,817	6,596
Jul-07	\$174,193	\$241,694	\$506,438	\$230,224	\$1,152,548	6,643
Aug-07	\$180,795	\$241,285	\$495,838	\$224,211	\$1,142,130	6,625
Sep-07	\$204,520	\$233,559	\$442,017	\$199,302	\$1,079,397	6,590
Oct-07	\$253,938	\$268,496	\$604,499	\$220,901	\$1,347,835	6,680
Nov-07	\$141,015	\$280,509	\$561,893	\$218,487	\$1,201,904	6,661
Dec-07	\$141,989	\$229,077	\$498,269	\$218,038	\$1,087,373	6,659
Jan-08	\$145,581	\$326,191	\$619,696	\$231,416	\$1,322,883	6,755
Feb-08	\$465,586	\$276,343	\$598,043	\$212,780	\$1,552,753	6,802
Mar-08	\$427,925	\$249,391	\$590,342	\$236,796	\$1,504,453	6,854
Apr-08	\$211,977	\$304,718	\$636,797	\$230,749	\$1,384,241	6,884
May-08	\$232,941	\$282,783	\$563,638	\$233,704	\$1,313,067	6,918
Jun-08	\$194,250	\$299,842	\$528,905	\$236,258	\$1,259,255	6,943
Jul-08	\$286,409	\$309,916	\$562,962	\$231,952	\$1,391,239	7,119
Aug-08	\$835,515	\$298,743	\$591,046	\$245,208	\$1,970,511	7,132
Sep-08	\$272,043	\$316,375	\$672,276	\$263,933	\$1,524,627	7,078
Oct-08	\$225,513	\$318,883	\$648,438	\$260,811	\$1,453,645	7,076
Nov-08	\$327,127	\$250,328	\$600,324	\$245,629	\$1,423,408	7,080
Dec-08	\$244,232	\$350,077	\$589,440	\$280,332	\$1,464,081	7,078
Jan-09	\$386,423	\$383,454	\$639,394	\$264,811	\$1,674,081	7,191
Feb-09	\$426,448	\$368,664	\$595,369	\$265,874	\$1,656,356	7,231
Mar-09	\$555,331	\$400,237	\$646,275	\$265,035	\$1,866,877	7,253
Apr-09	\$218,857	\$395,017	\$712,820	\$276,130	\$1,602,824	7,293
May-09	\$209,964	\$348,430	\$595,132	\$259,981	\$1,413,508	7,392
Jun-09	\$563,762	\$389,297	\$690,373	\$269,204	\$1,912,636	7,456
Jul-09	\$348,028	\$368,712	\$726,799	\$258,627	\$1,702,167	7,720
Aug-09	\$1,281,222	\$377,857	\$614,011	\$275,762	\$2,548,851	7,814
Sep-09	\$395,153	\$453,614	\$700,604	\$220,692	\$1,770,063	7,538

Oct-09	\$294,709	\$463,266	\$711,585	\$267,580	\$1,737,140	7,563
Nov-09	\$500,196	\$407,256	\$700,233	\$273,851	\$1,881,536	7,557
Dec-09	\$324,879	\$476,918	\$777,276	\$307,539	\$1,886,612	7,584
Jan-10	\$309,872	\$365,062	\$679,373	\$282,678	\$1,636,985	7,758
Feb-10	\$276,042	\$396,878	\$626,590	\$291,118	\$1,590,628	7,777
Mar-10	\$296,237	\$486,233	\$766,881	\$314,889	\$1,864,240	7,755
Apr-10	\$184,029	\$427,342	\$701,840	\$286,952	\$1,600,164	7,729
May-10	\$185,898	\$432,972	\$667,743	\$297,790	\$1,584,403	7,741
Jun-10	\$363,645	\$424,509	\$709,860	\$307,579	\$1,805,594	7,677
Jul-10	\$250,755	\$345,818	\$641,351	\$292,983	\$1,530,907	7,756
Aug-10	\$325,223	\$431,896	\$721,663	\$327,387	\$1,806,168	7,720
Sep-10	\$338,698	\$440,535	\$759,554	\$307,275	\$1,846,061	7,653