

Direct Pay Data Request - 2010

AG

AG1 - 56

Regarding Exhibit 7 the Corporate Budget Reduction and plan to identify \$11 million of additional reductions that will lower the actual Direct Pay cost, when is this to take place and how much of the budget reduction is anticipated to be allocated to Direct Pay?

Person Responsible: Fogerty.D

Answer:

The amount of additional reductions to be identified has increased from \$11 million at the time the budget was created to approximately \$16 million in the final corporate budget. The process of identifying the \$11 million of additional reductions has been, and will be an ongoing process. The organization has formed an Administrative Expense Team comprised mainly of Assistant Vice Presidents that have been tasked with identifying the steps required to achieve the reductions and ensuring that these steps are taken.

We anticipate that the Direct Pay program will receive about 2% of the overall benefit from these reductions based upon their current overall share of operating expenses.

Blue Cross will be providing an updated budget in early January to reflect the impact of the final 2011 corporate budget.

- c. N. Benoit, Esquire
J. Cogan, Jr., Esquire
B. Niehus, FSA, MAAA

12/17/2010

Direct Pay Data Request - 2010
AG

AG1 - 56A

Supplement to the response to AG 1-56.

Person Responsible: Fogerty.D

Answer:

As mentioned in the response the AG 1-56, Blue Cross has updated the Direct Pay budget to reflect the impact of the final 2011 corporate budget. The attached exhibit reflects the updated budget numbers.

- c. N. Benoit, Esquire
J. Cogan, Jr., Esquire
B. Niehus, FSA, MAAA

01/05/2011

Blue Cross & Blue Shield of Rhode Island
Direct Pay - Comparison of CY11 Prior Budget to CY11 Revised Budget by Natural Account

	<u>CY2011 PRIOR</u>	<u>CY2011 BUDGET</u>	<u>Increase (Decrease)</u>	<u>%</u>
Salaries & Wages	\$1,917,513	\$2,008,649	\$91,136	4.8
Temporary Empl Serv	22,418	22,415	(3)	(0.0)
Fringe Benefits	751,449	751,958	509	0.1
Outside Services	607,520	497,279	(110,241)	(18.1)
Legal	104,318	103,200	(1,118)	(1.1)
Facilities & Occupancy	315,274	316,004	730	0.2
Equipment	152,223	155,232	3,009	2.0
Software	258,976	281,669	22,693	8.8
Insurance	31,049	27,183	(3,866)	(12.5)
Travel	22,596	25,299	2,703	12.0
Printing/Office Supplies	76,402	86,074	9,672	12.7
Postage	180,951	181,116	165	0.1
Telephone	88,830	86,238	(2,592)	(2.9)
Advertising & Public Relations	161,590	161,590	0	0.0
Corporate & Civic Dues	48,020	46,782	(1,238)	(2.6)
Vendor Fees	1,440,003	1,314,193	(125,810)	(8.7)
Other	134,725	114,349	(20,376)	(15.1)
Sub Total:	\$6,313,857	\$6,179,231	(\$134,626)	(2.1)
Beacon MHSA	36,553	36,553	0	0.0
Radiology Vendor Fee	45,256	45,256	0	0.0
Pharmacy Benefit Management	17,046	17,046	0	0.0
Billed Services	(14,534)	(14,534)	(0)	0.0
Sub Total (Lob):	\$6,398,178	\$6,263,552	(\$134,626)	(2.1)
Change In Claim Handling	4,500	4,500	0	0.0
Corporate Budget Reduction	(224,156)	(201,232)	22,924	
Total:	\$6,178,522	\$6,066,820	(\$111,702)	(1.8)
PCPM	\$51.30	\$50.37	(\$0.93)	(1.8)
Contract Months	120,441	120,441	0	0.0

Blue Cross & Blue Shield of Rhode Island
Direct Pay - Comparison of CY12 Prior Budget to CY11 Revised Budget by Natural Account

Natural Account	<u>CY2012 PRIOR</u>	<u>CY2012 BUDGET</u>	<u>Increase (Decrease)</u>	<u>%</u>
Salaries & Wages	\$1,955,863	\$2,048,822	\$92,959	4.8
Temporary Empl Serv	23,466	23,466	0	0.0
Fringe Benefits	781,192	781,721	529	0.1
Outside Services	619,670	507,224	(112,446)	(18.1)
Legal	105,404	104,264	(1,140)	(1.1)
Facilities & Occupancy	322,580	323,324	744	0.2
Equipment	155,268	158,337	3,069	2.0
Software	264,155	287,302	23,147	8.8
Insurance	31,670	27,727	(3,943)	(12.5)
Travel	23,048	25,805	2,757	12.0
Printing/Office Supplies	77,930	87,796	9,866	12.7
Postage	184,710	184,878	168	0.1
Telephone	90,607	87,963	(2,644)	(2.9)
Advertising & Public Relations	162,422	170,124	7,702	4.7
Corporate & Civic Dues	48,980	47,717	(1,263)	(2.6)
Vendor Fees	1,452,351	1,324,025	(128,326)	(8.8)
Other	137,696	116,864	(20,832)	(15.1)
Sub Total:	\$6,437,012	\$6,307,360	(\$129,653)	(2.0)
Beacon MHSA	36,516	36,516	0	0.0
Radiology Vendor Fee	45,211	45,211	0	0.0
Pharmacy Benefit Management	17,557	17,557	0	0.0
Billed Services	(14,970)	(14,970)	0	0.0
Sub Total (Lob):	\$6,521,327	\$6,391,674	(\$129,653)	(2.0)
Change In Claim Handling	4,590	4,590	0	0.0
Corporate Budget Reduction	(228,639)	(205,257)	23,382	
Total:	\$6,297,278	\$6,191,007	(\$106,271)	(1.7)
PCPM	\$52.34	\$51.45	(\$0.88)	(1.7)
Contract Months	120,321	120,321	0	0.0