

Polk HealthCare Plan Citizens Oversight Committee

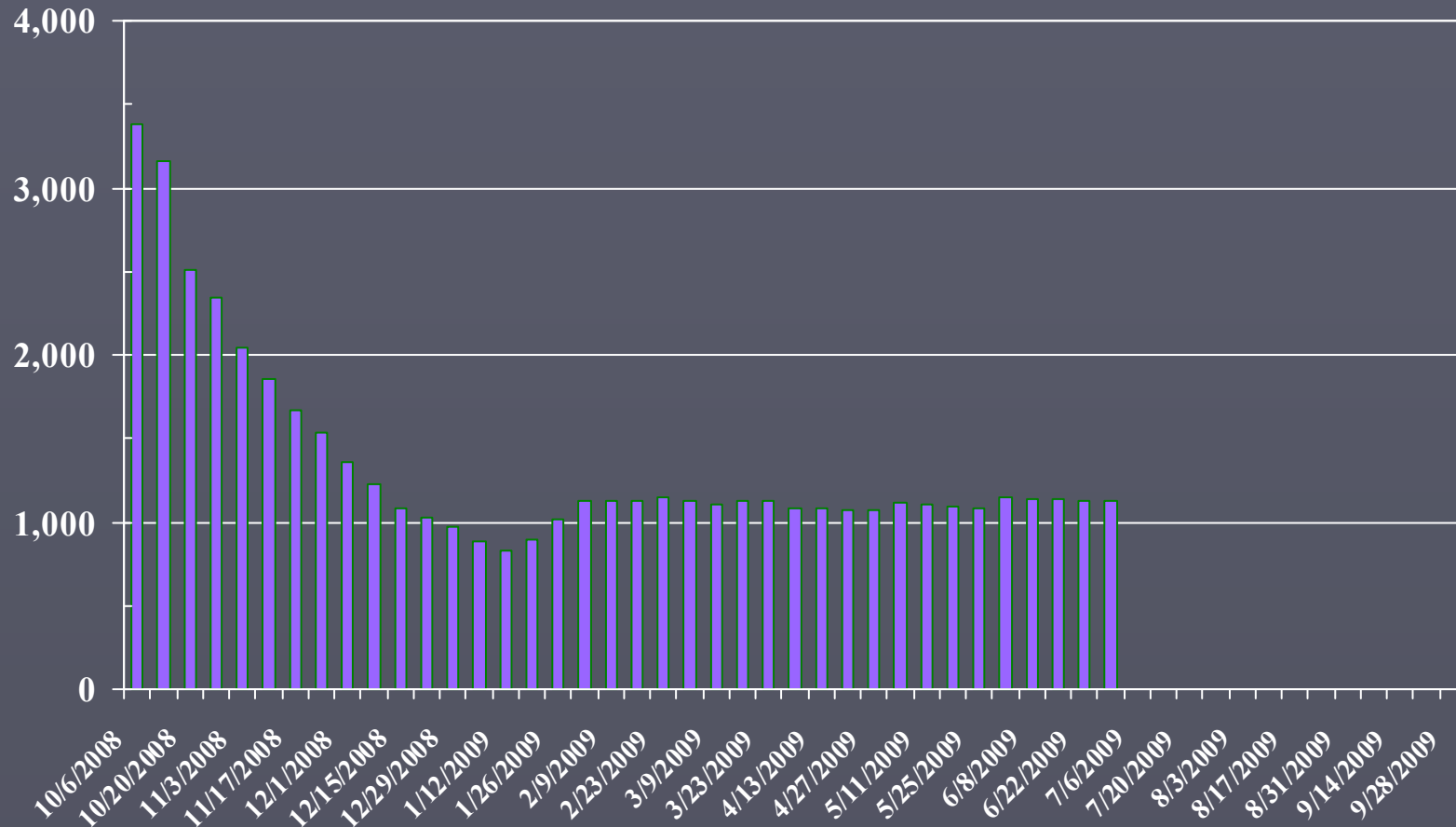
Financial Update

Jan Howell, J.D.

July 17, 2009

Polk Healthcare Plan

Average Daily Enrollment (FY2009)
2008-2009 Fiscal Year



Polk HealthCare Plan
Enrollment by Age
As of June 30, 2009

| AGE | ENROLLEES | % | AGE | ENROLLEES | % |
|------------|------------------|----------|--------------|------------------|-------------|
| 18 – 25 | 62 | 5.4% | 46 – 50 | 236 | 20.5% |
| 26 – 35 | 67 | 5.8% | 51 – 55 | 241 | 20.9% |
| 36 – 40 | 65 | 5.6% | 56 – 60 | 202 | 17.6% |
| 41 – 45 | 141 | 12.2% | 61 – 65 | 138 | 12.0% |
| | | | TOTAL | 1,152 | 100% |

Polk HealthCare Plan
Enrollment by Gender
As of June 30, 2009

| | | |
|--------------|--------------|-------------|
| MALE | 422 | 36.6% |
| FEMALE | 730 | 63.4% |
| TOTAL | 1,152 | 100% |

Polk HealthCare Plan
Enrollment by Ethnicity
As of June 30, 2009

| | | |
|------------------|--------------|-------------|
| Caucasian | 694 | 60.2% |
| African American | 264 | 22.9% |
| Hispanic | 188 | 16.4% |
| Other | 6 | 0.5% |
| TOTAL | 1,152 | 100% |

Polk HealthCare Plan Enrollment by Location As of June 30, 2009

| | | | | | | | | |
|--------------|-----|-------|---------------|----|------|---------------------|--------------|-------------|
| Lakeland | 329 | 28.7% | Kissimmee | 15 | 1.3% | Waverly | 3 | 0.2% |
| Winter Haven | 234 | 20.3% | Polk City | 15 | 1.3% | Eaton Park | 2 | 0.2% |
| Haines City | 113 | 9.8% | Fort Meade | 14 | 1.2% | Lake Hamilton | 2 | 0.2% |
| Auburndale | 95 | 8.2% | Dundee | 10 | 0.9% | Loughman | 2 | 0.2% |
| Bartow | 90 | 7.8% | Eagle Lake | 9 | 0.8% | Indian Lake Estates | 1 | 0.1% |
| Davenport | 65 | 5.6% | Babson Park | 5 | 0.4% | Kathleen | 1 | 0.1% |
| Lake Wales | 65 | 5.6% | Bradley | 4 | 0.3% | Alturas | 0 | 0.0% |
| Mulberry | 27 | 2.3% | Homeland | 4 | 0.3% | Bowling Green | 0 | 0.0% |
| Frostproof | 22 | 1.9% | Fed Haven | 3 | 0.3% | Nichols | 0 | 0.0% |
| Lake Alfred | 19 | 1.7% | Highland City | 3 | 0.3% | TOTAL | 1,152 | 100% |

Polk HealthCare Plan
 Medical Claims Per Member Per Month
 2008 – 2009 Fiscal Year

| Month/Year | Avg. Daily Enrollment | Medical Claims | Medical PMPM | Medical Rolling | |
|----------------|-----------------------|----------------|--------------|------------------|-------|
| | | | | PMPM (2 mo. Lag) | Trend |
| 2008-06 | 11,480 | \$3,317,511 | \$288.97 | \$307.54 | 30% |
| 2008-07 | 10,602 | \$3,166,477 | \$298.67 | \$301.62 | 23% |
| 2008-08 | 9,183 | \$3,604,156 | \$392.48 | \$299.88 | 18% |
| 2008-09 | 5,320 | \$2,932,757 | \$551.27 | \$288.05 | 10% |
| TOTAL FY08 | 134,998 | \$41,539,663 | \$307.70 | | |
| | | | | | |
| 2008-10 | 2,887 | \$1,854,735 | \$642.44 | \$266.96 | (4%) |
| 2008-11 | 1,768 | \$864,480 | \$488.96 | \$254.98 | (10%) |
| 2008-12 | 1,135 | \$688,929 | \$606.99 | \$253.55 | (11%) |
| 2009-01 | 941 | \$294,847 | \$313.33 | \$271.40* | (7%) |
| 2009-02 | 1,139 | \$355,878 | \$312.45 | \$260.29 | (13%) |
| 2009-03 | 1,113 | \$403,840 | \$362.84 | \$260.77 | (14%) |
| 2009-04 | 1,079 | \$370,482 | \$343.36 | \$265.77 | (12%) |
| 2009-05 | 1,094 | \$258,862 | \$236.62 | \$257.97 | (16%) |
| 2009-06 | 1,136 | \$303,223 | \$266.92 | \$256.99 | (16%) |
| TOTAL YTD FY09 | 12,292 | \$5,395,276 | \$438.93 | | |

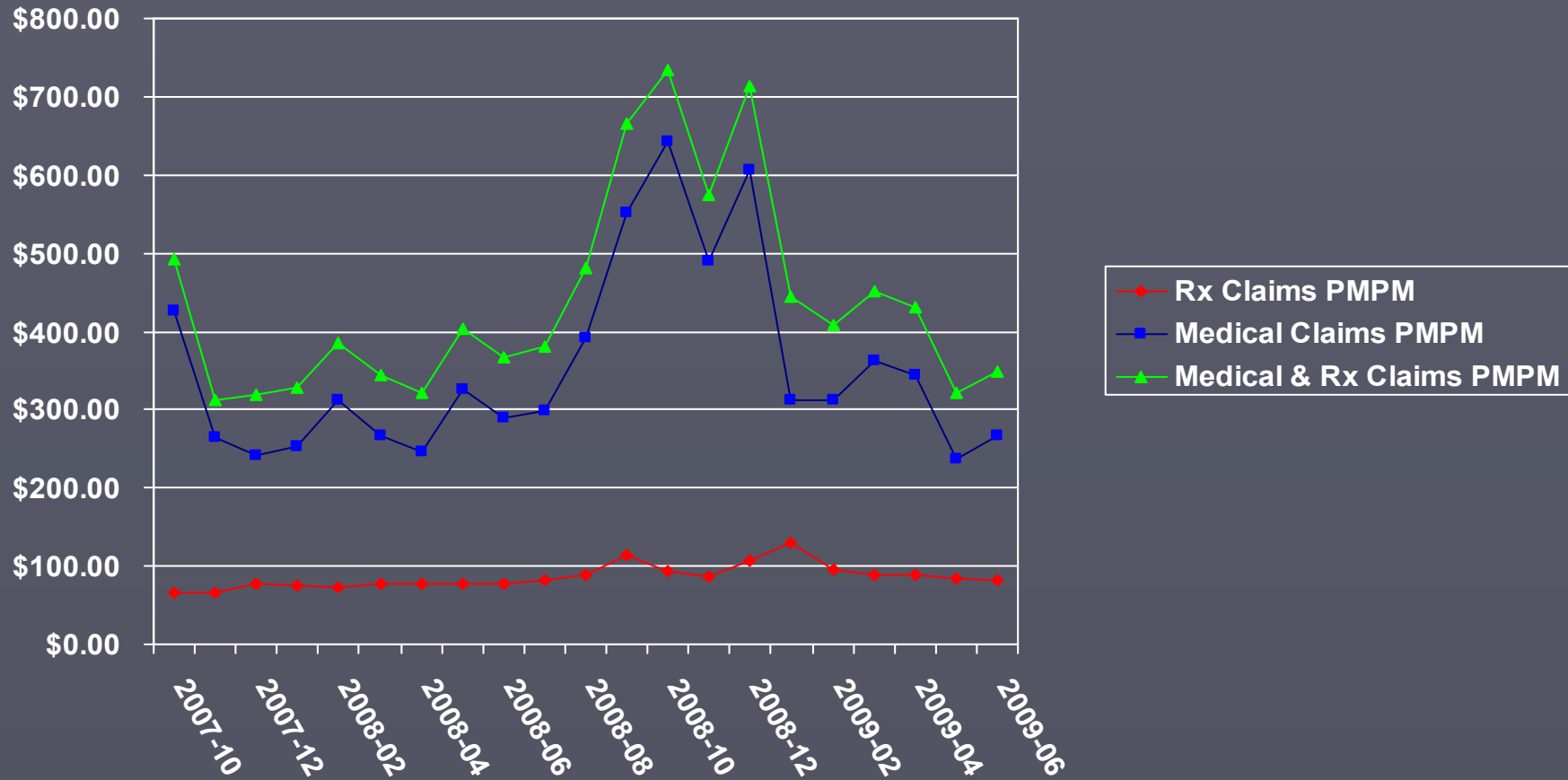
Polk HealthCare Plan
 Rx Claims Per Member Per Month
 2008 – 2009 Fiscal Year

| Month/Year | Avg. Daily Enrollment | Rx Claims | Rx PMPM | Rx Rolling | |
|----------------|-----------------------|--------------|----------|---------------------|-------|
| | | | | PMPM (2 mo. Lag) | Trend |
| 2008-06 | 11,480 | \$902,131 | \$78.58 | \$72.97 | 36% |
| 2008-07 | 10,602 | \$869,590 | \$82.02 | \$73.13 | 29% |
| 2008-08 | 9,183 | \$814,621 | \$88.71 | \$73.20 | 25% |
| 2008-09 | 5,320 | \$612,141 | \$115.06 | \$72.87 | 22% |
| TOTAL YTD | 134,998 | \$10,444,083 | \$77.36 | | |
| 2008-10 | 2,887 | \$266,646 | \$92.36 | \$69.98 | 16% |
| 2008-11 | 1,768 | \$151,855 | \$85.89 | \$68.56 | 11% |
| 2008-12 | 1,135 | \$120,752 | \$106.39 | \$67.96 | 7% |
| 2009-01 | 941 | \$123,023 | \$130.74 | \$72.76* | 11% |
| 2009-02 | 1,139 | \$110,036 | \$96.61 | \$64.89 | (4%) |
| 2009-03 | 1,113 | \$99,309 | \$89.23 | \$63.65 | (8%) |
| 2009-04 | 1,079 | \$94,957 | \$88.00 | \$62.39 | (12%) |
| 2009-05 | 1,094 | \$91,910 | \$84.01 | \$60.63 | (15%) |
| 2009-06 | 1,136 | \$91,927 | \$80.92 | \$58.67 | (19%) |
| TOTAL YTD FY09 | 12,292 | \$1,150,414 | \$93.59 | | |

Polk HealthCare Plan
Total Claims Per Member Per Month
2008 – 2009 Fiscal Year

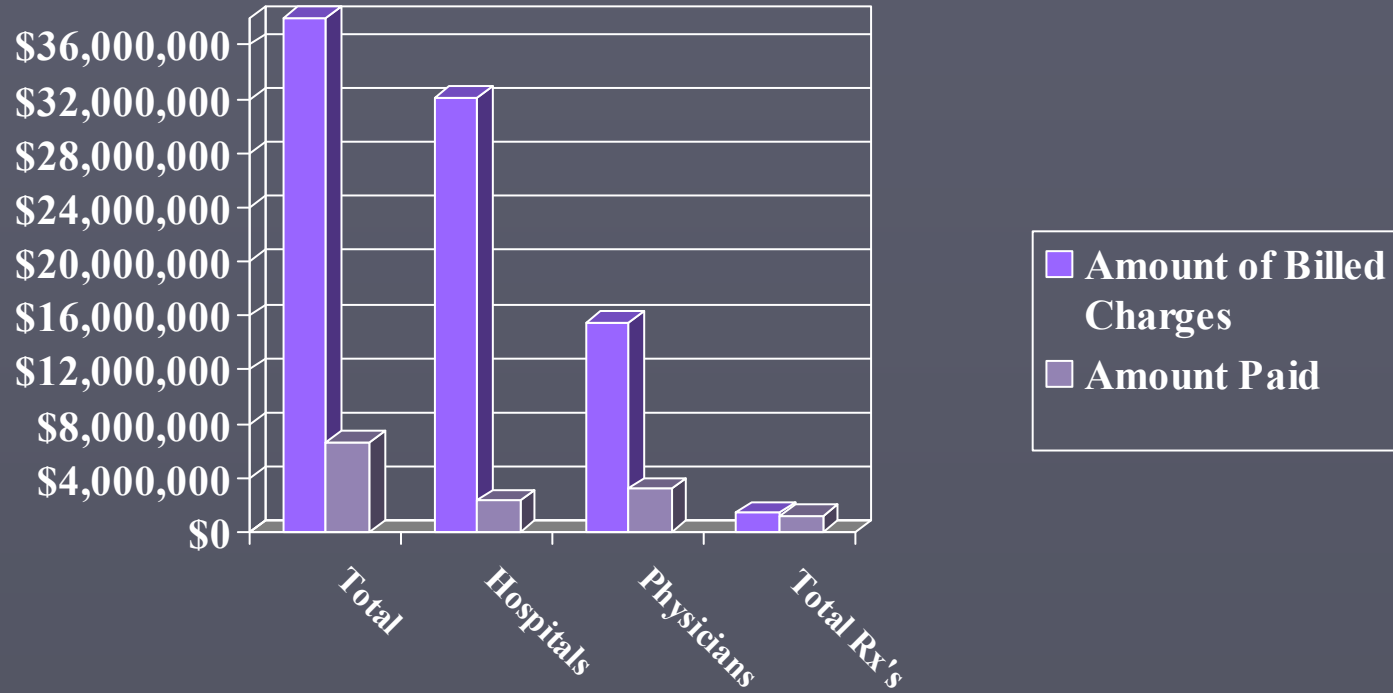
| Month/Year | Avg. Daily Enrollment | Total Claims | Total PMPM | Total Rolling | |
|------------|-----------------------|--------------|------------|---------------|-------|
| | | | | PMPM | Trend |
| 2008-06 | 11,480 | \$4,219,642 | \$367.56 | \$367.56 | 31% |
| 2008-07 | 10,602 | \$4,036,066 | \$380.69 | \$374.75 | 24% |
| 2008-08 | 9,183 | \$4,418,777 | \$481.19 | \$373.08 | 20% |
| 2008-09 | 5,320 | \$3,544,898 | \$666.33 | \$360.92 | 13% |
| TOTAL YTD | 134,998 | \$51,983,746 | \$385.07 | | |
| | | | | | |
| 2008-10 | 2,887 | \$2,121,381 | \$734.80 | \$336.94 | (1%) |
| 2008-11 | 1,768 | \$1,016,335 | \$574.85 | \$323.54 | (6%) |
| 2008-12 | 1,135 | \$809,681 | \$713.38 | \$321.51 | (8%) |
| 2009-01 | 941 | \$417,870 | \$444.07 | \$344.16 | (4%) |
| 2009-02 | 1,139 | \$465,914 | \$409.05 | \$325.17 | (12%) |
| 2009-03 | 1,113 | \$503,149 | \$452.07 | \$324.42 | (13%) |
| 2009-04 | 1,079 | \$465,439 | \$431.36 | \$328.16 | (12%) |
| 2009-05 | 1,094 | \$350,772 | \$320.63 | \$318.60 | (16%) |
| 2009-06 | 1,136 | \$395,150 | \$347.84 | \$315.65 | (17%) |
| TOTAL YTD | 12,292 | \$6,545,691 | \$532.52 | | |

Polk HealthCare Plan Per Member Per Month 2008 – 2009 Fiscal Year



Polk HealthCare Plan

Amount of Billed Charges vs. Amount Paid
 October 1, 2008 – June 30, 2009



| | <u>Total</u> | <u>Hospitals</u> | <u>Physicians</u> | <u>Total Rx's</u> |
|---------------------------|---------------|------------------|-------------------|-------------------|
| Amount Billed by Provider | \$ 48,969,529 | \$ 32,083,263 | \$15,463,687 | \$ 1,422,579 |
| Amount Paid to Provider | \$ 6,619,091 | \$ 2,290,873 | \$ 3,177,804 | \$ 1,150,414 |

Executive Quarterly Report

| Polk HealthCare Plan Quarterly Statement 10/1/08-6/30/09 | | | | |
|---|-----------------------|--|--|------------------------|
| | | | Actual R/E thru 6/30/2009 as of 7/10/09 | % of Budget |
| | FY 2009 Budget | | | |
| REVENUE | | | | |
| 1/2 cent sales surtax (8 months) | \$ 31,324,098 | | \$ 20,366,359 | |
| Refunds/reimbursements | 500,000 | | 523,921 | |
| Drug rebates | - | | 143,303 | |
| Pooled investment earnings | - | | 21,964 | |
| Other | - | | 40 | |
| Subtotal Revenue | 31,824,098 | | 21,055,587 | |
| Beginning Fund Balance | (8,280,528) | | (5,191,226) | |
| TOTAL REVENUE | \$ 23,543,570 | | \$ 15,864,361 | 67% |
| EXPENSES | | | | |
| Claims | 6,678,583 | | \$ 4,205,299 | |
| Reversal of prior year claims payable | | | (2,991,391) | |
| Prescriptions | 1,540,909 | | 1,059,830 | |
| Outreach Grants/Contracted Services | 3,560,297 | | 2,567,864 | |
| HCRA | 350,000 | | 455,719 | |
| Salary and fringe | 2,393,003 | | 1,532,865 | |
| Other operating expenses | 572,548 | | 414,136 | |
| Loan repayment | 7,000,000 | | - | |
| Interest | 611,221 | | - | |
| Subtotal Expenses | 22,706,561 | | 7,244,321 | |
| Reserves | 837,009 | | - | |
| TOTAL EXPENSES | \$ 23,543,570 | | \$ 7,244,321 | 31% |
| Loan to be Paid Back | | | \$ 12,191,226 | |
| Excess of Revenue over Expenses as of 6/30/09 | | | 13,811,266 | |
| FUND BALANCE | | | 1,620,040 | |

Executive Summary Report

| Demographic Summary For Medical | Prior Month | Current Month | Difference | Prior Plan Year | Plan Year to Date |
|---|-------------|---------------|-------------------------|----------------------|-------------------|
| Number of Polk HealthCare Plan Members | 1,092 | 1,125 | 3.0% | 19,031 | 3,592 |
| Percent Male Members | 37.2% | 36.5% | -0.6% | 38.1% | 36.7% |
| Percent Female Members | 62.8% | 63.5% | 0.6% | 61.6% | 63.3% |
| Average Age Range of Members | Ages 46-50 | Ages 46-50 | 0.3% | Ages 40-45 | Ages 46-50 |
| Key Financial Statistics | | | | | |
| Total Rx Paid Amount | \$91,910 | \$91,927 | 0.02% | \$10,444,083 | \$1,150,414 |
| Total Medical Paid Amount | \$375,122 | \$271,523 | -27.6% | \$41,255,659 | \$5,078,421 |
| Total Per Member Per Month/Plan Year | \$428 | \$323 | -24.5% | \$2,717 | \$1,734 |
| Key Medical Utilization Statistics | | | | | |
| Total Unique Medical Claimants | 929 | 705 | -31.8% | 17,210 | 5,345 |
| Inpatient Hospital Claims/1,000 Members per Month | 25.6 | 21.3 | -16.8% | 21.5 | 28.3 |
| Days of Care/1,000 Members per Month | 78.8 | 61.3 | -22.1% | 162.7 | 109.6 |
| Average Length of Stay | 3.1 | 2.9 | -6.4% | 7.6 | 3.9 |
| Physician Claims/1,000 Members per Month | 1,468.0 | 927.1 | -36.9% | 1,359.1 | 1,622.9 |
| ER Claims/1,000 Members | 64.1 | 48.0 | -25.1% | 60.8 | 89.0 |
| Financial Summary | | | | | |
| Primary Care = 39% of Physician Claims Paid Primary Care = 564 claims (\$80.71 Avg Per Claim) | | | Revenue | 15,864,361 | |
| Specialty Care=61% of Physician Claims Paid Specialty Care= 479 claims (\$147.19 Avg Per Claim) | | | (Expenditures) | 7,244,321 | |
| | | | Balance | 8,620,040 | |
| | | | Loan to be Paid | \$ 12,191,226 | |
| ** Provider Type Not a Hospital or Physician (ARNP, ASC, CRNA, Certified Surgical Technician, Dental, DME, Medical, Optical Supplies, Other, Pathology, PT, PA, Radiology, RN, Registered Nurse First Assistant, Shelter, Sleep Center, Therapy) | | | Claims Liability | \$ 799,000 | |

| Demographic Summary For Medical | DEFINITIONS/EXPLANATIONS |
|---|---|
| Number of Polk HealthCare Plan Members | Most health plans define their entire business by the number of members they serve annually or monthly. For others in healthcare, this generally serves as the comparison mark for profit margin, operational hurdles, etc. In Florida, there are many small managed care organizations due to Florida Medicaid awarding contracts to lots of managed care companies and third party administrators. |
| Percent Male Members | Generally men cost less than women in the healthcare arena. (Men may have chronic disease conditions but are generally more healthy.) |
| Percent Female Members | Women cost more in our health plan due to ob/gyn needs, as well as their vulnerability to the prevalent chronic disease conditions, such as diabetes, COPD (chronic Obstructive pulmonary disorder), asthma, CAD (coronary artery disease), CHF (congestive heart failure). |
| Average Age Range of Members | The older populations can be some of the most expensive to care for. In our population, many of our members need care even before their later years due to a heavy prevalence of chronic disease states. |
| Key Financial Statistics | |
| Total Rx Paid Amount | This figure represents the total amount the Polk HealthCare Plan paid out to Caremark CVS for pharmacy services during the month. |
| Total Medical Paid Amount | This figure represents the total amount the Polk HealthCare Plan paid out to physicians and hospitals for medical services during the month. |
| Total Per Member Per Month/Plan Year | This figure represents the total amount that the Polk HealthCare Plan paid out in average for each member for the month or the plan year. If you add the "Total Rx Paid Amount" and the "Total Medical Paid Amount", then divide it by the "Number of Polk HealthCare Plan Members", you will calculate the "Total Per Member Per Month" or "Total Member Per Plan Year". |
| Key Medical Utilization Statistics | |
| Total Unique Medical Claimants | This figure represents the total number of different people who had a claim for the month, whether it was approved or denied. The significance in this figure is that the health plan may have some members who did not receive services or have a claim, which would lower our costs and our Total Per |
| Inpatient Hospital Claims/1,000 Members per Month | Many health plans use this formula to track how much their members are using the inpatient hospital services. It is a key figure due to the fact that inpatient hospital services are generally the most expensive that a member can receive. It is preferable for the health plan to have services performed in a medical doctor's office or a surgical center or another type of outpatient setting because it is cheaper. |
| Days of Care/1,000 Members per Month | This is another way to monitor how expensive your members are with regard to the number of days that they require an inpatient hospital stay. |
| Average Length of Stay | The "Average Length of Stay" is another way to gauge what is normal in your particular community, locale, and in that particular hospital. |
| Physician Claims/1,000 Members per Month | This figure is a way to measure how much your members use physicians' services and how many of your members are using them. The ratio can show you that a small number of members are using all the services or that many members are using only a few services, or that there is a balanced ratio, which |
| ER Claims/1,000 Members | The "ER Claims/1,000 Members" is another way to gauge what is normal in your particular community, locale, and in that particular hospital. This could be particularly relevant if the hospitals in your areas have the busiest Emergency Departments in your region. |
| Primary Care = 35% of Total Physician Claims Paid | These figures regarding primary care will give us a way to gauge how much of the care provided is for primary care. It also demonstrates that primary care is generally less expensive if that is the care that is needed. If it is not the care needed, and specialty care is necessary, then it could be a quality of care issue not to have the appropriate specialty care available for coordination of care and continuity of care. This is one item we need to educate our community about so that everyone knows that there is a place for specialty care. |
| Primary Care = 783 Claims (\$81.84 Avg Per Claim) | The number of claims is not the same as the number of visits but is a good indicator of how much primary care is used in comparison to specialty care. |
| Specialty Care=65% of Total Physician Claims Paid | These figures regarding specialty care will give us a way to gauge how much of the care provided by Polk HealthCare Plan is specialty physician care. There may be a real need for specialty care. Also, there may be a fallacy of relying on the way our information is presented here. We rely on the providers to tell us what their specialty is. If they designate something other than primary care but still provide some basic primary care in the context of their specialty, we may not be "giving enough credit" to those physicians and be counting them solely as specialty physicians, when in fact they could be providing both primary and specialty care. It is really impossible to say that a specialist cannot or should not treat for something that a primary could treat for when the person also has a major issue and it wouldn't make sense to break these out. <i>In short, the claims system captures this information by specialty only, so what is actually occurring in practice, that a pulmonologist is also a primary care doctor 60% of the time---he just listed</i> |
| Specialty Care=758 Claims (\$158.54 Avg Per Claim) | The number of claims is not the same as the number of visits but is a good indicator of how much specialty care is used in comparison to primary care. |
| ** Provider Type Not a Hospital or Physician (ARNP, ASC, CRNA, Certified Surgical Technician, Dental, DME, Medical, Optical Supplies, Other, Pathology, PT, PA, Radiology, RN, Registered Nurse First Assistant, Shelter, Sleep Center, Therapy) | |
| Revenue \$12,902,029 | |
| (Expenditures) \$ 3,950,692 | |
| Balance \$ 8,951,337 | |
| Loan to be Paid \$ 12,191,226 | This is the amount that the Polk HealthCare Plan borrowed from the County out of the General Fund last year. |
| Claims Liability \$ 799,000 | This is the amount that remains to be paid back before FY 2009 ends. |

Questions?

- ▶ Jan Howell, Polk HealthCare Plan
- ▶ janhowell@polk-county.net
- ▶ (863) 534-5204