



STATE OF DELAWARE

TREND DRIVER ANALYSIS

APRIL 2015

ANALYTIC PARAMETERS

- The analysis was divided into two separate populations:
 - Actives and Early Retirees
 - Medicare Retirees
- Time Periods (unless otherwise specified)
 - **Prior Rolling Year (PRY)**: reflects claims incurred November 2012 through October 2013, paid through January 2015
 - **Current Rolling Year (CRY)**: reflects claims incurred November 2013 through October 2014, paid through January 2015
- Medical, mental health and prescription drug claims data
 - Does not include admin fees, fully-insured HMO premiums, vision or dental claims; data not offset by employee paycheck contributions
- High cost claimants defined as members who incurred \$100,000 or more in medical and drug net payments during the rolling year
- Normative comparisons were made to the State Government MarketScan™ norms.
- Health risk scores were calculated using DxCG's diagnostic cost groupings, which use demographics and diagnostic information to assess risk; risk score is the concurrent non-rescaled value (a value of 100 represents the average for the nationwide dataset on which the model was developed)

ACTIVES AND EARLY RETIREES

DEMOGRAPHICS

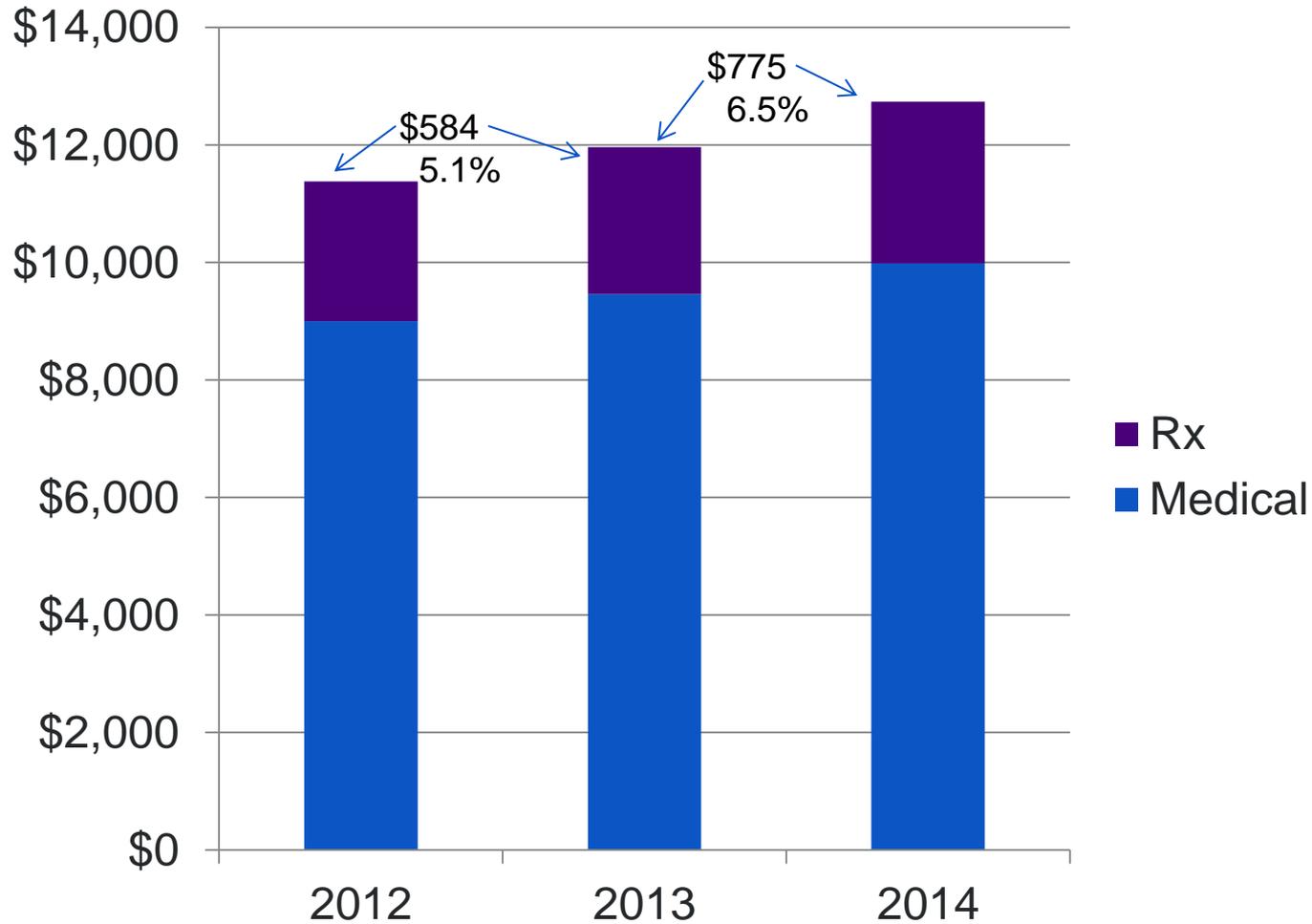
ACTIVES AND EARLY RETIREES

	2012	2014	% Change
Employees (Average)	42,743	42,985	1%
Average Family Size	2.22	2.24	1%
Average Age			
Employees	47.2	47.2	0%
Members	35.2	35.0	-1%
Gender: % Male			
Employees	39%	39%	0 pts
Members	46%	46%	0 pts
Health Risk*			
Employees	123	134	9%
Members	98	105	7%

Were there changes to the State of Delaware demographic profile?

- Employees increased only 1% to 42,985 between 2012 and 2014
- The population's illness burden, measured by the DCG risk score, increased 9% for employees and 7% for members

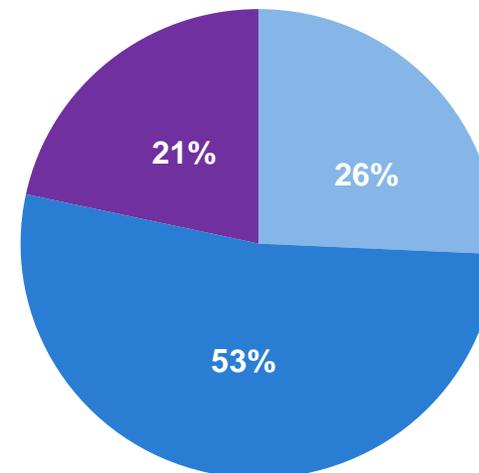
TREND OVERVIEW - MEDICAL & RX COMBINED ACTIVES AND EARLY RETIREES



MEDICAL AND PRESCRIPTION DRUG COSTS 2013 – 2014 ACTIVES AND EARLY RETIREES

Net Payments per Employee			
	PRY	CRY	% Change
Medical	\$9,459	\$9,985	6%
Inpatient	\$3,035	\$3,276	8%
Outpatient	\$6,424	\$6,709	4%
Prescription Drug	\$2,505	\$2,754	10%
Total	\$11,964	\$12,739	6%

Net Payments in CRY
 ■ Inpatient ■ Outpatient ■ Prescription Drug



How did plan costs trend year-over-year for State of Delaware?

- Delaware net payments increased 6% in 2014
- Inpatient spend PEPY increased 8% to \$3,276
- Outpatient care, which accounted for 53% of 2014 spend, trended at a 4% rate. Further analysis shows that price was the main driver of this trend. Outpatient service utilization declined during this period.
- Prescription drug spend increased 10% in 2014

COMPARISON TO OTHER STATE EMPLOYERS¹ 2013 – 2014 ACTIVES AND EARLY RETIREES

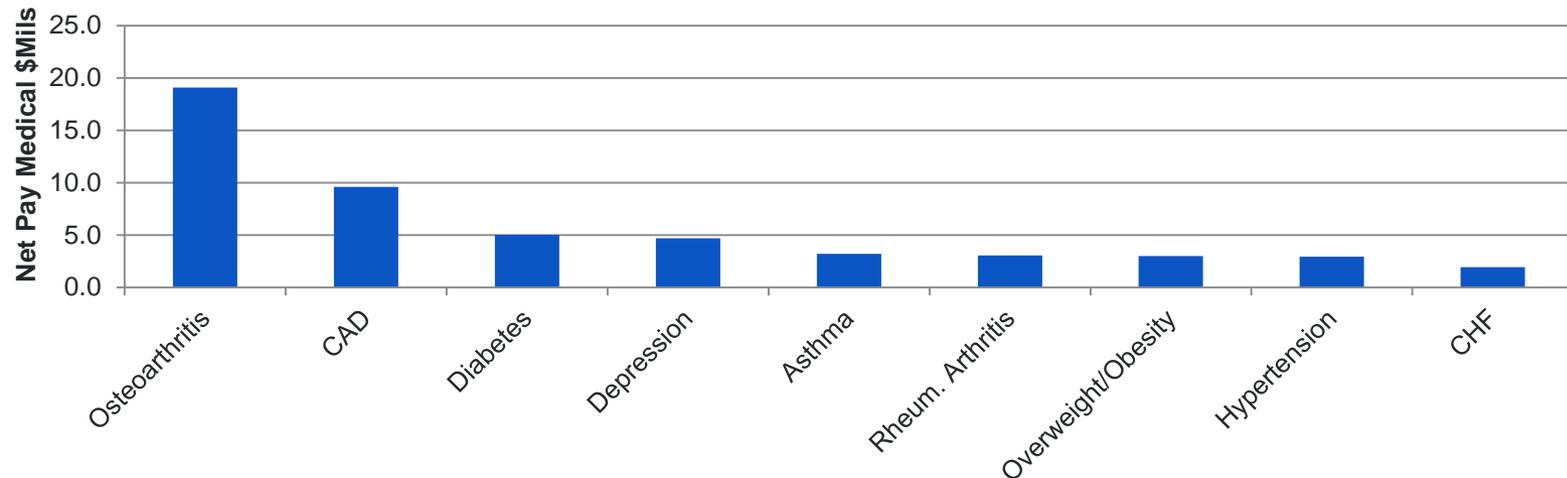
		Cost, Use, and Price Rates*			Trends**		
		State of Delaware	Norm	Comparison	State of Delaware	Norm	
		● Above Norm ◎ Below Norm ✦ Similar to Norm (<i>within 2%</i>)					
Medical	Medical: Allowed Amounts per Member	\$4,853	\$3,980	●	3%	3%	
	Medical: Net Payments per Member	\$4,467	\$3,256	●	6%	2%	
	Inpatient: Admits per 1,000 Members	68	56	●	0%	-2%	
	Inpatient: Average Length of Stay	4.7	3.9	●	14%	1%	
	Inpatient: Allowed Amounts per Admit	\$21,917	\$19,925	●	4%	4%	
	Outpatient: Services per Member	27.2	27.2	✦	-3%	2%	
	Outpatient: Allowed Amounts per Service	\$122	\$103	●	5%	1%	
Rx	Rx: Allowed Amounts per Member	\$1,384	\$958	●	8%	3%	
	Rx: Net Payments per Member	\$1,232	\$773	●	10%	6%	
	Rx: Allowed Amount per Days Supply	\$3.26	\$2.63	●	8%	5%	
	Rx: Days Supply per Member	424	364	●	1%	-1%	

How does State of Delaware compare to other State Employers?

- Delaware compared unfavorably to other State Employers in medical cost and utilization.
- Delaware average length of stay rate increased by 14%, which was well above the norm.
- The price per drugs per day supply increased significantly by 8%.

CHRONIC CONDITION COST 2013 – 2014 ACTIVES AND EARLY RETIREES

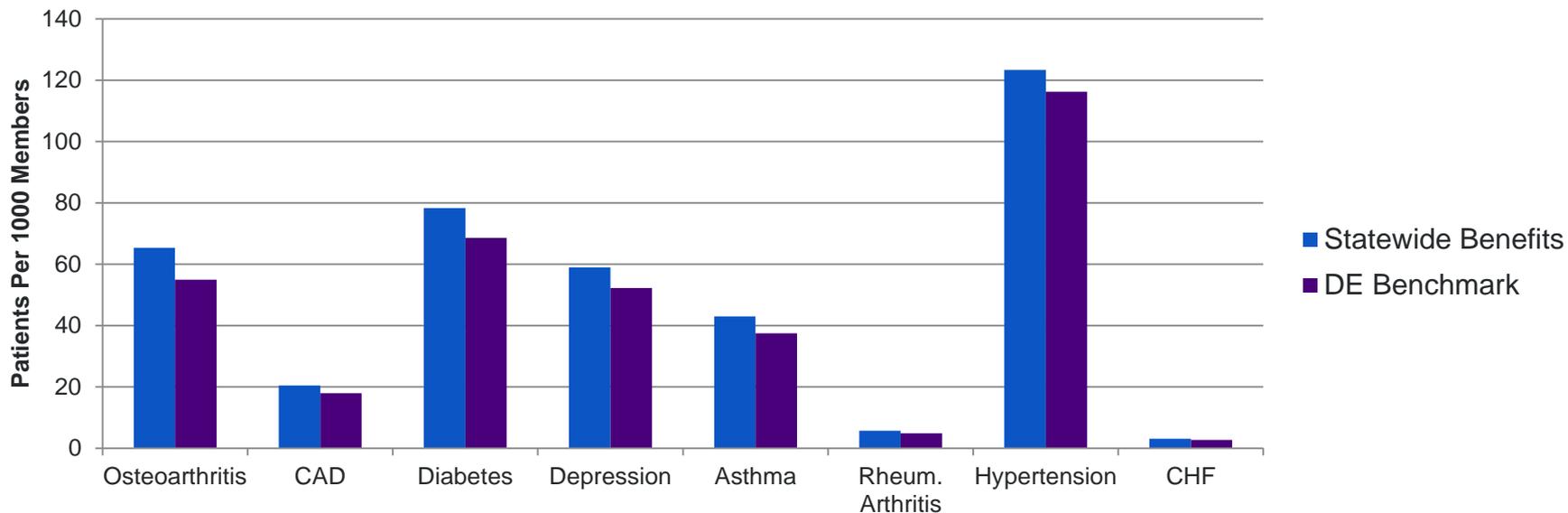
Chronic Condition Cost



What chronic health conditions drive State of Delaware's comparative high cost?

- Spending on Osteoarthritis and Coronary Artery Disease exceeds the next 7 conditions combined
- Nearly all of these conditions are related to overweight and inactivity

CHRONIC CONDITION PREVALENCE 2013 – 2014 ACTIVES AND EARLY RETIREES



How does chronic health condition prevalence compare to the State of Delaware's benchmarks?

- The Statewide Benefits population reflects a higher prevalence of every chronic condition compared to the Delaware state average
- Prevalence for all conditions are 10% or more above the state average (except hypertension which is only 6.1% higher)
- Active only population demonstrates very similar (or worse) chronic condition prevalence

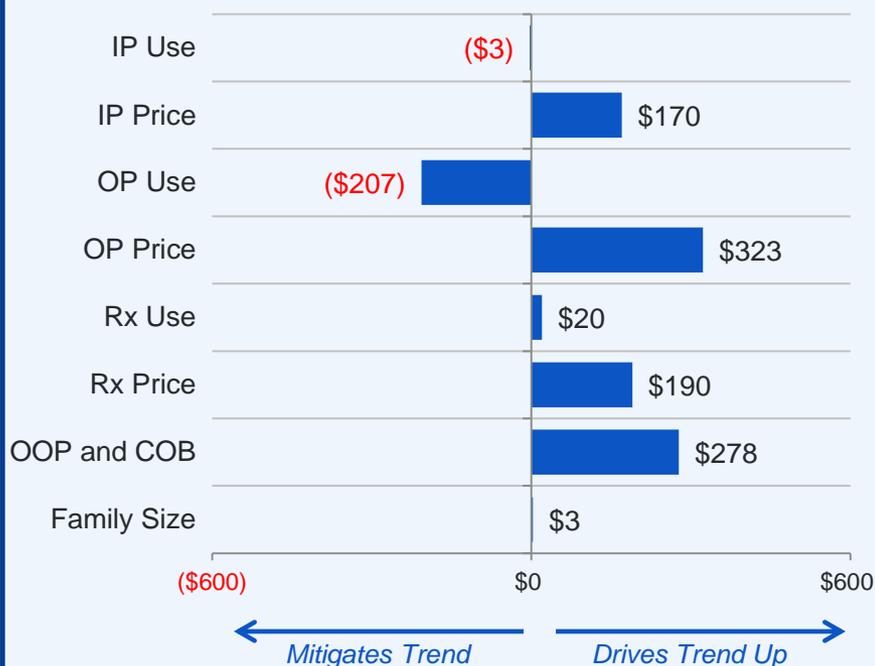
DRIVERS OF NET PAYMENT PEPY TREND

2013 – 2014 ACTIVES AND EARLY RETIREES

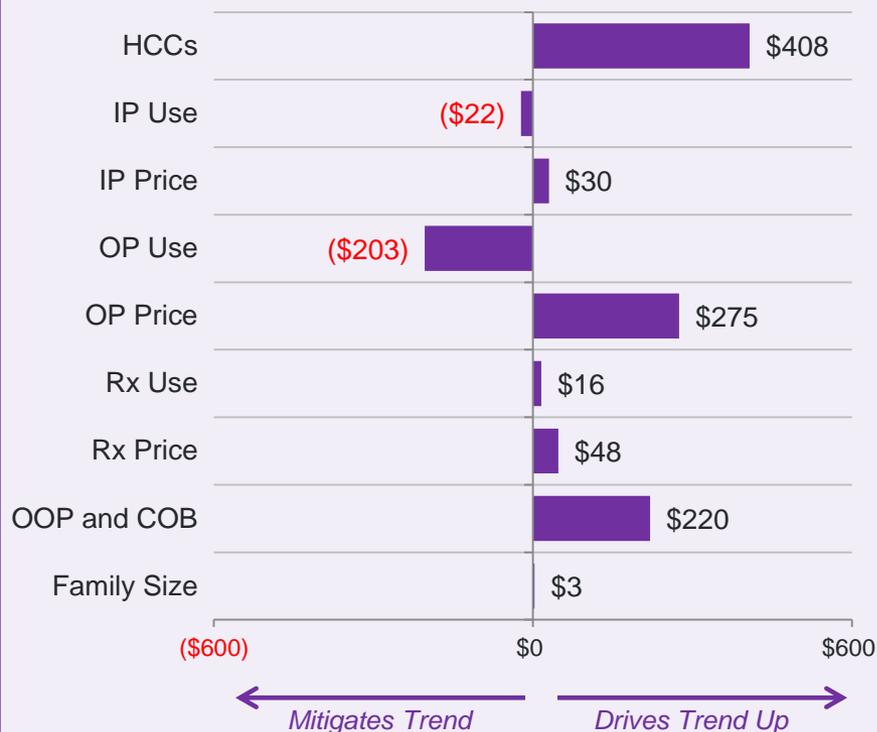
State of Delaware net payments increased **\$775** per employee in the current year

Net Payment PEPY in CRY = \$12,739
 PRY-to-CRY Trend = 6.5%

The factors driving this increase **before** breaking out the impact of high cost claimants:



The factors driving this increase **after** breaking out the impact of high cost claimants*:

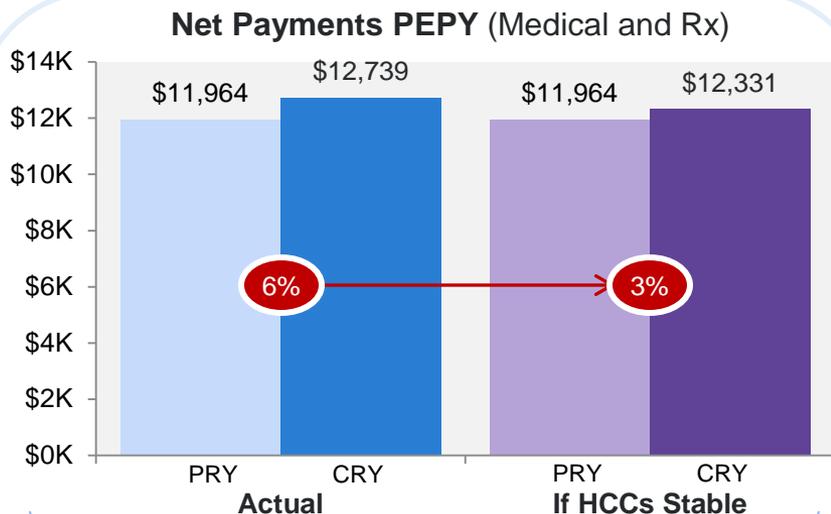


IP = Inpatient; OP = Outpatient; Rx = Prescription Drug; OOP = Employee Out of Pocket; COB = Coordination of Benefits (e.g., Medicare)

ACTIVE/EARLY RETIREE KEY FINDINGS

- The spike in medical/Rx combined trend in the most recent 12 month incurred claims period is primarily driven by the following 3 cost drivers:
 1. High cost claimants
 - Specific conditions impacting 2014 included newborns, renal function failure, and chemotherapy.
 2. Outpatient price
 - While the utilization of out-patient services decreases, that reduction was more than offset by increased price per service with double digit percentage increases experienced across a wide range of high dollar volume service categories
 3. Third party payments
 - This reduction in collected payments (e.g., COB) accounts for 28% of the year-to-year increase in Net Payments
- Other key findings for the 2013-2014 trend
 - Overall inpatient net costs were 8% higher in 2014 (driven by higher price per admission).
 - Prescription drug net costs increased 10% during this time driven by higher drug prices (per day supply), and rapidly growing specialty drug spend.

IMPACT OF HIGH COST CLAIMANTS – ACTIVES AND EARLY RETIREES



What were the high cost claimant (HCC) prevalence, cost and condition trends?

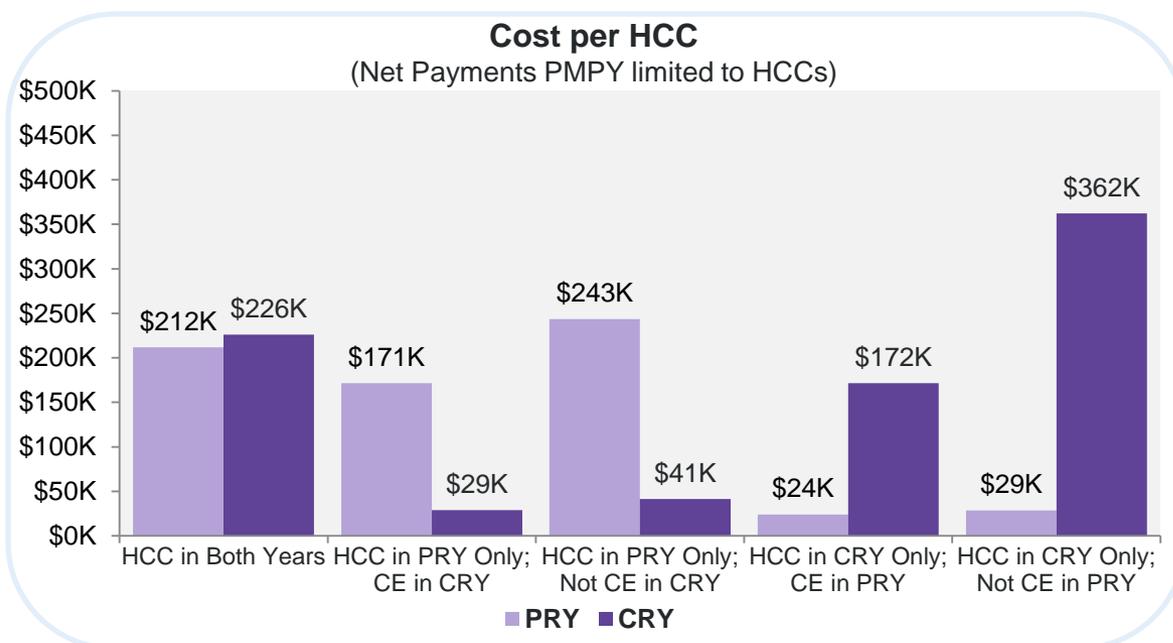
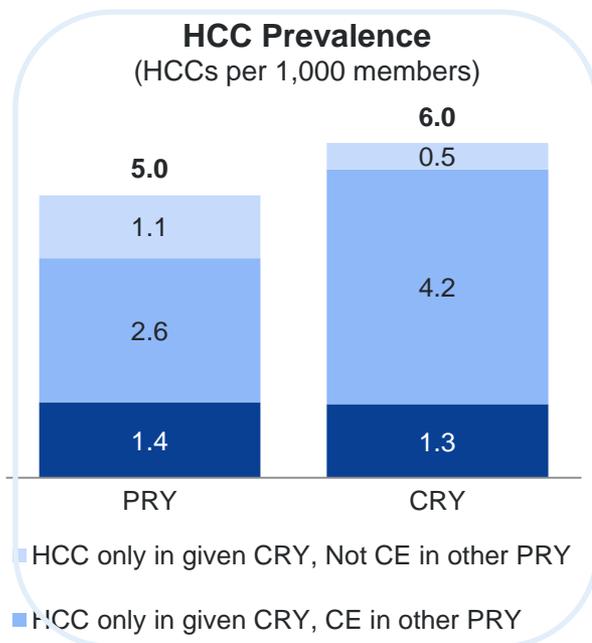
- High cost claimant experience was a major driver of trend in 2014.
- Highly expensive newborn deliveries accounted for the 2nd most expensive HCC condition in 2014 with \$4.4 million.

PRY Top Clinical Conditions		HCC Med \$		Top Medical Conditions for HCCs (based on medical net payments)	CRY Top Clinical Conditions		HCC Med \$	
HCCs in PRY	Coronary Artery Disease	\$4.7M	5%			HCCs in CRY	Renal Function Failure	\$4.6M
	Renal Function Failure	\$3.9M	4%	Newborns, w/wo Complication			\$4.4M	4%
	Condition Rel to Tx - Med/Surg	\$3.9M	4%	Chemotherapy Encounters			\$4.1M	4%
	Infections, NEC	\$3.6M	4%	Cardiovasc Disord, Congenital			\$3.8M	4%
	Cancer - Nonspecified	\$3.3M	4%	Coronary Artery Disease			\$3.7M	4%
	All Other	\$70.3M	78%	All Other			\$80.5M	80%

HIGH COST CLAIMANTS YEAR-TO-YEAR COMPARISON – ACTIVES AND EARLY RETIREES

What happened to HCCs and their HCC status between the PRY and the CRY?

- There was a significant HCC experience in 2014 from members who either were not continuously enrolled last year, or were enrolled without HCC experience.
 - The average cost for HCCs increased to \$365,000 in the current year.



CE = Continuously Enrolled in Self-Insured Medical Plan with Active status for 12 months

HCC in Both Years: Members who were HCCs in both the PRY and the CRY

HCC only in given RY, CE in other RY: Members who were HCCs in one time period but not the other, despite being continuously enrolled in a self-insured medical plan with active status for the entire year that they were not high cost

HCC only in given RY, Not CE in other RY: Members who were HCCs in one time period but not the other—these members were not continuously-enrolled in a self-insured medical plan with active status for the year that they were not high cost

HIGH COST CLAIMANTS YEAR-TO-YEAR COMPARISON (cont'd) ACTIVES AND EARLY RETIREES

Did the percent of medical spend related to chronic conditions differ between repeat and new HCCs?

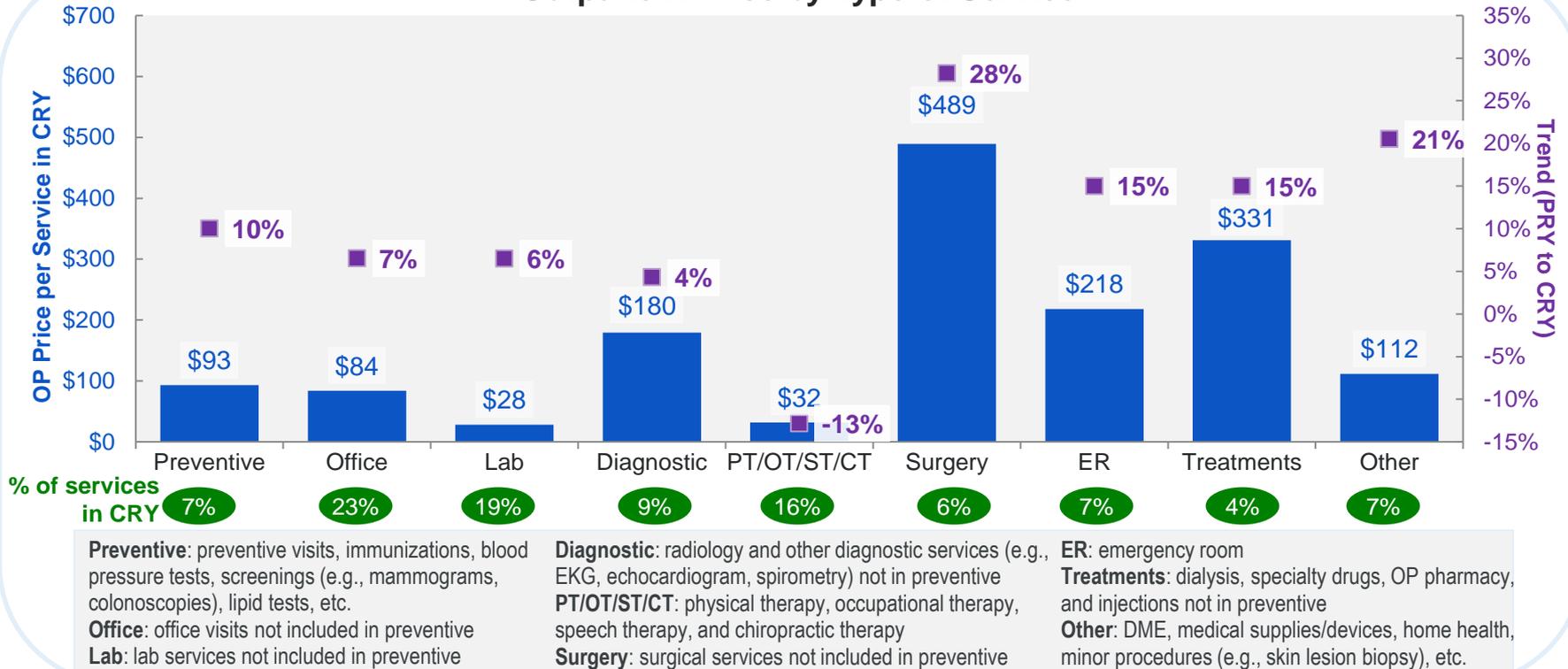
- HCCs in the prior year experienced higher costs in the current year for certain conditions (Renal Function Failure, Chemotherapy)
- Newborn HCCs in 2014 cost \$4.3 million (79% higher than in 2013)

		Clinical Condition in PRY	Net Pay Med
HCC in CRY and in PRY		Renal Function Failure	\$2.1M 8%
		Cancer - Nonspecified	\$1.4M 6%
		Cardiovasc Disord, Congenital	\$1.1M 4%
		Chemotherapy Encounters	\$1.0M 4%
		Hematologic Disord, Congenital	\$0.9M 4%
		All Other	\$18.4M 74%
	HCC in PRY only; CE in CRY		Coronary Artery Disease
		Newborns, w/wo Complication	\$2.4M 6%
		Cardiac Arrhythmias	\$2.4M 6%
		Condition Rel to Tx - Med/Surg	\$2.0M 5%
		Signs/Symptoms/Oth Cond, NEC	\$1.8M 4%
		All Other	\$28.2M 70%
HCC in PRY only; Not CE in CRY			Cancer - Nonspecified
		Infections, NEC	\$1.7M 7%
		Condition Rel to Tx - Med/Surg	\$1.2M 5%
		Chemotherapy Encounters	\$1.2M 5%
		Renal Function Failure	\$1.0M 4%
		All Other	\$17.7M 72%

		Clinical Condition in CRY	Net Pay Med
HCC in CRY and in PRY		Renal Function Failure	\$3.0M 12%
		Chemotherapy Encounters	\$1.4M 5%
		Lipid Disorders	\$1.3M 5%
		Cardiovasc Disord, Congenital	\$1.1M 4%
		Hematologic Disord, Congenital	\$0.9M 4%
		All Other	\$17.5M 69%
	HCC in CRY only; CE in PRY		Cerebrovascular Disease
		Coronary Artery Disease	\$3.0M 5%
		Spinal/Back Disord, Low Back	\$2.7M 4%
		Cancer - Breast	\$2.6M 4%
		Signs/Symptoms/Oth Cond, NEC	\$2.3M 4%
		All Other	\$46.5M 77%
HCC in CRY only; Not CE in PRY			Newborns, w/wo Complication
		Cardiovasc Disord, Congenital	\$2.4M 16%
		Tumors - Central Nervous Sys	\$709K 5%
		Respiratory Disord, NEC	\$505K 3%
		Chemotherapy Encounters	\$490K 3%
		All Other	\$7.1M 46%

OUTPATIENT PRICE: 2013 – 2014 ACTIVES AND EARLY RETIREES

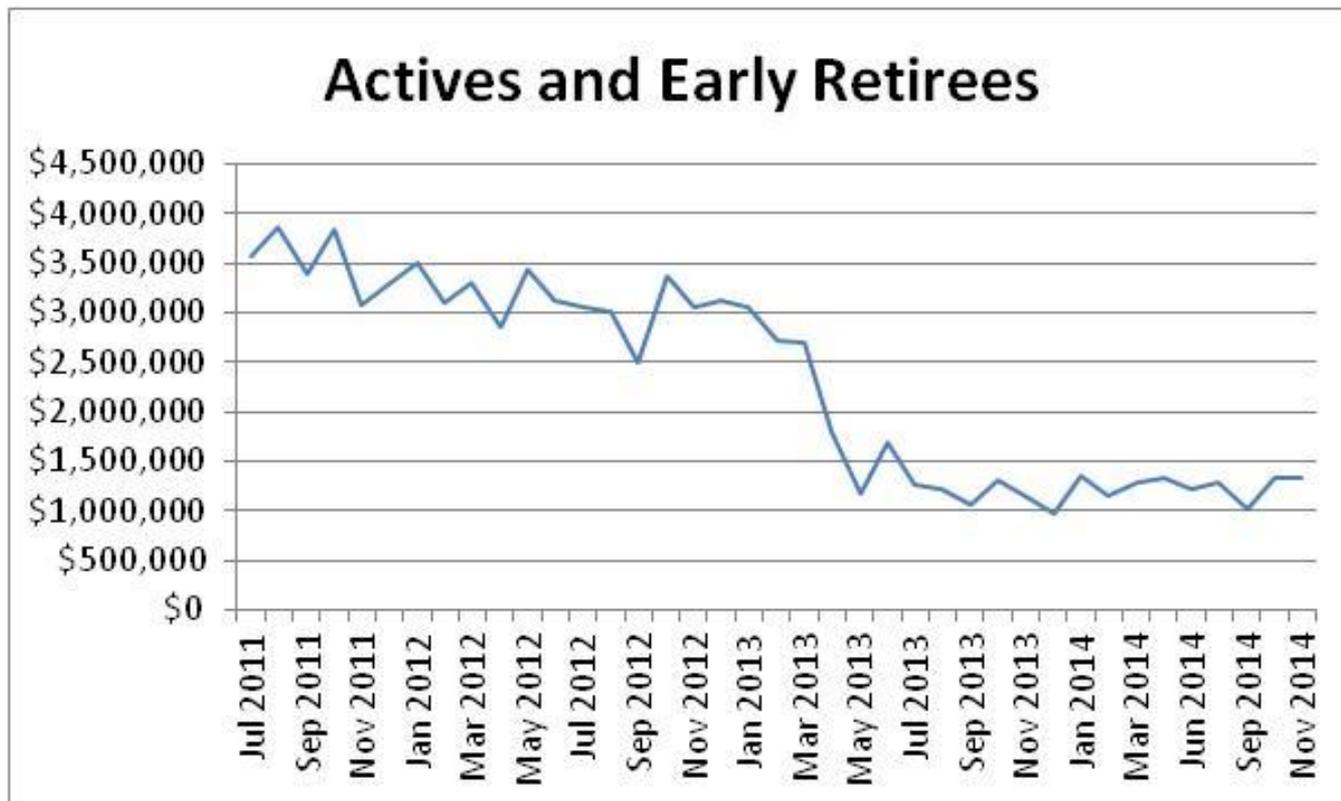
Outpatient Price by Type of Service



What were the primary drivers of the 5% increase in outpatient price (to \$122 per service)?

- Surgery and Other prices were the main cost drivers to outpatient prices.

COORDINATION OF BENEFITS – ACTIVES AND EARLY RETIREES



- Active and Early Retiree third party payments decreased 34% between March 2013 and April 2013.
- The result of this large change was a cost increase to the State of Delaware of \$220 PMPY.

PRESCRIPTION DRUG EXPERIENCE: 2013 – 2014

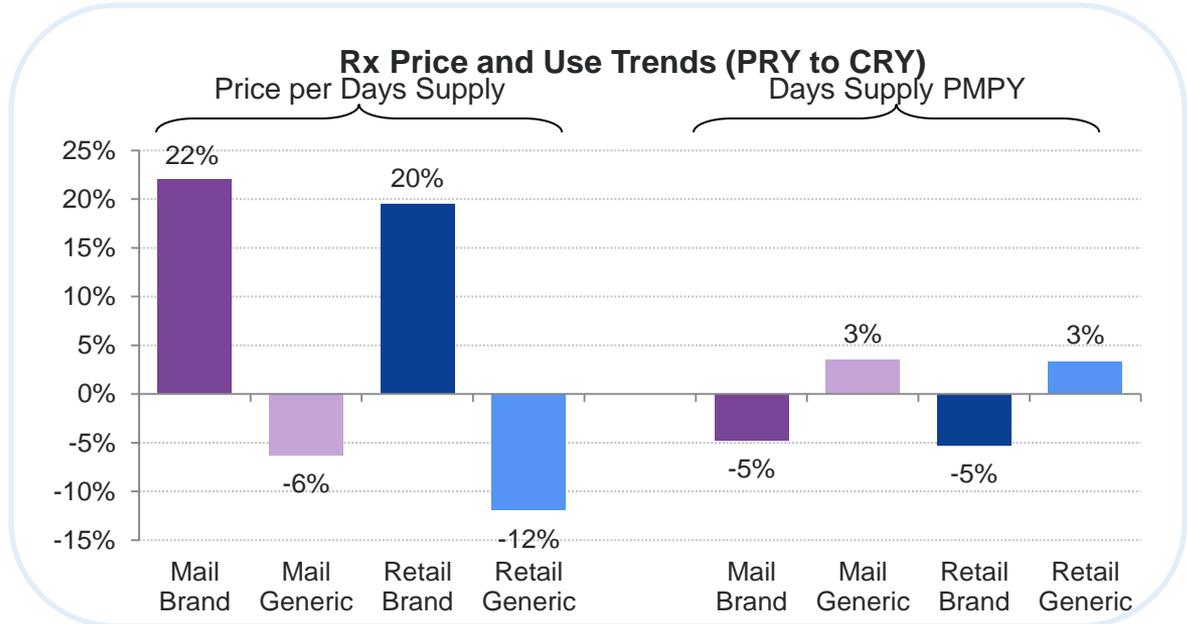
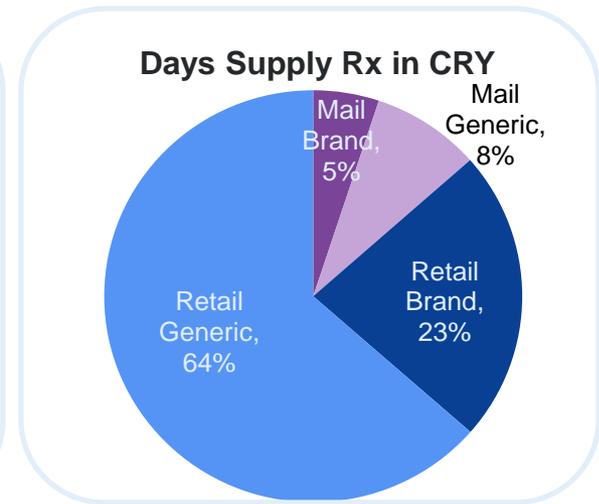
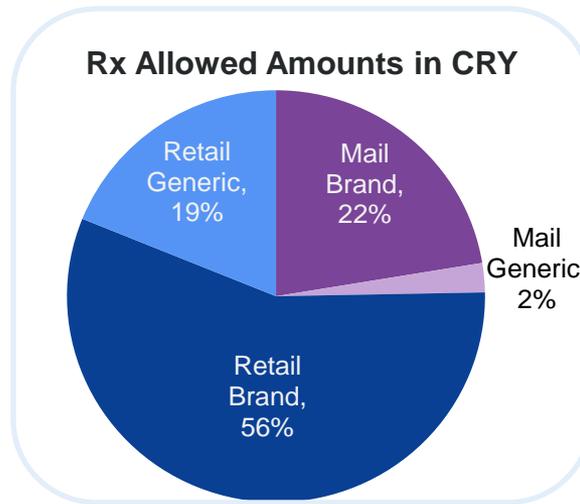
ACTIVES AND EARLY RETIREES

What were the primary drivers of the 8% increase in prescription drug price?

- Brand name drug prices per day supply continue to drive overall prescription drug price.

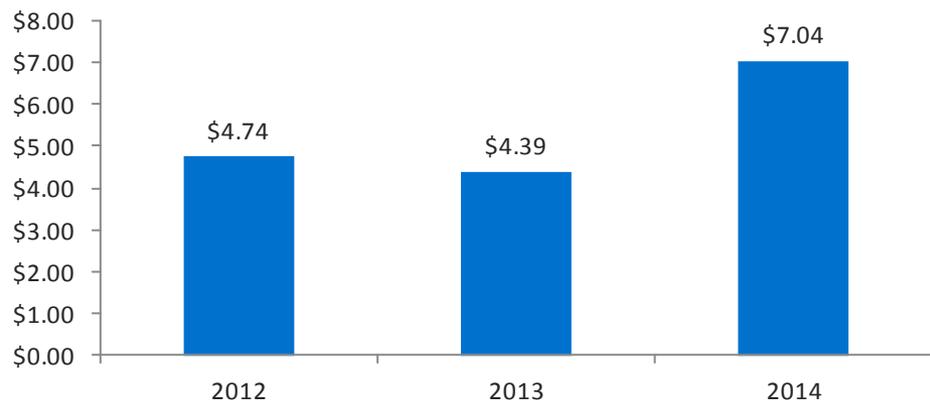
What were the primary drivers of the 1% increase in prescription drug use?

- Fortunately Delaware has seen a decrease in brand name drug use (-5%). There was a 3% increase in generic drug use during this time.

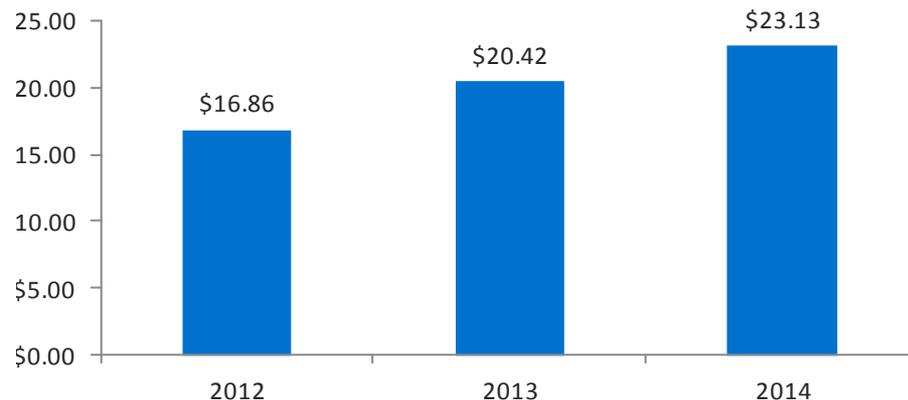


DRILL DOWN: PRICE PER DAY SUPPLY – ACTIVES AND EARLY RETIREES

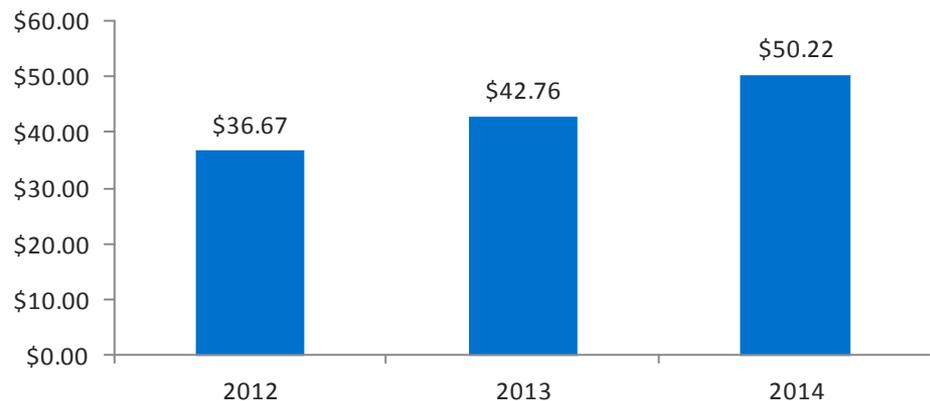
Anti-Infective Agents Net Pay per Day Supply



Antineoplastic Agents Net Pay per Day Supply

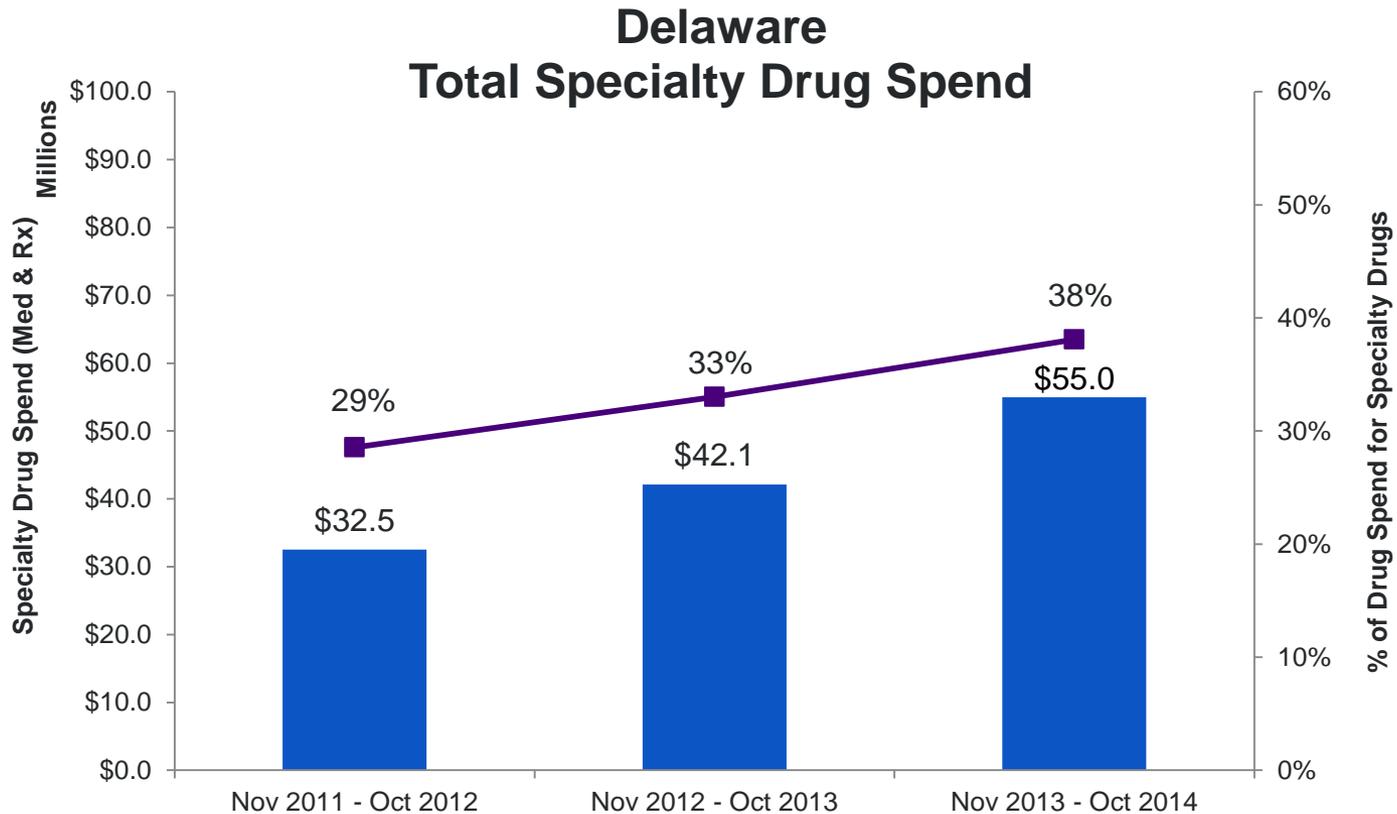


Immunosuppressants Net Pay per Day Supply



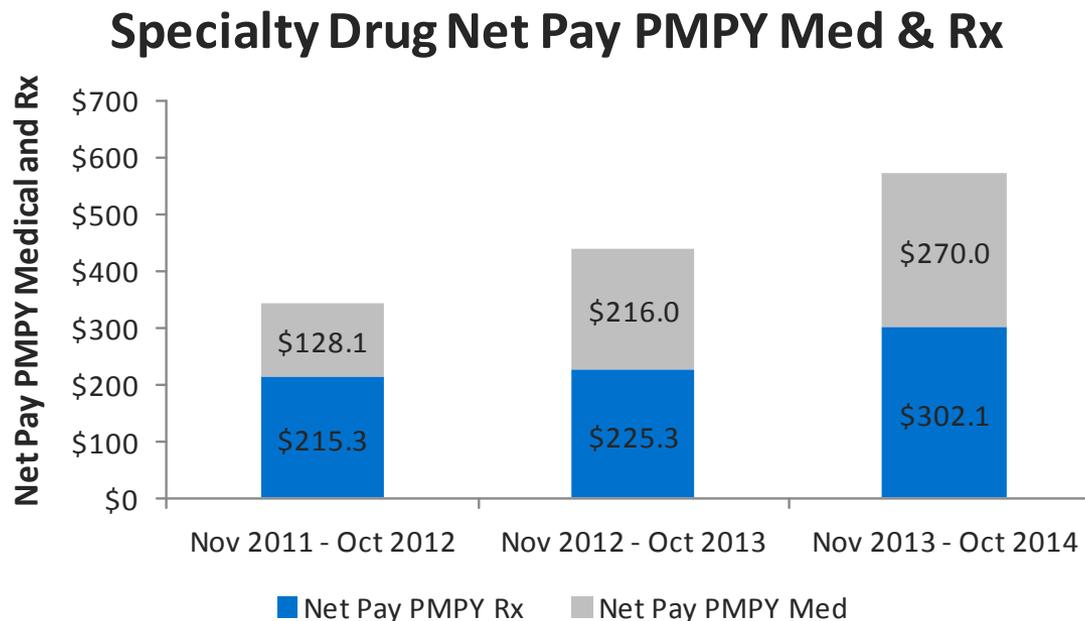
- Price per day supply increased significantly for these therapeutic classes of drugs:
 - Anti-infective agents experienced a 49% two year trend.
 - Anti-neoplastic agents (cancer) increased 37% over two years
 - Immunosuppressants (arthritis) increased 40% between 2012 and 2014.

SPECIALTY DRUG SPEND – ACTIVES/EARLY RETIREES



- Total Delaware specialty drug spend increased to \$55 million in 2014 and now accounts for 38% of total drug spend.
- Industry estimates put this trend at 50% in the coming years.

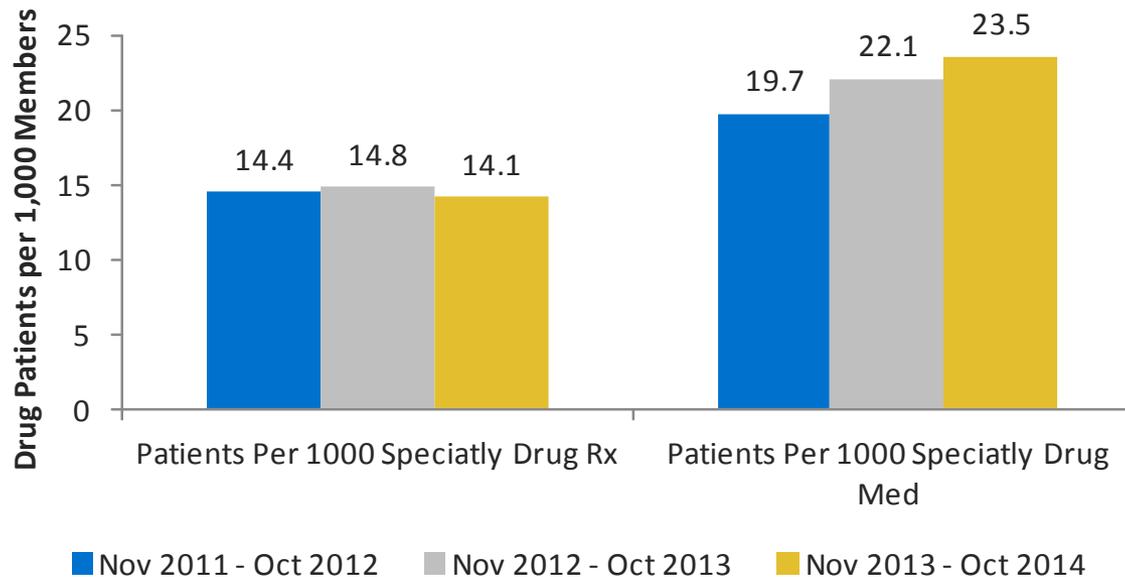
PMPY SPECIALTY DRUG SPEND – ACTIVES/EARLY RETIREES



- The per-member-per year specialty drug spend increase has been a product of both medical and drug trends between 2013 and 2014:
 - 25% increase in medical benefit specialty drug spend
 - 34% increase in drug benefit specialty drug spend
- Medical specialty drug net payments increased 111% in three years from \$128 PMPY to \$270.

SPECIALTY DRUG USE – ACTIVES/EARLY RETIREES

Specialty Drug Patients Per 1.000



- Over the last three years, the number of medical specialty drug patients per 1,000 has increased 19% to 23.5.
- During this time the number of specialty drug pharmacy benefit patients has declined slightly.

RETIREE SPECIALTY DRUGS – ACTIVE/EARLY

Medical Specialty Drug	November 2012 - October 2013		November 2013 - October 2014		% Change	
	Patients Med	Net Pay Med	Patients Med	Net Pay Med	Patients Med	Net Pay Med
Remicade	173	\$3,747,278	170	\$4,548,276	-2%	21%
Neulasta	78	\$1,297,571	77	\$1,495,995	-1%	15%
Tsabri	15	\$513,195	16	\$1,256,725	7%	145%
Rituxan	37	\$846,351	37	\$1,206,097	0%	43%
Privigen	9	\$630,013	14	\$810,440	56%	29%

- The above 5 medical specialty drugs are most responsible for the increase in specialty drug spend.
- The increase for these five drugs alone between 2013 and 2014 totals \$2.3 million in net payments.

MEDICARE RETIREES

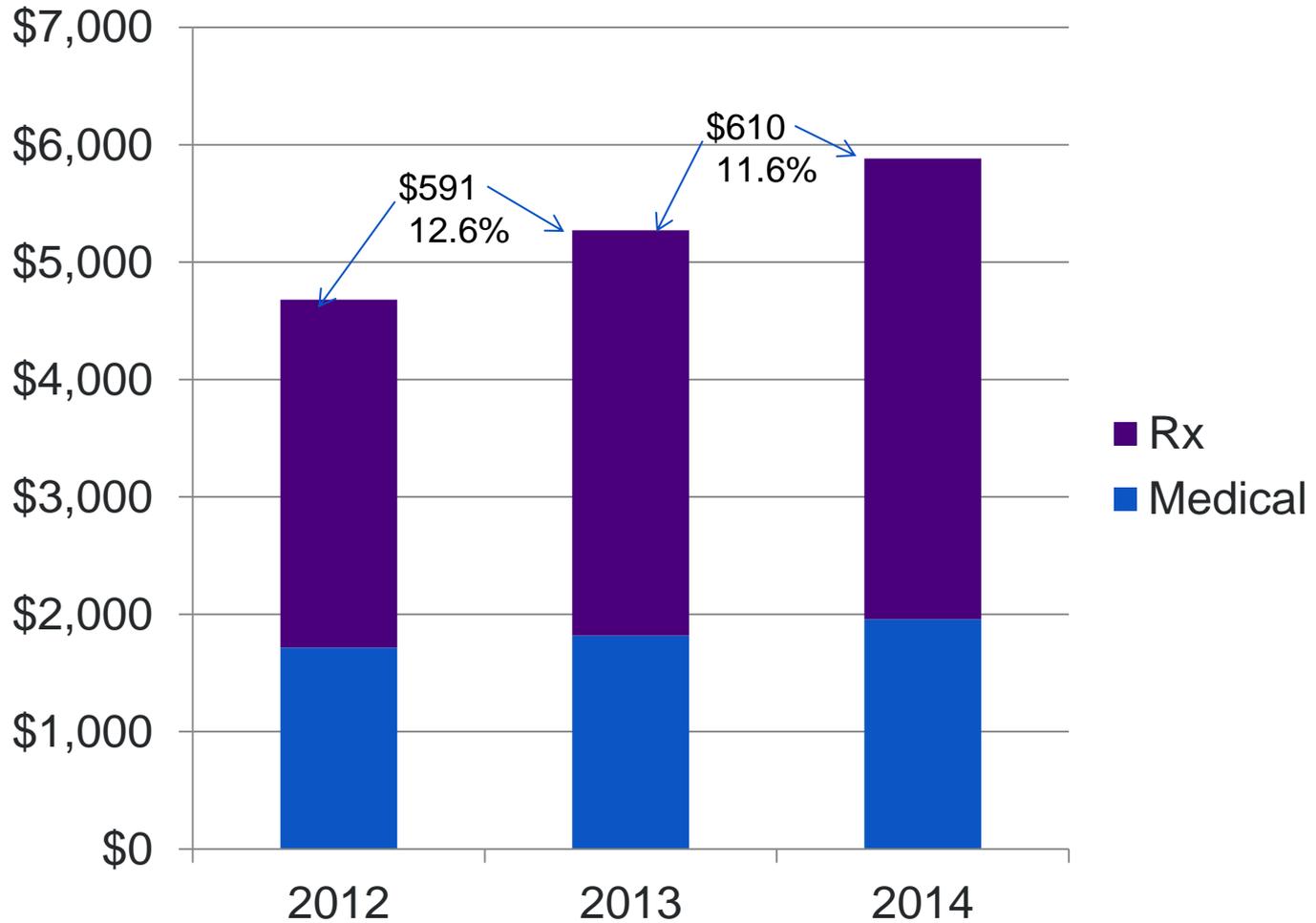
DEMOGRAPHICS – MEDICARE RETIREES

	2012	2014	% Change
Employees (Average)	18,987	20,677	9%
Average Family Size	1.00	1.00	0%
Average Age			
Employees	73.3	73.1	0%
Members	73.3	73.1	0%
Gender: % Male			
Employees	42%	42%	0 pts
Members	42%	42%	0 pts
Health Risk*			
Employees	400	450	13%
Members	400	450	13%

Were there changes to the State of Delaware demographic profile?

- Employees increased 9% to 20,677 between 2012 and 2014
- DCG Risk score, a measure of illness burden, increased 13% in 2014

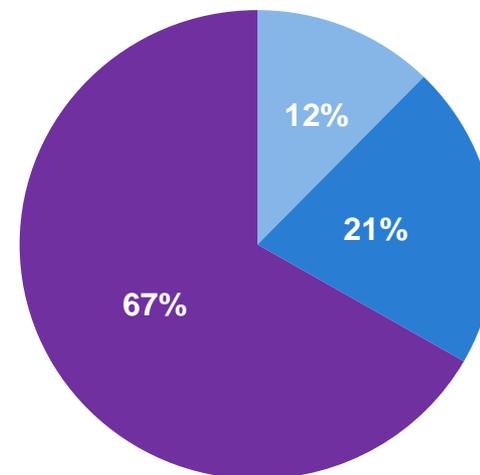
TREND OVERVIEW - MEDICAL & RX COMBINED MEDICARE RETIREES



MEDICAL AND PRESCRIPTION DRUG COSTS 2013 – 2014 MEDICARE RETIREES

Net Payments per Employee			
	PRY	CRY	% Change
Medical	\$1,820	\$1,959	8%
Inpatient	\$598	\$724	21%
Outpatient	\$1,222	\$1,234	1%
Prescription Drug	\$3,453	\$3,924	14%
Total	\$5,272	\$5,880	12%

Net Payments in CRY
 ■ Inpatient ■ Outpatient ■ Prescription Drug



How did plan costs trend year-over-year for State of Delaware?

- On a per employee basis, the Delaware net payments increased 3% in Fiscal Year 2013.
- Inpatient care trended at a 21% rate. Price and length of stay were major drivers of this trend.

COMPARISON TO OTHER STATE EMPLOYERS¹ 2013 – 2014 MEDICARE RETIREES

		Cost, Use, and Price Rates*			Trends**	
		State of Delaware	Norm	Comparison	State of Delaware	Norm
		● Above Norm ◎ Below Norm ✦ Similar to Norm (<i>within 2%</i>)				
Medical	Medical: Net Payments per Member	\$1,958	\$5,270	◎	8%	2%
	Inpatient: Admits per 1,000 Members	195	202	◎	-1%	10%
	Inpatient: Average Length of Stay	5.5	5.3	●	18%	9%
	Outpatient: Services per Member	55.7	59.8	◎	1%	0%
	Outpatient: Net Payments per Service	\$22	\$51	◎	0%	-5%
Rx	Rx: Net Payments per Member	\$3,922	\$1,576	●	14%	6%
	Rx: Allowed Amount per Days Supply	\$2.86	\$1.61	●	9%	5%
	Rx: Days Supply per Member	1,507	1,201	●	2%	-1%

How does State of Delaware compare to other State Employers?

- Medicare medical costs are lower than norm.
- Average length of stay has increased 19% year-to-year.
- Delaware Medicare members had much higher than norm drug costs due to a significantly higher cost per day supply and an above norm number of days supply.

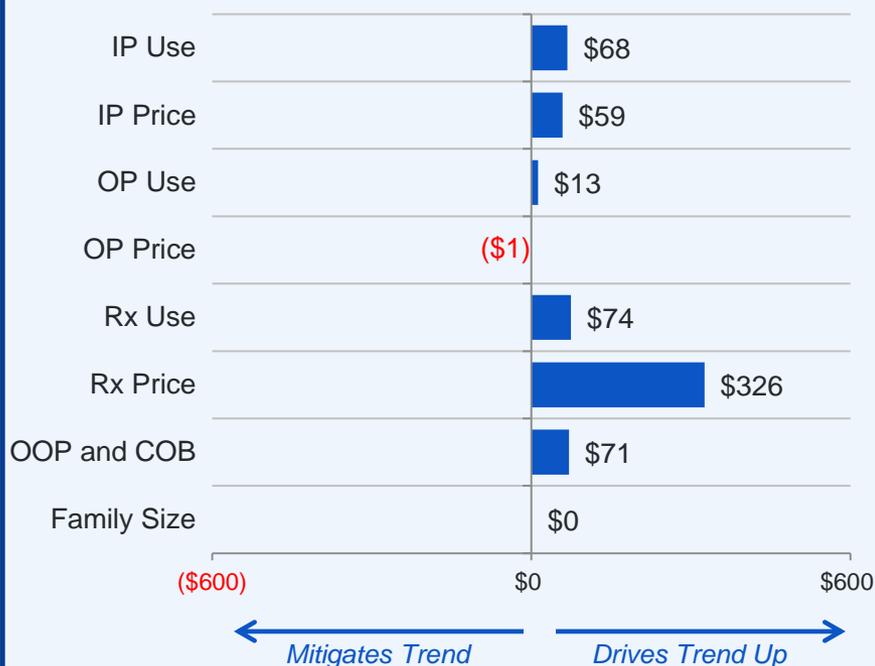
DRIVERS OF NET PAYMENT PMPY TREND

2013 – 2014 MEDICARE RETIREES

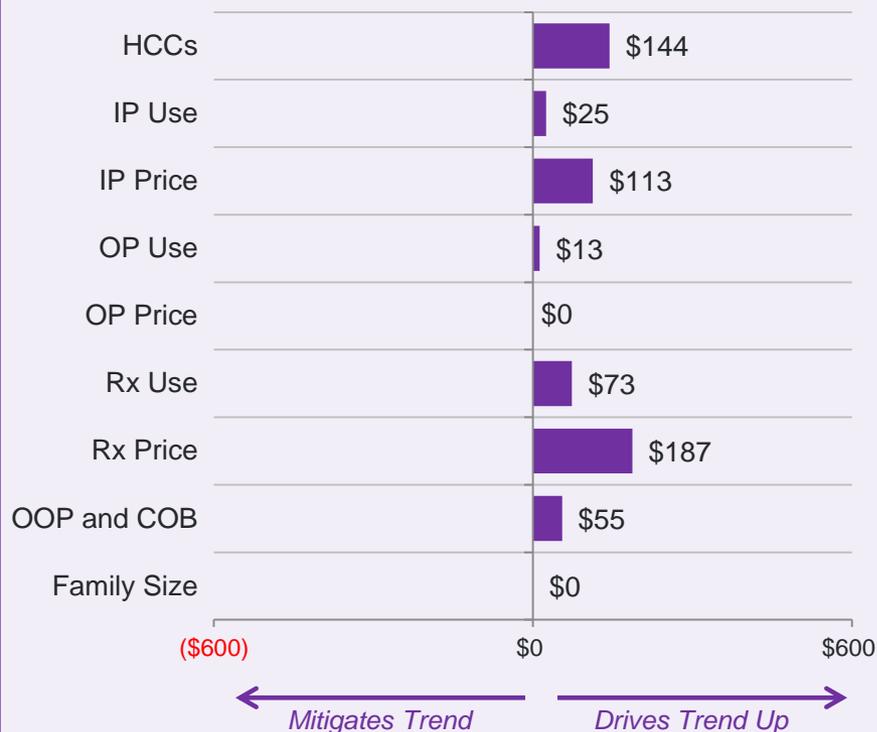
State of Delaware net payments **increased \$610** per member in the current year

Net Payment PMPY in CRY = \$5,880
 PRY-to-CRY Trend = 11.6%

The factors driving this increase **before** breaking out the impact of high cost claimants:



The factors driving this increase **after** breaking out the impact of high cost claimants*:



IP = Inpatient; OP = Outpatient; Rx = Prescription Drug; OOP = Employee Out of Pocket; COB = Coordination of Benefits (e.g., Medicare)

MEDICARE RETIREE KEY FINDINGS

- The spike in medical/Rx combined trend in the most recent 12 month incurred claims period is primarily driven by the following 4 cost drivers:
 1. Prescription Drug Price & Use
 - The most significant factor impacting Medicare trend was rising drug prices - specifically increases in brand name drugs (both mail order and retail).
 - Total allowed cost per day supply was \$2.86, a 9% increase compared to 2013. The State Government norm during this time period was only \$1.61.
 - Increasing specialty drug utilization is also a major contributor to increasing costs. Between 2012 and 2014, specialty drug net costs increased from \$9.2 to \$17.4 Mil.
 2. Third Party Payments
 - This reduction in collected payments (e.g., COB) accounts for 17% of the year-to-year increase in overall Net Payments
 3. Inpatient Price
 - Price per inpatient admission increased 5%/7% for medical/surgical admissions ,respectively (after adjusting for change in high cost claimants)
 4. High cost claimants
 - Contributed to the trend (\$144 of the \$610 total PMPY increase)

MEDICARE RETIREE KEY FINDINGS

- The Medicare Retiree risk score continues to trend higher (13%).
- Similar to the Active and Early Retiree population, Medicare retirees experienced a much longer average length of stay in 2014 (an increase of 18%).
- High cost claimants contributed to the trend (\$144 of the \$610 total pmpy increase), however not as significantly as in the Active and Early Retiree population.
- The most significant factor impacting Medicare trend was rising drug prices - specifically increases in brand name drugs (both mail order and retail).
- Total allowed cost per day supply was \$2.86, a 9% increase compared to 2013. The State Government norm during this time period was only \$1.61.
- Increasing specialty drug utilization is also a major contributor to increasing costs. Between 2012 and 2014, specialty drug net costs increased from \$9.2 to \$17.4 million.

PRESCRIPTION DRUG EXPERIENCE: 2013 – 2014

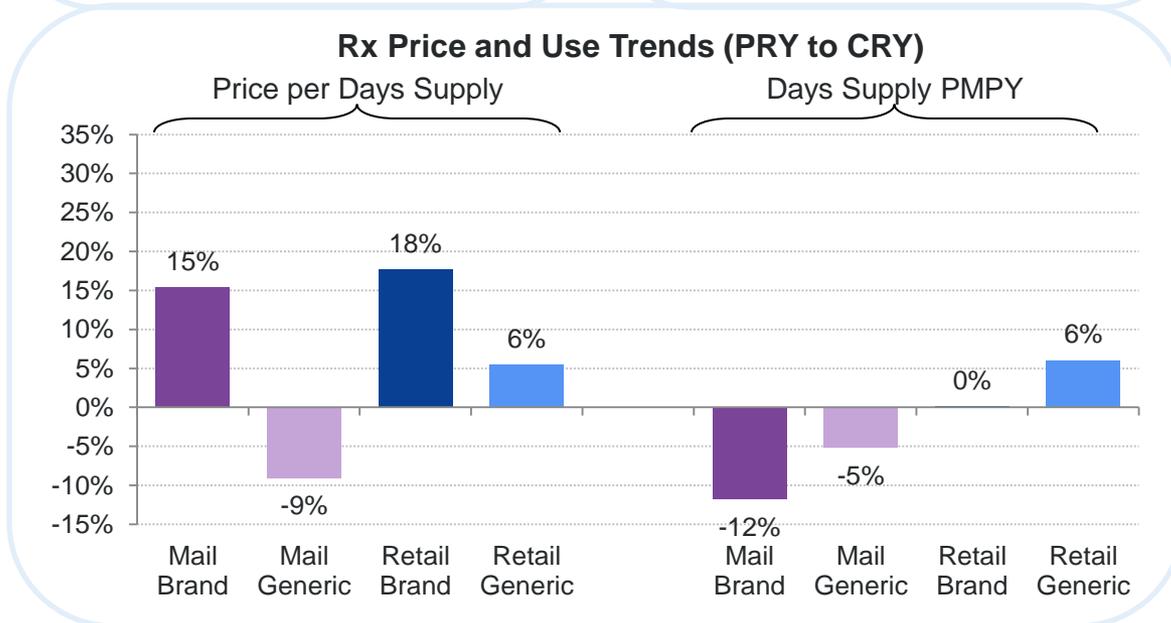
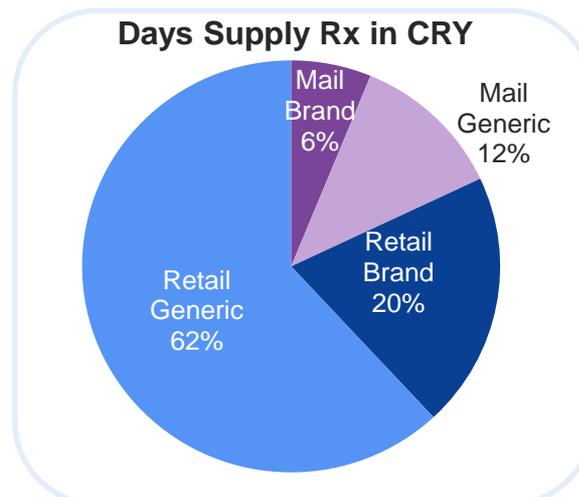
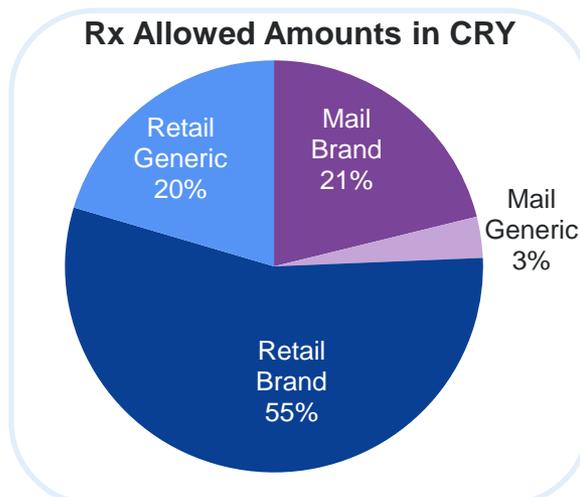
MEDICARE RETIREES

What were the primary drivers of the 9% increase in prescription drug price to \$2.86?

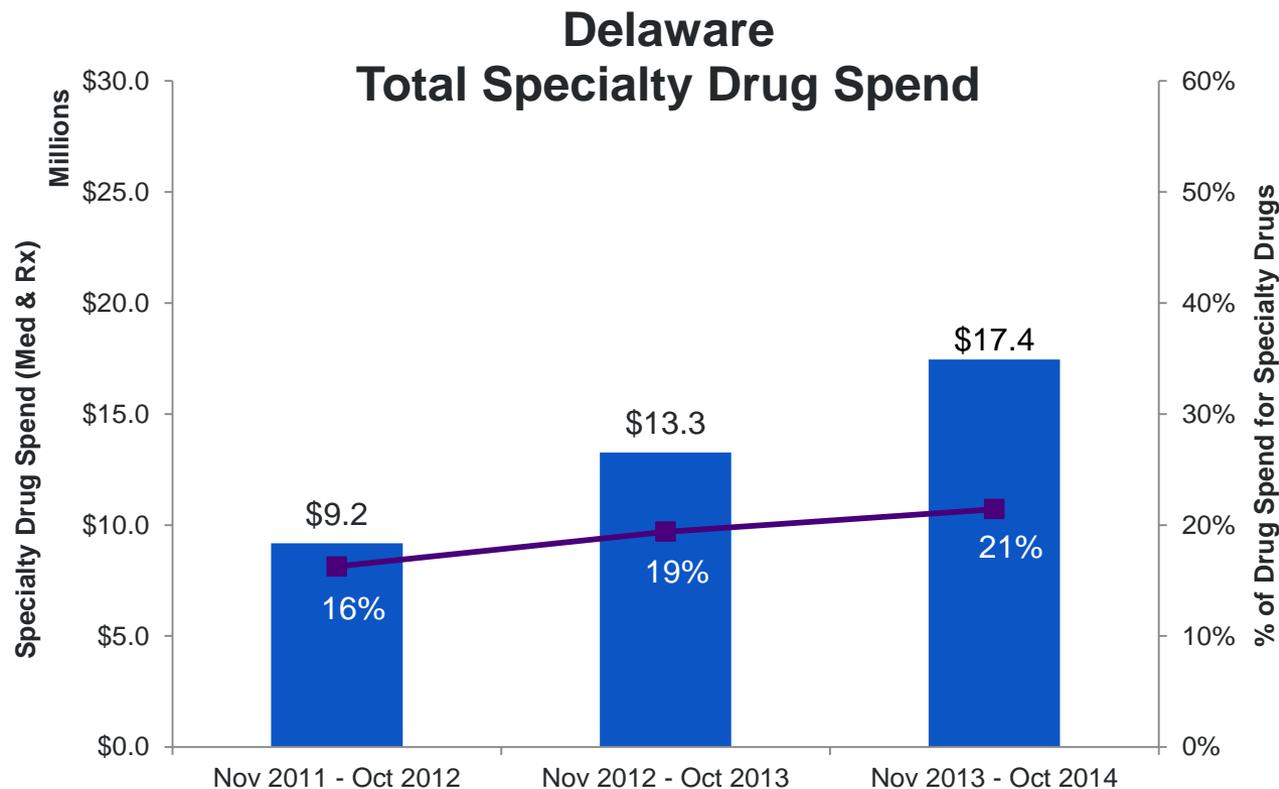
- Mail order and retail brand drug prices increased 15% and 18%, respectively.

What were the primary drivers of the 2% increase in prescription drug use to 1,507 days supply per member?

- Retail generic drugs continue to increase in utilization (6%). This segment is now 62% of the total utilization.



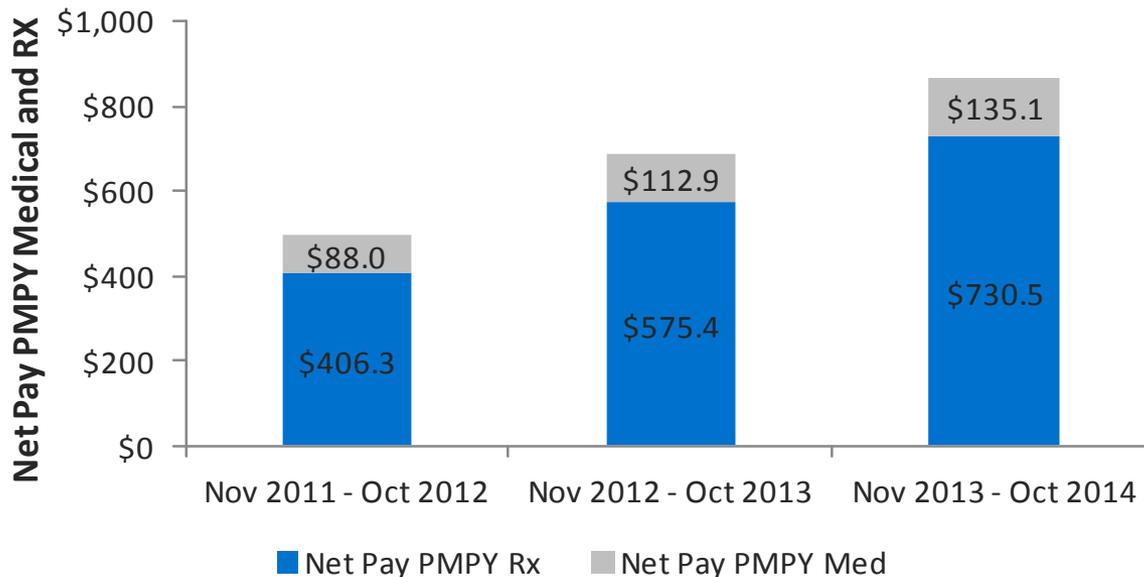
SPECIALTY DRUG SPEND – MEDICARE RETIREES



- Medicare specialty drug spend continues to increase for the Medicare population, similar to the Actives/Early Retirees.
- Specialty drugs make up 21% of the total Medicare drug spend.

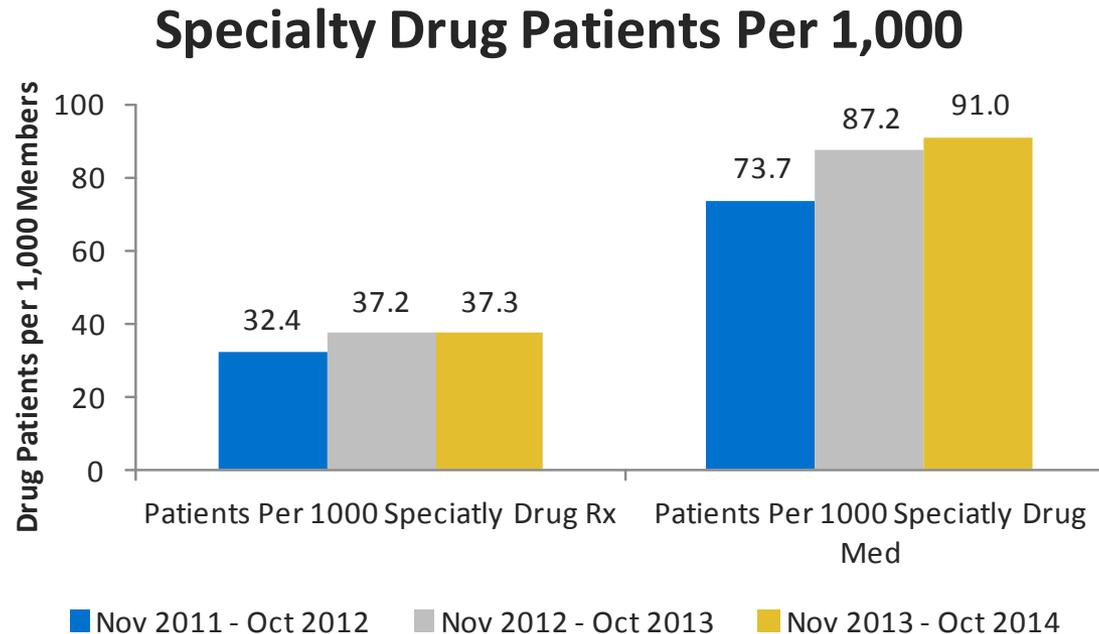
PMPY SPECIALTY DRUG – MEDICARE RETIREES

Specialty Drug Net Pay PMPY Med & Rx



- Prescription drug specialty drug spend PMPY increased 27% in 2014. The trend is 80% since 2012.
- Medical pharmacy spend is much lower, but has also increased 55% between 2012 and 2014.

SPECIALTY DRUG USE – MEDICARE RETIREES



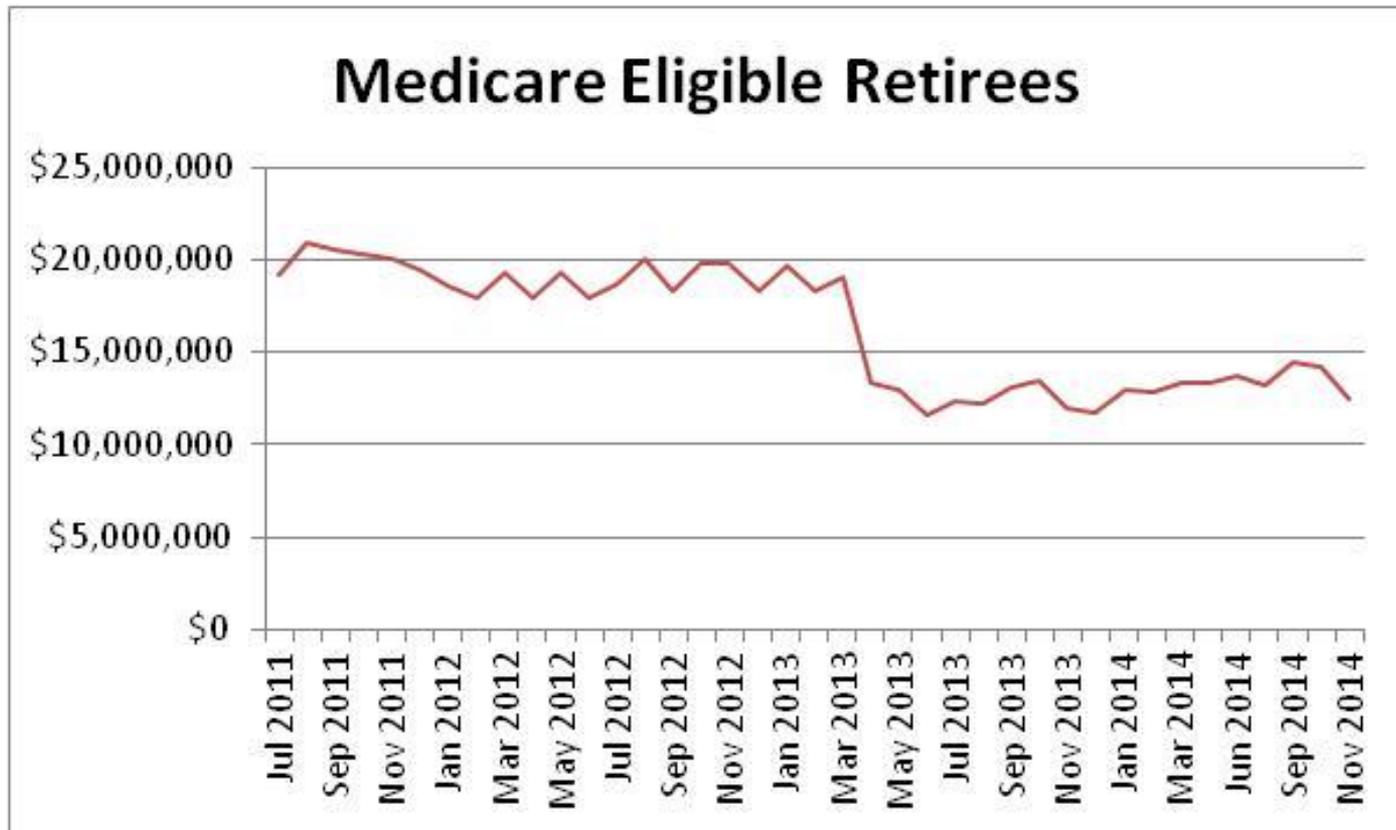
- Medicare patients overwhelmingly utilize medical specialty drugs (91 patients per 1,000), a trend that has continued through 2014.

SPECIALTY DRUGS – MEDICARE RETIREES

Drug Name	November 2012 - October 2013			November 2013 - October 2014			% Change		
	Patients Rx	Net Pay Rx	Net Pay Per 1,000 Rx	Patients Rx	Net Pay Rx	Net Pay Per 1,000 Rx	Patients Rx	Net Pay Rx	Net Pay Per 1,000 Rx
HUMIRA	39	\$876,053	\$45,661	44	\$1,114,768	\$55,521	13%	27%	22%
REVLIMID	15	\$865,646	\$45,118	15	\$1,107,079	\$55,138	0%	28%	22%
ENBREL	43	\$942,784	\$49,139	40	\$1,078,956	\$53,737	-7%	14%	9%
ZYTIGA	11	\$497,232	\$25,916	15	\$718,480	\$35,784	36%	44%	38%
GLEEVEC	8	\$408,903	\$21,312	9	\$542,706	\$27,029	13%	33%	27%

- The above 5 prescription drug specialty drugs are most responsible for the increase in Medicare specialty drug spend.
- The increase for these five drugs alone between 2013 and 2014 is over \$970,000 in net payments.

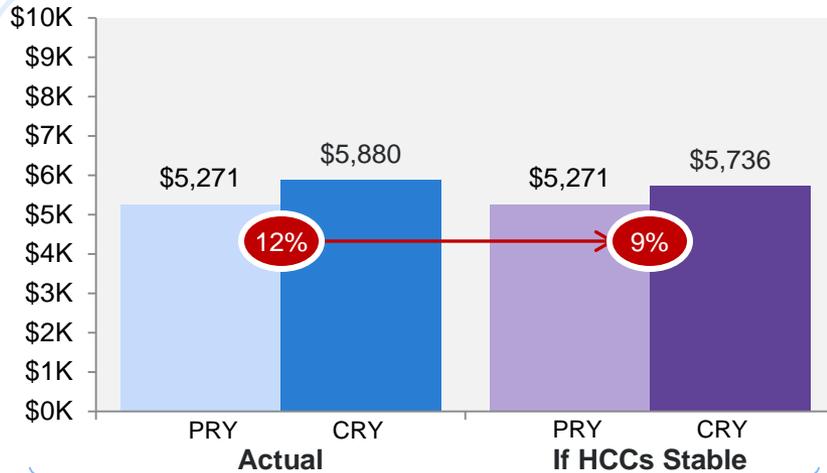
COORDINATION OF BENEFITS – MEDICARE RETIREES



- Medicare Retiree third party payments decreased 30% between March 2013 and April 2013.
- The result of this large change was a cost increase to the State of Delaware of \$55 PMPY.

IMPACT OF HIGH COST CLAIMANTS – MEDICARE RETIREES

Net Payments PEPY (Medical and Rx)



High cost claimants (HCCs) were the primary driver of overall per employee net payment trend for State of Delaware—when HCC prevalence and cost per claimant are kept stable, the trend is 9% instead of 12%

What were the high cost claimant (HCC) prevalence, cost and condition trends?

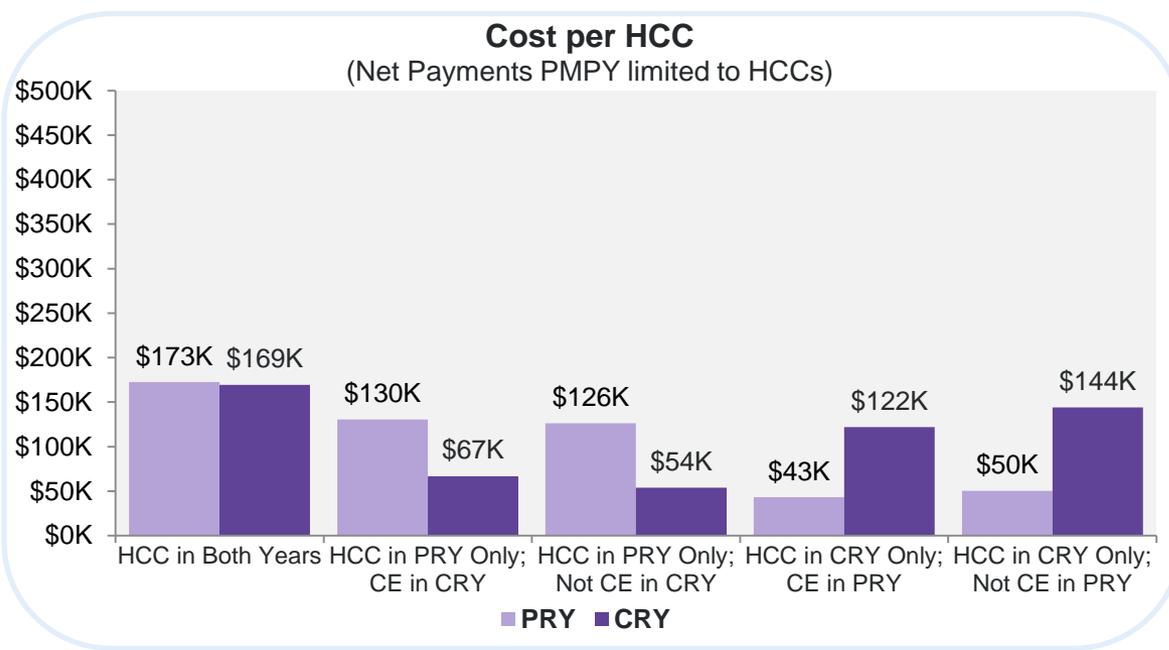
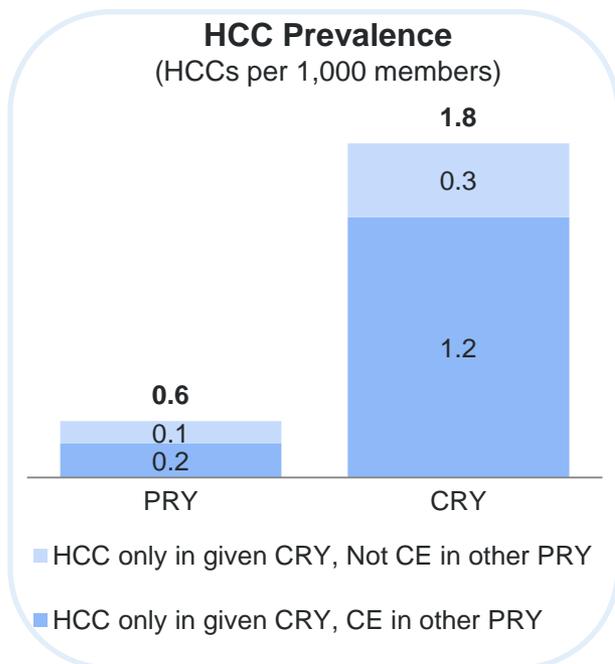
- High cost claimant experience was one of the drivers of trend in 2014.
- Infections accounted for the most expensive HCC condition in 2014.

PRY Top Clinical Conditions		HCC Med \$		Top Medical Conditions for HCCs (based on medical net payments)	CRY Top Clinical Conditions		HCC Med \$	
HCCs in PRY	Condition Rel to Treatment	\$177K	32%			HCCs in CRY	Infections, NEC	\$154K
	Infections, NEC	\$120K	21%	Cardiovasc Disord, NEC			\$73K	18%
	Infections - Musculoskeletal	\$113K	20%	Arthropathies/Joint Disord			\$22K	6%
	Cardiovasc Disord, NEC	\$59K	11%	Multiple Sclerosis			\$20K	5%
	Crohns Disease	\$31K	5%	Signs/Symptoms/Oth Cond,			\$18K	5%
	All Other	\$59K	11%	All Other			\$109K	28%

HIGH COST CLAIMANTS YEAR-TO-YEAR COMPARISON – MEDICARE RETIREES

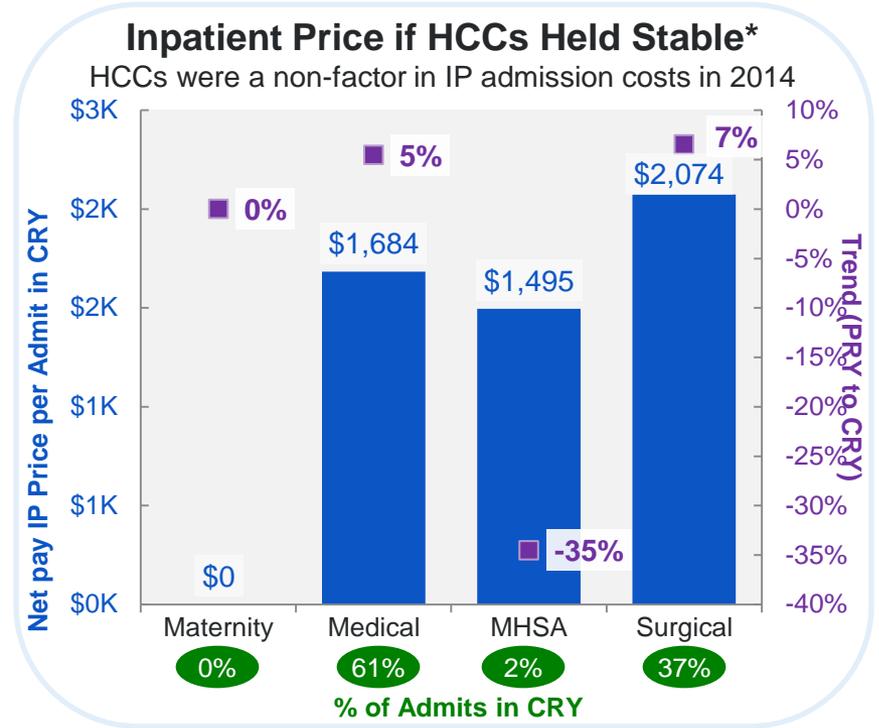
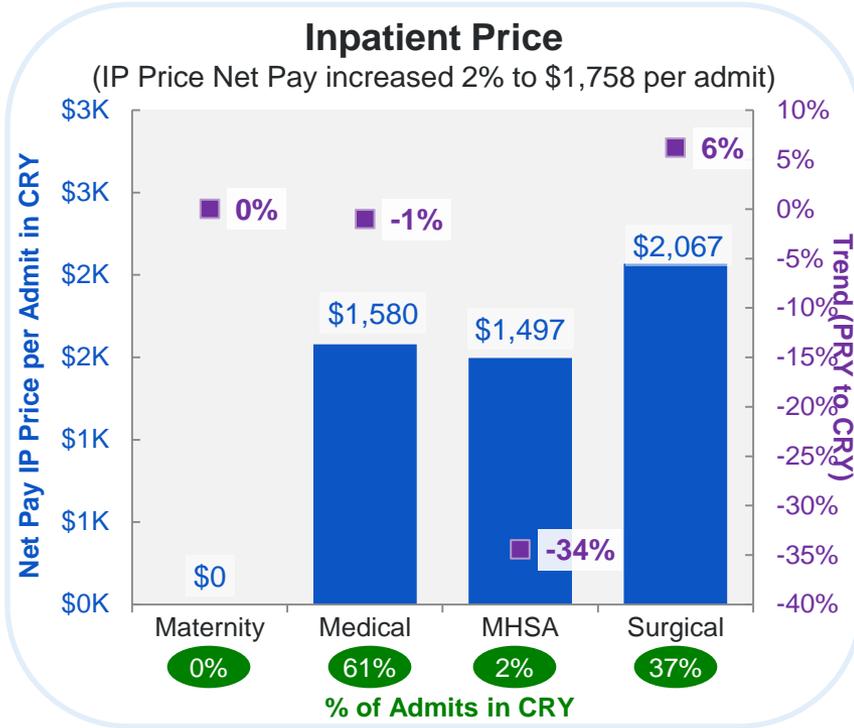
What happened to HCCs and their HCC status between the PRY and the CRY?

- There was a significant increase in the number of new High Cost Claimants in 2014 – an increase from 0.6 to 1.8 members per 1,000.



CE = Continuously Enrolled in Self-Insured Medical Plan with Active status for 12 months

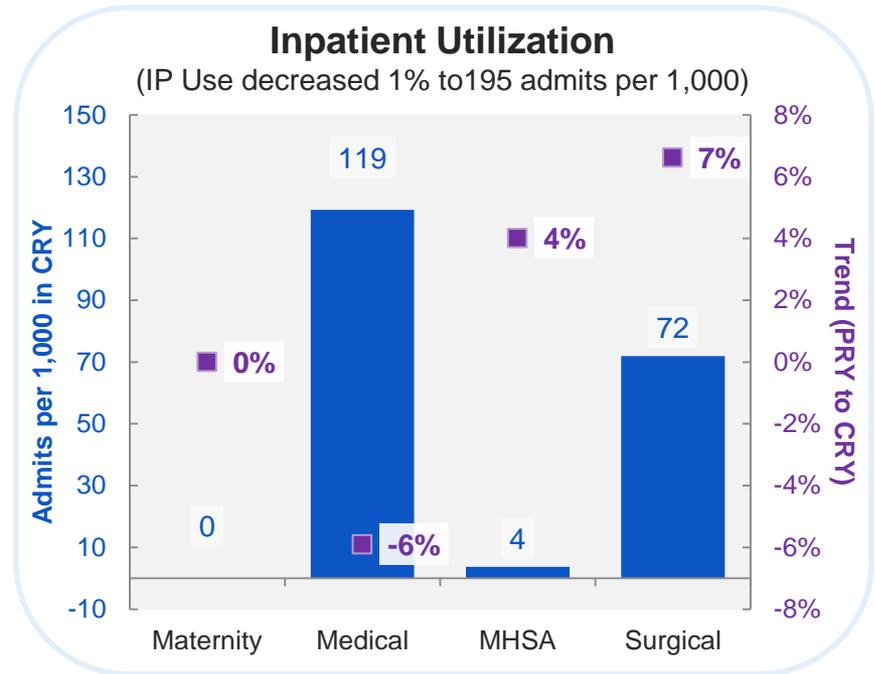
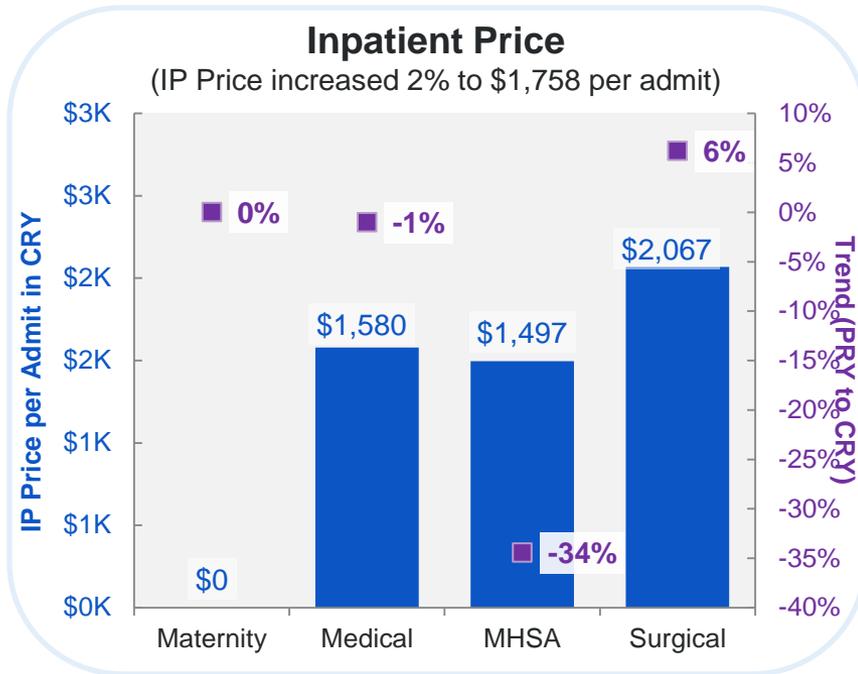
INPATIENT PRICE: 2013 – 2014 MEDICARE RETIREES



What were the primary drivers of the 2% increase in inpatient (IP) price per admission?

- Surgery admissions increased 6% in 2014. The high cost claimant experience was not a factor.

INPATIENT EXPERIENCE: 2013 – 2014 MEDICARE RETIREES



What was the admission rate trend in 2014?

- Through 2014, the inpatient admission rate declined only by 1% to 195 admits per 1,000. There was however a 7% increase in surgical admissions.

SUMMARY



SUMMARY

- The 2014 trend was driven by:
 1. High cost claimants
 2. Outpatient price for active/early retiree and in-patient price for Medicare Retirees
 3. Third party payments
 - This reduction in collected payments (e.g., COB) accounts for 28% of the year-to-year increase in Net Payments
 4. Drug prices increased sharply for both the Active/Early Retiree and Medicare Retiree populations. Prices are much higher than the State Government norm.