



# Financial Results

(Data through September 2014)

# Financial Results

Amount (\$000's)	Jan – Sep 2014	Jan – Dec 2014*
Enrollment	16,000	16,000
Revenue	\$119,994	\$159,389
Claims	\$137,315	\$185,346
<u>Administration</u>	<u>\$ 6,420</u>	<u>\$ 8,426</u>
Total Expenses	\$143,734	\$193,772
Contribution to Reserves	(\$ 23,741)	<b>(\$ 34,383)</b>
Assets as % of ACL	220%	151%

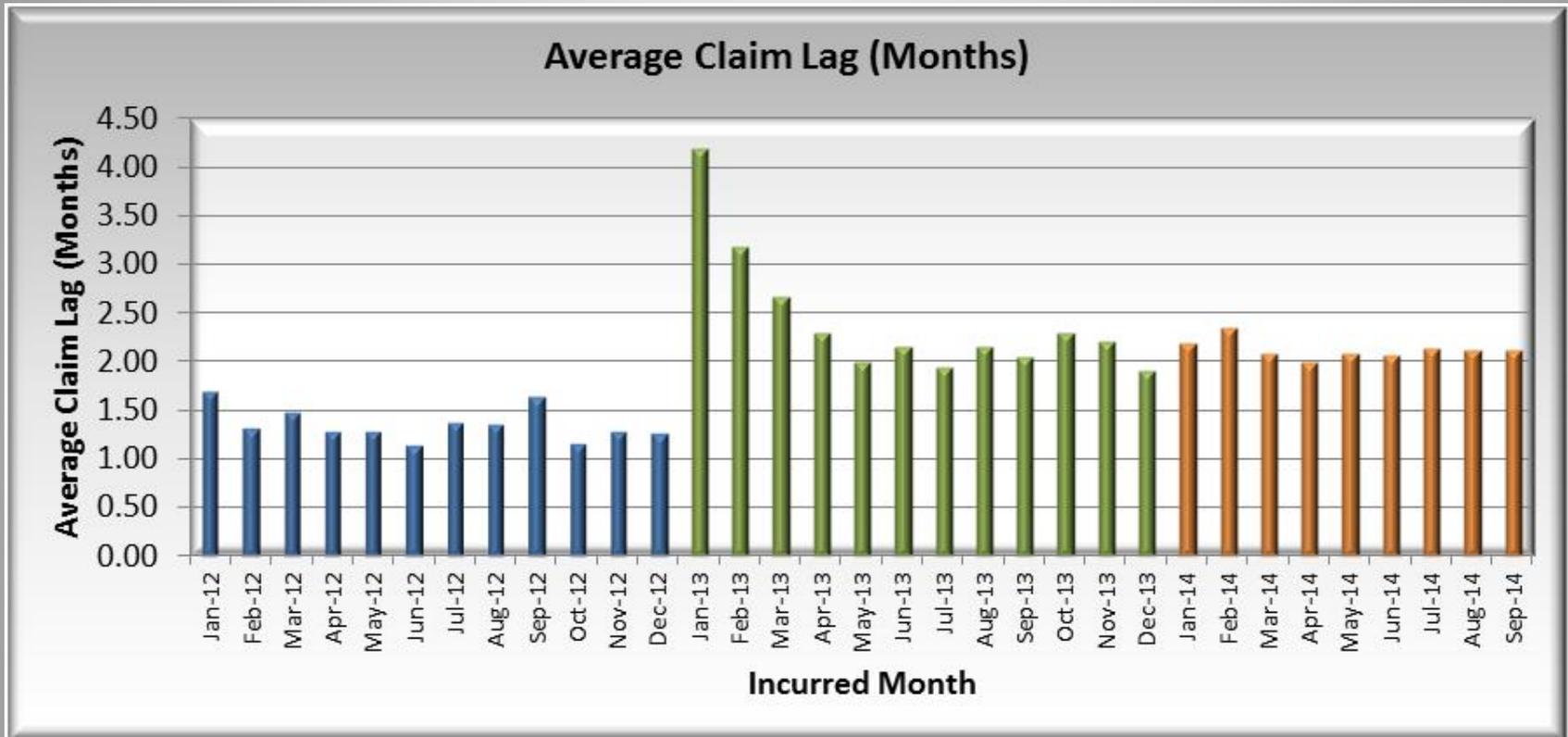
\* Low Trend Scenario

# Financial Drivers (Medical)

Driver	Impact
2014 Planned Loss (at Ratesetting)	(\$4.8 M)
Longer CIGNA Claim Lag	(\$9.6 M)
Provider Discounts & Coordination of Benefits	\$0.9 M
Hospital Charge Increases	(\$7.4 M)
Mental Health Capitation Program	(\$1.5 M)
FSA Contribution Effect	(\$1.6 M)
Open Enrollment	(\$1.1 M)
Large Claims	(\$4.3 M)*
Infusion Drugs	(\$0.3 M)*
Expanded Access due to Health Centers	(\$4.5 M)*
Increase in Health Screenings	TBD
<b>Total</b>	<b>(\$34.2 M)</b>

\* Estimated or In Progress

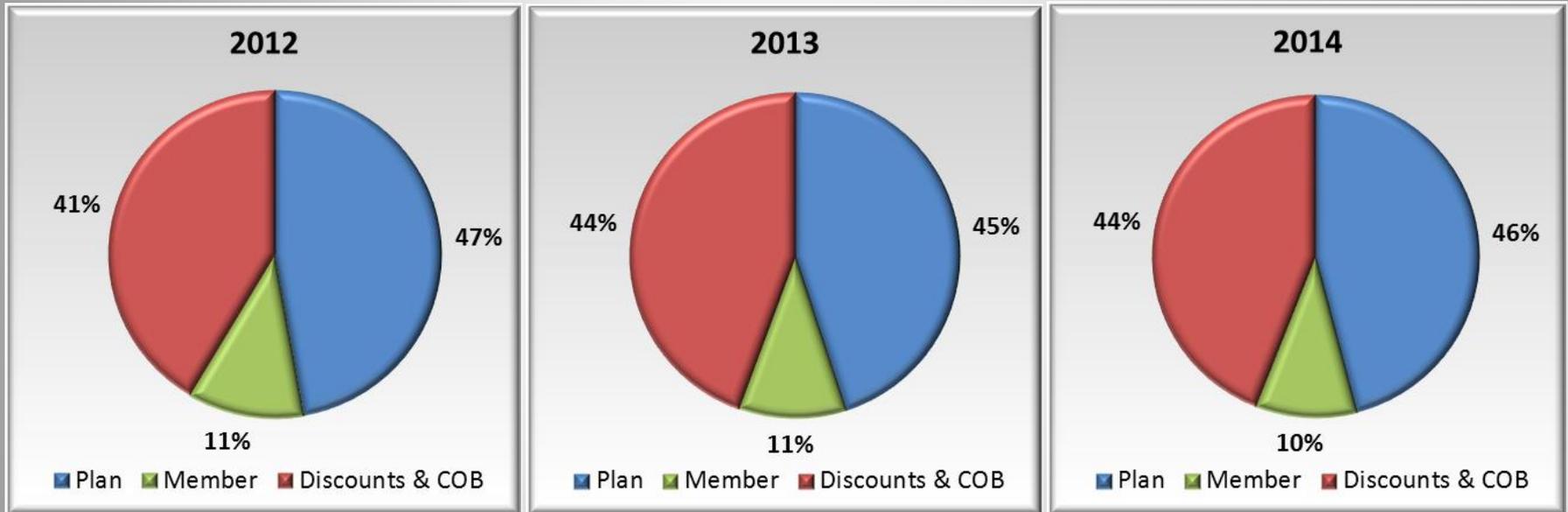
# CIGNA Claim Lag: (\$9.6M)



■ Average claim lag increased from 1.35 months in 2012 to 2.42 months in 2013. 2014 year-to-date average is 2.13 months.

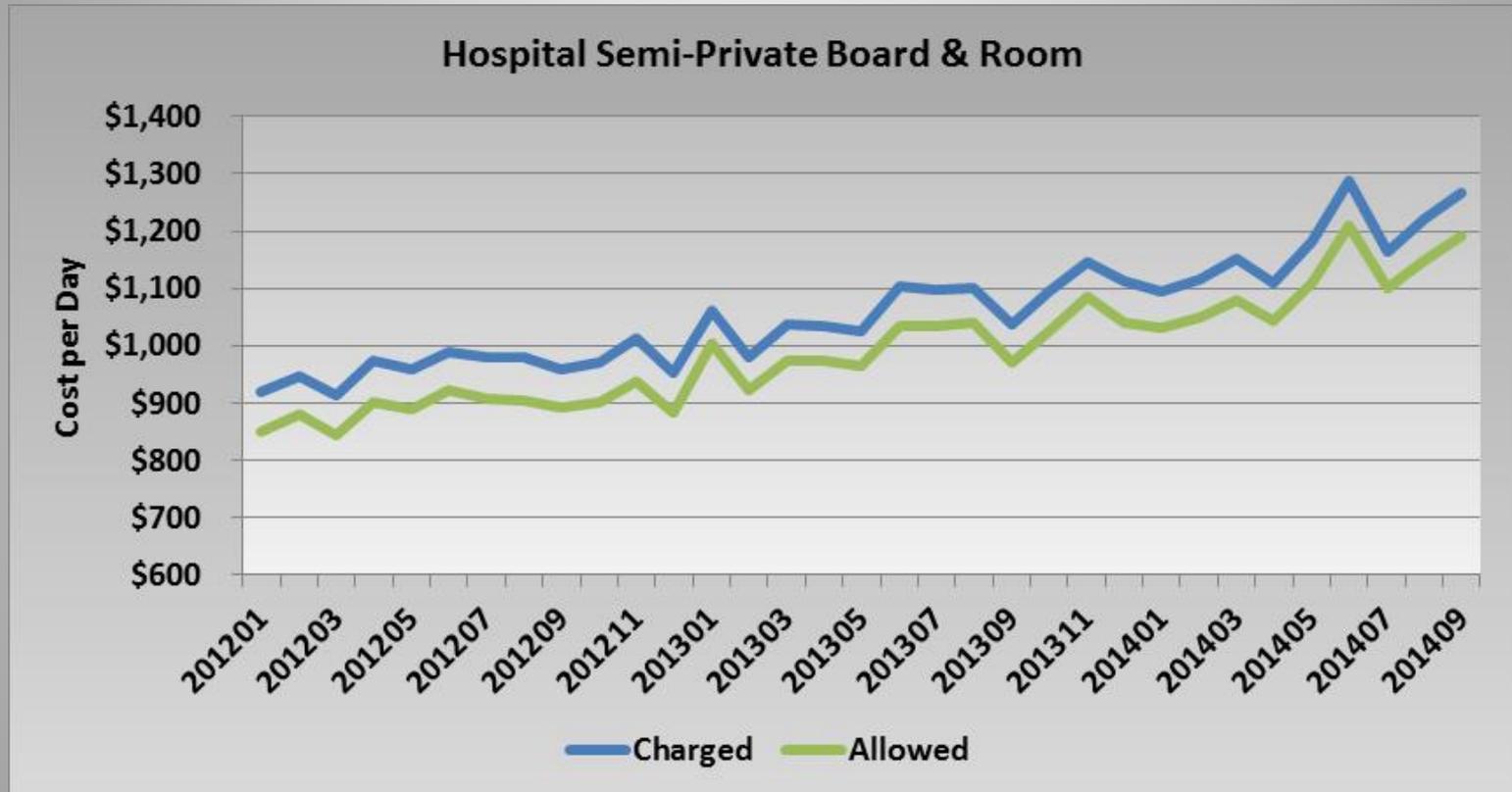
# Provider Discounts & COB: \$0.9M

## Distribution of Billed Charges



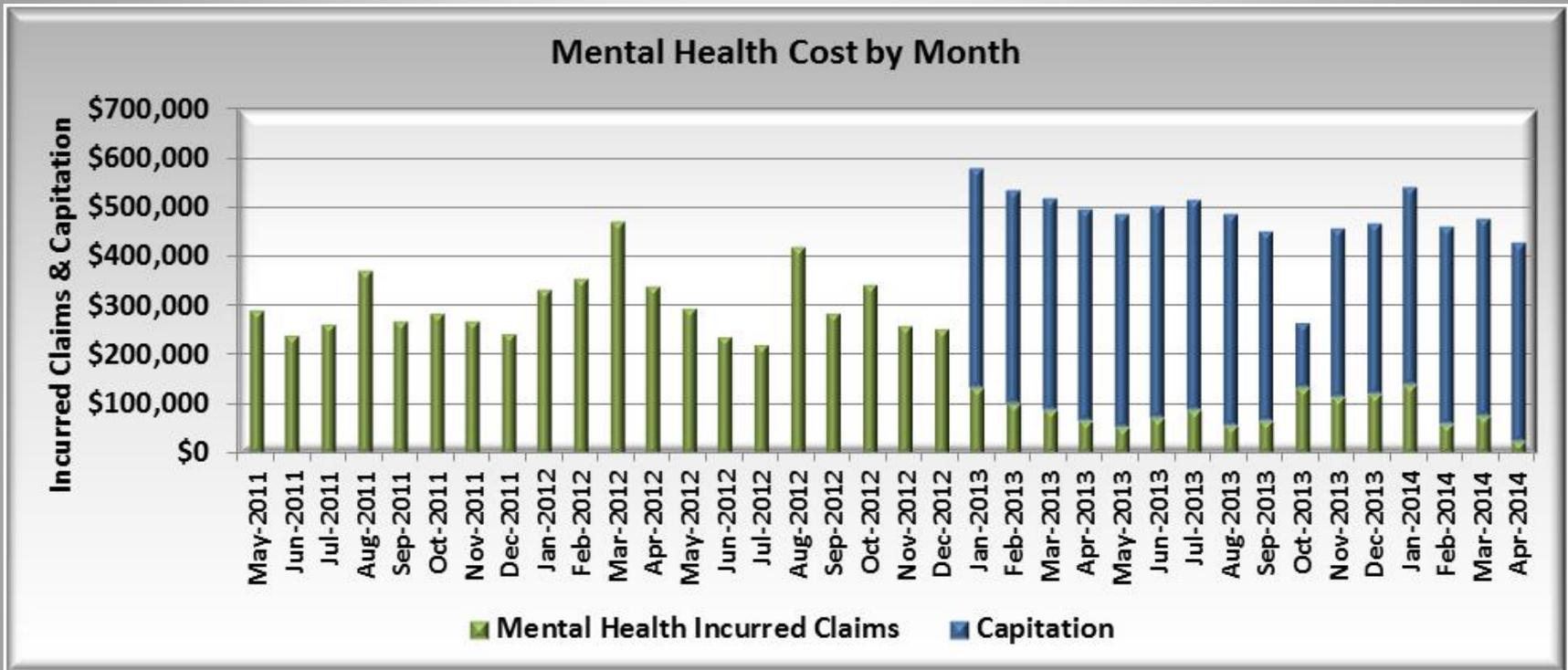
■ For every \$1.00 of billed charges, the reduction due to provider discounts and COB increased from \$0.41 in 2012 to \$0.44 in 2013 & 2014 YTD.

# Hospital Charge Increase: (\$7.4M)



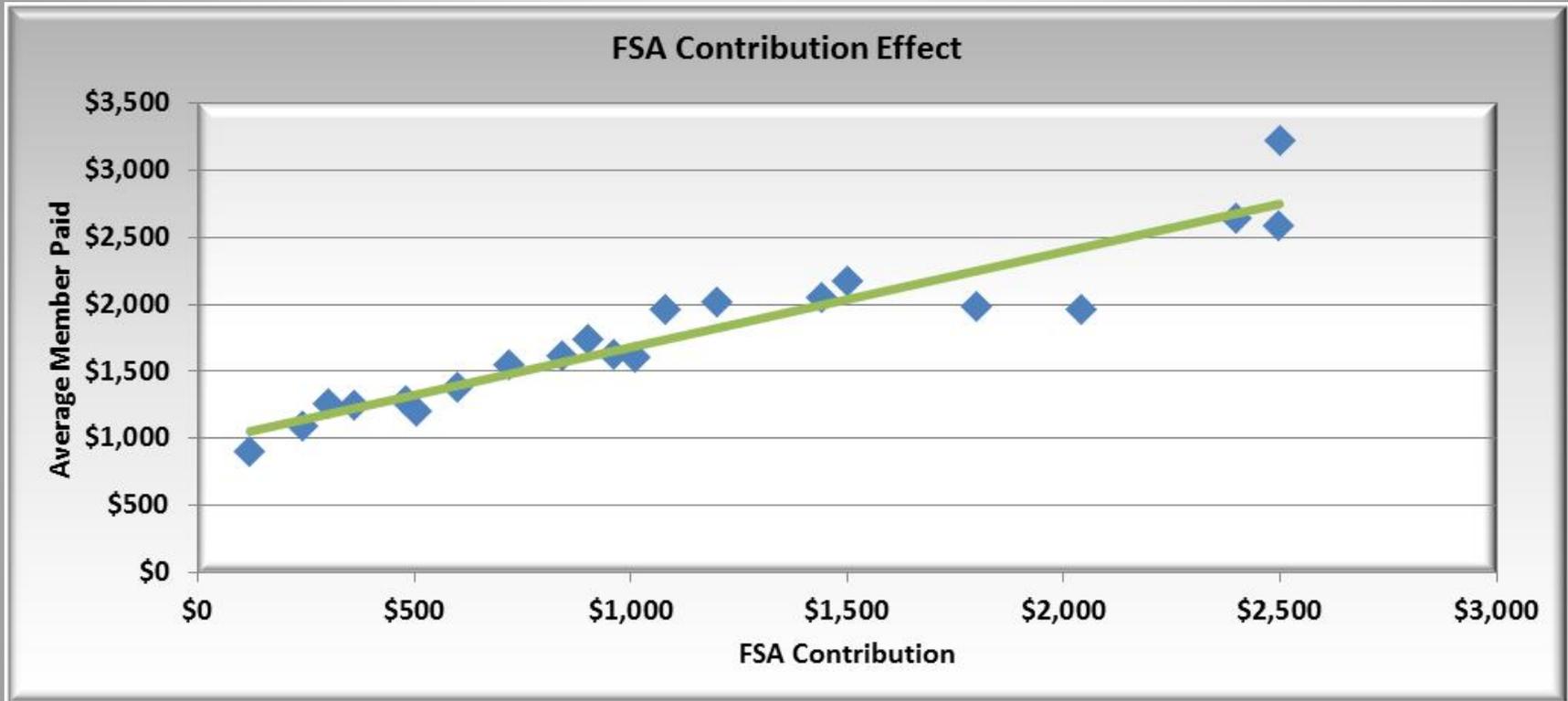
- From January 2012 through September 2014, the average Board & Room cost per day increased by 39.8%, or 13.4% annually.

# Mental Health Capitation: (\$1.5M)



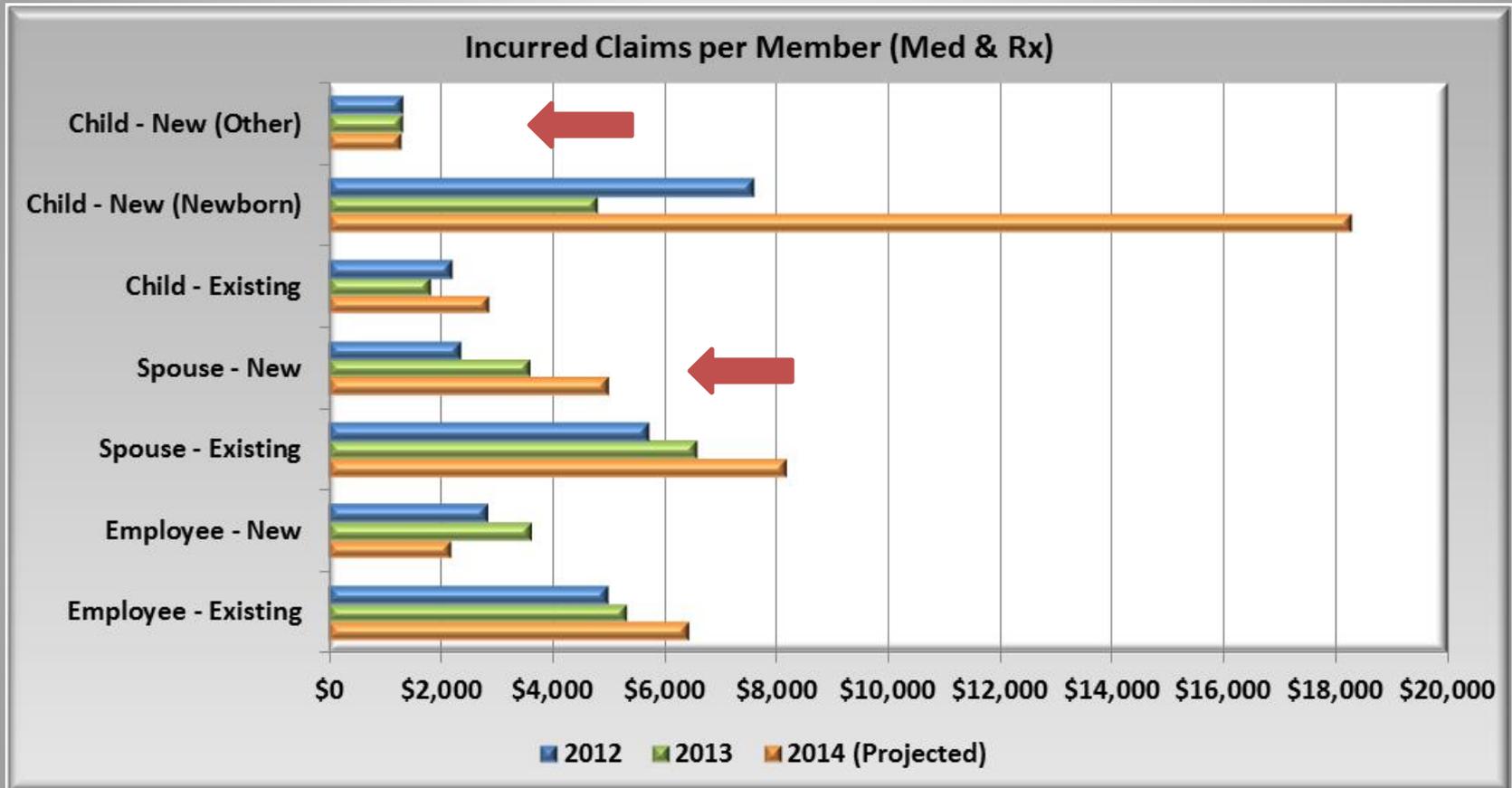
■ Average cost for mental health increased from \$3.8 million in 2012 to \$5.8 million in 2013. Projected near \$6 million for 2014.

# FSA Contribution Effect: (\$1.6M)



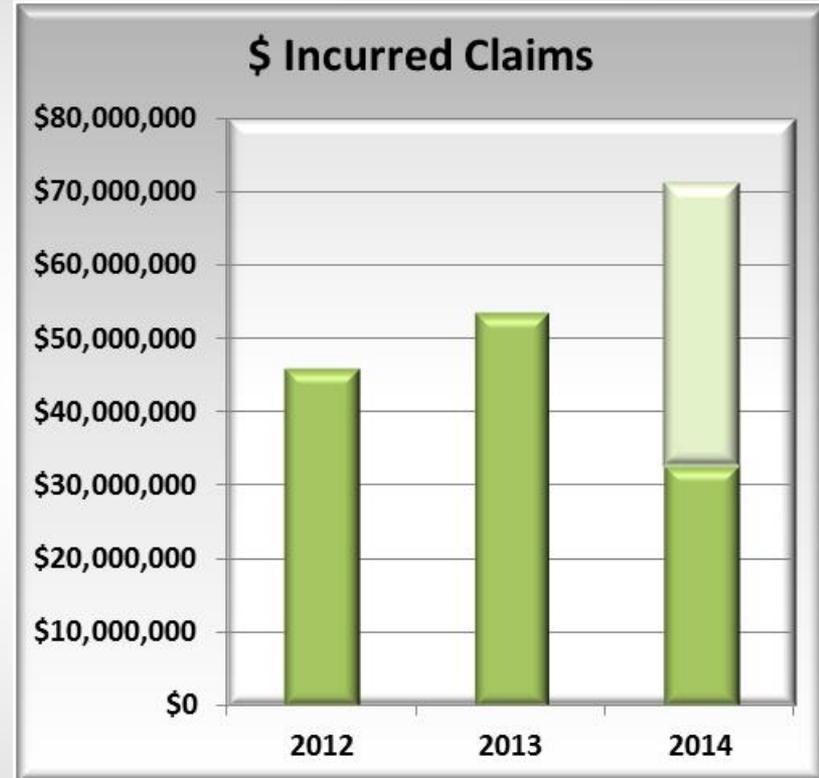
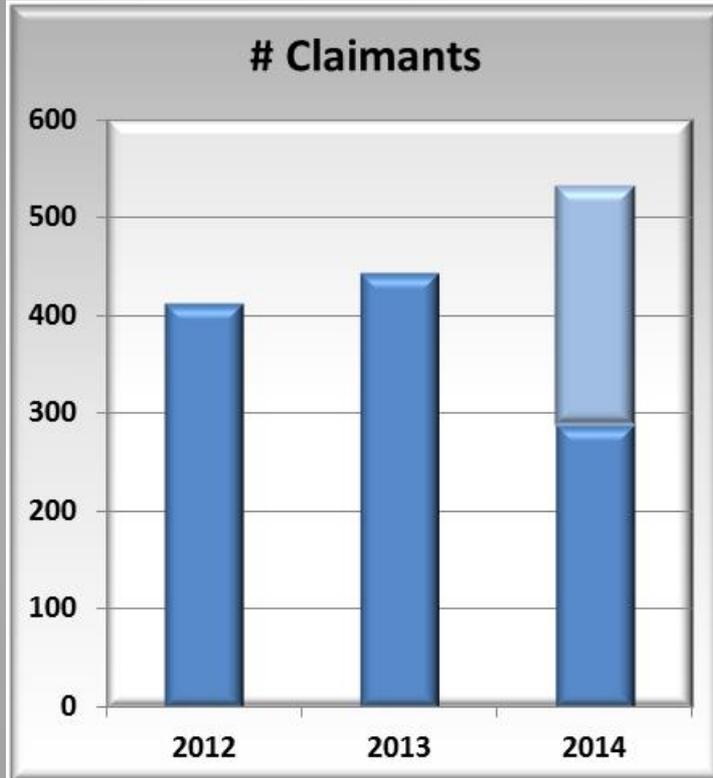
- For each \$1 additional FSA contribution, members incur an additional \$0.71 in cost-sharing; this corresponds to an additional \$3.66 in plan cost.

# Open Enrollment: (\$1.1M)



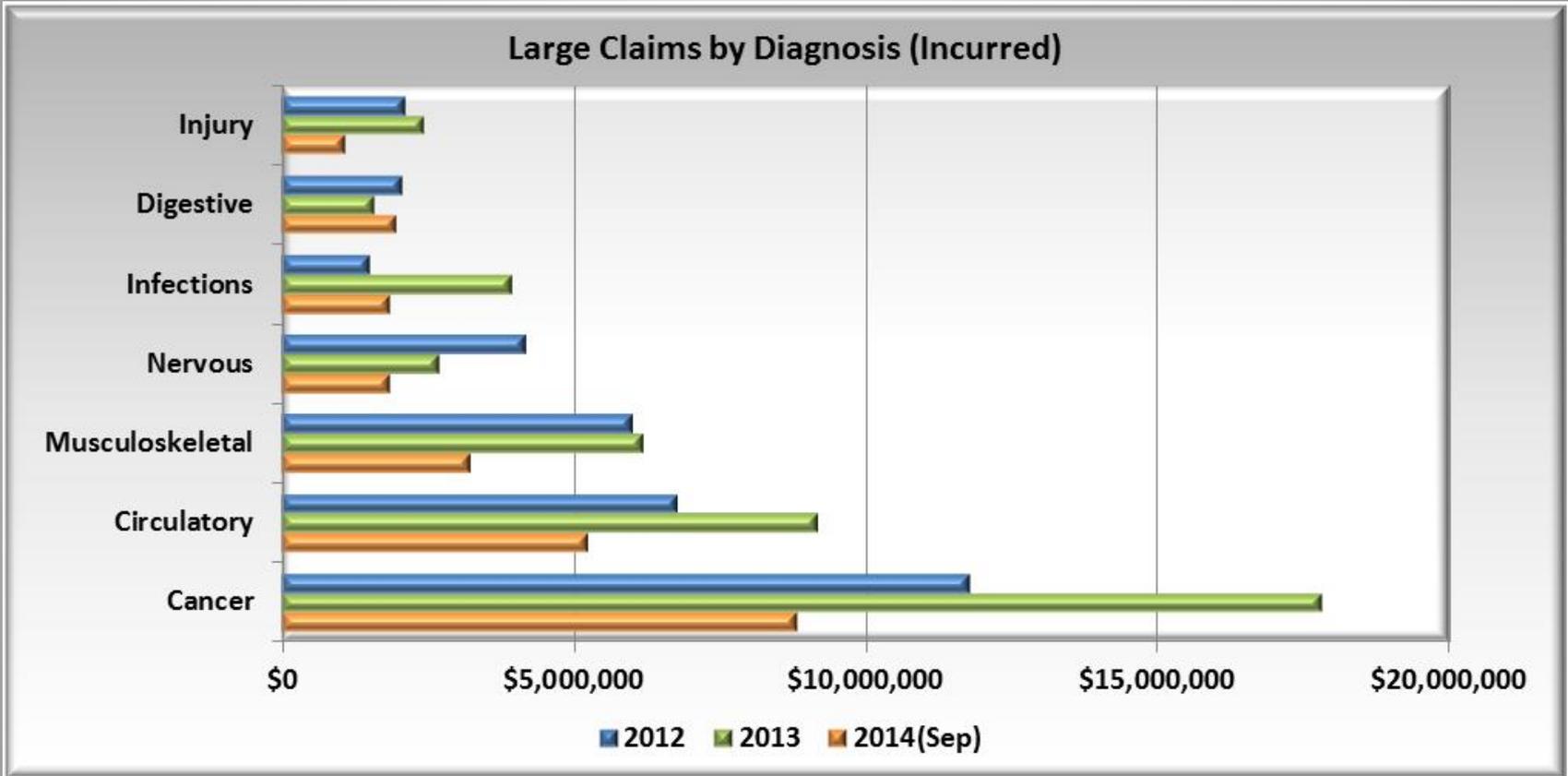
■ Categories affected by open enrollment (Spouse – New, Child – New (Other)) have cost trends similar to other categories.

# Large Claims: (\$4.3M)



■ The number of large claimants and total incurred claims both exceed initial 2014 projections.

# Large Claims



- Of the top large claimant diagnoses, the highest growth areas are cancer and circulatory system disorders.

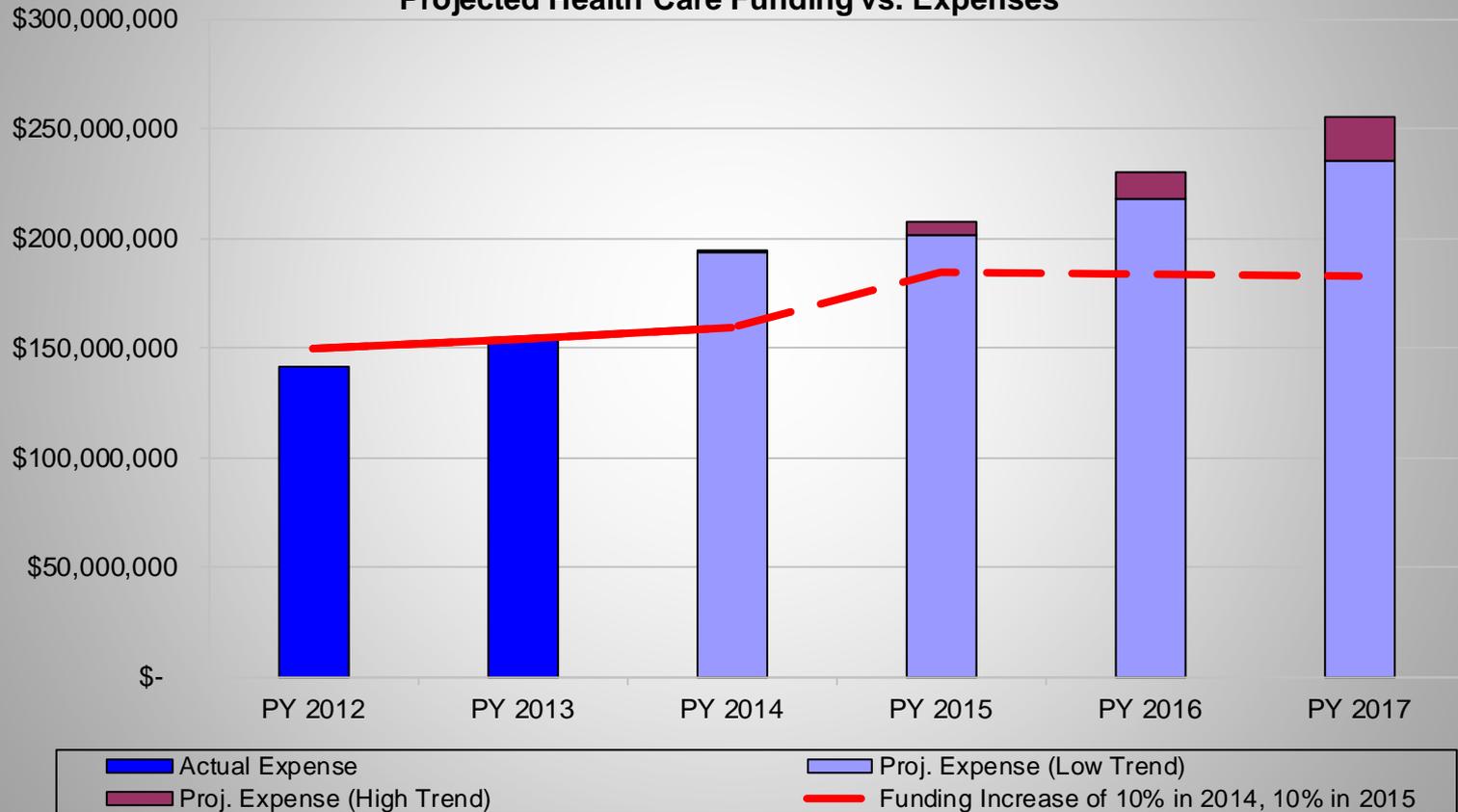
# Other Drivers

- Infusion Drugs
- Expanded Access due to Health Centers
- Increase in Health Screenings

# Funding vs. Expenses

## State of Montana

### Projected Health Care Funding vs. Expenses



Low Trend  
High Trend

**94.7% Loss**

**99.9% Loss**

**121.6% Loss**

**109.3% Loss**

**118.4% Loss**

**128.6% Loss**

**122.1% Loss**

**112.7% Loss**

**125.4% Loss**

**139.8% Loss**