UNIVERSITY of ALASKA
Many Traditions One Alaska

UNIVERSITY OF ALASKA

FY15 UTILIZATION REVIEW
7/1/2014 TO 12/31/2014

LOCKTON®
Lockton Dunning Benefits

Premera- Medical

LOCKTON®

Lockton Dunning Benefits

Premera Medical – Inpatient & Outpatient

- Inpatient
  - Paid claims per member per month (PMPM) for inpatient services increased from $68 for FY14 (7/13-12/13) to $76 for FY15 (7/14-12/14) and is below the Premera norm of $79
  - The average length of stay for inpatient services decreased from 5.0 days for FY14 to 4.3 days for FY15 and is slightly below the Premera Norm of 4.6 days
  - Paid claims per admission decreased from $21,017 for FY14 to $18,872 FY15
- Outpatient
  - Paid claims PMPM for outpatient services increased from $85 for FY14 to $86 for FY15 and was below the Premera Norm of $94
  - Outpatient services per 1,000 members increased from 3,551 for FY14 to 3,849 for FY15 and was above the Premera Norm of 3,711
  - Paid claims per service decreased from $287 for FY14 to $267 for FY15

Norm is based on Premera's Alaska large group book of business

Premera Medical – Emergency Room & Large Claims

- Emergency Room
  - ER paid claims per visit decreased from $1,633 for FY14 to $1,575 for FY15, and was above the Premera Norm of $1,416
  - Visits per 1,000 members for ER services increased from 136 for FY14 to 144 for FY15 and was below the Premera norm of 188
- Large Claims
  - The number of large claims and average large claimant amount decreased slightly from FY14 Q2 compared to FY15 Q2
    - 31 large claimants over $100k for FY14 Q2
      - One claimant was over $400k with largest being a Single Liveborn at $419,438
      - $4,989,170 total paid in claims over $100,000
    - 27 large claimants over $100k for FY15 Q2
      - Largest claim was Curvature of Spine at $257,342
      - $4,304,435 total paid in claims over $100,000
    - Average claim over $100,000 in FY14 Q2 was $160,900 compared to FY15 Q2 of $159,400
    - Large claimants as a % of total paid costs in Q2 decreased from 21.9% to 17.8%

Norm is based on Premera's Alaska large group book of business

Medical Utilization – FY 15 Q2

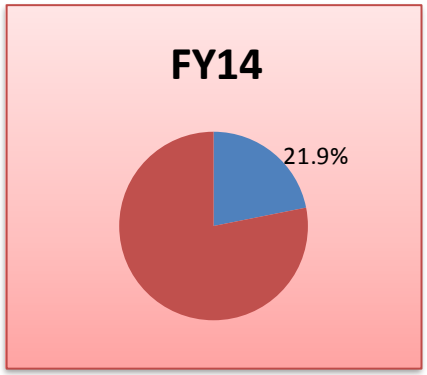
Utilization Category	FY14 Q2	FY15 Q2	% Change over FY14 Q2	Norm
Inpatient				
Paid Claims Per Member Per Month	$68	$76	11%	$79
Admissions Per 1000 Members	39	48	24%	53
Days Per 1000 Members	196	207	6%	243
Average Length of Stay	5.0	4.3	-14%	4.6
Paid Claims Per Admission	$21,017	$18,872	-10%	$17,975
Outpatient				
Paid Claims Per Member Per Month	$85	$86	1%	$94
Visits Per 1000 Members	942	1,039	10%	927
Paid Claims Per Visit	$1,080	$989.70	-8%	$1,218
Services Per 1000 Members	3,551	3,849	8%	3,711
Services Per Visit	4.0	3.7	-8%	4.0
Paid Claims Per Service	$287	$267	-7%	$304
ER Utilization: Paid Claims PMPM	$19.00	$18.86	-1%	$22
ER Utilization: Visits Per 1000 Members	136	144	6%	188
ER Utilization: Paid Claims Per Visit	$1,633	$1,575	-4%	$1,416
Professional Provider				
Paid Claims Per Member Per Month	$188	$203	8%	$178
Services Per 1000 Members	16,598	17,160	3%	16,290
Paid Claims Per Service	$136	$142	4%	$131

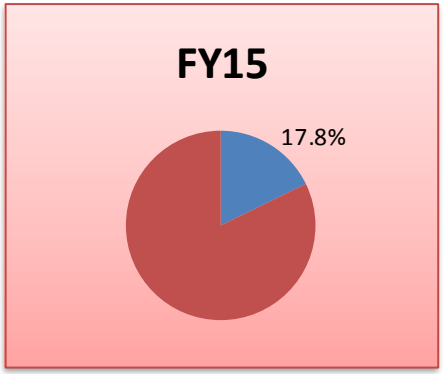
Norm is based on Premera's Alaska large group book of business

Large Claims Analysis – FY14 Q2 vs FY15 Q2

	FY14 Q2	FY15 Q2
Medical & Rx Plan Spend	$22,807,873	$24,214,656
Average Monthly Employees	3,959	3,836
PEPM Cost	$960	$1,052
% Change Over Previous Fiscal Year		9.6%
Total Paid for Large Claimants (Over $100k)	$4,989,170	$4,304,435
# of Large Claimants (Over $100k)	31	27
Average Large Claimant	$160,941	$159,424
% Change Over Previous Yr		-0.9%
Without large claims	$17,818,703	$19,910,220
PEPM Cost	$750	$865
% Change Over Previous Yr		15.3%

Large Claims above $100k as a percentage of Total Medical & Rx Claims





Large Claimants – FY15 Q2 (July 2014 to December 2014)

Claimant	Diagnosis	YTD Claims
4	Curvature of Spine	$257,342
11	Neoplasm of Female Breast	$244,237
7	Neoplasm of Rectum	$241,418
17	Malignant Neoplasm of Colon	$238,478
1	Malignant Neoplasm of Lymph Nodes	$235,472
18	Malignant Neoplasm of Brain	$218,668
19	Myeloid Leukemia	$198,349
9	Neoplasm of Tongue	$195,311
16	Cardiac Dysrhythmias	$190,336
10	Cardiac Dysrhythmias	$189,032
12	Multiple Myeloma and Immunoproliferative Neoplasms	$179,478
13	Cardiac Dysrhythmias	$169,573
8	Neoplasm of Female Breast	$165,402
2	Fracture of Pelvis	$160,537
3	Spondylosis	$154,721
20	Pneumonia, Organism Unspecified	$131,977
5	Intervertebral Disc Disorders	$128,739
6	Acute Myocardial Infarction	$128,671
21	Malignant Neoplasm of Trachea, Bronchus, and Lung	$123,047
22	Spondylosis and Allied Disorders	$117,265
14	Superficial Injury of Elbow	$113,631
23	Malignant Neoplasm of Female Breast	$110,071
15	Neoplasm of Female Breast	$106,643
25	Malignant Neoplasm of Pancreas	$105,312
26	Malignant Neoplasm of Rectum, Rectosigmoid Junction, and Anus	$100,658
27	Malignant Neoplasm of Trachea, Bronchus, and Lung	$100,066
Total		**$4,304,435**

Major Diagnostic Category – Medical Only

Major Diagnosis Category	7/1/2013 - 12/31/2013			7/1/2014 - 12/31/2014		
	Paid PMPM	Total Paid Claims	Percentage of Overall Total	Paid PMPM	Total Paid Claims	Percentage of Overall Total
Musculoskeletal System	$61.32	$3,219,464	16.72%	$80.80	$4,169,490	20.43%
Health Status & Services	$58.00	$3,045,069	15.82%	$52.69	$2,718,899	13.32%
Neoplasms	$35.36	$1,856,670	9.64%	$49.22	$2,540,189	12.45%
Circulatory System	$25.26	$1,326,264	6.89%	$30.85	$1,592,211	7.80%
Injury and Poisoning	$29.60	$1,553,873	8.07%	$28.66	$1,478,907	7.25%
Ill-Defined Conditions	$28.90	$1,517,186	7.88%	$28.11	$1,450,376	7.11%
Digestive System	$25.10	$1,317,664	6.84%	$20.51	$1,058,426	5.19%
Nervous System	$11.86	$622,780	3.23%	$20.11	$1,037,787	5.09%
Mental Disorders	$16.25	$853,319	4.43%	$18.70	$965,026	4.73%
Genitourinary System	$17.80	$934,565	4.85%	$14.66	$756,557	3.71%
Respiratory System	$16.03	$841,854	4.37%	$13.69	$706,407	3.46%
Pregnancy and Related	$11.88	$623,525	3.24%	$13.35	$688,828	3.38%
Endocrine, Metabolic and Immunity	$9.75	$511,775	2.66%	$9.36	$483,056	2.37%
Congenital Anomalies	$3.70	$194,101	1.01%	$4.27	$220,335	1.08%
Skin and Tissue	$4.52	$237,347	1.23%	$3.71	$191,331	0.94%
Infectious and Parasitic	$3.91	$205,289	1.07%	$3.56	$183,584	0.90%
Blood	$5.52	$289,572	1.50%	$1.81	$93,514	0.46%
Perinatal	$1.96	$102,946	0.53%	$1.39	$71,758	0.35%
Other	$0.02	$1,161	0.01%	$0.00	$125	0.00%
Injury and Poisoning External Causes	($0.02)	($911)	0.00%	$0.00	$0	0.00%
Total	**$366.72**	**$19,253,513**	**100.00%**	**$395.44**	**$20,406,804**	**100.00%**

Member Responsibility

	FY 15 Q2
Allowed Charges	$35,462,565
Subrogation, COB, Etc.	$6,327,286
Employee Out of Pocket	
Deductible	$3,321,552
Copays	$495,357
Coinsurance	$3,477,015
Member Responsibility	$7,293,924
Member Cost Share (% of Allowed Charges)	20.6%

	FY 14 Q2
Allowed Charges	$33,886,105
Subrogation, COB, Etc.	$1,694,648
Employee Out of Pocket	
Deductible	$3,327,262
Copays	$450,258
Coinsurance	$3,639,571
Member Responsibility	$7,417,091
Member Cost Share (% of Allowed Charges)	21.9%

Member cost share includes Medical/Rx/Dental

Premera - Pharmacy

LOCKTON®

Lockton Dunning Benefits

Pharmacy Observations – FY14 Q2 and FY15 Q2

- The total gross costs increased from FY14 Q2 to FY15 Q2 from $3,553,563 to $3,807,852
- The percent of mail order scripts/claims increased from 16.4% to 18.5% for FY15 Q2
- The generic dispensing rate increased from 79.3% to 80.7%, a 1.7% increase
- Total number of prescriptions increased 8.3% in FY15 Q2 from FY 14 Q2 from 31,989 to 34,554
- Specialty drug costs decreased 13.5% from FY 14 to FY 15 Q2
  - Specialty pharmacy cost decreased as a percentage of total gross pharmacy costs from 19.8% in FY14 Q2 to 16.0% in FY15 Q2
  - 12 out of the top 25 paid drugs are specialty drugs

Pharmacy FY14 Q2 to FY15 Q2 Comparison

Cost	FY14 Q2	FY15 Q2	% Change
Total Gross Cost	$3,553,563	$3,807,852	7.2%
Total Net Cost	$3,118,729	$3,350,082	7.4%
Drug Mix			
% Single Source Brands	19.3%	18.1%	-6.2%
% Multi Source Brands	1.5%	1.2%	-17.3%
Generic Dispensing Rate	79.3%	80.7%	1.7%
Utilization			
Total Prescriptions	31,898	34,554	8.3%
% Retail Prescriptions	83.6%	81.5%	-2.5%
% Mail Prescriptions	16.4%	18.5%	12.9%
Specialty			
Specialty Total Gross Cost	$705,264	$610,164	-13.5%
Specialty % of Total Gross Cost	19.8%	16.0%	-19.3%

Top 25 Drugs by Gross Cost

Rank	Drug Name	Specialty	Drug Chapter	Plan Cost
1	HUMIRA	Yes	Miscellaneous Rheumatological Agents	$211,316
2	TECFIDERA	Yes	Miscellaneous Neurological Therapy	$172,581
3	ENBREL	Yes	Miscellaneous Rheumatological Agents	$130,790
4	DULOXETINE HCL	No	Antidepressant Agents	$93,929
5	ABILIFY	No	Antipsychotics	$87,286
6	REBIF	Yes	Interferons	$83,220
7	NEXIUM	No	Proton Pump Inhibitors	$76,140
8	XENAZINE	Yes	Miscellaneous Neurological Therapy	$61,366
9	LANTUS SOLOSTAR	No	Insulin Therapy	$60,805
10	CRESTOR	No	Lipid/Cholesterol Lowering Agents	$60,183
11	KUVAN	Yes	Miscellaneous Agents	$58,724
12	COPAXONE	Yes	Miscellaneous Neurological Therapy	$58,310
13	ENOXAPARIN SODIUM	Yes	Heparin	$51,272
14	REVLIMID	Yes	Miscellaneous Antineoplastic Drugs	$37,858
15	ONE TOUCH ULTRA TEST S	No	Blood Glucose Monitoring Devices &	$34,463
16	HUMALOG	No	Insulin Therapy	$34,071
17	TRUVADA	No	HIV/AIDS Therapy	$33,650
18	CELEBREX	No	NSAIDs/COX-2 Inhibitors	$33,116
19	NOVOLOG	No	Insulin Therapy	$32,191
20	RESTASIS	No	Miscellaneous Ophthalmologics	$32,038
21	LANTUS	No	Insulin Therapy	$31,304
22	TARCEVA	Yes	Miscellaneous Antineoplastic Drugs	$30,811
23	SYMBICORT	No	Miscellaneous Pulmonary Agents	$29,167
24	SOVALDI	Yes	Miscellaneous Antivirals	$28,144
25	AVONEX	Yes	Interferons	$27,689

12 out of the top 25 are Specialty Drugs

Top 25 Drugs by Script Count

Rank	Drug Name	Specialty	Drug Type	Rx Count	Total Net Paid
1	LISINOPRIL	No	Generic	806	$1,788
2	LEVOTHYROXINE SODIUM	No	Generic	783	$9,655
3	ATORVASTATIN CALCIUM	No	Generic	740	$16,286
4	HYDROCODONE-ACETAMINOP	No	Generic	594	$1,580
5	FLUVIRIN 2014-2015	No	Brand	473	$13,520
6	OMEPRAZOLE	No	Generic	419	$1,324
7	ESCITALOPRAM OXALATE	No	Generic	416	$10,581
8	MONTELUKAST SODIUM	No	Generic	392	$21,784
9	FLUTICASONE PROPIONATE	No	Generic	386	$3,402
10	SYNTHROID	No	Brand	376	$1,108
11	HYDROCHLOROTHIAZIDE	No	Generic	357	$980
12	BUPROPION XL	No	Generic	354	$11,821
13	ZOLPIDEM TARTRATE	No	Generic	346	$41
14	SERTRALINE HCL	No	Generic	325	$2,413
15	METFORMIN HCL	No	Generic	324	$1,502
16	AMLODIPINE BESYLATE	No	Generic	315	$2,174
17	AZITHROMYCIN	No	Generic	312	$489
18	SIMVASTATIN	No	Generic	311	$3,812
19	AMOXICILLIN	No	Generic	303	$84
20	ALPRAZOLAM	No	Generic	301	$30
21	LOSARTAN POTASSIUM	No	Generic	282	$3,844
22	FLUOXETINE HCL	No	Generic	273	$3,050
23	OXYCODONE-ACETAMINOPHE	No	Generic	266	$2,953
24	VALACYCLOVIR	No	Generic	261	$12,140
25	VENLAFAXINE HCL ER	No	Generic	241	$10,749

Appendix

LOCKTON®

Lockton Dunning Benefits

Medical Utilization Definitions

- Contract Months – Number of enrolled employees for a 12 month period
- Medical Total PMPM – Total medical cost on a per member per month basis
- Inpatient – Services provided to patients who are hospitalized
- Outpatient – Hospital based services where the employee is not admitted
- Professional – Primary Care or Specialist Care Physician services
- Average Contract Size – The average number of dependents (Spouse and Children) for each enrolled employee

Major Diagnostic Code Definitions

Ill Defined category	The Major Diagnostic categories are aligned with the major sections of the ICD9-CM. In general, categories 780-796 include the more ill-defined conditions and symptoms that point with perhaps equal suspicion to two or more diseases or to two or more systems of the body, and without the necessary study of the case to make a final diagnosis. Practically all categories in this group could be designated as "not otherwise specified," or as "unknown etiology," or as "transient." Examples: Fever, Convulsions, Chest Pain, Abdominal Pain.
Other	The Major Diagnostic categories are aligned with the major sections of the ICD9-CM. The "Other" category consists of claims with diagnoses that don't map to the ICD9-CM, mostly Rx and Dental claims. Excluding those benefits from the Benefit checkbox list will usually reduce "Other" to a negligible amount.
Health Status and Services	Also known as "V-Codes" (i.e., V70.0) Usually used as a secondary diagnosis, but sometimes appears in the primary. Full details available in the ICD9 diagnosis book. General Medical Examination is common 1. Non-sick persons encountering the system (donors, family doc counseling, vaccines, etc) 2. Sick person encountering the system for treatment of a known (ongoing) disease or injury. 3. When a circumstance or problem is present that influences the patient's health, but isn't itself an illness (personal or family history health hazards, circumstances related to reproduction and development, etc)
Injury & Poisoning	Factures, Wounds, Burns, Poisoning by Drugs, Medicinal and Biological Substances (DX Code 800 - 999)
Injury & Poisoning External Causes	Factures, Wounds, Burns, Poisoning by Drugs, Medicinal and Biological Substances (DX Code E800 - E999)
	Transport accidents (E800-E848) include accidents involving: aircraft and space craft (E840-E845) watercraft (E830-E838) motor vehicle (E810-E825) railway (E800-E807) other road vehicles (E826-E829)