CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

SHERLOCK EXPENSE EVALUATION REPORT

2009 MEDICARE-ORIENTED PLANS EDITION

Volume II.C: Health Care Benefits

This Report, its content (including data values, definitions and calculation methodologies) and format (collectively, Sherlock information) are the property of Sherlock Company. Its use is governed by a non-exclusive license agreement or a mutual confidentiality agreement between Sherlock Company and its client that restricts the use of the Report to the client's internal purposes. The agreement between the client and Sherlock Company does not convey any right of commercial use, nor effect any transfer of the Sherlock Information or any portion thereof. Any distribution or reproduction, intentional or unintentional, of any materials contained herein without the express written permission of Sherlock Company is prohibited.

December 2009

Copyright © 2009 Sherlock Company. All Rights Reserved

Photograph of USCGC Atlantic, Copyright © U.S. Naval Institute

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TABLE OF CONTENTS

	Tab
Introduction and Background ▪ *Organization, conventions, applicability and processes of the* SEER *studies.*	1
Healthcare, Summary of Medians ▪ *Summary analyses of the median cost metrics for each product line.*	2
Healthcare Costs, PMPM ▪ *Summary analyses of the median utilization metrics for each product line.*	3
Facilities, Across Products ▪ *Analyses of facilities costs, unit costs and utilization across product lines.*	4
Physician Services, Across Products ▪ *Analyses of physician costs, unit costs and utilization across product lines.*	5
Prescription Drugs, Across Products ▪ *Analyses of prescription drug costs, unit costs and utilization across product lines.*	6
Other Services, Across Products ▪ *Analyses of various other health products and services costs, unit costs and utilization across product lines.*	7
Healthcare Benefits, Weighted by Membership ▪ *Analyses of the healthcare metrics for each product line weighted by membership, rather than reflecting the experience of typical health plans, as found in the previous section, this analysis reflects the experience of the typical member served by such plans.*	8
Participation by Members and Plans ▪ *Participation by plans and their members in each of the healthcare metrics in each product line.*	9

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 2. HEALTHCARE BENEFITS, SUMMARY OF MEDIANS

This section provides summary analyses of the median healthcare metrics for each product line.

Product	*Page*
Summary of Medians - All Products - Per Member Per Month	2
Summary of Medians - Utilization Rates and Unit Costs	
1. Comprehensive Total	3
2. Total Commercial Products	4
3. Total Commercial Insured	5
4. Commercial ASO/ASC	6
5. Public Sector	7
6. Medicare Advantage	8
7. Medicare PFFS	9
8. Medicare SNP	10
9. Medicare Total	11
10. Commercial HMO, Insured	12
11. Commercial POS, Insured	13
12. Commercial Indemnity & PPO, Insured	14
13. Medicaid HMO	15

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 3. HEALTHCARE COSTS, PMPM

This section provides an analysis of the healthcare expense composition of each product line. All expenses for each product line are included in each table. Data is presented on a per member per month basis. It includes a statistical analysis of expenses and stacked floating bar charts illustrating the distribution of results.

Product	*Page*
1. Comprehensive Total	18
2. Total Commercial Products	22
3. Total Commercial Insured	26
4. Commercial ASO/ASC	30
5. Public Sector	34
6. Medicare Advantage	38
7. Medicare PFFS	42
8. Medicare SNP	46
9. Medicare Total	50
10. Commercial HMO, Insured	54
11. Commercial POS, Insured	58
12. Commercial Indemnity & PPO, Insured	62
13. Medicaid HMO	66

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 4. FACILITIES, ACROSS PRODUCTS

This section provides an analysis of facilities costs and utilization across product lines. Data is organized by functional area and includes histograms illustrating the distribution of results for each service.

Metric	*Page*
Facilities	
Inpatient Hospital	
Acute	
Maternity	
Admissions / 1,000 Members	75
Days / 1,000 Members	76
Vaginal Deliveries / 1,000 Members	77
C-Section Deliveries / 1,000 Members	78
Total Deliveries / 1,000 Members	79
Vaginal Deliveries as a Percent of Maternity Hospital Admissions	80
C-Section Deliveries as a Percent of Maternity Hospital Admissions	81
Maternity - Average Length of Stay	82
Cost per Admission	83
Cost per Hospital Day	84
Maternity Costs per Member per Month	85
Maternity Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	86
NICU	
NICU Baby Admissions / 1,000 Members	87
NICU Baby Days / 1,000 Members	88
NICU - Average Length of Stay	89
NICU Cost per Admission	90
Cost per NICU Baby Day	91
NICU Costs per Member per Month	92
NICU Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	93
General Acute	
Admissions / 1,000 Members	94
Days / 1,000 Members	95
Average Length of Stay	96
Cost per Admission	97
Cost per Hospital Day	98
General acute Costs per Member per Month	99
General acute Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	100
Observation Days	
Days / 1,000 Members	NA
Cost per Observation Day	NA
Observation Days Costs per Member per Month	NA
Observation Days Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	NA
Total Acute	
Admissions / 1,000 Members	101
Days / 1,000 Members	102
Average Length of Stay	103
Cost per Admission	104
Cost per Hospital Day	105
Total Acute Costs per Member per Month	106
Total Acute Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	107

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

Facilities, continued

Metric	*Page*
Inpatient Hospital, continued	
Acute, continued	
Mental Health and Substance Abuse	
Admissions / 1,000 Members	108
Days / 1,000 Members	109
Average Length of Stay	110
Cost per Admission	111
Cost per Hospital Day	112
Mental Health and Substance Abuse Costs per Member per Month	113
Mental Health and Substance Abuse Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	114
Acute Including Mental Health and Substance Abuse	
Admissions / 1,000 Members	115
Days / 1,000 Members	116
Average Length of Stay	117
Cost per Admission	118
Cost per Hospital Day	119
Acute Including Mental Health and Substance Abuse Costs per Member per Month	120
Acute Including Mental Health and Substance Abuse Costs as a Percent of Total Health Benefits Including Pharmacy and Mental He	121
Sub-Acute	
LTAC	
Admissions / 1,000 Members	NA
Days / 1,000 Members	NA
Average Length of Stay	NA
Cost per Admission	NA
Cost per Hospital Day	NA
LTAC Costs per Member per Month	NA
LTAC Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	NA
SNF	
Admissions / 1,000 Members	122
Days / 1,000 Members	123
Average Length of Stay	124
Cost per Admission	125
Cost per Hospital Day	126
SNF Costs per Member per Month	127
SNF Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	128
Rehab	
Admissions / 1,000 Members	129
Days / 1,000 Members	130
Average Length of Stay	131
Cost per Admission	132
Cost per Hospital Day	133
Rehab Costs per Member per Month	134
Rehab Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	135
Total Sub-Acute	
Admissions / 1,000 Members	136
Days / 1,000 Members	137
Average Length of Stay	138
Cost per Admission	139
Cost per Hospital Day	140
Total Sub-Acute Costs per Member per Month	141
Total Sub-Acute Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	142

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

Metric	*Page*
Inpatient Hospital, continued	
Total Inpatient Hospital	
Admissions / 1,000 Members	143
Days / 1,000 Members	144
Average Length of Stay	145
Cost per Admission	146
Cost per Hospital Day	147
Total Inpatient Hospital Costs per Member per Month	148
Total Inpatient Hospital Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	149
Outpatient Hospital	
Encounters	
SPU	
Encounters / 1,000 Members	NA
Cost per Encounter	NA
SPU Costs per Member per Month	150
SPU Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	151
ER Acute	
Encounters / 1,000 Members	152
Cost per Encounter	153
ER Acute Costs per Member per Month	154
ER Acute Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	155
ER Observation	
Encounters / 1,000 Members	NA
Cost per Encounter	NA
ER Observation Costs per Member per Month	NA
ER Observation Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	NA
Total ER Visits	
Encounters / 1,000 Members	156
Cost per Encounter	157
Total ER Visits Costs per Member per Month	158
Total ER Visits Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	159
Radiology Visits	
Encounters / 1,000 Members	160
Cost per Encounter	161
Radiology Visit Costs per Member per Month	162
Radiology Visit Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	163
Pathology Visits	
Encounters / 1,000 Members	NA
Cost per Encounter	164
Pathology Visit Costs per Member per Month	165
Pathology Visit Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	166
PT/OT/ST Visits	
Encounters / 1,000 Members	NA
Cost per Encounter	167
PT/OT/ST Visit Costs per Member per Month	168
PT/OT/ST Visit Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	169
Other Visits	
Encounters / 1,000 Members	170
Cost per Encounter	171
Other Outpatient Hospital Visit Costs per Member per Month	172
Other Outpatient Hospital Visit Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	173

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

Facilities, continued

Metric	*Page*
Outpatient Hospital, continued	
Encounters, continued	
Ambulatory Encounters	
Encounters / 1,000 Members	NA
Cost per Encounter	174
Ambulatory Costs per Member per Month	175
Ambulatory Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	176
Total Hospital O/P Encounters	
Encounters / 1,000 Members	177
Cost per Encounter	178
Total Hospital Outpatient Encounters Costs per Member per Month	179
Total Hospital Outpatient Encounters Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	180
Total Hospital	
Total Hospital Costs Per Member Per Month	181
Total Hospital Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	182
Outpatient Surgeries	
Outpatient Surgeries / 1,000 Members	183
Cost per Outpatient Surgery	184
Outpatient Surgery Costs per Member per Month	185
Outpatient Surgery Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	186
Total Facility Costs	
Total Facility Costs per Member per Month	187
Total Facility Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	188
Member Out-of-Pocket - Total Facility Costs per Member per Month	NA
Member Out-of-Pocket - Total Facility Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	NA
Total Facility, Including Member Out-of-Pocket, Costs per Member per Month	189
Total Facility, Including Member Out-of-Pocket, Costs as a Percent of Total Health Benefits Including Pharm. and M.H.	190
Facility Member Out-of-Pocket Costs as a Percent of Total Facility Costs	NA

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 5. PHYSICIAN SERVICES, ACROSS PRODUCTS

This section provides an analysis of physician costs and utilization across product lines. Data is organized by functional area and includes histograms illustrating the distribution of results for each service.

Metric	*Page*
Physician Services	
Inpatient Physician Services	
Encounters / 1,000 Members	193
Cost per Encounter	194
Inpatient Physician Costs per Member per Month	195
Inpatient Physician Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	196
Primary Care Physician	
Encounters / 1,000 Members	197
Cost per Encounter	198
Primary Care Costs per Member per Month	199
Primary Care Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	200
Dental	
Encounters / 1,000 Members	201
Cost per Encounter	202
Dental Costs per Member per Month	203
Dental Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	204
Vision	
Encounters / 1,000 Members	205
Cost per Encounter	206
Vision Costs per Member per Month	207
Vision Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	208
Non-Inpatient Specialist Physicians	
Encounters / 1,000 Members	209
Cost per Encounter	210
Non-Inpatient Specialist Costs per Member per Month	211
Non-Inpatient Specialist Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	212
Total	
Encounters / 1,000 Members	213
Cost per Encounter	214
Total Physician Costs per Member per Month	215
Total Physician Costs as a Percent Of Total Health Benefits Including Pharm. and Mental Health	216
Member Out-of-Pocket - Physician Costs per Member per Month	NA
Member Out-of-Pocket - Physician Costs as a Percent Of Total Health Benefits Including Pharm. and Mental Health	NA
Total Physician Costs, Including Member Out-of-Pocket, per Member per Month	217
Total Physician Costs, Including Member Out-of-Pocket, as a Percent Of Total Health Benefits Including Pharm. and Mental Heal	218
Physician Member Out-of-Pocket Costs as a Percent Of Total Physician Costs	NA

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 6. PRESCRIPTION DRUGS, ACROSS PRODUCTS

This section provides an analysis of prescription drug costs and utilization across product lines. Data is organized by functional area and includes histograms illustrating the distribution of results for this benefit.

Metric	*Page*
Prescription Drugs	
Behavioral Health	
Scripts / 1,000 Members	221
Cost per Script	222
Behavioral Health Costs per Member per Month	223
Behavioral Health Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	224
Non-Behavioral Brand Single-source	
Scripts / 1,000 Members	225
Cost per Script	226
Non-Behavioral Brand Single Source Costs per Member per Month	227
Non-Behavioral Brand Single Source Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	228
Non-Behavioral Brand Multi-source	
Scripts / 1,000 Members	NA
Cost per Script	229
Non-Behavioral Brand Multi Source Costs per Member per Month	NA
Non-Behavioral Brand Multi Source Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	NA
Non-Behavioral Generic	
Scripts / 1,000 Members	230
Cost per Script	231
Non-Behavioral Generic Costs per Member per Month	232
Non-Behavioral Generic Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	233
Subtotal Non-Behavioral	
Scripts / 1,000 Members	234
Cost per Script	235
Subtotal Non-Behavioral Costs per Member per Month	236
Subtotal Non-Behavioral Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	237
Total Prescription Drugs	
Scripts / 1,000 Members	238
Cost per Script	239
Total Prescription Costs per Member per Month	240
Total Prescription Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	241
Member Out-of-Pocket - Total Prescription Costs per Member per Month	242
Member Out-of-Pocket - Total Prescription Costs as a Percent of Total Health Benefits Including Pharm. and M.H.	243
Total Prescription, Including Member Out-of-Pocket, Costs per Member per Month	244
Total Prescription, Including Member Out-of-Pocket, Costs as a Percent of Total Health Benefits Including Pharm. and M.H.	245
Prescription Member Out-of-Pocket Costs as a Percent of Total Prescription Costs	246

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 7. OTHER SERVICES, ACROSS PRODUCTS

This section provides an analysis of various other health products and services costs and utilization across product lines. Data is organized by functional area and includes histograms illustrating the distribution of results for each product or service.

Metric	*Page*
Other Services	
Lab	
Encounters / 1,000 Members	249
Cost per Encounter	250
Other Services Costs per Member per Month	251
Other Services Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	252
Home Care	
Encounters / 1,000 Members	253
Cost per Encounter	254
Home Care Costs per Member per Month	255
Home Care Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	256
Transportation, Emergency & Non-Emergency	
Encounters / 1,000 Members	257
Cost per Encounter	258
Transport Costs per Member per Month	259
Transport Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	260
Durable Medical Equipment	
Encounters / 1,000 Members	261
Cost per Encounter	262
Durable Medical Equipment Costs per Member per Month	263
Durable Medical Equipment Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	264
Behav. Health: Non-Pharmacy, Non-I/P	
Encounters / 1,000 Members	265
Cost per Encounter	266
Behavioral Health: Non-Pharm, Non-I/P Costs per Member per Month	267
Behavioral Health: Non-Pharm, Non-I/P Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	268
Immunizations	
Encounters / 1,000 Members	269
Cost per Encounter	270
Immunizations Costs per Member per Month	271
Immunizations Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	272
Injectibles	
Encounters / 1,000 Members	NA
Cost per Encounter	NA
Injectibles Costs per Member per Month	273
Injectibles Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	274
Other	
Encounters / 1,000 Members	275
Cost per Encounter	276
Other Costs per Member per Month	277
Other Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	278

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

Other Services, continued

Metric	*Page*
Total Other Services	
Encounters / 1,000 Members	279
Cost per Encounter	280
Total Other Services Costs per Member per Month	281
Total Other Services Costs as a Percent of Total Health Benefits Including Pharmacy and Mental Health	282
Member Out-of-Pocket - Total Other Services Costs per Member per Month	NA
Member Out-of-Pocket - Total Other Services Costs as a Percent of Total Health Benefits Including Pharm. and Mental Health	NA
Total Other Services, Including Member Out-of-Pocket, Costs per Member per Month	283
Total Other Services, Including Member Out-of-Pocket, Costs as a Percent of Total Health Benefits Including Pharm. and Mental I	284
Other Services Member Out-of-Pocket Costs as a Percent Of Total Other Services Costs	NA

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 8. HEALTHCARE BENEFITS, WEIGHTED BY MEMBERSHIP

This section provides summary analyses of the healthcare metrics for each product line weighted by membership.

Product	*Page*
Summary of Medians - All Products - Per Member Per Month	286

Summary of Utilization Rates and Unit Costs Weighted by Membership	
1. Comprehensive Total	287
2. Total Commercial Products	288
3. Total Commercial Insured	289
4. Commercial ASO/ASC	290
5. Public Sector	291
6. Medicare Advantage	292
7. Medicare PFFS	293
8. Medicare SNP	294
9. Medicare Total	295
10. Commercial HMO, Insured	296
11. Commercial POS, Insured	297
12. Commercial Indemnity & PPO, Insured	298
13. Medicaid HMO	299

CONFIDENTIAL - COPYRIGHT © 2009 SHERLOCK COMPANY. ALL RIGHTS RESERVED.

TAB 9. PARTICIPATION BY MEMBERS AND PLANS

This section provides the participation by plans and their members for each healthcare metrics in each product line.

Product	*Page*
Summary of Participation by Members - Utilization Rates and Unit Costs	
1. Comprehensive Total	302
2. Total Commercial Products	303
3. Total Commercial Insured	304
4. Commercial ASO/ASC	305
5. Public Sector	306
6. Medicare Advantage	307
7. Medicare PFFS	308
8. Medicare SNP	309
9. Medicare Total	310
10. Commercial HMO, Insured	311
11. Commercial POS, Insured	312
12. Commercial Indemnity & PPO, Insured	313
13. Medicaid HMO	314
Summary of Participation by Plans - Utilization Rates and Unit Costs	
1. Comprehensive Total	315
2. Total Commercial Products	316
3. Total Commercial Insured	317
4. Commercial ASO/ASC	318
5. Public Sector	319
6. Medicare Advantage	320
7. Medicare PFFS	321
8. Medicare SNP	322
9. Medicare Total	323
10. Commercial HMO, Insured	324
11. Commercial POS, Insured	325
12. Commercial Indemnity & PPO, Insured	326
13. Medicaid HMO	327